Multiple Choice Questions Bank

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# Instructions and Overview

Below are a number of multiple-choice questions relevant to this book. The questions are based on Bloom’s taxonomy. The classification was developed to provide a common language for teachers to discuss and exchange learning and assessment methods.

Using Bloom’s taxonomy, the goal of the teacher is to encourage higher-order thought in their students by building up from lower-level cognitive skills. The six levels of Bloom’s taxonomy, in order (lowest to highest), are remembering, understanding, application, analysis, evaluating and creating. All of these stages slot into the cognitive domain, which relates to how the brain processes information and thoughts.

Multiple choice tests can help to examine student ability with regard to a specific content area and are used for levels 1–4 of Bloom’s taxonomy. Note that four questions are presented for each of these levels. Levels 5 and 6 are excluded from the multiple-choice questions. This is because students must be able to make judgements and justify decisions in level 5. In level 6 students should be able to put elements together to create a point of view. Therefore, to develop student skills for these levels, essay questions are more applicable. They provide a complex prompt that requires written responses, which can vary in length. They provide students with an opportunity to explain their understanding and demonstrate creativity.

Each multiple-choice question has four options; the correct answer is listed below the options. Level 1 questions (remembering) are very simple, progressing to Level 4 questions (analysing) which are more difficult; this should be considered when setting quizzes or exams. A description of each level is now outlined in the table below.

|  |  |
| --- | --- |
| **Level** | **Description** |
| Level 1 (remembering) | Recall facts without understanding. Students exhibit previously learnt material by recalling facts, terms, basic concepts and answers. |
| Level 2 (understanding) | To show understanding, finding information from the text. Demonstrating basic understanding of facts and ideas also if they are not presented in the form, sequence, or context in which they were originally introduced. |
| Level 3 (applying) | To use in a new situation. Solving problems by applying acquired knowledge, facts, techniques and rules in a different way. We particularly focus on students’ ability to spot concepts in practical examples and content and transfer concepts to practice. |
| Level 4 (analysis) | To examine in detail. Examining and breaking information down into parts by identifying motives or causes; making inferences and finding evidence to support generalisations. Questions are mostly more complex and richer in detail than Level 3 questions, and typically apply book knowledge to develop recommendations for practice, or to recommend courses of action based on particular concepts. |

For each chapter there is a full set of 20 core questions (Arabic numbers 1, 2, 3, …), five questions per level. Most chapters also have additional questions for instructors to choose from (marked with small letters a, b, c…). The core questions are deemed to cover each chapter’s main concepts and are likely to apply for a wide variety of courses. The additional questions are either more specific questions, more tuned in to specialized courses, covering contents from each chapter’s back end, or they are questions that closely resemble (but are slightly different) to some of the core questions. The latter might prove useful for instructors who want to make sure that students don’t simply learn all answers by heart, but are instead able to catch why a slightly different questions implies a different answer.

## Example of possible instruction to students:

For each of the following questions, read each question carefully and then choose the answer you believe is most correct.

Questions by Chapter

# Chapter 1: Management in Context

## Level 1 (remembering)

1. Which one is the closest match to the definition of a profession put forward in the chapter?

a. An occupation that serves society and the world

b. A specialized occupation in service of the world and society

c. A specialist who serves society and the world

d. Doctors, lawyers, and fire(wo)men

Ans: B

2. Which term does the following definition match? “Innovations in professional management practices addressing the world’s pressing issues, often in conflict with old-world management practices.”

a. Old world management

b. New world management

c. Transition world management

d. None of these.

Ans: C

3. Dimensions of professional management are ethics, sustainability and which other?

a. Prosperity

b. Responsibility

c. Professionalism

d. None of these

Ans: B

4. Can you name the term which best describes the actions that are not conducted in the service of society and without professional conduct?

a. Unprofessional management practice

b. Unethical management practice

c. Irresponsible management practice

d. None of these

Ans: A

5. Planetary boundaries most strongly relate to:

a. Economical thresholds

b. Ecological thresholds

c. Ethological thresholds

d. Societal thresholds

Ans: B

## Level 2 (understanding)

6. Use the definitions of ethics, responsibility, and sustainability to identify which one out of the following issues is most related to ethics, and less to responsibility and sustainability?

a. Corruption

b. Labour standards

c. Community wellbeing

d. Global warming

Ans: A

7. Which one of the following Sustainable Development Goals cannot be addressed through managerial practice?

a. Decent work and economic growth

b. Gender equality

c. Peace, justice and strong institutions

d. All of them can be addressed through managerial practice.

Ans: A

8. Which one of the following economic models understands humanity’s economic activity as belonging to a subsystem of the world’s natural ecosystem?

a. Heterodox economics

b. Feminist economics

c. Economy of the common good

d. Ecological economics

Ans: D

9. An inhibitor of new-world management that involves tensions:

a. Greenwashing

b. Disputes over profit

c. Paradoxical relationships and trade offs

d. All of these

Ans: D

10. Which of the following questions describes the relationship between management practices and their context best?

a. Management practices are best understood as an unchanging series of best practices for a given occupation (e.g. marketing, accounting) and which are not to be changed.

b. Management practices change to best adjust to the business context.

c. The environment shapes the management practices so that they are ‘fit for purpose’.

d. Management practices may be shaped by their context, but often also shape both present and future context.

Ans: D

## Level 3 (applying)

11. What is a typical management practice for Patagonia that encourages potential consumers to think twice about whether they need Patagonia’s products and to buy less?

a. Controlled Growth

b. Restorative Sourcing

c. Demarketing

d. Self-Imposed Taxation

Ans: C

12.Which one of the following best describes the societal layer of managerial influence?

a. A marketing manager whose social marketing campaign promotes sustainable consumption

b. A people manager who introduces a no-firing policy

c. An office manager who goes paperless

d. None of these

Ans: A

13. Management of an eco-packaging company lobbies for stronger regulations against plastic packaging. Which of the assumptions of old-world management is attacked by it?

a. Laissez faire

b. Rational decision making

c. Private capital

d. Limitless economic growth

Ans: A

14. Major business school accreditation agencies stress the requirement of responsible management education contents to be integrated in the required core curriculum. This can be understood as a baby step towards which of the following requirements for making management a profession?

a. Enforcement organization

b. Specialized body of knowledge

c. Process of qualification

d. All of these

Ans: D

15. Inspired by the purpose economy, which of the following actions would the owner manager of a diaper manufacturing business be likely to take?

a. Begin to produce diapers that are ‘workplace friendly’ to empower women to overcome the invisible practical barriers that keep them from employment after pregnancy.

b. Keep producing the same ‘normal’ disposable, non-biodegradable diapers.

c. To reorient the businesses’ mission, strategies and operations to make as many as possible of parents’ lives easier.

d. Produce exclusively biodegradable diapers so that these easily reintegrate into the natural system which the economic system is just a part of.

Ans: C

## Level 4 (analysing)

16.The general manager of a real-estate company is exclusively motivated by increasing his own wealth, but always tries to do so in an ethical, responsible, and sustainable way.

a. Well-behaved unprofessional

b. Unprofessional

c. Well-intended unprofessional

d. None of these

Ans: A

17.An old friend of yours argues against your plans to study management: “I don’t want you to become one of those ‘greedy bastards’ that exploit people for profit” he challenges you. From what angle is your friend arguing?

a. Ethics, as greed is morally wrong.

b. Responsibility, as you might start to exploit stakeholders.

c. Sustainability, as you would be increasing economic value at the expense of social value.

d. All of these

Ans: A

18. The kitchen manager, the chef, and the owner of a big restaurant together decide to, from now on, buy only organic local ingredients sourced in a 30-mile radius, including a weekly ‘bringing back the old vegetable’ special on the menu, a dish including an unusual variety of a vegetable. Which of the following statement(s) about this new practice’s impact on the planetary boundaries is wrong?

a. It might reduce climate change, due to less emissions from transport, but there might be increasing emissions as our local production might not be as energy efficient as it is in other places.

b. As organic production often comes from polyculture (instead of monoculture), these actions are likely to reduce the environmental impacts from land use.

c. It may strengthen local biodiversity by giving incentives to growers to also grow ‘unusual’ or ‘forgotten’ local vegetable species.

d. All of these statements are correct.

Ans: C

19. Imagine the head-chef who is also the owner of a restaurant decides to only buy organic local ingredients sourced in a 30-kilometre radius. He also launches a weekly ‘bringing back the old vegetable’ special on the menu, a dish including an unusual variety of a vegetable. Restaurant management works closely with local farmers, producing the special produce on demand. Which of the following sustainable development goals are these innovative practices least related to?

a. Life on land

b. Partnerships for the goals

c. Zero hunger

d. Responsible consumption and production

Ans: C

20. Which statement is wrong? Without the management innovation of factory production…

a. We would not have mass production today.

b. The world is likely to be more environmentally unsustainable.

c. There is likely to have been less global population growth.

d. Production costs would be much higher.

Ans: B

## Additional questions

A. Greenwashing refers to creating a misleading impression of social, environmental and which other area of performance?

a. Legal

b. Political

c. Ethical

d. Economical

Ans: C

B. Who has suggested that “the world that we live in could now be destroyed by management”?

a. Richard Arkwright

b. Wallace Brett Donham

c. Martin Parker

d. None of these

Ans: C

# Chapter 2: Management in Practice

## Level 1 (remembering)

1. In the context of professional management, which one of the following definitions best describes the term “management”?

a. Getting things done with people and resources

b. Using people to get it done

c. Obtaining the most from limited resources

d. Achieving organisational objectives

Ans: A

2. Which iconic management thinker said that management is a practice that requires a blend of experience, insight and analysis?

a. Peter Drucker

b. Sumantra Ghoshal

c. Henry Mintzberg

d. Wallace B. Donham

Ans: C

3. What best describes “practicing management”?

a. Managing people to achieve effective and efficient performance

b. Managing people and resources to achieve effective and efficient performance

c. Managing resources to achieve effective and efficient performance

d. None of these

Ans: B

4. Who said that many of the worst management practices originate from ideas by academics?

a. Peter Drucker

b. Wallace B. Donham

c. Henry Mintzberg

d. Sumantra Ghoshal

Ans: D

5. Which one of the following modes of management practice does a manager practice managing novelty?

a. Communicating

b. Organising

c. Innovating

d. Strategizing

Ans: C

## Level 2 (understanding)

6. Efficiency means:

a. Describing the proportion between management input and resource output

b. Describing the proportion between resource input and management output

c. Describing the proportion between resources and management inputs.

d. None of these

Ans: B

7. Which term is synonymous to outputs in the management context?

a. Performance

b. Goals

c. Effectiveness

d. None of these

Ans: A

8. Tick the incorrect statement describing an aspect of the professional management competence sixpack:

a. ‘Be’ and ‘become’ both refer to personal competences, one of the independent, one interdependent with the professional’s environment.

b. ‘Interact’ and ‘become’ competences are enacted interdependently with the environment.

c. Interacting with diverse stakeholders is a typical ‘act’ competence.

d. Being able to systemically assess an impact over time is a typical ‘think’ competence.

Ans: C

9. “Comp” in the elements of management practice refers to:

a. Competence: The ability to carry out a practice

b. Compliance: The ability to comply with carrying out a practice

c. Comprehension: The ability to understand a practice

d. Completion: The ability to accomplish a practice

Ans: A

10. Which statement about management modes and occupations is correct?

a. Modes of management and occupations of management are synonyms.

b. Modes of management are distinct bundles of management practice related to particular tasks like managing novelty or relations.

c. Modes of management describe the unique practice of how specialized managers (e.g. marketing managers or accountants) carry out their jobs.

d. None of these

Ans: B

## Level 3 (applying)

11. Kiri from accounting is working on a novel set of metrics including social, environmental, and economic indicators. Which statement(s) is (are) true?

a. Kiri engages both in occupational practices of accounting and in the innovating mode.

b. Kiri is not a specialized ERS manager, but rather a manager integrating sustainability into her mainstream management job.

c. The metrics which Kiri builds reflect all three parts of a triple bottom line.

d. All of these

Ans: D

12. Who of the following is a specialized ERS manager?

a. Jiehun is an accountant with a specialization in taxation.

b. Karla is a local community relations manager.

c. Fikri works in research and development and currently manages a team of colleagues developing a more environmentally sustainable detergent.

d. All of these

Ans: B

13. Financial manager Jonni is calculating a social return on investment (SROI) of a new construction project while collaborating with the local community who tell him what social impacts and outcomes need to be considered? Which statement is wrong?

a. Jonni requires both ‘act’ (effectively carrying out the SROI technique) and ‘interact’ (engaging with community stakeholders) competence.

b. Jonni requires the ‘think’ competence of being able to navigate unprofessional temptations, for instance, if dominant community members offer a ‘compensation’ for more strongly considering their interests.

c. Jonni requires the ‘know’ competence of being able to access trustworthy information and possibly filter out misinformation.

d. All statements are correct.

Ans: B

14.Open hiring means that people are employed without checking their CV. Open hiring has been pioneered by management at Greyston Bakery in Yonkers USA and is now being carried out around the world. Mary in Nigeria has not heard of Open Hiring, but has just hired a friend of a friend without looking at the CV because she trusts her friend. Which of the following statements is inconsistent with how we have defined the difference between practices and practicing?

a. Open hiring is not a practice, but people are practicing open hiring.

b. Mary is practicing open hiring without being aware of the larger practice of open hiring.

c. Practices and practicing are the same thing.

d. All of these are wrong.

Ans: A

15. “I don’t care about that environmental stuff, but it sells. I am doing all the right things for the wrong reasons and I am quite good at it!” says your colleague? He had been the most successful sales manager of a new more sustainable product for three quarters in a row. Which of the following description applies best to that colleague?

a. Competent management professional

b. Competent management practitioner

c. Incompetent practitioner

d. A and B

Ans: D

## Level 4 (analysing)

16. Tarni is managing the novel carbon insetting practice (absorbing carbon through one’s own operations) for a large multinational clothing company on her sheep farm. She mostly focuses on restoring local native vegetation, which had recently been destroyed by bushfires. Not being a manager by training, she has been upskilling herself in many of the typical modes of management and occupational competences. Particularly, she has done strategizing training to make plans for reaching the ambitious carbon reduction goals, and in basic accounting skills to keep track of the actual carbon reductions. Based on this description, what else might be an important training for her to engage in.

a. She might do well to also train in innovating.

b. She should train ‘deciding’ because of all the choices.

c. To train the folleading mode of management would be important to manage her relationship with the local land.

d. She should train herself in managing opportunities through entrepreneuring.

Ans: D

17. Marek tells you that although we might have all of the right tools and know perfectly how to do it, this ‘de-growth’ management practice can never work because no manager in their right mind would see the commercial sense in it. Which answer reflects the main perceived feasibility issue with this practice and what would be an action with the potential for making it more feasible?

a. The practice would not work unless we strengthen the ‘meaning’ element.

b. The practice would not work, because of a lack of practitioner competence to enact it. We have to train managers.

c. The practice would work because of the lack of the ‘material’ element of the practice. We have to generate better tools and tangible evidence of its feasibility.

d. None of these

Ans: A

18. Ebba is an immensely skilled HR manager. She knows exactly to ‘squeeze’ most out of employees strictly for the benefit of her company, while making sure to comply with all legal requirements, guidelines by the International Labour Organization, and best practices of the ‘Great Place to Work’ certification? Should you call her a professional manager?

a. Yes, because she is clearly competent to get the job done in the best interest of her company.

b. No, because she is lacking professional service, although she does engage in professional conduct.

c. No, because she does not engage in professional conduct.

d. Yes, because she complies with all regulations and is clearly a competent HR manager.

Ans: B

19. Justin who manages the design team of an e-sports game company complains that “We are extremely good at getting things done with minimum effort, but often there are just too many bugs in the final product to a degree that we often have to just start all over again.” What advice would you give him to address his issue?

a. Focus on the efficiency of your process!

b. Put more effort into the effectiveness!

c. You should focus on the inputs and not so much on the outputs!

d. All of these

Ans: B

20. Nur is a campaign manager at the World Wildlife Fund, trying to motivate people to donate for the reforestation of Indonesian rainforest in order to re-establish the habitat for Orang-utans which had previously been lost to palm oil plantations. In order to reach as many people as possible, she sends out massive mail blasts to a contact list she has bought cheaply online. She decides not to include an unsubscribe link as this over time would reduce the number of people who could donate. Which of the following statements applies and what could/ should she do to become more ‘professional’?

a. She engages in professional conduct. She should just keep doing what she does.

b. She does not engage in professional service. So, she should stop spamming people.

c. She engages in both professional conduct and professional service. She should just keep doing what she does.

d. She engages in professional service, but not professional conduct. She just has to stop spamming people and give them the opportunity to unsubscribe.

Ans: C

## Additional questions

A. Specialised ERS managers are managers who specialise in practices related to ethics, responsibility, and which other practice?

a. Innovation

b. Sustainability

c. Strategy

d. Compliance

Ans: B

B. The relationships between the triple bottom line capital used and created, the stakeholder input and value created, and the moral issues encountered and moral excellence achieved:

a. Professional management goals

b. Professional management effectiveness and efficiency

c. Professional management effectiveness

d. Professional management efficiency

Ans: D

# 

# Chapter 3: Ethical Management

## Level 1 (remembering)

1. Which of the following philosophers is the creator of the “Greatest Happiness Principle?”

a. Plato

b. Immanuel Kant

c. John Stewart Mill

d. Jeremy Bentham

Ans: D

2. “Follow higher principles and duties!” This statement is the central theme of which of the following theories of moral philosophy?

a. Virtue ethics.

b. Consequentialism.

c. Deontology.

d. Descriptive ethics.

Ans: C

3. Which of the following philosophers is the creator of the “good life” concept?

a. Aristotle

b. Jürgen Habermas

c. John Bordley Rawls

d. Immanuel Kant

Ans: A

4. Which one of the following levels of Kohlberg’s stages is a ‘conventional’ type of moral development?

a. Universal principles

b. Instrumentality and exchange

c. Conformity and expectations

d. None of these

Ans: C

5. “A set of rules to guide the ethical behaviour of individuals.” What does this definition describe?

a. Code of ethics

b. Whistleblowing

c. Ethics training

d. Ethics audit

Ans: A

## Level 2 (understanding)

6. Which sequence of the components of the ethical decisions and actions framework is correct?

a. Motivation, awareness, judgment, behaviour

b. Awareness, judgment, motivation, behaviour

c. Individual factors, situational factors, ethics management

d. Descriptive ethics, normative ethics, ethics management

Ans: B

7. Which of the following definitions describes an ethics program?

a. A situation where ethical behaviour has become part of the natural character of the company.

b. The management of ethical problems with the goal of achieving maximum moral performance.

c. A set of ethics management instruments chosen by a specific organization to create ethics performance.

d. An issue that is best solved by the ethics management process.

Ans: C

8. Which of the following statement about business ethics is true?

a. Business ethics the interdisciplinary study of ethical problems in business.

b. Business ethics divided into the three domains of business ethics, deontology, consequentialism, and virtue ethics.

c. Business ethics and business morality have the same meaning.

d. Business ethics is divided into the three domains of normative ethics, ethics management, and utilitarianism.

Ans: A

9. One of your professors asked the question “Is capitalism good?” in one of his lectures. To which level of application of business ethics does the question refer?

a. Organizational ethics.

b. Economic ethics.

c. Professional ethics.

d. Individual ethics.

Ans: B

10. Which of the following statements is incorrect?

a. Both individual and situational factors influence ethical decisions and actions.

b. A situational factor might relate to the ethical issue, or to the context in which decision and action are taken.

c. A great example for a situational factor is moral imagination.

d. All of these are correct.

Ans: C

## Level 3 (applying)

11. Imagine a company establishes an accounting process to measure the number of calls made at their ethics hotline, which also registers and categorizes the type of ethical issues raised by callers. The goal is to understand better what ethical challenges employees typically encounter and with what frequency. The situation is an application of which of the domains of business ethics?

a. Normative ethics

b. Virtue ethics

c. Economic ethics

d. Descriptive ethics

Ans: D

12. Imagine you had overheard the following statement at work: “I really thought it does not matter if I used some of the company stationery at home, but then I thought about what would happen if everybody did this!” With which of the following terms is the argumentation best applied?

a. Greatest happiness principle.

b. Virtuous (good) life.

c. Categorical imperative.

d. Fairness.

Ans: C

13. Your professor is of the opinion that business ethics must always deliver the one right answer about right or wrong by applying the arguments of classic Western moral philosophy. Which of the following statements is correct?

a. Your professor´s opinion is based on a relativist understanding of business ethics.

b. Your professor´s perspective is “contra-business.”

c. Your professor´s perspective is based on views on business ethics that are all examples of a narrow understanding of business ethics.

d. Your professor´s perspective is based on a broad understanding of business ethics.

Ans: C

14. A line manager in a medium-sized company has decided to always be fair when dealing with his subordinates. This can be characterized as

a. Specialized ethics management

b. Whistleblowing

c. Departmental ethics management

d. Ethical management behaviour

Ans: D

15. A store has a buy two get one free promotion. Sometimes customers bring only two items to the cashier, not three. If they do not know the policy, should the cashier tell them they can have one more for free? This is a:

a. Regulatory compliance problem.

b. It depends.

c. It is not a problem.

d. Genuine moral dilemma.

Ans: B

## Level 4 (analysing)

16. When talking about companies and their motivation for engaging in responsible management practices, a colleague states “I frankly don´t care if a company does good things only to sell more - in the end the thing that counts is they do good things, isn´t it?” This argument of moral philosophy is a good example of

a. Deontology

b. Professional ethics

c. Consequentialism

d. Virtue ethics

Ans: C

17. You listen to a TV discussion on CNN about offshoring jobs from economically developed to developing countries, a typical dilemma of globalized companies. Person A is of the opinion that companies should outsource as long as consumers buy the company´s product and do not punish it through consumer boycotts. Person B stresses that it is not fair to have people in economically developing countries work for less than a dollar a day under inhumane working conditions only so that people in economically developed countries can buy goods a couple of cents cheaper. Person C interjects that the US American citizens expect the government to provide jobs for all and that every job offshored means another unhappy citizen. You are thinking about replying to their arguments through the life-chat function. How to respond ‘on their level’? Using Kohlberg´s theory of moral development, which of the following statements about the situation most adequately assesses the different speakers’ level of moral development?

a. Argument A is a typical example of Stage 5, “social contract.”

b. Assessing the moral maturity of the three arguments on Kohlberg´s pyramid we find that Argument A represents the lowest moral development out of the group, Argument B the highest, and Argument C takes the middle position between A and B.

c. Argument C is a typical example for Stage 1, “obedience and punishment.”

d. Assessing the moral maturity of the three arguments on Kohlberg´s pyramid we find that Argument A represents the lowest moral development out of the group, Argument C the highest, and Argument B takes the middle position between A and C.

Ans: B

18. Imagine you have a job in a convenience store as a sales clerk. There is a special “meal deal” where customers can save more than 50 percent if they pick a certain combination of food items. Often customers pick the wrong combination of items without knowing and many sales clerks tell them how to save the money. One of your colleagues does not do this and you ask him why. Here is his answer: “I know I should tell them, but why should I make the extra effort?” You look up the customer policy of the convenience store, but it does not mention what to do in such a situation. As which kind of problem should you approach this situation?

a. Compliance problem

b. Moral laxity problem

c. No-problem problem

d. Genuine ethical dilemma

Ans: B

19. Imagine you caught one of your colleagues in the act violating a clearly defined company policy. You want to understand why. Which domain of business ethics is the most adequate one for a first step to approach this issue?

a. Descriptive ethics

b. Ethics management

c. Normative ethics

d. Deontology

Ans: A

20. A logistics manager of a local Mexican dairy company has the suspicion that the drivers of the delivery trucks sell decayed goods at a lower price to small local neighbourhood stores. If it is true, this would be a dangerous reputational risk for the company. The manager considers hiring a private investigator to talk to storekeepers to find out. Which of the following ethics performance assessment approaches does he aim to use?

a. Observed behaviour

b. Implemented ethics

c. Moral development

d. Dilemma method

Ans: A

## Additional questions

A. It does not matter if a company does good things only so they can make more profit, what matters is that they do good things. This argument of moral philosophy is a good example of which of the following?

a. Deontology

b. Professional ethics

c. Consequentialism

d. Virtue ethics

Ans: C

B. Which of the following is a situational influence factor?

a. Locus of control

b. Moral complexity

c. Level of education

d. Gender

Ans: B

c. “It judges right or wrong by referring to higher duties that must be derived from universal rules.” Which of the following terms does the definition describe?

a. Deontology

b. Consequentialism

c. Virtue ethics

d. Moral philosophy

Ans: A

d. “A situation that requires an ethically relevant decision where right or wrong is questioned through a set of alternative actions that are likely to have significant effects on others.” Which of the following terms is described by this definition?

a. Compliance

b. Moral dilemma

c. Ethics

d. Moral laxity problem

Ans: B

# 

# Chapter 4: Responsible Management

## Level 1 (remembering)

1.The creator of the stakeholder concept is

a. Edward Freeman.

b. Milton Friedman.

c. Archie B. Carroll.

d. Howard Bowen.

Ans: A

2. What is the highest level of issues maturity?

a. Consolidating issues

b. Discretionary issues

c. Institutionalized issues

d. Civil issues

Ans: C

3. Which of the following abbreviations describes an international network of companies committed to business responsibility?

a. GC

b. ISO 26000

c. MSP

d. CSR

Ans: A

4. Which of the following statements related to stakeholder management is true?

a. The focal entity is a term describing the most important stakeholder of an activity.

b. The distinction into core, strategic, and environmental stakeholders is one of the schemes to prioritize stakeholders.

c. Stakeholder engagement is a synonym for stakeholder communication.

d. The term “materiality” describes the degree of importance a stakeholder has for the company.

Ans: B

5. Which of the following abbreviations described is unrelated to management and business responsibility?

a. CSR

b. CR

c. CC

d. All of these relate to business responsibility

Ans: D

## Level 2 (understanding)

6. Bird ́s eye view: Which of the following conceptual statements about the chapter topic is wrong?

a. Shared value describes the situation when a company creates value for both itself and external stakeholders.

b. Stakeholder management can be divided into the two processes of stakeholder assessment and stakeholder engagement

c. Freeman is the most influential critic of responsible management.

d. Not only social, but also environmental topics are part of responsible management.

Ans: C

7. Which of the following statements is inconsistent with stakeholder theory?

a. For satisfying stakeholders monetary value created is the main criterion.

b. Stakeholders include humans and ‘non-humans’.

c. Shared value describes value that is created for both internal and external stakeholders.

d. Both a and c are wrong.

Ans: A

8. Which of the following statements related to stakeholder assessment is wrong?

a. Employees are internal and primary stakeholders at the same time.

b. External stakeholders are also always secondary stakeholders.

c. An environmental stakeholder is one that is neither important for the survival, nor for the success of a company.

d. A non-stakeholder is one that has no relationship with the focal entity.

Ans: B

9. Which of the following texts is the most complete and concise definition of stakeholders?

a. Stakeholders are all suppliers, employees, customers, and owners.

b. Stakeholders are any groups and individuals that can affect or are affected by activity.

c. A stakeholder is anyone who owns shares.

d. Stakeholders are all groups and individuals that have an interest in an activity.

Ans: B

10. Which of the following statements about materiality is true?

a. Climate change is always more material than poverty.

b. Materiality is the compensation a stakeholder claims after s/he has been harmed

c. Materiality assesses the importance of an issue based its importance to stakeholders and the company.

d. The materiality is static, so companies have to assess it only once when responsible management activity starts.

Ans: C

## Level 3 (applying)

11. In the news you hear the statement: “Responsible management has a responsibility to contribute to society, but they may not use responsibility only for their own benefit.” Which of the following statements is true?

a. The statement promotes a political understanding of managerial responsibility and refutes an instrumental understanding.

b. The statement promotes a political understanding of managerial responsibility and refutes an integrative understanding

c. The statement promotes an instrumental understanding of managerial responsibility.

d. The statement promotes an integrative understanding of managerial responsibility and refutes an ethical understanding.

Ans: A

12. If Edward R. Freeman and Milton Friedman were to discuss, which of the following statements would they definitely disagree on?

a. Shareholders are a stakeholder of management.

b. Making money is important.

c. Shareholders should be management’s highest-priority stakeholder.

d. All of these

Ans: C

13. Imagine a logistics manager designs the performance metrics for delivery drivers (e.g., how much time is available for delivering a parcel) he supervises in a way that they can only be met if drivers ‘deliver first try’. Also, they can only be met drivers ring all bells of multi-department buildings in parallel, ‘just in case’ the person the parcel is delivered to does not respond within 10 seconds. It has repeatedly been reported that residents complain to drivers about these practices. Particularly, parents often get upset because their sleeping children are being woken up. Which of the following stakeholder classifications and prioritization is correct?

a. The focal entity in this case is the recipient of parcels.

b. Drivers are secondary stakeholders of the manager.

c. Children are non-stakeholders of the manager.

d. All of these are wrong.

Ans: D

14.The X-Inc. organizes an annual charity event, where employees can donate money for a good cause, such as cancer care, or disaster relief. Which of the following statements about the activity is correct?

a. This is an example for the old style of management responsibility, as it approaches a major social problem in an entrepreneurial way.

b. This is an example for the new style of management responsibility, as it is highly integrated into the core business processes.

c. This is an example for the old style of management responsibility, unrelated to the core business, and with little scale.

D. This is an example for the new style of management responsibility.

Ans: C

15. Management at Good Corp has just begun to provide employees with free gym membership which they can use during working hours. The employees are stunned. They had not even thought that such a thing was possible. Which of the following statements can we make about the management’s social performance?

a. Management is proactive in stakeholder responsiveness.

b. Management has achieved the highest level of organizational implementation

c. Management assumes responsibilities in the legal responsibility category.

d. Management scores low in the performance dimension of issues maturity.

Ans: A

## Level 4 (analysing)

16. You discuss with a friend, an environmentalist, about responsible management. He says that what he does not like about the topic is that managers “always think that humans go first-I think the bigger responsibility is the one we have for the environment!” Before you respond, you might want to think about which position your friend argues from. Which of the following sentences describes this statement best?

a. Your friend says managers should focus on implicit business responsibility.

b. Your friend proposes a soft approach to responsible management.

c. The statement is a call for accountability.

d. Your friend stresses the importance of non-social stakeholders.

Ans: D

17. Management of an e-sports promoter business prides themselves in having created enormous amounts of shared value as both their employees and the business owners have earned above average amounts of money over the last two years. Which of the following statements is inconsistent with the shared value framework as it has been presented in this chapter?

a. This is not shared value as all value has been created for internal stakeholders.

b. This is clearly shared value as both owners and employees share some of the economic value created

c. This would be shared value if value had also been created for e-sports fans and athletes.

d. All of these are inconsistent.

Ans: B

18. Management of a retail business works with suppliers and customers to jointly reach a zero-carbon goal. The company before had achieved an integration of carbon into managerial practices and an excellent alignment with its strategy. Among the company ́s stakeholders, the issue of carbon is one that is well-known, but it has not yet been formalized in legislation. Before you take further action, you might want to find out how advanced your responsible management is (or not). Based on this information, which of the following statements is true about the management’s social performance with regard to the carbon issue?

a. Management’s stakeholder responsiveness is reactive.

b. Management’s issue maturity is on the “consolidated” level.

c. Management ́s organizational implementation is on the civic level.

d. The responsibility category of management is discretionary.

Ans: C

19. A mining company is in the process of stakeholder assessment and aims to define the strategic priority of their local community which had almost succeeded in closing the mine through a petition. The issue was that dust from the mining operations had damaged the property of dwellers and caused pulmonary diseases. The court had decided the mine to remain open if they are able to satisfy the needs of the local community. Which of the following is the correct classification for the local community stakeholder that you should align your interaction with them on?

a. Definitive stakeholder

b. Non-stakeholder

c. Marginal stakeholder

d. Environmental stakeholder

Ans: A

20. Imagine the company you are working for has issued a statement that they will now stop any instrumental use of responsible management and engage political responsible management now. Which of the following actions would be best aligned with this new stance?

a. Lobby for tighter environmental regulation as this will put your competitors into a difficult spot.

b. Conduct a marketing campaign through which 15% of sales revenues is donated to a social cause in order to boost sales of your newly launched product.

c. Close your stores on voting day to give both employees and customers time to go vote.

d. All of these are very well aligned.

Ans: C

## Additional Questions

A. Who coined the phrase “the only responsibility of business is profit?”

a. Edward Freeman

b. Milton Friedman

c. Archie B. Carroll

d. Howard Bowen

Ans: B

B. You listen to a discussion about business responsibility on the TV. Person A talks a lot about altruism, person B about taking a role in the community and Person C business ventures to solve social problems. Which of the following statements best describes the positions of the discussion participants?

a. A: business ethics, B: corporate responsibility, C: business sustainability.

b. A: corporate social responsibility, B: corporate responsibility, C: corporate citizenship.

c. All three refer to corporate philanthropy.

d. A: corporate philanthropy, B: corporate citizenship, C: social entrepreneurship.

Ans: D

C. Carroll ́s responsibility pyramid

a. includes economic responsibilities as the highest level.

b. includes discretionary responsibilities as the lowest level.

c. describes responsibility categories in the sequence of economic, legal, ethical, and discretionary (also called philanthropic) responsibilities.

d. describes responsibility categories in the sequence of legal, economic, philanthropic, and ethical responsibilities.

Ans: D

D. A mining company was nearly closed down because it caused pollution and people got sick. The government decided the mine could remain open if they are able to satisfy the local people by reducing the pollution. Which of the following is the correct description of the local people?

a. Non-stakeholder

b. Definitive and critically important stakeholder

c. Marginal stakeholder

d. Environmental stakeholder

Ans: B

# 

# Chapter 5: Sustainable Management

## Level 1 (remembering)

1. Which of the following ‘ancient examples’ is not a success case for sustainability?

a. Australian Nhunggabarra aboriginal tribe

b. The Polynesian Maori people

c. Tikopa

d. The Easter Islands

Ans: D

2. Who of the following people was involved in establishing the main definition of sustainable development?

a. Rachel Carson

b. Gro Harlem Brundtland

c. Thomas Malthus

d. Edward Barbier

Ans: B

3. Who coined the term triple bottom line?

a. Michael Braungart

b. Ernst Haeckel

c. John Elkington

d. Robert Costanza

Ans: C

4. Which of the following is a framework for sustainability reports?

a. GRI

b. WBCSD

c. Life cycle assessment

d. SDG

Ans: A

5. Which statement about the donut model of sustainable development is incorrect?

a. Biodiversity loss and social equity are typical examples for overshoot.

b. The save and just space for humanity is located where we avoid social overshoots and environmental shortfalls.

c. A regenerative and distributive economy can be achieved if environmental overshoots and social shortfalls are eliminated.

d. A and B are incorrect.

Ans: D

## Level 2 (understanding)

6. Which of the following statements is wrong? Sustainable development

a. is based on inter-generational justice between the people living today on planet earth.

b. is related to the triple bottom line.

c. is a development that meets the needs of the present, without compromising the needs of future generations.

d. has been defined by the Brundtland Report.

Ans: A

7. Which of the following frameworks includes closing the loop and completely eliminating waste by re-integrating it into the production process?

a. External effects

b. Triple bottom line

c. Life-cycle assessment

d. Cradle to cradle

Ans: D

8. In the news you have heard about the country Bhutan which measures both the Gross Domestic Product (GDP) and the Gross National Happiness (GNH). This is an example for which of the following discussion points in sustainability?

a. Well-having or well-being

b. Process or outcome

c. Growth or de-growth

d. Intergenerational or intragenerational justice

Ans: A

9. Bird’s eye view: Which of the following conceptual statements related to sustainability is wrong?

a. To achieve the global goal of sustainable development requires the sectorial contributions of sustainable business, sustainable living and sustainable governance.

b. The product life-cycle model consists of the three phases of production, sales and consumption.

c. Restorative management would be even better than sustainable management.

d. Sustainability is centred on the core concept of the triple bottom line.

Ans: B

10. A situation that satisfies the social and economic dimensions of sustainability:

a. bearable

b. sustainable

c. economic

d. equitable

Ans: D

11. Which one of the following turns in world history has driven the world’s unsustainable development?

a. The first industrial revolution

b. Colonialism

c. Green revolution

d. All of these

Ans: D

## Level 3 (applying)

12. Management of a factory with an own wastewater treatment system is not able to completely filter all phosphates out of its wastewater, which is channelled into a local marsh area. Before the water was allowed to be channelled into the marsh, an environmental impact analysis had shown that the marsh is able to completely absorb the phosphate without negative effects. The environmental impact of the wastewater in this example is

a. unsustainable.

b. restoratively sustainable.

c. restorative.

d. neutrally sustainable.

Ans: D

13. Imagine that from a local petroleum refinery, chemical substances have leaked into the groundwater. As a consequence, people drinking the water got sick, the local ecosystem was affected and the company had to pay a fine of 500 000 USD. Which of the following sentences is an accurate evaluation of the situation?

a. The situation is an excellent example for “weak sustainability”.

b. The triple bottom line of this event is negative in all three dimensions.

c. The event must have happened in a sustainably developing country.

d. Social and environmental capital was reduced, while economic capital was increased.

Ans: B

14. A friend of yours is very excited about an interview that he had listened to with “that guy who talks about closing the loop and making and completely eliminating waste by re-integrating it into the production process.” About which of the following concepts is your friend talking?

a. External effects

b. Triple bottom line

c. Life-cycle assessment

d. Cradle to cradle

Ans: D

15. A factory using chemical substances let the waste leak into the river. No fish could live in the river and people that drank the water got sick. The company had to pay a fine of 500 000 000 CNY, which is less than what it would have cost to dispose of the substances in an environmentally friendly way. Which of the following sentences is accurate?

a. Some parts of the triple bottom line for this event are positive, others negative.

b. The situation is an excellent example for “strong sustainability”.

c. The event must have happened in a sustainably developing country.

d. Social and environmental capital was reduced, while economic capital was increased.

Ans: A

16. Which of the following statements about World Overshoot Day (WOD) is incorrect?

a. The phenomenon of overshoot has been a yearly event since 1976.

b. Overshoot becomes smaller if we consume fewer natural resources world overshoot day happens earlier in the year.

c. If WOS falls on 31st of June, we are roughly using up the resources corresponding to ‘two Earths’.

d. The date of WOS is a measure for how quickly we have been using up the resources corresponding to ‘one planet’ that year. The later, the better.

Ans: B

## Level 4 (analysing)

17. Management at GreenInc, a small cleaning company addresses all good social and environmental practices of its sector. The company pays very fair wages which is often an issue in the cleaning industry, applies the most advanced ecological cleaning supplies, and has achieved to do so with a very decent profit margin. As none of the companies in the cleaning industry, also GreenInc is not able to apply cleaning supplies that can be fully neutralized by the local ecosystem. By analysing these aspects of GreenInc’s management, we can classify it as

a. average unsustainable management.

b. neutral impact management.

c. sustainable management.

d. restorative management.

Ans: A

18. Imagine your company produces wooden Montessori climbing toys for small children. From customer feedback you are aware that your toys are used very intensively while children are 2–4 years, but not anymore after, which is when the toys typically are left to rot in a garage or garden. Due to the high quality of your products, they could well be used for another 20 years. In which life cycle phase lies the most obvious opportunity to reduce environmental impact from your toys?

a. End of use

b. Production

c. Use

d. Both A and B

Ans: B

19. The following information contains elements of information from a company sustainability report. Which one is a feature of economic performance used in the report?

a. Cumulative sales revenues from sustainable innovation products since 2019 (52 Billion USD)

b. Reduction of CO2 emissions since 2019 (–14%)

c. Children in need reached through “Live-Learn and Thrive” program (400 Million)

d. Reduction of waste since 2019 (–71%)

Ans: A

20. You started discussing with a friend about sustainable development. Your friend thinks that environmental sustainability is not a real issue. “All you have to do is to invent a machine that absorbs carbon dioxide better than any plant. That solves global warming and everything can go on as always. Who cares about a couple of extinct bugs and weeds, if they weren´t even of any use to us? We are the ones ruling the planet.” In order to reply with an argument aligned with his thought you are wondering from what position he argues. Which of the following statements describes the attitude of your friend accurately?

a. Your friend could be characterized as a proponent of strong sustainability.

b. Your friend asks for drastic systemic changes to make sustainability work.

c. Your friend, among others, argues from a “substitutionist” viewpoint of sustainability.

d. Your friend tends in the “masters versus equals” polarization toward the “equals” point of view.

Ans: C

21. Imagine your company produces wooden Montessori climbing toys for small children. From customer feedback you are aware that children benefit immensely in their development from your toys. Given you build them from reclaimed (recycled) wood and in a low energy, manual production process and offset all shipping emissions, your environmental impact is very low. Your company is doing fine economically with a stable income that is sufficient to pay all employees and to have some moderate profits for owners. However, the company seems somewhat vulnerable from potential economic crises as products are in the high-price segment in which sales are likely to drop substantially in times of crisis. From customer feedback you are aware that your toys are used very intensively while children are 2-4 years, but not anymore after, which is when the toys typically are left to rot in a garage or garden. Due to the high quality of your products, they could well be used for another 20 years. What kind of sustainability management task appears to be the more impactful one in this situation?

a. Balancing

b. Substituting

c. A and B seem equally important

d. Sustaining

Ans: D

## Additional questions

A. If your friend says that environmental sustainability is not a real issue. “All we have to do is invent a machine that absorbs carbon dioxide better than plants, that would solve global warming. Who cares about a couple of extinct bugs and weeds? We humans are controlling the planet.” Which of the following statements is true?

a. Your friend is a proponent of strong sustainability.

b. Your friend, has a “substitutionist” viewpoint of sustainability

c. Your friend expects drastic systemic changes to make sustainability work.

d. Your friend tends in the “masters versus equals” polarization toward the “equals” point of view.

Ans: B

B. A certain country, where the environmental footprint is above the sustainability line, but decreasing and the wealth distribution is becoming equal. How would you describe the country on the sustainability Kuznets curve?

a. Economically underdeveloped

b. Sustainably developing

c. Economically developing

d. Sustainably developed

Ans: B

C. Imagine a country, in which the environmental footprint is still above the sustainability line, but decreasing and in which economic wealth is increasingly equal in distribution? Which would be the right term to describe the country on the sustainability Kuznets curve?

a. Economically underdeveloped country

b. Sustainable developed country

c. Economically developing country

d. Sustainably developing country

Ans: D

D. Management of a factory with a wastewater treatment system cannot filter all the chemicals out of its wastewater. The waste is dumped into a local river. Before the water was dumped into the marsh, scientific analysis had shown that the river is able to absorb the chemicals without negative effects. The environmental impact of the wastewater in this example is

a. unsustainable.

b. restoratively sustainable.

c. restorative.

d. neutrally sustainable.

Ans: D

E. Management at the ROSE Company pays its workers good wages, uses the most advanced ecological processes, and makes a profit but uses chemicals that cause pollution as most of its industry peers do as well. We can classify this situation as

a. Restorative management.

b. Neutral impact management.

c. Sustainable management.

d. Average unsustainable management.

Ans: D

F. Which of the following statements about Sustainability as presented in this chapter is NOT TRUE?

a. To achieve the global goal of sustainable development requires the sectorial contributions of sustainable management, sustainable living and sustainable governance.

b. Restorative management is better than sustainable management.

c. The product life-cycle model consists of 3 phases: production, sales and consumption.

d. Sustainability is centred on the core concept of the triple bottom line.

Ans: C

# Chapter 6: Organizing

## Level 1 (remembering)

1. The three Ds of organizing oneself in the correct sequence are

a. Delivering, Delineating, Decluttering.

b. Deciding, Doing, Delivering.

c. Decluttering, Delivering, Debugging.

d. Decluttering, Delineating, Delivering.

Ans: D

2. Which of the following is NOT a type of organizational design pattern?

a. Self-contained

b. Modular

c. Partnership

d. Horizontal

Ans: C

3. A *line function* in the organizational chart is

a. the highest tier of managers, led by the CEO.

b. a control mechanism that includes internal and external directors and committees focusing on central topics.

c. directly involved in the main value creating activities of the company.

d. a function that provides central services to other departments.

Ans: C

4. Which of the following best describes *organizational culture*?

a. It describes the international operations of a company.

b. It describes the shared values, attitudes, and beliefs underlying the decisions made and actions taken in an organization.

c. It describes a family-like atmosphere present in the business.

d. All of these.

Ans: B

5. Organizational architecture is a term that refers to the

a. totality of organizational structure.

b. field of responsible infrastructure.

c. actual drawing of an organizational structure.

d. new way of referring to an organizational chart.

Ans: A

## Level 2 (understanding)

6. Which of the following best describes a *hollow* organizational design pattern?

a. The organization conducts processes without external support.

b. The organization has team initiatives, such as “green-teams,” and focuses on core processes.

c. The organization has great potential to pool know-how and resources with other organizations to quickly react to challenges.

d. The organization outsources internal processes.

Ans: D

7. *Normative documents* provide

a. assignment of responsibility for a certain type of responsible management activity and performance in an organization within an organization.

b. sets of activities and structural elements with a common theme and purpose.

c. collaboration and co-creation between the organization and external stakeholders and mutual learning.

d. broad guidance on responsible management conduct without specifying a concrete course of action for single situations.

Ans: D

8. A *code of ethics*

a. describes what the organization ultimately should become in the long run.

b. provides concrete rules for ethical decision making or highlights specific ethical issue areas of the organization with the goal of fostering morally right behaviour.

c. defines what the business should be and do in the present to fulfil its purpose.

d. is a cause-related program that has a narrower scope as it focuses on few or single causes.

Ans: B

9. Assume you began writing a *value statement* for your organization. You should focus on

a. describing what the organization ultimately should become in the long run.

b. defining what the business should be and do in the present to fulfil its purpose.

c. highlighting the normative principles and aspirations to be taken into consideration in all decisions and actions.

d. giving broad guidance on responsible management conduct, but without specifying a concrete course of action for single situations.

Ans: C

10. SEMCO is a Brazilian industrial equipment manufacturer known for its infrastructure change toward:

a. Participatory organizing

b. Bureaucratic organizing

c. Mechanistic organizing

d. Scientific organizing

Ans: A

## Level 3 (applying)

11. If you were responsible for drafting a *vision statement* for board consideration, you would begin by

a. describing what the organization ultimately should become in the long run.

b. defining what the business should be and do in the present to fulfil its purpose.

c. highlighting the normative values that should be the underlying fabric of organizational culture and which should guide all actions taken.

d. outlining broad guidance on responsible business conduct without specifying a concrete course of action for single situations.

Ans: A

12. Building project manager Aruna tells you about the day-to-day challenges of his job. Among others he mentions how he finds it difficult to organize the always changing participation of project members to be managed, all of whom themselves belong to other departments with other line managers, sometimes even in other companies. As a result, he says the core organizing challenge for himself is to continuously ‘get all your ducks in a row’ and to stay effective oneself in an always changing team.

a. Organizing yourself

b. Organizing structures

c. Organizing dynamics

d. All of these

Ans: D

13. A major corporation has recently gone bankrupt as they were unable to keep up with environmental sustainability legislation. When asking why they failed to change, a member of the board tells you in confidence: “Everyone knew the shit would hit the fan soon. Our mistake was to work too much in preparing the organization for a smooth transition, while not really knowing what or where to transition to.” Applying the eight typical errors in change management, what do you think was the main problem here?

a. Lack of sense of urgency

b. Lacking a vision

c. Not removing obstacles

d. Not anchoring changes in culture

Ans: B

14. The VP of operations of an online retailers explains: “While most of our packaging was made of paper anyway, many of the labels were of plastic and hard to remove as we even patched another transparent plastic layer on top of it. So, this created immense complications in the paper recycling system and unnecessary environmental impacts. We now stopped using these labels. We keep printing the label information directly onto the paper parcel now instead of onto a label on it. The same process, just without the label. We believe that with this small change dispatching has become much more sustainable.” Which professional organizing patter aimed at better environmental responsibility does the change around the label?

a. Patching

b. Relabelling

c. Trimming

d. Cooperating

Ans: C

15. As public relations manager of a gaming platform, you are developing a new procedure for engaging with the families, friends, and other contacts of the gamers who are your customers, in order to early on spot any signs of gaming addiction or other health and wellbeing issues. This engagement activity will be carried out by a dedicated new team of family engagement operators in parallel to your company’s other management processes. Which organizational structure element best describes what you are doing?

a. Promoting community-based engagement.

b. Designing a specialized responsibility management process.

c. Helping to organize the work of ‘green collar workers’

d. All of these

Ans: D

## Level 4 (analysing)

16. Harry, a sales team manager tells you how he had this great idea to transform the way everyone is working from ‘every (wo)man for themselves’ to a collaborative team sales approach. After initial resistance from his colleagues, the change has now been implemented, but currently everything seems extremely chaotic and the performance has decreased alarmingly. He wonders if he made a mistake and shouldn’t have pressed for this change so hard. Based on your knowledge of the typical performance curve throughout the stages of a change process, which one of the following pieces of advice would be the most adequate one to give to harry.

a. Reverse the change as quickly as possible to avoid further damage! If performance goes down, the change will fail very soon.

b. Stick to your guns! A chaos phase with low performance is quite common before transformation happens and the performance goes back up again.

c. Stick with it as reversing would inflict even further damage, but be prepared: Your performance is unlikely to ever get back to what it used to be. Yes, it was a mistake.

d. That’s normal. Change is unlikely to ever affect performance positively. For the next time around just don’t change anything. If you are lucky the performance of the new status quo after the change will be on the same level as the performance before.

Ans: B

17. You recently caught a disapproving look of your work colleague at your desk in an open plan office. You know he is a big fan of something called the 5S and that it has to do with organizing your workspace. You are already making sure you only have things you really use on your desk and typically keep them in the same designated place. You also make sure all you have stays functional and after a recent criticism you also clean up these coffee stains right away. You wonder what else you could do in order to practice all five of the 5S?

a. Systemize your efforts by entering into a weekly routine to check your workplace stays in order.

b. Also practice both S of Sort and Shine.

c. Also practice the S of Sustain.

d. You need to do both A and C

Ans: D

18. Imagine you have just now received and email informing you that there is only two days left until the deadline for renewing one of your professional association subscriptions by filling in a standard form and answering a set of questions about your company. Membership in those associations is a nice to have and occasionally stands out as something one of your business partners considers a positive feature. Using the Eisenhower Matrix, what should you do with this task?

a. Do it now!

b. Delegate it!

c. Dump it!

d. Decide when to do it!

Ans: B

19. Imagine you are the agricultural manager of a sheep farm producing wool for cruise ships, hotels, and casinos’ carpets which are exchanged on an annual basis. Due to a global health pandemic, these customers did not buy this year. There have been three main responses by other agricultural managers. 1. A few of your colleagues have made headlines by burning their wool as a protest against the fallen prices, which emits enormous amounts of carbon dioxide that would have been captured otherwise. 2. An alternative out there used by most agricultural managers in the same situation is to hire costly specialized storage space which is quite energy intensive (wool easily decays and needs drying and heating) to sell it next year hoping that demand will pick up again. 3. Some colleagues have thought out of the box and have managed to sell the wool to gardening centres and to private customers through d.i.y. stores, who can use the wool in gardening, which also leads to the capture of more carbon as it helps plants to grow better. The association of wool farmers has asked you to rank these alternatives based on their environmental sustainability, particularly, their carbon impact. How would you classify these three alternative organizing options using sustainability benchmarking?

a. 1. Below-average unsustainable; 2. Sustainable; 3. Restorative

b. 1. Average unsustainable; 2. Sustainable; 3. Neutral impact

c. 1. Below-average unsustainable; 2. Average unsustainable; 3. Restorative

d. 1. Below-average unsustainable; 2. Sustainable; 3. Neutral impact

Ans: C

20. An aunt of yours manages a production line in a carpet factory where she has recently introduced a zero-waste initiative. Ideally, through this change project, even all scraps and small pieces of fibre are reintegrated into the production process. A current problem is that some of your team members are still not able to carry out the necessary processes and make mistakes in reintegrating the scraps. The situation should be approached as an issue of…

a. personal mastery.

b. mental models.

c. team learning.

d. shared vision.

Ans: A

## Additional questions

A. Which of the following options best describes the organization perspective of *institutionalism,* as introduced in the chapter?

a. An organizational structure that will focus on working with every single employee

. An organizational structure where organizational members cannot be reduced to the actions of a single individual

c. A structure having intrinsic worth over and beyond the value of its assets and, over time, forms identities with which individuals wish to associate.

d. A structure where the rightness of an action (Kant) is determined by considering obligations to apply universal standards and principles

Ans: C

B. When developing paths toward a professional organization, *ethics performance*

a. illustrates a continuum of different stakeholder behaviour patterns with regard to the organization.

b. illustrates the perfect situation of a restoratively sustainable organization that is able to simultaneously create social, environmental, and economic capital.

c. represents CEO guided external training on responsible behaviour.

d. represents morally desirable decision making and actions in the organization.

Ans: D

# 

# Chapter 7: Folleading

## Level 1 (remembering)

1. Who provided the most prominent typology of different types of followers?

a. Abraham Maslow

b. Immanuel Kant

c. Robert Kelley

d. Oliver Laasch

Ans: C

2. Which one of the following is Herzberg’s motivation theory?

a. Hierarchy of needs

b. Needs-based theory

c. Motivation-hygiene theory

d. Theory X, Y, Z

Ans: C

3. Which of the following is not a leadership style discussed in this chapter?

a. Autocratic leadership

b Indigenous leadership

c. Responsible leadership

d. All of these have been discussed

Ans: B

4. “Directing, influencing and, enabling” are most typical for which of the following practices:

a. Following

b. Folleading

c. Motivating

d. Leading

Ans: D

5. “A group of interdependent people who work together to achieve a goal.” Which one of the following does this definition describe?

a. Team

b. Ingroup

c. Group

d. Ménage

Ans: A

## Level 2 (understanding)

6. In which sequence phases does team building typically occur?

a. Forming, norming, storming, performing, adjourning

b. Forming, storming, norming, performing, adjourning

c. Forming, norming, performing, adjourning

d. Forming, performing, norming, adjourning

Ans: B

7. “Whistleblowing” can be an example of…

a. Reporting unethical behaviour.

b. Positive deviance.

c. Follower opposition.

d. All of these.

Ans: D

8. Which of the following statement about followers is true? Followers…

a. Are best when blindly following a leader.

b. All need to be given guidelines and constant feedback to be effective.

c. Can practice with little direction of leaders, without leaders, or at times against leaders.

d. Generally aspire to become leaders themselves.

Ans: C

9. Professional folleading…

a. means to make sure profitability and shareholder value always come first.

b. requires sustainable, ethical, and responsible conduct.

c. means dominantly leading, but sometimes following.

d. B and C are both correct.

Ans: D

10. Sustainable folleading describes a practice that

a. promotes sustainability in a certain group or system pursuing a positive social, environmental, and economic impact.

b. follows the goal of the creation of stakeholder value and who goes far beyond hierarchical relationships.

c. furthers a renowned social cause.

d. inspires others to act ethically and who lead their followers to moral excellence.

Ans: A

## Level 3 (applying)

11. Imagine a follower who is the leader’s biggest fan. They support everything they say blindly and make sure it is enforced in the working environment. One day they have a falling out and the follower immediately begins doing everything in their power, including lie, to get the leader removed. What type of follower does this describe?

a. Bystander

b. Activist

c. Isolate

d. Diehard

Ans: D

12. “Shoot for the stars, nothing is impossible!” would be an example of a phrase uttered by which of the following style of leader according to the full range leadership model?

a. Inspirational motivation

b. Contingent reward

c. Attributed charisma

d. Management by exception active

Ans: A

13. Imagine you had overheard the following statement at work: “The boss wanted us to ship the worst quality products to the orphanage, so I ‘accidentally’ sent the most expensive ones instead!” What is this an example of?

a. Negative deviance

b. Toxic followership

c. Follower opposition

d. The ‘Isolates’ follower type

Ans: C

14. One member of your team is an expert in a highly specialized programming language. She doesn’t enjoy socializing with the team or engaging and rather be left alone to do her work. Some people don’t like working with her because she often is too technical. How would you classify this team member role?

a. Monitor evaluator

b. Shaper

c. Teamworker

d. Specialist

Ans: D

15. Ute, a senior financial manager states “I’m always actively involved, either as a leader or as a participant in such a project.” This is a good example of

a. Responsible leadership.

b. Folleading.

c. Effective following.

d. Social movement.

Ans: B

## Level 4 (analysing)

16. You are hired at a well-known company in a management position. You are very excited about your new role but then you meet your new team. None of the members contribute to the discussions you attempt to instigate. They do exactly what is required of them and nothing more. They don’t show the initiative you were expecting. What is the most likely underlying cause of this ineffective follower behaviour?

a. They are ‘bad’ employees and you were hired because no one else could handle them.

b. The employees are angry that they don’t get free breakfast in the workroom.

c. The person who held your position before you were highly controlling.

d. Any or none of the above could be true. You should put effort in finding the actual cause.

Ans: C

17. According to the Full Range Leadership model, which of the following leaders would be the most effective?

a. John is a self-professed “man of the people”. He hates making decisions and often uses new and innovative ways to reach consensus regarding important moves. When deciding the new organizational vision, he had people put their ideas into a hat and whatever he picked won. The new vision is now “it is what it is”.

b. Ada comes from a very strict family and believes in applying those principles to her work. She doesn’t care if you like her or fear her as long as you get the work done. Her goal is to make partner by the time she is 27 and will do anything it takes to get there. She can often be heard saying things like “this isn’t a popularity contest”, “I’m not here to make friends” and “sometimes you have to push someone off the ladder to keep climbing”.

c. Edna is big on communication. She spent her first year with the firm re-writing all the policies and systems related to her department. Everything has a way to do it, and it must be done by the book. Good employees are rewarded greatly, but bad ones, such as the ones who skip a step or two in her carefully thought-out processes tend to not last long in the department. Upper management is very impressed with how efficiently Edna runs her department.

d. Larry met Edna early on his career. He liked the idea about having clear guidelines, but also agrees with John that people should have a certain degree of freedom and input. He tries to guide people but also allow them to make their own decisions. He talks a lot about how each person and situation is different, one person may need a pep talk, another may just need an excel sheet, but believes all needs are valid.

Ans: D

18. Your employees are unhappy. They call in sick all the time, turnover is high and they’ve stopped respecting you. You don’t know what the problem is: You’ve brought in motivational speakers to inspire them, have a ‘work-life/personal-life’ track where employees can spend four hours a week learning a skill that increases their employability not only for this job, but also if they should look for a new job elsewhere. You have even installed nap pods in the office. A consultant has mentioned their hierarchy of needs and has offered you four solutions to try, which one do you think you should attempt first as it addresses a higher-level need which is has not been addressed by previous initiatives?

a. Free yoga lessons

b. Salary increase

c. Democratic decision-making processes through which employees’ opinion is valued

d. Free donuts

Ans: C

19. You recently went to a leadership seminar where you learnt a lot! They dedicated one entire day to the importance of transparency and a second talking about new motivational theories like self-determination, expectancy, goal-setting and equity that you’d never heard about. When you return you make all company records and documents public domain for the employees to improve transparency. But you realize people are less happy and productive and arguments and fights are beginning to occur more frequently. Five people who found out they made less money than their colleagues have already left and wouldn’t even stay when you offered them a raise. Using equity theory of motivation, what would be the most promising course of action?

a. Create a new policy for salaries that explains why everyone makes what they make and invite people to individual meetings to discuss why they are making less/more.

b. Make everyone’s salaries the same.

c. Set clear sets of goals for the organization and involve everyone.

d. Make all the records and documents private again.

Ans: A

20. Your new line manager is a jerk. S/he refuses to pay you over time because “you should be able to get all this done during the work day” but then gives you a bunch of extra tasks to do that you consider unnecessary. The latest example of this is when s/he asks you to write a detailed, minute-by-minute report of a new project. It takes you 25 hours to write the report to their specifications and once you submit it you receive no feedback whatsoever. In fact, you are certain s/he never even looked at it and consider this behaviour to be toxic, even dangerous. In the elevator one morning you hear him telling his boss about all the great new reports his people are writing and how much it has increased productivity and communication. His boss turns to you and asks what you think of all the great changes that are occurring. What would be the most adequate reaction in this situation, considering the narcissistic nature of your line manager’s behaviour?

a. Call him out in the elevator. Tell the boss the truth, this guy is a joke.

b. Write a strongly worded letter to management after the fact.

c. Explain how writing the reports has allowed you to gain a better understanding of you projects and you are grateful for the new way of looking at things.

d. Start laughing.

Ans: C

## Additional Questions

A. A human relations model of folleading assumes

a. work is not inherently distasteful and people want to contribute to meaningful goals which they have helped establish.

b. work is inherently distasteful to most people and what workers do is less important than what they earn for doing it.

c. a manager’s basic task is to make use of the “untapped” human resources of subordinates.

d. people desire to belong and to be recognized as individuals and needs are more important than money in motivating people to work.

Ans: D

B. Which region attributes the least importance to “team orientation” to be an outstanding leader?

a. Middle East

b. Eastern Europe

c. Anglo

d. Germanic Europe

Ans: D

# Chapter 8: Deciding

## Level 1 (remembering)

1. The “practice of deciding between alternative courses of actions” is called…

a. intuition.

b. choice

c. paradox.

d. dilemma.

Ans: B

2. What are the loops in double loop decision making?

a. Refractive and reflective

b. Reflexive and reflective

c. Values and results

d. Assumptions and mental models

Ans: B

3. Our inability to ever be entirely rational is known as the concept of…

a. Flawed decision making

b. Relative rationality

c. Bounded rationality

d. Rational foolishness

Ans: C

4. What type of decision making involves rational, intuitive, creative and relational practices?

a. Rational decision making

b. Intuitive decision making

c. Whole-person decision making

d. Divergent decision making

Ans: C

5. What practice for improving intuitive choice requires you to visualize scenarios?

a. Elicit good feedback

b. Don’t mix up your I’s

c. Get a feel for your batting average

d. Use imagery

Ans: D

## Level 2 (understanding)

6. Which one of the following is the most complete and accurate description of the whole person model of decision making?

a. Deciding relationally, rationally, intuitively, and creatively

b. Inseparable relational, rational, and intuitive decision making.

c. Creative, innovative, rational, and relational

d. Deciding ethically, responsibly, and sustainably

Ans: A

7. The most complete paraphrased description of professional decision making is…

a. Making an informed and unbiased decision

b. Making a decision sustainably, responsibly, ethically, and competently

c. Making a decision based on the tripple bottom line and for stakeholders

d. Making decisions that are responsible while profitable

Ans: C

8. Decisions that need to be made immediately are most concisely characterized as…

a. Appropriate decisions

b. Urgent decisions

c. Priority decisions

d. Important decisions

Ans: B

9. Intuitive decision is typically associated with…

a. Thinking slow

b. Thinking carefully

c. Thinking fast

d. None of these

Ans: C

10. If a decision is being made because the right people, issues, and remedies are in the right place at the right time, this corresponds to

a. trial and error decision making.

b. stage-gate decision making.

c. the garbage can model of decision making.

d. double loop decision making.

Ans: C

## Level 3 (applying)

11. Your manager insists on daily meetings to go over all decisions, but often, in order to avoid conflict, the wrong decision is reached. What kind of decision making fallacy is at play here?

a. Procrastination amelioration

b. Overconfidence

c. Availability bias

d. Groupthink

Ans: D

12. There have been reports of sexual harassment at your organization. You hold a meeting but realize that people are afraid to speak up on such a serious topic and are worried you won’t reach a satisfactory conclusion. What strategy to mitigate groupthink would work best in this delicate situation?

a. The Delphi technique

b. Nominal group technique

c. Devil’s advocate

d. Thinking hats

Ans: A

13. Your boss insists on launching the same ad campaign every year, the same one that was created in 1965, justifying it with a “if it ain’t broke, don’t fix it” mentality. What source of intuition might he be relying on to make his decisions?

a. Affect initiated

b. Subconscious mental processing

c. Tacit cognition

d. Experience-based

Ans: D

14. Your organization has been in the process of deciding what new, more environmentally sustainable energy provider to contract for the last 3 months. Tomorrow, you have a big meeting to present your list of potential providers along with three colleagues who have their own ideas. What stage of the sequential decision-making process are you currently in?

a. Identify the problem or opportunity

b. Develop criteria

c. Generate alternative solutions

d. Evaluate effectiveness

Ans: C

15. What choice situation is represented in the following example. Every day you have to decide what to have for lunch that day, but today you are organizing a working lunch and your colleagues are coming over to your apartment. You don’t actually know anything about their taste in food, potential allergies, or dietary restrictions, so anything could happen if you pick the wrong foods. You have a few hours before you need to leave to the grocery and are busy browsing Pinterest to find nice recipes. Normally you wouldn’t care that much and might even just order takeout, but you really want to impress them. To make your decision you are wondering what the characteristics of this choice situation are?

a. Unprogrammed, uncertain, urgent

b. Programmed, certain, urgent

c. Unprogrammed, uncertain, non-urgent

d. None of these

Ans: A

## Level 4 (analysing)

16. Your friend has decided to drop out of college and pursue her dream of creating a start- up that makes bow-ties for dogs, which she feels is the thing in the world she is best at! She won’t listen to any arguments against her idea because after all “Steve Jobs and Mark Zuckerberg did it”. What type of bias does this represent?

a. Availability bias

b. Group think

c. Escalation of commitment

d. Sunk cost

Ans: A

17. You learnt early on to always trust your intuition. You were right about a lot of things but recently you’ve noticed your judgement is a bit off. You’ve been making rash decisions that at best don’t solve the problem and at worst make them worse. A friend who is doing her PhD in management decision making recommended you try different techniques to improve your intuitive choices. Which one of the following do you think is the most unlikely to help with your current predicament?

a. Open up the closet

b. Don’t mix up your I’s

c. Play devil’s advocate

d. Elicit good feedback

Ans: A

18. No one is perfect and we often make mistakes when making decisions. Which of the following examples should NOT be approached as a motivational-behavioural mistake:

a. Kyle hired his brother to be the CFO earlier this fall. The problem is his brother is TERRIBLE at his job and the company is losing a lot of money. Kyle has hired consultants, corporate trainers and has now even purchased an expensive software package to make his brother’s job easier. Now, Kyle has decided that his brother just needs a push, so has decided to give him a raise and a huge end-of-year bonus.

b. Jenny has a PhD in finance and accounting although she has never worked in a non-academic position. When she is hired as CEO of a new start-up touting the best innovative accounting solutions, she is ecstatic. Her colleagues don’t always agree with her decisions, but while they have a combined 40 year’s experience in the industry, *they* don’t have “Dr.” in front of their name.

c. When Peter was given the responsibility to make a choice about who to promote from within his department, he had two great candidates, but his best friend, Larry, expected the promotion. Larry was not one of the two candidates. Every day Peter walks into the office ready to promote his final choice but can’t bear to hurt Larry. Now it has been six months and one of his candidates has been poached by another company by offering them a higher salary (which would have actually been lower than the salary that came with the promotion).

d. When Anne started her first day at work, she was told by the woman showing her around that “Ed is a jerk.” It is of import that the woman and Ed had been in a relationship and had just ended things, but no one told Anne that. Now, 5 years down the line, Anne has to promote someone and Ed is the best candidate. She goes for the second best because “something just doesn’t feel right about him”. Soon after, Ed is offered a better job and leaves the company, the department suffers and loses money.

Ans: D

19. McKinsey has defined three main good practices to simplify managerial decision making. Which of the following decisions shows that decision makers have followed their advice?

a. An intern has decided that the company isn’t doing enough for the environment. He spends months thinking about it and realizes that by re-investing just 1% of profits in social and environmental programs, they can increase stakeholder goodwill and lower turnover amongst employees. It is a win-win situation that also aligns with the company’s new strategy and goals of creating “happy people, happy places” in the next five years. He goes to bed feeling satisfied, it is the right decision and he is glad he took it!

b. The CEO of Parks and Rec. Ltd. Has recently returned from an eye-opening stay at an ashram in Northern Canada and has decided that his company (A wealth management company for very wealthy patrons) will renounce worldly goods and possessions. Employees will begin sitting on the floor and eating vegan and will heavily try to persuade their clients to donate the entirety of their fortunes to good causes.

c. The board of directors and upper management at BigCorp have just finished a meeting to decide the future of the company. They’ve voted unanimously to institute a new profit growth strategy. The plan is to cut down the large portion of the rainforest they had previously purchased in Brazil in order to raise cattle. They have already allocated positions and sent over the paperwork to the employees waiting on the ground in Brazil.

d. Frank, head of marketing at his organization decided yesterday that the new ad campaign had to align with a social cause, he had recently read a great piece on the Black Lives Matter movement and decided that was the one, but this morning he was listening to a podcast about pride and decided that that one was better. The problem now is he was just told about the #MeToo movement! What is he going to do?!

Ans: C

20. As marketing manager at a pharmaceutical company you are running a focus group with members of the anti-vaccines movement. You are particularly intrigued by the case of one of the focus group members, Anna. She has a big decision to make. Her 6-month-old baby is due for vaccines next week and she needs to decide if she is going to take her or not. Normally she would have listened to the doctors but the Healthy Mommy group she joined on Facebook has been discussing vaccines and their consequences lately. One of the members is even a nurse, so she must know what she is talking about! Another one of the members vaccinated her baby and then her child was diagnosed with autism, and you don’t want that to happen to you! You believe there is a mistake in her thinking and if you can understand it in detail you might be able to tailor a marketing campaign targeting members of the anti-vaccines movement.

a. Sunk cost and stereotyping

b. Bounded rationality and randomness

c. Confirmation and self-serving

d. Procrastination amelioration and overconfidence

Ans: B

## Additional Questions

A. What decision did the CEO of Yash paper make that led to his son taking over?

a. Starting another company

b. Going fishing

c. Touring the world on a motorcycle

d. Touring the world on a hot air balloon

Ans: C

# Chapter 9: Communicating

## Level 1 (remembering)

1. Successful responsibility communication refers to

a. weak performance while effectively communicating misleading messages.

b. excellent performance but underachieving due to weak communication quality.

c. marketing and communication that creates a misleading impression of a company´s socio-environmental stakeholder value creation.

d. truthful messages of excellent stakeholder performance that are understood flawlessly.

Ans: D

2. Which of the following is the most advanced stakeholder communication approach?

a. the stakeholder involvement strategy, which implies that “managers can manage not the stakeholders themselves, but relationships with stakeholders.”

b. the stakeholder response strategy, which is a two-way communication process identified by communication flowing to and from the public.

c. the stakeholder information strategy, which is essentially a one-way communication process as “telling, not listening.”

d. the co-creation strategy, in which “management signals openness to receive stakeholder ideas for new actions, and works together with stakeholders to materialize their ideas”.

Ans: D

3. The principles of shaping an effective message include

a. Free speech, open access, protecting the communication process.

b. Writing ethical emails and chat messages.

c. Adapting to the audience, clarifying the purpose, and stating the message clearly.

d. Attracting, screening, and selecting qualified personnel.

Ans: C

4. Greenwashing refers to

a. balanced communication about a company’s sustainable performance activities.

b. excellent performance but underachieving due to weak communication quality.

c. marketing and communication that creates a misleading impression of a company´s socio-environmental stakeholder value creation.

d. truthful messages of excellent stakeholder performance that are understood flawlessly.

Ans: C

5. The communicating mode of management is defined as

a. the exchange of information through messages.

b. all exchange of words.

c. everything a manager says.

d. communicating proficiently, in order to fulfil a positive societal role, and in an ethical, responsible, and sustainable manner.

Ans: A

## Level 2 (understanding)

6. Internal-operational communication

a. consists of the structured communication within the organization that directly relates to achieving the organization’s work goals.

b. occurs when employees communicate with people and groups outside the organization and achieve the organization’s work goals.

c. is all the non-business-related exchange of information and feelings in which human beings engage whenever they come together.

d. refers to virtual communication over the company network that focuses on operations.

Ans: C

7. From least to most engaged, what is the correct sequence of stakeholder communication strategies from low to higher levels of stakeholder engagement.

a. Cocreation, engagement, response, information

b. Information, response, involvement, cocreation

c. Information, response, cocreation, involvement

d. Information, response, engagement, cocreation

Ans: B

8. Which of the following statement about ‘good’ communication is correct?

a. It is about getting the message across no matter how.

b. It always has to include all shareholders.

c. It involves ‘good’ practices such as ideal speech situations and non-violent communication.

d. It has to create ideal speech situations and assertive communication to convince others of your message.

Ans: C

9. There is no professional communication without…

a. proficient communication

b. the goal of fulfilling a positive societal role.

c. ethical, responsible, and sustainable conduct.

d. All of these

Ans: D

10. Which statement best characterizes the most advanced form of stakeholder communication as proposed in this chapter?

a. Be as transparent and open as possible with stakeholders about sustainability activities.

b. Work with stakeholders to co-construct their ideas and make them real.

c. Create an ongoing dialog with stakeholders with the intent to build relationships.

d. Request continuous comments from stakeholders about responsible management practice and performance.

Ans: B

## Level 3 (applying)

11. A social media platform allows you to disable comments. A communicator who chooses to do this is likely to have chosen which type of stakeholder communication strategy?

a. Cocreation

b. Response

c. Involvement

d. Information

Ans: D

12. Which of the following communicating activities has the potential to be performative…

a. A McDonald’s image campaign educates the public about child obesity.

b. A manager tells employees a new rule in a meeting.

c. An employee writes a ‘hit list’ of managers they dislike in their journal

d. All of these.

Ans: D

13. In 2019 the Nobel Peace Laureates reunited in Mérida, Yucatán for the “Together for Peace” conference. Some people were critical as the state had just rejected a law which would allow homosexual couples to get married. While the event was occurring, a group of well known, outspoken members of the LGBTQ community were barred from entering the event, despite having previously secured passes. When they were interviewed, they argued that they had the right to free speech and that discussing the recent law was within their rights. The organizers and security guards argued that they didn’t want any disruptions to the carefully planned event. What element of an ideal speech situation was not respected?

a. Open access

b. Free speech

c. Protecting the communication process

d. All of these

Ans: D

14. The colleagues Bill and Ed are in a fight. Bill complemented Ed on his new sweater by stating it was very “chic”. English isn’t Ed’s first language and he thought Bill was calling his sweater girly. Which one is the issue on Ed’s side, that led to ineffective communication here?

a. Decoding

b. Encoding

c. Barriers

d. Channels

Ans: A

15. Occasional gossip ‘around the water cooler’ is a fitting example for

a. greenwashing.

b. external-operational communication.

c. informal communication.

d. integrative stakeholder communication

Ans: C

## Level 4 (analysing)

16. Imagine you had overheard the following statement “of course the packaging isn’t recyclable, but customers believed it when we claimed it was and sales have gone up 400%!” You intend to report this fact through the whistleblowing hotline. As what type of greenwash should you present this statement when you do so?

a. Misperceived greenwash

b. Successful responsibility communication

c. Greenwash noise

d. Unsubstantiated greenwash

Ans: D

17. A Manager has decided to update the Annual leave policy as he feels it has been unfairly biased towards those employees from a certain culture. In order to get as complete a picture as possible, s/he has put together a task force full of diverse and varied individuals to give him different perspectives. S/he asks you to read up on how to do this best. You remember there was a related theory or framework in one of your courses. Which one is it that you should look for?

a. Information stakeholder communication strategy

b. Walking the talk

c. Ventriloquism

d. Poliphony

Ans: D

18. A well-known pharmaceutical company has decided it will transition towards more sustainable practices in order to gain media attention and stakeholder support. One of their marketing executives, in his eagerness to please the board, approves the release of a social media add campaign claiming their newest product is created using zero waste and with a ‘net positive’ carbon footprint. News soon gets out that neither of these statements are true and the company is accused of greenwashing. Using the greenwashing matrices introduced in this chapter, how would you analyze the situation consistent with the framework, and what course of action would be recommendable?

a. The executive has engaged in the ‘shy’ communication pattern, but they could fix it by creating a ‘high balance’ by putting effort into actually making the product zero waste and net positive.

b. The situation is a ‘high balance’, so there is nothing wrong here. All you have to do is to launch another communication campaign convincing the public of it.

c. A typical case of ‘unsubstantiated greenwash’, which can be transformed into successful responsibility communication by putting effort into actually making the product zero waste and net positive.

d. It is ‘misperceived greenwash’, so you just have to invest effort into communicating better.

Ans: C

19. An integrated energy and chemical company claims to make ‘clean coal’. It is charcoal produced by extracting coal stored in slime ponds that is combined with grass and animal waste. Protesters suggests that this is misleading and a false solution as it emits carbon in the extraction process, transporting the coal, while processing it and when it is burned. They ask you as their external communications consultant to assess the information. Which ones of the following statements constitutes reasonable advice based on the frameworks presented in this chapter?

a. They might have fallen into the greenwashing trapdoor, implying that they can simply ‘walk their way out of it’, by now walking the talk and producing actual ‘clean coal’.

b. The problem could have been avoided if they had rather engaged in ‘aspirational talk’ outlining their intention to create clean coal, instead of claiming their coal was clean already.

c. They could use ‘textual agency’, particularly commissives texts like labels and certificates that confirm how clean their coal is.

d. Next time around they should engage in more effective communication (as their message was not clear).

Ans: B

20. Office manager Winnie one morning storms in and scolds the team: “I have a gut feeling as if you folks are hiding something from me. I can’t even begin to express how this makes me feel. I need you all to respect me! “After having calmed down a bit, Winnie asks you how to improve statements like this in the future. Which principles of nonviolent communication should Winnie consider (as she did not consider it this time) next time she communicates?

a. Observations/ facts principle

b. Feelings/ emotions principle

c. A and B are both correct.

d. Needs/ value principle

Ans: C

## Additional Questions

A. Documents that serve as strategic communication tools and provide guidance for all actions and behaviours of the company and its employees are termed

a. corporate social responsibility reports.

b. formal sustainability reports.

c. codes of ethics.

d. mission and vision statements.

Ans: D

B. Behaviour standards agreed to by a company that govern relationships with various stakeholder are

a. crucial abilities.

b. codes of conduct.

c. mission and vision.

d. values and ethics.

Ans: B

C. A message may be transmitted between

a. a sender and a receiver

b. a talker and a listener.

c. a leader and a follower.

d. a messenger and a messaged.

Ans: A

D. The inseparable dynamics between talk and walk:

a. Akratic

b. Twalking

c. Twerking

d. Active encoding

Ans: B

E. Which of the following is not one of the seven deadly sins of Greenwashing?

a. Sin of no proof

b. Sin of lesser of two evils

c. Sin of fibbing

d. Sin of fake news

Ans: D

F. Time-tested principles of effective communication include

a. product, promotion, price, and place.

b. preparing ethical documents for the future, writing ethical emails, leaving appropriate voice messages.

c. adapting to your audience, clarifying your purpose, and stating the message clearly.

d. attracting, screening, and selecting of personnel.

Ans: C

G. When you choose to follow the communication strategy of *stakeholder involvement*,

a. you should begin with intermediate and secondary stakeholders.

b. you should begin a dialog and build a relationship with all stakeholder groups.

c. you will begin with external stakeholders only.

d. you will begin with primary stakeholders only.

Ans: B

H. A stakeholder communication cocreation strategy means

a. releasing information about CSR activities to the public and informing about CSR activities.

b. listening to comments or feedback from stakeholders about responsible activities and even making changes or modifications of activities.

c. practicing at level 3 by at least 50 percent of all companies.

d. to work together with stakeholders to help them realize their ideas.

Ans: D

I. What is the core meaning of this statement? “To the inside of an organization, hearing and engaging with the polyphonic voices of all majority and minority groups is crucial in establishing the talk and walk of diversity management”

a. It is important to have dedicated hiring strategy for diversity and inclusion.

b. It is important for responsible managers to not only take their own voice into account but create an integrated message using different voices and values.

c. The key to good stakeholder communication is talking to all stakeholders at all times.

d. A responsible manager should practice “ventriloquism” and puts others’ voices above her own.

Ans: B

# Chapter 10: Glocalizing

## Level 1 (remembering)

1. The word ‘glocalization’ is most wholly defined as

a. global market growth and unlimited local reach for revenue generation.

b. describes global activities with a strong adaptation to local circumstances and local activities connecting to global circumstances.

c. global marketing strategies with local green marketing.

d. global management and strong local units.

Ans: B

2. Which of the following definitions describes an ethnocentric attitude?

a. This stance considers own domestic ‘home’ culture as superior and therefore ‘colonializing’ other locations with practices and products like the ones at home.

b. Adjusting to multiple similar local cultures, for instance, multiple locations of consumers with similar tastes, or similar market characteristics.

c. One cultural practice per regions, treating the entire region as the same and does not adapt to local conditions in different sub-regions.

d. Considers the whole world as single market to be covered by a ‘one-fits-all’ integrated type of practice.

Ans: D

3. Inter-cultural competence

a. Is ethical decision making under influence of different cultures’ values.

b. Describes the process of checking economic, social, environmental, and ethical implications of a merger or acquisition.

c. Are all transactions that take place between at least two countries.

d. Refers to the ability to cope with cultural differences.

Ans: D

4. Globalization is most wholly defined as

a. all commercial transactions that take place between two or more countries.

b. the process of procuring inputs used throughout the supply chain internationally.

c. to the increased importance of global standards, relations, and flows.

d. the efforts to expand beyond the domestic home market.

Ans: C

5. Which driver of globalization does NOT belong in the following list?

a. Global media

b. Global communication technology and access to Internet

c. Global rise of the BRICS

d. Global decline of anti-globalization movements

Ans: D

## Level 2 (understanding)

6. *Explicit* responsibility practices versus *implicit* practices in a country differ because

a. explicit practices consist of business and management policies that assume and articulate responsibility for some societal interests and are voluntary activities by individual corporations.

b. explicit practices are based on values, norms, and rules collective in the organization.

c. explicit practices typically are collective corporate activities rather than individual.

d. explicit practices tend to define proper obligations of corporate actors in collective rather than individual terms.

Ans: A

7. A main feature of glocally responsible management is to generate:

a. Value for stakeholders in each location in which operates

b. A multicultural organization

c. Strong infrastructure for responsible business

d. A map of the diamond model at the local level

Ans: A

8. With an ethnocentric mentality, management

a. views the world as a source of inexpensive materials.

b. thinks of creating products for a world market and manufacturing them on in a few highly efficient locations in the home nation.

c. has strong global sustainability, responsibility, and ethics standards and effectively customizes those standards to local actions.

d. tends to think of the company’s overseas operations as distant outposts whose main role is to support the domestic parent company.

Ans: D

9. Which statement best paraphrases the essence of glocally responsible management?

a. Companies today are engaging in strategy-based decision-making processes that create sustainable value throughout the entire supply chain.

b. Many countries and consumers do not have the infrastructure to develop sustainably so management has to step in.

c. Management should integrate and harmonize their global and local responsibility.

d. Multinationals have unprecedented power and influence worldwide because of the diminishing political power of countries.

Ans: C

10. Offshoring

a. Is the preferential sourcing of activities for small and medium enterprises at the base of the pyramid.

b. Means that some activity used to be done in a location close to a company’s home country, but are now done in a more distant location.

c. Is the process of procuring inputs used throughout the supply chain internationally.

d. Refers to a model where a company chooses a third-party company to provide a needed service or process.

Ans: B

## Level 3 (applying)

11. QiSheng, a Chinese appliance company is struggling to enter the international market. They don’t understand why their best-selling product- a rice cooker that plays the Chinese top 40 songs of the day when the food is ready isn’t selling. So, they attempt to even more aggressively push it out into the international market. This sounds like an example of an attempt at…

a. Glocalization

b. Grocalization

c. Grobalization

d. Market segmentation

Ans: B

12. Bob is running the global branch of the Taiwanese company ShengQi. He’s decided that what they are doing works, and he is convinced it will work anywhere else too. He’s proud of his culture and the hard-working, dedicated employees it produces. He is convinced that if they keep doing things the same way, foreign workers will finally see how this is ‘the right way’ and improve their own ways to ‘adapt’. What glocalization stance is Bob taking?

a. Ethnocentric

b. Polycentric

c. Regiocentric

d. Geocentric

Ans: A

13. Which of the following is not an example of unintended detrimental effects of market entry.

a. A popular fast-food chain aggressively enters the market in a small village with very low prices. That year, indices of childhood obesity and diabetes surge.

b. When a coffee mogul decided he wanted coffee shops on every corner in Japan, he didn’t consider what it would do to the Japanese tea industry.

c. When a Western fast-food chain entered the Indian market, they also introduced the YumPaneer, a vegetarian burger alternative for the local population.

d. Bike Sharing apps were all the rage, they were going to save the world. When they spread around the world, many local issues emerged: Competition, aggressive marketing tactics, including hiding competitors’ bikes. Local transport obstruction issues emerged and unintended bike waste became a problem.

Ans: C

14. You have decided to expand your small business and enter foreign markets. You have 3 “finalist countries” where you think you could make a profit. After a lot of conversations with your team you finally settle on the one you are going to expand to first. One week after entering the country, a watchdog publication reveals a scandal regarding cheap labour and human rights violations. How could this have been avoided?

a. Environmental integrity

b. Increasing FDI

c. Transfer pricing

d. Due diligence

Ans: D

15. Which statement best reflects a current trend in globalization?

a. Employers and employees are retaining greater personal identity with their own culture or community.

b. There is a decline in political power of countries with multinationals.

c. The growth of global self-regulatory organizations has been declining.

d. Multinationals are becoming less involved in their roles and responsibilities in societies.

Ans: B

## Level 4 (analysing)

16. After reading an alarming report on unsustainable practices in the textile industry, an influential head one of the largest textile factories in the region decides to create a coalition for sustainability that involves major textile producers across Asian countries. He assembles the other heads of factories and after several meetings they agree to not only follow the established guidelines in order to promote safety, fair wages, environmental efficiency and community outreach and aid, but even to adhere to an additional set of guidelines to introduce even more sustainable practices. The closely collaborate in the development and implementation of these practices. You are in charge of improving the management of this initiative and want to read up on good practices, but to do so you have to know what type of collaboration this is?

a. Sustainability mergers

b. Link Alliances

c. Horizontal alliances

d. Cross-sectorial alliances

Ans: C

17. Frank is struggling a lot after starting his job as head of the Latin-American business unit of a Dutch manufacturing equipment corporation. He doesn’t’ fully understand the work culture or the language. He has a hard time getting along with his colleagues and he has had eight meetings in the last six days to discuss the same topic: ecological practice certifications. His local colleagues have informed him that these are not important, are very expensive and no one even cares. But Ed refuses to budge. To him, it is crucial to do things the “right” way and he knows from the Netherlands how much people actually DO care about these certifications. It would be a competitive disadvantage for a Dutch company to now have them back at home. How could the ‘double diamond’ model help him to start analyze this situation and take actions?

a. There seem to be different contexts for responsible competitiveness in the foreign and home locations

b. Related and supporting networks appear different in both locations

c. Sustainable factor conditions appear to be exactly the same in both locations

d. Local stakeholder demand conditions appear to be very similar in both locations

Ans: A

18. Amy is ready to move to Japan for her new job. She has done all the work. She learnt the language, studied the history, and understood the culture, food, and art. She took an assertiveness communication course and has read everything Steve Jobs ever wrote about being a good leader. In her move from USA to Japan, which of the following cultural dimensions might cause her problems, based on this description of her prep work?

a. Power Distance

b. Individualism vs. collectivism

c. Indulgence vs. constraint.

d. All of these

Ans: D

19. When working with people with different cultures, cultural ethical conflicts might occur. Spotting, monitoring, and possibly addressing this kind of conflicts early is crucial to avoid larger issues later on. Which of the following is not an example of a cultural ethical conflict?

a. A US company has an open hiring policy. On a recent visit to one of their subsidiaries in India, where they have also successfully applied open hiring, they discover that applicants are screened by caste. The manager explains their rationale, namely that open hiring can’t work without this screening, as it will cause conflict if someone from a lower cast is hired first.

b. Jeremiah has accepted to move to another country for a year to train the new Jr. partners. While there, he discovers that employees in this country make an unfair amount more money than those at home.

c. Shirley from the Republic of Ireland was just invited out by her Chinese colleagues for some post-work drinks. While there she witnesses many of her colleagues get drunk and one even makes inappropriate comments at her. On Monday, everyone pretends like everything is normal.

d. Two top executives at CinCorp (originally from different regions) agree that their employees need time off, but executive A argues that any time off should be “made up” in the form of working over-time or weekends before and after the holiday. When pressed, he explains that that’s how everyone does it.

Ans: B

20. Anne has just finished her first year as People Director for an international NGO focused on women and children’s rights. She moved across the world for this job and considers it the best decision she’s ever made. As a gift, her peers got together and purchased her a traditional outfit from their country: a beautiful handmade Sari that took months to make. Anne is in love with both the gift and gesture and proudly displays the Sari in her home. However, she has never worn it as she feels at unease with her limited knowledge about the culture, about the proper way of using it, and of its deeper cultural meaning. You initially can’t quite understand ‘what all the fuss is about’. What might Anne be trying to avoid?

a. Cultural appreciation

b. Cultural appropriation

c. Ethnocentrism

d. Local custom insensitivity

Ans: B

## Additional questions

A. *Economic responsibility* in the global responsibility pyramid

a. remains the bedrock for MNCs doing business and managing internationally and is essential to survival and growth

b. is secondary to legal responsibilities, both domestically and with foreign subsidiaries.

c. falls below the importance of philanthropy responsibilities, which include discretionary social responsibilities of management in a foreign country.

d. builds upon the foundation of ethical responsibility, which is positioned at the bottom of the pyramid.

Ans: A

B. *Transfer pricing* refers to the

a. pricing rates involved in a voluntary or forced majority purchase of another firm’s assets.

b. pricing rates involved when two companies voluntarily become one and exchange financial investments on a mutual basis.

c. rates paid internally inside the company when products or services are transferred from one subsidiary in one country to another subsidiary in another country.

d. rates charged in the process of checking economic, social, environmental, and ethical implications of a merger or acquisition.

Ans: C

C. *Fair trade* is a

a. trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade.

b. trading process of procuring inputs used throughout the supply chain internationally.

c. trading model where a company chooses a third-party company to provide a needed service or process.

d. trading measure of foreign ownership consisting of financial investments and tangible or intangible assets transferred abroad.

Ans: A

D. Which of these is NOT mentioned among the main drivers of globalization presented in this chapter?

a. Global media

b. Internet

c. Climate change

d. Decrease in anti-globalization movements

Ans: C

E. Which one is the most adequate answer?

a. Explicit responsibility practices assume responsibility for some social interests and are voluntary.

b. Explicit responsibility practices are based on values, norms and unwritten rules.

c. Explicit responsibility practices have to be corporate activities.

d. Explicit practices define business and management obligations in collective rather than individual terms.

Ans: A

F. Management of a global business with an *international mentality*

a. views the world as the strategic market rather than national or local markets.

b. thinks in terms of creating products for a world market and manufacturing them on a global scale in a few highly efficient plants near the corporate centre.

c. has strong global sustainability, responsibility, and ethics standards and effectively customizes those standards to local actions.

d. tends to think of the company’s overseas operations as distant outposts whose main role is to support the domestic parent company.

Ans: D

G. Management of a global business with a *transnational mentality*

a. views the world as the strategic market rather than one with national or local markets.

b. thinks in terms of creating products for a world market and manufacturing them on a global scale in a few highly efficient plants near the corporate centre.

c. has strong global sustainability, responsibility, and ethics standards and effectively customizes those standards to local actions.

d. tends to think of the company’s overseas operations as distant outposts whose main role is to support the domestic parent company.

Ans: C

H. Michael Porter’s “diamond model” of national competitive advantage considers

a. global shareholder demand conditions.

b. global supply chains for competitive advantage.

c. global marketing techniques for responsible management.

d. global attributes of nations that influence domestic competitive national advantage.

Ans: D

I. The diamond model of national competitive advantage, when applied to responsible management,

a. mainly considers competitive factor conditions.

b. may be used to better understand the local infrastructure and environment for responsible management conduct.

c. is centred on understanding the local market and the resulting marketing practice context.

d. assesses global demand conditions driving responsible customer needs.

Ans: B

# Chapter 11: Strategizing

## Level 1 (remembering)

1. Which of the following people is one of the creators of the “shared value” concept?

a. Mark Kramer

b. John Elkington

c. Henry Mintzberg

d. Edward Freeman

Ans: A

2. Imagine a multinational oil company buys the world´s biggest producer of wind energy. In which of the following levels of the strategy hierarchy would you place this strategy?

a. Business-level strategy

b. Corporate-level strategy

c. Individual-level strategy

d. Functional-level strategy

Ans: B

3. If you want to analyze how your different business departments and functions contribute to the creation of a triple bottom line, which of the following tools would be best to use?

a. Five forces model

b. Balanced scorecard

c. Value chain

d. SWOT analysis

Ans: C

4. Which of the following tools is geared towards analyzing an industry environment?

a. Five forces model

b. Value chain model

c. Synergy map

d. Supply chain model

Ans: A

5. Which one of the following is the full set of value functions of the business model introduced in this chapter?

a. Value proposition, offer, capture, creation

b. Value proposition, exchange, capture

c. Value generation, creation, capture, proposition, offer

d. Value proposition, creation, exchange, capture

Ans: D

## Level 2 (understanding)

6. If you wanted to analyze your company sustainability, responsibility, and ethics of the companies you are buying from and selling to, which of the following concepts would you use?

a. Five forces model

b. Value chain model

c. Synergy map

d. Supply chain model

Ans: D

7. Which of the following statements about the business model is correct?

a. A business model is logic related to proposing, creating, exchanging, and capturing value.

b. Business model is a synonym for strategy.

c. Strategy and business model should be purposefully misaligned to create ‘productive tension’.

d. A business model is formed of a set of unrelated activities.

Ans: A

8. Which of the following statements about strategic management is incorrect?

a. A main goal of strategic management is to create competitive advantage.

b. Responsible management and strategic management can be integrated through a “narrow perspective,” which describes any advantage that a business can achieve from responsible management as being strategic.

c. The process of strategic management can be divided into the four phases of 1) vision, mission, objectives, 2) environmental analysis, 3) strategy formulation, and 4) execution.

d. A strategy is an integrated and coordinated set of commitments and actions.

Ans: B

9. Which of the following strategic management frameworks is most relevant for the strategy execution phase?

a. BCG Matrix

b. Business model

c. Value chain

d. SWOT analysis

Ans: B

10. Which of the following statements about responsible competitiveness is not true? Responsible competitiveness

a. may in theory describe situations where a company is competitive at the cost of society.

b. is based on the co-creation of competitive advantage for an organization and of above-average responsible business performance.

c. has the capacity to create economic competitiveness from the organization´s responsible business excellence.

d. as a concept, embraces also economic competitiveness.

Ans: A

## Level 3 (applying)

11. Almost all major companies in the Mexican consumer goods market have achieved the distinction as “Empresa Socialmente Responsible,” which translates as “Socially Responsible Business.” The distinction is highly recognized by Mexican consumers. Which of the following terms describes this situation best?

a. Temporary competitive advantage

b. Sustained competitive advantage

c. Competitive parity

d. Competitive disadvantage

Ans: C

12. In some cases, a company´s strong responsible management practices (such as high labour or environmental standards) have inspired lawmakers to make such practices a legal requirement. For which of the following terms is this an example?

a. Responsible competitiveness

b. Outside in linkage

c. Hardwiring

d. Inside-out linkage

Ans: D

13. The cleaning product corporation Clorox bought the natural cosmetics company Burt´s Bees. For which of the following terms is this an example?

a. Unrelated diversification

b. Business unit-level strategy

c. Softwiring

d. Vertical integration

Ans: A

14. Highly skilled employees increasingly favour responsible businesses as their future employer. They are even willing to accept a lower wage in exchange for a job at a responsible business. Assuming the position of an “irresponsible business,” what is the strategic assessment of this development, using the SWOT analysis? The development is an

a. Opportunity.

b. Strength.

c. Weakness.

d. Threat.

Ans: D

15. Pepsico´s employee diversity program run by the people management team is part of a broader strategy to attract, retain, and motivate skilled employees. On which of the following levels of the strategy hierarchy would you place this strategy?

a. Business-level strategy

b. Corporate-level strategy

c. Individual-level strategy

d. Functional-level strategy

Ans: D

## Level 4 (analysing)

16. In a discussion about “green” business strategies, you hear two opposing points of view. An experienced entrepreneur says “It is all about being in the right place at the right time. You have to put your business into a market where green-tech will boom,” while a vice president of human resources of a leading multinational company says that strategy is about developing your company´s core-competences to cope with environmental challenges. Which of the following views on competitive advantage best describes the first of the two points of view?

a. Environmental model

b. Resource-based model

c. SWOT model

d. Competitive parity

Ans: A

17. There is an increasing choice of less environmentally harmful cars. Analyze the industry environment of the auto industry using the five forces model. Pick the one development from the following list that is unlikely to occur as a consequence of the increased choice.

a. Higher bargaining power of customers

b. A higher threat of substitutes

c. Stronger competition among producers of environmentally friendly cars

d. A higher choice of components for environmentally friendly cars provided by suppliers. This may or may not affect suppliers bargaining power

Ans: B

18. One of your friends talks about how the company she is working in, a dairy business, owns all parts of the dairy supply chain, from farm to shop. She highlights that this way the company is able to control the responsible management practices of the chain. Which of the following strategy terms should you recommend your friend to have a closer look at to understand this situation better?

a. Unrelated diversification

b. Vertical integration

c. Competitive advantage

d. Horizontal integration

Ans: B

19. A colleague of yours is part of a task force to review your company’s mission statement and asks you for advice. He has been asked to look for examples of other companies’ mission statements, but is not quite sure which one of the ones he found actually qualifies as a mission statement?

a. This year, we aim to provide clean drinking water to over 5000 people.

b. We are a competitive business that delights customers through high-quality products, and employees through first-class jobs.

c. Honesty, quality, passion.

d. We aspire to become the world´s most reputable clothing company, and one of the first truly sustainable businesses worldwide.

Ans: B

20. Management at the shoe company TOMS donates one pair of shoes to children in need for every pair a customer buys. They mainly produce light summer shoes in the upper to higher price segments, based on a traditional Argentinian design that mainly appeals to a socially-conscious customer group. This core activity has led to a unique market position which we are planning to analyze further using Porter’s generic strategies. As which strategic position should we analyze it?

a. Differentiation

b. Cost focus

c. Differentiation focus

d. Cost leadership

Ans: C

## Additional questions

A. Which of the following people is one of the creators of the emergent strategy framework?

a. Mark Kramer

b. Igor Ansoff

c. Michael Porter

d. Henry Mintzberg

Ans: D

B. The shoe company ROSE donates one pair of shoes to poor children for every pair that is sold. ROSE produces special shoes in the medium to upper price range, that appeals to environmentally conscious customers. This activity has is best described as

a. Differentiation focus.

b. Cost focus.

c. Price focus.

d. Cost leadership.

Ans: A

C. People management at a fast-moving consumer goods company aims to support female employees as a driving force of the company’s productivity. On which level of the strategy hierarchy would you place this strategy?

a. Market-level strategy

b. Informal-level strategy

c. Business unit-level strategy

d. Functional-level strategy

Ans: D

D. If a multinational oil company buys the producer of solar panels, into which of the following levels of the strategy hierarchy would you place this strategy?

a. Business-level strategy

b. Functional-level strategy

c. Individual-level strategy

d. Corporate-level strategy

Ans: D

E. In a discussion about ‘green’ strategies, there are two points of view. One says that having a great strategic position all depends on being in the right market at the right time. The other says strategic management should develop core-competences to be able to control the environmental impact. Which of the following describes the second point of view?

a. Environmental model

b. Resource-based model

c. SWOT model

d. Competitive parity

Ans: B

F If a company´s strong responsible management practices inspire government to make such practices a legal requirement, it would be called

a. Responsible competitiveness.

b. Outside in linkage.

c. Hardwiring.

d. Inside-out linkage.

Ans: D

G. Which of the following statements about strategic management is correct?

a. A main goal of strategic management is to create competitive advantage

b. Responsible management and strategic management can be connected

c. Strategy is an integrated and coordinated set of commitments and actions

d. All of these

Ans: D

# 

# Chapter 12: Innovating

## Level 1 (remembering)

1. The definition of innovation used in this chapter is:

a. Something previously unknown.

b. Creating, using, and disseminating novelty.

c. The invention and implementation of management practices that depart from the norm.

d. The ability to recognize the value of new knowledge and to use it for the generation of value.

Ans: B

2. Increase absorptive capacity requires four main sub-competences; what are they?

a. Knowledge acquisition, assimilation, transformation, exploitation.

b. Knowledge acquisition, assimilation, technology, exploitation.

c. Knowledge acquisition, assimilation, techniques, exploitation.

d. Knowledge acquisition, assimilation, transportation, exploitation.

Ans: A

3. It is said that ‘Crossing the chasm’ requires a substantial shift in managing and marketing the innovation’s adoption. Which two groups does the chasm exist between?

a. Innovators and the early adopters

b. Early adopters and the early majority

c. Early majority and the late majority

d. Late majority and the late mass

Ans: B

4. What is the definition of process innovation?

a. The implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software.

b. An innovation which has significant changes in product design or packaging, product placement, product promotion or pricing.

c. The implementation of a new organisational method in the firm’s business practices, workplace organisation or external relations.

d. The introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses.

Ans: A

5. In relation to the Canvas of Responsible Innovation Practice. What does the abbreviation ARIA stand for?

a. Anticipation, reflection, innovation, action

b. Anticipation, reflection, inclusion, action

c. Anticipation, reflection, intelligence, action

d. Anticipation, reflection, implementation, action

Ans: B

## Level 2 (understanding)

6. Responsible innovation is relevant to management mainly because:

a. It helps product innovation reach the market faster

b. It contributes to making innovation more socially desirable and acceptable

c. It automatically translates innovation into financial gains to a business

d. It makes managers succeed in their careers

Ans: B

7. The innovator’s dilemma revolves around which one of the following questions and issues?

a. Should we keep exploiting an ‘old’ profitable innovation, or pursue new innovation in our core market?

b. Extracting value from existing innovation versus enabling future value extraction from an emerging novelty.

c. Navigating the risk of another company innovating in our core market and therefore disrupting value extracting from our existing innovations.

d. All of these.

Ans: D

8. Which ones of the following could be correctly labelled as ‘good innovation’ along the lines described in this chapter?

a. Social innovation

b. Innovation ethics.

c. Planned obsolescence

d. A and B.

Ans: D

9. The hype cycle can help us to understand varieties of dynamics in responsible and sustainable management. Which order do the time phases appear in (from left to right)?

a. On the rise, at the peak, sliding into the trough, climbing the slope, working the plateaux.

b. At the peak, sliding into the trough, climbing the slope, working the plateaux, on the rise.

c. Climbing the slope, working the plateaux, on the rise, at the peak, sliding into the trough.

d. Sliding into the trough, climbing the slope, working the plateaux, on the rise, at the peak.

Ans: A

10. What does knowledge acquisition mean?

a. Ability to build new knowledge into a new device (e.g. a new product, service, process, practice) that generates value

b. Ability to interpret, comprehend and learn from new knowledge

c. Ability to integrated new knowledge into existing processes and practices

d. Ability to find and acquire new knowledge that is of value

Ans: D

## Level 3 (applying)

11. HIGHFIVE is a company that prides itself on creating innovations using different techniques. As a new graduate employee, you have been asked to use ‘bricolage’. Which of the following descriptions does bricolage apply to?

a. ‘Good-enough’ inexpensive innovations aimed at serving the needs of poorer users by focusing on core functions and tailored performance levels.

b. The inventive combination of features for a particular user or purpose.

c. Innovations that ‘make do’ with what is at hand by creatively recombining what is available.

d. Innovations driven by the quest for reducing the environmental resource input and/or increasing the output.

Ans: C

12. A friend of yours is very excited about an interview that he had listened to with “a guy who talked about the management mode of innovating”. He said it requires a varied set of competences related to ‘exploration’ as well as its ‘exploitation’ but integrating them too closely may also lead to ‘cross-contamination’. What does this mean?

a. A dysfunctional mixture of exploration and exploitation may lead to varieties of innovation failures.

b. A dysfunctional mixture of exploration and exploitation is likely to lead to transformational leadership.

c. A mixture of exploration and exploitation is unlikely to lead to commercial gain.

c. Mixing good and bad innovations is not a good idea.

Ans: A

13. Imagine that you have just started working on your first open innovation project. Your colleague wants you to consider important parameters when developing open innovation. What does it depend on?

a. Which parts of the innovation funnel you want to open up.

b. How big a variety of and number of innovation partners you want to work with.

c. How far you decide to search to access external knowledge and if you choose an experiential (action-centred) or cognitive (thought-centred) novelty search heuristics.

d. All of these.

Ans: D

14. The practice of responsible innovation can bring benefits by aligning innovation with the needs and aspirations of prospective users or those affected by it. Why is it relevant for managers?

a. Successful businesses depend on innovation to gain competitive advantage.

b. While innovating to remain competitive, managers need to ensure that the innovation being proposed or implemented is socially desirable and acceptable, inside and outside the business.

c. Managers must pursue the innovations which prove to be the most profitable.

d. Both A and B.

15. A young father challenges R&D management of an air-conditioning manufacturer on social media to respond to the need for ‘gentle’ airconditioner-filters that helps children like his son to breathe more easily in spite of the polluted air. This is an example for which phenomenon?

a. Radical innovation

b. Market pull

c. Market push

d. Invention

Ans: B

## Level 4 (analysing)

16. Which one of the following actions is most effective in ensuring that the management of innovation is done responsibly?

a. Discussing innovation plans with shareholders

b. Reflecting individually on the pros and cons of innovation

c. Aligning innovation to the needs of managers

d. Engaging with societal groups that are likely to be affected by innovation

Ans: D

17. A friend of yours feels frustrated at a firm which appears to use planned obsolescence. Which of the following do you recommend that they pursue?

a. Repair what they can and shop second hand.

b. Avoid the latest throw-away trends**.**

c. Make your own gadgets.

d. All of these.

Ans: D

18. A major firm which sells business software, develops AI for managing accounting, finances, operations, and HR. They comment that AI should reflect the diversity of the users it serves. What does that mean? Teams building AI should:

a. …involve people from many different backgrounds.

b. …to diversify further into new user groups who are yet to use the software.

c… create software that can be designed in ways that create opportunities for humans to enhance their professions.

d… reveal transparency so we understand how it makes decisions.

Ans: A

19. Jiang is a procurement manager at an online gaming company. Personally, Jiang is committed to reducing poverty through his job. He has identified the ‘cheaper is better’ paradigm in the industry as a main reason for why his company and gaming companies in general don’t procure in a way that alleviates poverty. Recently, Jiang has learnt about Fair Trade practices and is experimenting with how he could adapt his own procurement practices inspired by Fair Trade practices. From the management innovation process framework you know that there are four necessary practices for a management innovation to happen. Which practice is it that Jiang is missing and therefore should take?

a. Deconstruct management orthodoxies

b. Commit to a big problem

c. Search for new principles

d. Exploit the power of analogy

Ans: C

20. The benefits of self-driving cars could be enormous. For example, there could be fewer deaths on the roads, more efficient traffic patterns and reduced stress from being glued to the steering wheel in a traffic jam. However, second-order consequences might arise from this. Which of the following questions might be helpful to explore such indirect consequences?

a. Could car designs completely change if driving becomes much safer?

b. What happens to all the gas stations if we go mostly electric?

c. What will be the impact on tobacco sales (over half of all tobacco sales occur at gas stations)?

d. All of these.

Ans: D

## Additional questions

A. It has been stressed that responsible innovation needs to ensure that innovation needs to enjoy wide public acceptance. To innovate responsibly, government bodies in the United Kingdom such as the Engineering and Physical Research Council (EPSRC), encourage those managing innovation to consider important questions. Which of the following apply?

a. Could the innovation I am pursuing be controversial?

b. What could be the potential ethical concerns raised by the innovation?

c. Would my innovation be publicly acceptable? If not, why?

d. All of these

Ans: D

B. Considering the four goals of responsible innovation, when might it prove to be necessary to revise plans for innovating?

a. When there is too much uncertainty on the consequences of innovation for society and the environment

b. After managers have put substantial effort on reflecting and deliberating on the innovation proposed

c. While managers tailor an action plan for modulating innovation processes

d. It should not be necessary to revise plans for innovating, as it is always a good thing for a business.

Ans: A

C. Suppose a manager has to implement a process to better understand the potential positive and negative impacts of a proposed innovation yet to reach the market. Which of the following are suitable methods?

a. Self-assessment

b. Monitoring

c. Foresight

d. Modulating

Ans: C

D. The ARIA Canvas of Responsible Innovation Practice includes reflection. This prompts us to consider our assumptions and beliefs openly and continuously. Which key questions are important to consider when reflecting upon a situation?

a. Who should be responsible for framing the problems to which innovation aims to respond?

b. Who should prepare for unknown challenges?

c. To whose concerns these problems speak?

d. Both A and C.

Ans: D

E. Which ones of the following may be motivators for the uptake of responsible innovation in businesses?

a. Moral concerns

b. Market advantage

c. Stakeholder acceptance

d. All of these

Ans: D

# 

# Chapter 13: Entrepreneuring

## Level 1 (remembering)

1. Which one is a core element of the entrepreneuring definition used in this chapter?

a. Reaping competitive advantage from innovation.

b. To create value by bringing together resources and opportunities

c. A social mission for creating value through innovation.

d. Commercializing a technological innovation

Ans: B

2. Business incubators and accelerators are places that

a. Host agricultural products related enterprises.

b. Support physical science experiments.

c. Support entrepreneuring practices.

d. Educate entrepreneurs from primary school onwards.

Ans: C

3. FFF funding consists of money from

a. Government sponsored loans.

b. Filial funding fellows.

c. Overdraft.

d. Family, friends and fools.

Ans: D

4. The three dark personality traits of entrepreneurs are

a. Optimism, confidence, enthusiasm.

b. Narcissism, Machiavellianism, psychopathy.

c. Pessimism, depression, uncertainty.

d. Sadness, loneliness, anxiety.

Ans: B

5. Varieties of entrepreneuring practices that listen to multiple logics, not only the commercial one are called

a. Hybrid entrepreneuring.

b. Social entrepreneuring.

c. Entrepreneurship socialization.

d. The non-profit model.

Ans: A

## Level 2 (understanding)

6. During the stage of \_\_\_\_\_\_ the top management strongly relies on delegating management tasks to others.

a. Survival

b. Growth

c. Consolidation

d. Maturity

Ans: B

7 In \_\_\_\_\_\_ a mature venture ‘buys in’ innovation from often younger, innovative ventures.

a. Management buyout

b. Start-up

c. Internal corporate venturing

d. External corporate venturing

Ans: D

8. Which of the following statements is true? Licensing is

a. An informal arrangement between two or more companies in the same industries to accomplish a designed objective.

b. An arrangement for use of full business models, governed by franchising law.

c. An arrangement involving a fee for the use of intellectual property.

d. When two or more business entities combine their resources to pursue a single project.

Ans: C

9. The business venture life cycle is most fully described by which sequence of the following phases?

a. Starting up, taking off, settling down

b. Taking off, starting up, settling down

c. Existence, survival, growth

d. Survival, maturity, selloff

Ans: A

10. Karl is a(n) \_\_\_\_\_\_ as he has run multiple ventures in the past.

a. Enterprising person

b. Portfolio entrepreneur

c. Serial entrepreneur

d. Matrix entrepreneur

Ans: C

## Level 3 (applying)

11. A friend of yours tells you that the owner of the apparel store he is working at has recently decided to transform his operations to provide work opportunities by exclusively hiring disabled people. How can you classify this transition?

a. From profit maximization to non-profit

b. From public service to social entrepreneurship

c. From social entrepreneurship to corporate social responsibility

d. From commercial to social entrepreneurship

Ans: D

12. GETREADY is a company that offers training for new graduates to get prepared for the working world. An employee, from the second generation of migrants, proposes to create a new series of courses that target refugees to gain new skills to integrate into the workforce. Which of the following descriptions does NOT match this case?

a. Intrapreneurship

b. New business venturing

c. Social mission and social innovation

d. Social value proposition

Ans: B

13. The transformation of an organization deeply rooted in one sector to a hybridized organization will usually require

a. A change in the legal form, and acquisition of new skills and competences.

b. Social bricolage.

c. A change in the legal form and a change of the company name.

d. Debt for equity swaps.

Ans: A

14. A friend of yours tells you he is planning to use bootstrapping to start up her business. Which of the following practices would this involve?

a. Factoring your receivables

b. Apply for government grants

c. Working with volunteers

d. Arrange a crowdfunding campaign

Ans: A

15. A friend of yours is a co-founder of CODERS, a school that targets disabled people and provides IT focused formation and job opportunities. Results are quite encouraging and moving to breakeven soon. She would like to replicate the model in other cities and therefore seek more capital. Who would be the most appropriate funder?

a. Mezzanine capital fund.

b. Angel investors.

c. Impact investment fund.

d. Venture capital fund.

Ans: C

## Level 4 (analysing)

16. Cleo has successfully launched her responsible tourism enterprise which connects tour guides from economically deprived indigenous communities to paying customers who are willing to respectfully get to know the indigenous ways through homestays in the community, while supporting them by paying for these stays. Cleo’s enterprise is barely breaking even because the revenue from the current number of tours is mostly sucked up by her fixed costs. Cleo wants to increase revenues quickly, but does not want to add further costs to her already big overhead. Also, she believes her current value proposition works very well for her customers, and is appealing to many more of the same type of responsible adventurous ‘niche’ customers whom she is already serving, but would not be too appealing to the mainstream market. Which of the following growth strategies would you recommend based on the information provided?

a. Market development

b. Market penetration

c. Product development

d. Diversification

Ans: B

17. Richmond and Wu are part of a venture team who are thinking about how they could use partnerships to enter new overseas markets with their venture. Having graduated from their engineering degrees just recently, they have not raised enough money or have sufficient experience to run an overseas expansion themselves. Their competitive advantage is their patented heat storage technology that can be built into varieties of products to enhance their performance and give them new functionalities. Which form of partnering would be the most suitable one in this setting if the two entrepreneurs decide based on a profit motive?

a. Licensing out the technology to different partners against a fixed percentage of profit

b. Using an open patent approach where anyone can use the heat storage technology

c. Franchising

d. A wholly owned subsidiary

Ans: A

18. While catching up with your friend, a new entrepreneur, s/he confesses to just now having bought a new sports car to celebrate that a reputable angel investor has invested into the new business which is yet to generate revenues. Which metaphor would be best to use in order to explain to him how what failure this situation is likely to lead into?

a. Drowned frog

b. Boiled frog

c. Bullfrog

d. Tadpole

Ans: B

19. Markos has just now started his new job as the executive assistant of the CEO of a major international investment company. He has long been engaged in promoting impact investment as a new line of business of the company. What advice can you rightfully give him based on your knowledge of the social intrapreneurship taxonomy?

a. If he does not find much support initially, he might have to assume the role of the ‘lone wolf’.

b. If his boss supports the cause, his main role as social intrapreneur might be that of the ‘donkey’.

c. He might even be able to act as a ‘beaver’, using his close position to the CEO to reengineer the landscape to enable opportunities for impact investment.

d. All of these

Ans: D

20.BAKING FOR EQUALITY is a social platform started by two IT and cakes aficionados who sell pastries made by volunteers. The profit made is used to finance local charities. The wife of one of the co-founders runs a renowned restaurant and the pastry chef has just left. The co-founder is considering to pass on the contact number of the platform top seller volunteer. What type of concern may he be facing?

a. Mission drift

b. Unproductive entrepreneurial motive

c. Ethical conflict of interest

d. FFF financing

Ans: C

## Additional questions

A. Which of the following statements is correct about the implementation of responsible management practices in SMEs and big corporations?

a. The basic conditions for implementing responsible management practices in SMEs and big corporations are largely equal.

b. One of the typical differences between SMEs and big corporations is that the latter is typically family-owned, while the first one typically displays external ownership models.

c. SMEs are more advanced in their responsible management practices.

d. Employees in SMEs are more closely involved in the good or bad company management is doing, which might translate into a personal motivation to do good.

Ans: D

B. Which of the following word clusters are all typical entrepreneurial personality traits?

a. Innovative, fashion oriented, dependent

b. Need for achievement, risk taker, control, self-efficacy, extraversion

c. Self-centred, aggressive, gambler, conservative

d. Listener, executor, need to be guided

Ans: B

C. Which of the following statements about intrapreneurship is correct?

a. Intrapreneurship’s main objective is to target boredom at work.

b. Differently from entrepreneurs, intrapreneurs are only focused on internal opportunities and transformation.

c. Intrapreneurs exists only in large corporates.

d. Successful intrapreneurship attains empowerment of an innovative workforce.

Ans: D

D. Helicopter view: Which of the following statement is incorrect based on your reading of the chapter?

a. Entrepreneurs leave because of lack of opportunities.

b. After an entrepreneur success, the mission often changes.

c. Internal corporate venture is often riskier than external corporate venture.

d. Smart Air’s DIY product is an example of causal thinking.

Ans: D

E. Which of the following statement is incorrect based on your reading of the chapter?

a. Intrapreneurs are almost sure to clash with corporate entrepreneuring practices as they bring an inside view of a mature company.

b. Entrepreneurs may decide to renounce leadership to harvest the investment and cash out.

c. Entrepreneurial failure may be triggered by internal factors, like lack of internal control, mismanagement of financial resources, leadership conflict.

d. Entrepreneurial failure may be triggered by external factors, like an economic downturn or regulatory change.

Ans: A

# Chapter 14: Supply Chain Management

## Level 1 (remembering)

1. The organization from which perspective of the supply chain is analysed and managed.

a. Focal company

b. Traceability

c. SME

d. Responsible business

Ans: A

2. A structure that channels resources back from their end of life to be reintegrated into the supply chain.

a. Revalorization

b. Reverse supply chain

c. EOL design

d. Industrial co-location

Ans: B

3. The process of mapping social, environmental, and economic impacts along the stages of production, use, and end of useful life of a product.

a. Ecodesign

b. Circular economy

c. Life-cycle assessment

d. Closed-loop supply chain

Ans: C

4. Methods to create circular structures that help to reintegrate products at the end of their useful lifetime into earlier supply chain stages, in a manner similar to an ecosystem.

a. Industrial ecology

b. Revalorization

c. Industrial co-location

d. Closing the Loop

Ans: D

5. A series of interconnected value-creating and value-depleting activities from the first raw material to the final consumer.

a. Supply chain

b. Secondary supply chain

c. Synergy map

d. Complex adaptive system

Ans: A

## Level 2 (understanding)

6. Which of the following norms is least related to environmental impacts of economic activity?

a. ISO 14 000

b. EMAS

c. SA 8000

d. ISO 14001

Ans: C

7. Which of the following statements on industrial ecology is untrue? Industrial ecology

a. is the same as a closed-loop supply chain.

b. is one method of “closing the loop.”

c. learns from ecosystems for industrial systems.

d. looks centrally at material and energy flows.

Ans: A

8. Which of the following statements about social sustainability and the supply chain is wrong?

a. Environmental impacts often have social and societal consequences.

b. Sustainable supply chain management refers only to environmental impacts.

c. The social dimension of the supply chain may be related to supply chain stakeholders.

d. The social and environmental bottom lines of the supply chain mutually influence each other.

Ans: B

9. Which of the following statements is wrong? Professional supply chain management

a. among others, aims to optimize the triple bottom line.

b. is a synonym for sustainable supply chain.

c. considers stakeholder issues and ethical issues along the chain.

d. includes activities from the first production stage, through the use, until

the end of useful life and beyond.

Ans: B

10. Which of the following statements is wrong? Supply chain engagement

a. might involve customers.

b. might involve suppliers.

c. refers to collaborative practices among supply chain partners.

d. refers to linking two different supply chains to improve their shared impact.

Ans: D

## Level 3 (applying)

11. Suppose that a company maps all main stakeholders of its suppliers, the suppliers´ suppliers, and of its customers, and aims to optimize the value created for all of them instead of only caring for the value created for direct stakeholders of the company? For which domain of professional supply chain is this an example?

a. Responsibility domain

b. Sustainability domain

c. Ethics domain

d. Network domain

Ans: A

12. In many places people now, instead of owning a car, use car sharing services for transportation. To which phenomenon is this phenomenon most related?

a. Eco-efficient logistics

b. Servitization

c. Reverse logistics

d. Local production and consumption networks

Ans: B

13. Large retailers often use a supplier sustainability index in order for suppliers to report to the retailer regarding the suppliers’ triple bottom line activities and performance, and to collaborate for improvement. Which of the following statements is correct?

a. This is a typical example of a supply-chain follower nudging a supply chain leader toward more sustainable practices.

b. The focal company in this supply chain management activity is the retailer.

c. This is not an example for supply chain engagement.

d. The retailer engages with its second order supply chain.

Ans: B

14. A friend of yours is excited about a website where people show how they took ‘useless junk’ and made something beautiful and useful out of it and then sold it to people around the world – furniture, decoration, even clothing. On the website this was called ‘upcycling.’ To which of the following terms is upcycling not related?

a. Revalorization

b. End-of-life design

c. Secondary supply chain

d. Extending the useful life time

Ans: B

15. A friend tells you about the company *InterfaceFlor* that redesigned their carpet products so that they could be recycled more easily. You notice that this is an example of

a. life-cycle assessment.

b. EOL design.

c. industrial co-location.

d. revalorization.

Ans: B

## Level 4 (analysing)

16. Imagine you are now applying a new technology to track where the fridges you use are discarded and if they are leaking refrigeration fluid/gas. However, you are not quite sure what to do with this information as neither colleagues nor customers can access this information. So, nobody apart from you and a handful of technicians in charge of the new technology could intervene if a product became an environmental hazard. Which ones of the six Ts are you yet to address in order to increase your supply chain responsibility?

a. Traceability

b. Transparency

c. Trust

d. Training

Ans: B

17. Imagine that, as a green logistics specialist, you have been hired to develop improvement ideas for a second-hand peer-to-peer social network market place. Private people sell their used items on to others. Typically, the buyer personally picks up the items at the seller’s home. Due to the platform’s profile and maps feature, typically buyers search for products close to where they live. However, you cannot be quiet by what means of transport buyers pick up items, meaning you are ‘blind’ as to what the actual impact is. Which one seems the most self-evident next step towards improving the CO2 impact of these logistics?

a. Reverse logistics

b. Transport impact transparency

c. Servitization

d. Local production and consumption network generation

Ans: A

18. Imagine you are managing the sourcing process for a producer of car doors. The price of the metal you procure has risen to a degree that your production is barely profitable. When you punch out the basic shape of doors from the rolls of metal, a lot of scrap metal is produced which you cannot use further. Which of the following core practices of circular economy could offer solutions to your issue?

a. Resource cascading

b. Shared infrastructure

c. By-product exchange

d. All of these

Ans: D

19. Imagine you are the procurement manager of a furniture producer specialized on refurbishing old furniture and re-selling it in your branded second-hand shops. You used to get your furniture from private people in the local community who would deliver their used furniture to your workshop. Over the last couple of months, fewer and fewer people have dropped off their furniture and more and more are wanting to buy your refurbished products. You have a serious mismatch of supply and demand and need to find out both why and what you can do about it. What main supply chain management challenge should you focus on in this situation?

a. Closing the loop

b. Managing from the inside of the chain

c. Understanding the supply chain

d. None of these

Ans: C

20. Imagine you are the procurement manager of a furniture producer specialized on refurbishing old furniture and re-selling it to second hand furniture shops. You used to get your furniture from private people in the local community who would deliver their used furniture to your workshop. Over the last couple of months, fewer and fewer people have dropped off their furniture, and shops are increasingly demanding your refurbished products. You have a serious mismatch of supply and demand and need to find out both why and what you can do about it. Where should you set the focal point of your supply chain analysis?

a. Sourcing of raw materials

b. Revalorization in first-order supply chain

c. Second-order supply chain manufacturing

d. All of these

Ans: C

## Additional questions

A. A norm covering varieties of aspects of social and environmental responsibility.

a. ISO 9000

b. MSC

c. ISO 26000

d. ISO 14000

Ans: C

B. Which one of the following is not related to revalorization:

a. Recycling

b. Refurbishing

c. Upcycling

d. Certification validation

Ans: D

C. Which of the following statements is true? Professional supply chain management

a. includes optimizing the triple bottom line.

b. includes sustainable supply chain management.

c. considers stakeholder issues and ethical issues along the chain.

d. All of these.

Ans: D

D. Someone started a website where people show how to make ‘useless junk’ into something beautiful and useful, and sell it. Which of the following terms does this example relate to?

a. Revalorization

b. Upcycling

c. Secondary supply chain

d. All of these

Ans: D

E. A series of activities that add value and extract value is called a

a. supply chain.

b. secondary supply chain.

c. synergy map.

d. complex adaptive system.

Ans: A

# Chapter 15: Operations Management

## Level 1 (remembering)

1. The translation of total quality management tools and practices to the field of responsible management is called

a. total responsibility management.

b. total quality management.

c. Six Sigma.

d. lean enterprise method.

Ans: A

2. Which of the following terms are directly related to lean enterprise methods?

a. Waste

b. Muda

c. Toyota Production System

d. All of these

Ans: D

3. Which one of the following norms and algorithms describes the basic continuous improvement cycle?

a. PDSA

b. Benchmarking

c. ISO 14000

d. ISO 9000

Ans: A

4. Any non-stakeholder-value-adding efforts that must be incorporated in the current form of a process are known as

a. nonquality.

b. procedure.

c. resource consumption.

d. waste.

Ans: D

5. Which of the following documents may be parts of a management system?

a. Key policies

b. Training records

c. Procedure descriptions

d. All of these

Ans: D

## Level 2 (understanding)

6. \_\_\_\_\_\_ is aimed at minimizing the use of environmental resources in relation to the produced output.

a. Lean enterprise method

b. Ecoefficiency

c. Responsible enterprise excellence

d. Ecoeffectiveness

Ans: B

7. Which of the following acronyms is explained incorrectly?

a. SMART is an acronym for Specific, Measurable, Attainable, Relevant,

and Time-bound that refers to setting “good” goals.

b. TRM stands for Tangible Resource Metric and refers to eco-efficiency.

c. PDSA stands for Plan, Do, Study, Act, and refers to the Deming improvement cycle.

d. COPIS stands for Customer, Outputs, Processes, Inputs, Suppliers and refers to an algorithm for quality management.

Ans: B

8. Which of the following houses all components of a business in one coherent system in order to enable the achievement of organizational purpose and mission?

a. Management system

b. Toyota production system

c. Integrated management system

d. Total responsibility management

Ans: C

9. \_\_\_\_\_\_ aims to minimize natural resource consumption and ecological damage, but does not consider social issues.

a. Lean enterprise method

b. Ecoefficiency

c. Responsible enterprise excellence.

d. Six Sigma

Ans: B

10. Which of the following topics is not closely related to quality management?

a. Total responsibility management

b. Eco-efficiency

c. Voice of the customer

d. None of these relates closely to quality management

Ans: B

## Level 3 (applying)

11. During your induction week to a new job, your supervisor asks you to read through the company´s standard operating procedure about dealing with ethical compliance. Included in the document you find a figure that explains how a whistleblowing incident will lead to a sequence of activities of several involved actors. What is such a diagram called?

A. Supporting detail

b. Function process map

c. Process detail map

d. Organization chart

Ans: C

12. At a conference you hear a talk by the CEO of a Multinational Company about their management system which covers quality, environment, health and safety, and social responsibility? What do we call such a management system?

a. Total responsibility management system

b. Integrated management system

c. Total quality management system

d. Environmental management system

Ans: B

13. A sustainability manager of a retail business tells you that he is constantly monitoring internal practices, industry competitors, and companies with a focus on sustainable business to understand how good their activities are compared to what his company is doing. What is this technique called?

a. Best practice benchmarking

b. Internal benchmarking

c. Competitive benchmarking

d. Functional benchmarking

Ans: A

14. Imagine you listen to a production manager is talking about reducing the amount of water and energy used for the current output of a plant. What is it he is talking about?

a. Eco-efficiency

b. Moral efficiency

c. Stakeholder effectiveness

d. Eco-effectiveness

Ans: A

15. If a facilities manager is talking about reducing the amount of CO2 emissions generated per units of product output of a factory, what is it s/he is referring to?

a. Moral efficiency

b. Eco-efficiency

c. Stakeholder effectiveness

d. Management effectiveness

Ans: B

## Level 4 (analysing)

16. Imagine a chemical company has received repeated complaints from the local community about ‘bad smells.’ The community manager, the environmental manager, and the plant operations manager have jointly found the source of the problem, which is a non-toxic gas emission that occurs periodically, depending on the production schedule. As a result, management has made adjustments to the production schedule in order to minimize such emissions. The plant is now running based on that new schedule. Using the PDSA Cycle, what should be their next steps?

a. They should adapt the schedule right away, in order to improve even more.

b. They should keep running the new schedule.

c. They should make sure the plant keeps running on that new schedule.

d. They should study if the new schedule shows the desired effects, and adapt the schedule again in case it does not.

Ans: D

17. Imagine you are a director of store operations who is concerned about the environmental impacts of unnecessary consumption. Accordingly, you have designed a very sophisticated and powerful new procedure for sales staff in your outlet stores. It aims at ensuring that customers only buy products they really need. At the same time your company leadership has launched new challenging revenue goals in order to ‘grab as much market share as possible’. This initiative comes with newly introduced sales goals for store staff. As what kind(s) of problem(s) should you approach this situation and what should you do?

a. A people problem, work on the implementation.

b. A procedure problem, develop the procedure further!

c. A people problem that requires you to work on the implementation after re-visiting the procedure’s purpose.

d. A procedure and purpose problem

Ans: C

18. In the sustainability report of a major company you see a metric defining corruption incidents per 1million USD of revenue abroad. Into which of the following measures could the information gathered for the above metric feed?

a. Moral efficiency

b. Triple bottom line

c. Stakeholder effectiveness

d. All of these

Ans: D

19. A friend tells you that her company tracks the number of accidents on site in order to know how well their new health and safety training has worked. She wants to further improve this indicator and wonders what this kind of indicator is called, in order to find out where she could access more information?

a. Leading indicator

b. Breakthrough improvement

c. Incremental improvement

d. Lagging indicator

Ans: D

20. You are interviewing refugees whom you have hired recently in order to find out how well your operations are managed when it comes to satisfy their needs. They say that the very fact that they were able to be hired satisfies their basic need for work, but that this ‘should be the least you can expect’. They further suggest that it would be exciting if you could take further actions to help them fit in better, both culturally and by helping them to find work friends. Based on the Kano customer/stakeholder needs model, what response would be recommendable?

a. They should be happy we give them a job. Fitting in is their responsibility.

b. We could start a ‘buddy system’ where other operations colleagues ‘adopt’ a recently hired refugee. This might, over time, help us to both fulfil their needs better and increase satisfaction.

c. We should hire more refugees, as they say this satisfies their needs.

d. None of these

Ans: B

## Additional questions

A. The improvement of the proportion between environmental resource usage and output for existing products and processes. The credo is “use less.”

a. Ecoefficiency

b. Ecoeffectiveness

c. TPS

d. 7S

Ans: A

B. Improving the ratio between resource usage and the output of products is called

a. Efficiency.

b. Eco-effectiveness.

c. Revalorization.

d. Traceability.

Ans: A

C. Which of the following statements is correct?

a. The main and only focus of quality management is efficiency.

b. Both quality management and lean enterprise methods may serve to improve processes.

c. Lean management and quality management cannot be combined due to their competing nature.

d. The main focus of lean enterprise methods is effectiveness.

Ans: B

D. A framework for process improvement that is centred on the assessment of customer (stakeholder) needs and elimination of process errors is

a. VOS.

b. Six Sigma.

c. Eco-efficiency.

d. Lean Enterprise.

Ans: B

E. Which of the following short descriptions is summarized correctly?

a. Bristol airport has reduced its carbon emissions considerably, including their own ground operations and the emissions of all flights from and to the airport.

b. During the Coronavirus epidemic, many supermarkets adjusted their operations, for instance, through special shopping hours for vulnerable groups and closing 24/7 stores at night to restock shelves.

c. The Toyota production system is an iconic pioneering operations management system.

d. IKEA´s People Planet Positive program aims to positively influence customers and supply chain and the company´s own operations.

Ans: A

F. Which of the following includes all of the components of a business and of its management in one system?

a. Toyota production system

b. Leadership Management system

c. Total responsibility management

d. Integrated management system

Ans: D

G. If your boss asks you to get familiar with a diagram explaining how a work accident leads to a predetermined sequence of activities, what is such a diagram called?

a. Supporting detail

b. Functional process description

c. Process detail map

d. Organization chart

Ans: C

H. If the CEO talks about a company’s management system including: quality, environment, health and safety, and responsibility management, what would we call that management system?

a. Total responsibility system

b. Integrated management system

c. Total quality system

c. Environmental system

Ans: B

I. A factory produces bad smells. The manager has found the source of the problem that occurs periodically, depending on the work schedule. The manager changed the work schedule to stop the smell. Using the PDSA Cycle, what should be the next steps?

a. They should study the results of the new schedule and revise the schedule again if the results are not good.

b. They should use the new schedule.

c. They should go back to the old schedule.

d. They should change the schedule again.

Ans: D

J. Which of the following acronyms is explained correctly?

a. SMART is an acronym for Specific, Measurable, Attainable, Relevant, and Timely that refers to setting “good” goals.

b. All of these.

c. PDSA stands for Plan, Do, Study, Act, and refers to the Deming improvement cycle.

d. COPIS stands for Customer, Outputs, Processes, Inputs, Suppliers and refers to an algorithm for quality management.

Ans: B

# Chapter 16: Marketing Management

## Level 1 (remembering)

1. Cause-related marketing refers to

a. a change in a stakeholder’s behaviour.

b. marketing communication that occurs in any situation threatening to the company.

c. standards that govern relationships with various stakeholders.

d. the promotion of a product by linking its sales with contribution to a good cause.

Ans: D

2. The abbreviation STP stands for an underlying core process of marketing management. What is it?

a. Segmentation, targeting, and positioning.

b. Segmentation, targeting and performance.

c. Segmentation, targeting and perishability

d. Segmentation, targeting and psychology.

Ans: A

3. Social marketing is ultimately directed towards

a. awareness only.

b. consideration of new responsible consumer patterns.

c. acceptance and agreement with a new responsible behaviour.

d. actual change in a stakeholder’s behaviour.

Ans: D

4. Which one of the following is the correct and most complete list of core marketing ideas that exist in parallel, both in theory and practice?

a. Duality, relationality and service.

b. Relationality and marketability

c. Service, heterogeneity, relatability

d. Relationality and service.

Ans: A

5. What does the acronym IHIP stand for?

a. Intangibility, heterogeneity, inseparability, and performance

b. Intangibility, heterogeneity, inseparability, and perishability

c. Intangibility, heterogeneity, inseparability, and psychology

d. Intangibility, heterogeneity, inseparability, and positioning

Ans: B

## Level 2 (understanding)

6. Which one of the following best describes marketing management?

a. Marketing management evolves around the exchange of organizational offerings.

b. Marketing management around value with varieties of societal stakeholders is referred to as customers.

c. Both a and b.

d. None of these.

Ans: C

7. The Promotion P in the marketing mix, is most likely to include

a. elimination of products with unacceptable responsible management performance.

b. messages exchanged between the seller and the ultimate consumer, including non-personal advertising, personal selling, and public relations and publicity.

c. designing a service with a unique value proposition for stakeholders.

d. producing eco-friendly and biodegradable packaging designs that can position a product at the top of a market.

Ans: B

8. What is the ultimate goal of sustainable marketing?

a. Creating a sustainable production-consumption system.

b. Operating within the environmental limits of the planet.

c. None of these.

d. Both a and b.

Ans: D

9. Which of the following statements is wrong?

a. Green Marketing: Developing and marketing more sustainable products and services while introducing sustainability efforts at the core of the marketing and business process.

b. Social Marketing: Using the power of upstream and downstream marketing interventions to encourage sustainable behaviour.

c. Critical Marketing: Analysing marketing using a critical theory-based approach to guide marketing management.

d. Social Marketing: An application of traditional marketing techniques to sell products that support a social issue.

Ans: D

10. Which of the following statements do the American marketing association suggest professional marketers follow when applying ethical norms?

a. Do no harm, foster trust in the marketing system, embrace ethical values.

b. Do no harm, foster trust in the marketing system.

c. Do no harm, embrace ethical values.

d. None of these

Ans: A

## Level 3 (applying)

11. A friend of yours talks about the ‘honesty’ value of the professional ethical norms of the American Marketing Association. Which of the following does this apply to?

a. Be forthright in dealings with customers and stakeholders.

b. Accept the consequences of our marketing decisions and strategies.

c. Balance justly needs of the buyer with the interests of the seller.

d. Acknowledge the basic human dignity of all stakeholders.

Ans: A

12. In a performance review meeting you hear a marketing manager say “We are looking really good on the commercial KPIs, but I must admit that the ethical performance indicators are quite worrying”. Which of the following situations would fit this description?

a. Sales revenues have gone up, but customer equity has decreased.

b. Brand equity has gone up; the number of consumer protection issues raised has gone up, and customer equity has gone up.

c. The CO2 footprint of marketing efforts has decreased and sales revenues have increased.

d. Both sales revenues and the CO2 footprint of marketing promotion have decreased.

Ans: B

13. Which of the following is not an example of a promotional ‘push strategy’?

a. Company sales representatives, promoting their products through intermediaries using trade advertising.

b. Direct selling to customers in showrooms

c. Point of sale displays.

c. Advertising on television.

Ans: D

14. In many supermarkets there are sustainability-oriented transformations of the ‘place’. Which of the following are good examples?

a. The emergence of plastic free isles and entire zones.

b. Product refill stations.

c. Selling living herbs instead of pre-cut ones.

d. All of these.

Ans: D

15. “Marketing metrics are the set of measures that helps firms to quantify, compare and interpret their marketing performance.” Which financial and non-financial metrics can be useful to marketing professionals?

a. Sales revenues, customer and brand equity.

b. Legal performance.

c. Ethical performance.

d. All of these.

Ans: D

## Level 4 (analysing)

16. Imagine you are in charge of a social marketing campaign that promotes a Vegan diet. From a representative survey among the local population, you know that over 80% of individuals have already begun to eat vegan food during this year’s ‘Veganuary’ initiative in which most food businesses have promoted vegan products. Which stages of behaviour change should your marketing campaign target?

a. Action

b. Precontemplation

c. Maintenance

d. Contemplation

Ans: C

17. The groceries retailer you are working at also runs petrol stations on their parking decks. The head of the corporate sustainability department claimed to representatives of the environmental protection agency that the retailer actively promotes a reduction of CO2 emissions among their customers. At the same time, customers in stores are targeted by the marketing department with a fuel promotion. Using the framework of integrated marketing communication, what type of integration is missing here?

a. Channel integration

b. Departmental integration

c. Stakeholder integration

d. All of these

Ans: D

18. A friend of yours is the marketing manager a municipal city marketing department. As s/he has not actual business background, s/he asks you for advice with a pressing issue. There are frequent complaints about her ‘not knowing how to do the job’, ‘the lack of preparation of members of the marketing team’, and the ‘poor organization of the marketing department’, as well as a ‘lack of transparency about the marketing performance’. Which of the following marketing mix frameworks would be the one that is likely to be most helpful to address these complaints?

a. The 7P services marketing mix

b. The 8 P marketing management mix

c. The 4P product marketing mix

d. All of these

Ans: B

19. The British Gas product Hive provides consumers with a unique login to track their purchase and gain access to after sales service, via the Hive website. The purchase includes the following products: a wireless thermostat, a receiver that connects to the consumer’s router and the engineer’s time to install the system in their home. Which marketing perspective would be the most adequate one to analyse this practice?

a. Service perspective

b. Physical evidence perspective

c. Product perspective

d. Promotion perspective

Ans: A.

20. You have been in the e-commerce department of your company for 15 years. Accordingly, you know all customer groups and their respective preferences and behaviours extremely well. The company leadership has decided to move their attention from one previous core customer group to a more attractive group which they have identified through a recent market research survey. They are now asking for your help re-designing the marketing mix so that it matches this customer group. Which part of the STP framework is the most relevant one for you to address this issue?

a. Segmentation

b. Tailoring

c. Targeting

d. Positioning

Ans: C

## Additional questions

A. Why are the right people essential as part of the firms’ marketing effort?

a. Because they are as much a part of a firms’ offering as the products and services that they market.

b. People can deliver superior service to their clients, whether they run a support desk or design marketing campaigns.

c. How employees interact with customers links directly to customer satisfaction.

d. All of these

Ans: D

B. Which of the following short descriptions about The Body Shop is summarized incorrectly?

a. A study, focused on green marketing at The Body Shop Indonesia found that among factors influencing customers’ willingness to buy environmentally friendly beauty products, the ‘product’ dimension was the most important.

b. Anita Roddick, the founder of The Body Shop, had always been a strong supporter of human and animal rights issues as well as environmental protection.

c. Anita Roddick, the founder of The Body Shop, had always been a strong supporter of ethical consumerism.

d. By employing natural and non-animal tested ingredients Roddick embedded her philosophy in her beauty products. This was highlighted as critical to the mindset of the employees and forms The Body Shop’s core marketing values.

Ans: A

C. After the Icelandic volcano Eyjafjallajökull had erupted, Iceland’s tourism plummeted. The Icelandic tourist board quickly created an IMC program to encourage tourists back. The core message, ‘Inspired by Iceland’ was ‘share your story’. What was this based on?

a. Insight that 80% of Iceland’s visitors like to use social media.

b. Insight that 80% of Iceland’s visitors would recommend the destination to their family and friends.

c. Insight that 80% of Iceland’s population enjoy live webcasts.

d. Insight that 80% of Iceland’s population regularly tweet.

Ans: B

D. The World Wildlife Foundation – United Kingdom, ranked the world’s top luxury companies on their green performance and assessed relevant attitudes in the industry. Their analysis revealed a compelling reason for the top luxury brands to incorporate social and environmental excellence. Their report concluded with a ten-point plan with an emphasis on:

a. The marketing mix.

b. Communication.

c. Nurturing relationships.

d. Co-creation.

Ans: B

E. A core practice of integrating programs is integrative marketing communication (IMC). There are several types of ‘integration’ in ITC that should occur in parallel to make the message consistent. Which of the following statements about channel integration directly applies to IMC?

a. It is important to integrate all communications, internal and external, online, and offline, print, television, personal communication.

b. It is important to integrate some communications in a meaningful way.

c. The key to IMC is listening to all the stakeholders and communicating the messages that they think are important.

d. None of these.

Ans: A

F. A friend of yours has recently read an article about Nike’s range of modest swimwear known as Victory Swim. He said that it is just another one of these campaigns to try and create a good image for the firm without really understanding what women need or want. Based on your knowledge of the chapter, which of the following answers could you truthfully give about the campaign?

a. By connecting with athletes from diverse communities the Nike designers saw the gap in water sports clothing for women who sought additional modesty and unrestricted movement.

b. Nike’s market research revealed that previous garments did not provide the functionality required nor give peace of mind that the clothing would stay in place for women who sought additional modesty and unrestricted movement.

c. Nike sought to create apparel to free-up women from clothes that held them back, in favour of a range that would help them achieve their best and protect their modesty.

d. All of these.

Ans: D

# Chapter 17: People Management

## Level 1 (remembering)

1. Recruitment refers to

a. directing and guiding employees towards socially responsible and ethical practices.

b. preparing ethical individuals for the future.

c. attracting, screening, and selecting new personnel.

d. developing the ability of a person who is not employed or never has been employed to enter the job market for the first time.

Ans: C

2. Training and Development refers to

a. educating employees within an organization to increase their fulfilment and performance.

b. attracting, screening, and selecting personnel.

c. creating processes and tools for evaluating the performance of employees.

d. maintaining openness and transparency throughout the management process.

Ans: A

3. The responsible stakeholder approach to leadership in people management requires the leader to think beyond traditional performance objectives by

a. focusing efforts on meeting narrowly defined internal objectives.

b. promoting efficient management and development of resources and economic growth.

c. measuring the people management contribution through recruitment costs and effectiveness, hours of training provided, and number of employees trained.

d. tracking and measuring the social and environmental benefits of people management activities as part of the overall strategic requirements.

Ans: D

4. Common non-financial compensation practices may take the form of

a. flexible work schedules, recognition for certain tasks, or company events for employees.

b. long-term benefits like a retirement plan.

c. bonuses and commissions.

d. wages and salaries.

Ans: A

5. A *living wage* is best defined by which statement?

a. It describes a compensation packaged that is renewed frequently, almost weekly.

b. It describes the minimum hourly wage necessary for an individual in full-time employment to meet basic needs.

c. It is a present-day wage adapted to a sustainable company.

d. It represents the remuneration received by an employee for the work done.

Ans: B

## Level 2 (understanding)

6. Performance evaluations:

a. Are to find out how the employee sees their supervisor´s performance.

b. Always deliver quantifiable information back to the employee from the manager.

c. Are a dialogue between an employee and their manager to ensure they share a mission, objectives, and goals.

d. Offer support to the employee primarily in the form of 360-degree appraisals.

Ans: C

7. Union busting is considered

a. a right afforded by law for employees to organize and engage in collective bargaining.

b. restrictive, possibly obstructive to the decision-making process, and a risk for escalation of employee costs.

c. a negotiation for terms and conditions on a collective basis for employees.

d. employers’ attempts at disrupting the formation or growth of trade unions.

Ans: D

8. Which statement *best* characterizes the PM-RM Symbiosis?

a. PM has a responsibility to be proactive in leading the establishment of a responsible-management-enabled culture.

b. A mutually reinforcing relationship in which responsible management requires employees’ engagement

c. The function of dealing with the management of people employed within the organization

d. Leadership has a responsibility, both professionally and organizationally, to drive responsible PM practices.

Ans: B

9. Which statement best explains the difference between traditional PM and responsible PM?

a. Responsible PM goes beyond the traditional roles of PM in supporting business value and adopts a broad approach that includes the responsibility to manage the employee stakeholder and PM’s contribution to responsible management performance.

b. Traditional PM has always maintained a moral and ethical responsibility for the way it is delivered in any organization

c. Responsible PM is “the function of dealing with the management of people employed within the organization.”

d. PM traditionally supports sustaining social legitimacy (the “license to operate”).

Ans: A

10. Employability

a. refers to crucial abilities for doing your current job and to stay employed there.

b. describes how well a person is qualified to work in general.

c. is involvement in the community that motivates employees and drives higher loyalty and commitment.

d. refers to the process that is adopted to manage the way employees leave the company.

Ans: B

## Level 3 (applying)

11. A union leader says that employees should have a very healthy work-life balance. Which of the following best describes this statement?

a. Employee well-being

b. Employability

c. Living Wage

d. Offboarding

Ans: A

12. A friend of yours tells you that his employing company has just begun to offer funding for any of degree program, helping her to be more qualified. To which of the following areas is this activity most related?

a. Offboarding

b. Employability

c. Living wage

d. Employee well-being

Ans: B

13. You hear a politician in a public speech say that companies have to ensure the work-life balance of their employees. Which of the following topics is most related to this statement?

a. Offboarding

b. Employability

c. Living wage

d. Employee well-being

Ans: D

14. Your partner tells you about “this awesome certification that companies can obtain when they explain how they take care of super-important topics like how credible management is, or how fair their employment practices are.” Your partner wants to learn more about it, but did not catch the name of the certification from the television programme where he heard about it. What is it called?

a. Great Place to Work

b. The Fair Labour Organization

c. SA8000

d. ILO

Ans: A

15. As a coordinator of your organization’s people management department, you have recently been involved a lot in communicating with labour union representatives who suggest that the company’s successful personal development reviews should be linked to increases in pay. It appears this activity of yours relates to practices of

a. compensation and benefits.

b. employee relations.

c. performance management.

d. all of these.

Ans: B

## Level 4 (analysing)

16. Imagine that after inviting an external assessment agency to evaluate your people management practices, you read the following statement that summarizes replies of over 300 employees and company stakeholders about your PM practices: “Your employees find people management to be proficient and with laudable efforts in training all employees to regenerate the environmental resources your operations rely on. However, concerns have arisen about the impact of your hiring practices on the local community and employees suspect that there is no actual concern for their wellbeing beyond what is necessary for maintaining them healthy and functional for the business.” The company’s People VP is shocked and wants to begin working toward more responsible people management right away. As you have been advocated for responsible PM practices in the past, he asks you for your advice. Based on your knowledge, which one of the four main responsible PM areas requires most work?

a. Impacts of PM activities on employees and on external stakeholders

b. Mutual trustful ‘resourcing partnerships’

c. Support business sustainability

d. Both A and B

Ans: A

17. While not always complying herself with the diminutive details of the policy, the head of the people management department has always been a strong supporter of the sexual harassment guidelines both ‘up and down’, in putting the topic on the C-Level managers’ agenda, and enforcing the rules among employees of all levels. Which of the following role requirements for a responsible PM does she not fulfil?

a. Responsibility for the way PM is delivered

b. Assisting business leadership

c. Being role models for ethical conduct, stakeholder inclusion and social impact

d. None of these

Ans: C

18. You noticed that managers who have been with you company for a long time typically practice your company’s democratic and equitable eye-level organizing principle, while newly hired employees typically use hierarchical, authority-based organizing. You wonder what stage of the socialization process needs further attention in order to ensure that every manager eventually uses eye-level organizing.

a. Anticipatory socialization: Of course, if these employees have worked in another company that works based on hierarchy and authority (most of the companies do), new employees will find it difficult to use eye-level organizing. During hiring, we should actively check for employees who have worked in a non-hierarchical eye-level culture in the past.

b. Metamorphosis: Even when they know in principle, new managers often don’t go the last step of ‘becoming one of us’. They might do everything to not contradict the basic idea of eye-level management, but something still feels ‘wrong’. We should put more effort in helping them to overcome their internal barriers, and to truly make eye-level management ‘theirs’.

c. Encounter: New managers often find eye-level management somewhat strange when they first experience it here. Someone once said, they felt they had entered ‘a sect’. We have to help them to make sense of how we do things and why we do things this way.

d. All of these might help to address the issue.

Ans: B

19. During a recent review of your CO2 literacy programme, you realized that few of the colleagues actually are able to reduce CO2 emissions in their job, nor do they know more broadly how they could develop their work towards reducing CO2 in the future. You also found anecdotal evidence that when new employees enter the organization, CO2 is not something that is highlighted as of concern. The problem lies in which one of the following areas of practice?

a. Training

b. Orientation

c. Development

d. All of them!

Ans: D

20. The CEO of your company has heard that there are different standards for responsible people management out there and asks you which one your company should further look into. He is particularly concerned about the PM practices of your suppliers, as in one of the factories supplying you has recently been accused of modern slavery. Which standard do you think would be the most fitting one to apply in this situation?

a. ILO

b. Great Place to Work

c. SA8000

d. Both A and C

Ans: A

## Additional questions

A. Off-boarding

a. refers to crucial abilities that are ways of working that require integrity and that build trust, which are essential ingredients in any sustainable organization.

b. describes how well a person is qualified to work.

c. is involvement in the community that motivates employees and drives higher loyalty and commitment.

d. refers to the process that is adopted to manage the way employees leave the company.

Ans: D

B. Metamorphosis

a. occurs when a new employee enters the organization.

b. is reached when the new employee is accepted as an organizational insider.

c. may begin years before the employee begins work at the organization.

d. ensures continued engagement of the employee in corporate responsibility activities.

Ans: B

C. Training and communications in a company

a. should be considered together in a roadmap as two parts of the same whole.

b. principally focus on employee rights from a human rights perspective.

c. suggest using social media primarily for recruiting.

d. expand on the *Labor Principles of the United Nations Global Compact*.

Ans: A

D. To obtain candidates in a responsible way means

a. developing job descriptions unilaterally determined by management’s needs.

b. presenting employment contracts that represent the primary interests of the company.

c. advertising through a broad range of recruitment channels, including minority publications, while retaining some flexibility about educational and experience preconditions.

d. advertising positions only through traditional channels.

Ans: C

E. A company offers scholarships for employees to attend classes and become more qualified. Which is related to this concept?

a. Offboarding

b. Employability

c. Living wage

d. Employee well-being

Ans: B

F. Performance evaluations

a. have as their main purpose to provide a measure of how the employee sees the supervisor´s performance.

b. have to deliver quantifiable information back to the employee from the manager.

c. should offer support to the employee always in the form of 360-degree appraisals.

d. are best considered a dialogue between an employee and the manager that ensures alignment around shared mission, objectives, and goals.

Ans: D

G. *Anticipatory Socialization*

a. occurs when a new employee enters the organization.

b. may begin years before the employee begins work at the organization.

c. is reached when the new employee is accepted as an organizational insider.

d. ensures continued engagement of the employee in corporate responsibility activities.

Ans: B

# Chapter 18: Management Accounting and Controlling

## Level 1 (remembering)

1. Which of the abbreviations is a framework for the preparation of specialized sustainability reports?

a. GRI

b. AA1000

c. SASB

d. ABC

Ans: A

2. Which of the following topics is not a standard element of sustainability accounting and reporting?

a. Environmental impact

b. Social impact

c. Economic impact

d. Relational impact

Ans: D

3. ESG in responsible accounting stands for:

a. Ethical, Societal, Good

b. The indicator groups: Environmental, social, governance

c. All financial indicators

d. The reporting quality attributes of earnest, sincere, and goodwilled

Ans: B

4. The external verification and endorsement of accounting process and outcomes is called:

a. Controlling

b. Auditing

c. Assurance

d. Disclosure

Ans: C

5. Which of the following is not an accounting entity for a company?

a. Human resources management

b. Organizations’ mission

c. The state

d. Corporate governance

Ans: C

## Level 2 (understanding)

6. Which of the following is not a distinctive key factor for sustainability accounting?

a. The focus is on ethical, social, and environmental data.

b. The main goal is to provide companies with clear information on its economic activities.

c. The accountees include not only shareholders but also a wide range of stakeholders.

d. Integrative reporting closely relates to sustainability accounting.

Ans: B

7. Which of the following categories is not part of the sustainability accounting data elaboration and evaluation phase:

a. Auditing

b. Costing models

c. Sustainability performance metrics

d. The value-added model

Ans: A

8. One of the following methodologies is not used by social and environmental cost accounting. Which one is it?

a. Life-cycle assessment

b. Natural capital inventory accounting

c. Activity-based costing

d. Value-added model

Ans: D

9. The definition of materiality of sustainability information does not refer to it as

a. relevant to decision making.

b. assessing its qualitative importance.

c. assessing its quantitative importance.

d. the allocation process of direct and indirect cost.

Ans: D

10. Life-cycle assessment:

a. Is a design discipline used to minimize the environmental impacts of products, technologies, materials, processes, industrial systems, activities, and services.

b. Involves the recording of stocks of natural capital over time, with changes in stock levels used as an indicator of the quality of the natural environment.

c. Assumes that activities related to products, services, and customers cause the costs.

d. Allocates all direct and indirect costs to a product or product line for inventory valuation, profitability analysis, and pricing decisions.

Ans: A

## Level 3 (applying)

11. A colleague tells you that one of his friends told him about a tool they have that organizes their sustainability data and which has analysis functions as well. You are trying to look up more examples online. What is it called that you are looking for?

a. Sustainability dashboard

b. Balanced score card

c. A value added statement

d. Integrated report

Ans: C

12. A company spokesperson explains: “From talking to our stakeholders we know that for them biodiversity protection is a high priority on their values scale, while for us it is of low importance and value. So overall, we have considered it with medium importance in our reporting efforts.” What does this statement describe?

a. Materiality assessment

b. Value added

c. Valuation validity

d. Natural capital assessment

Ans: A

13. A friend of yours tells you very excitedly that the company she is working in “really cares about people.” The reason for her excitement is that the company had conducted a large-scale stakeholder survey, asking different groups how important several topics related to the company were for them. How would we call this process in responsible accounting jargon?

a. Integrated report

b. Materiality assessment

c. Assurance

d. GRI

Ans: B

14. During the management control process, the role of accounting is not to:

a. Support the process of engaging management in the development and improvement of responsible business.

b. Review results, processes, and inputs as well as relate these areas to each other.

c. Define the content and the review process of reports.

d. Support and challenge management in their choice of responsible management measures.

Ans: C

15. Formal sustainability reports of social and environmental business performance

a. were first given birth during the Doha Round in the 1980s.

b. are rare today among corporations.

c. focus on the factual, concise, and extensive description of an organization’s social and environmental business performance.

d. are to be focused on a company’s philanthropic activity, but not topics related to ‘mainstream’ business impact.

Ans: C

## Level 4 (analysing)

16. Imagine you are working as part of the team that is to establish the sustainability report of a medium-sized company. Which of the following indicator groups would be the best to use if you wanted to report the material impact to your local community?

a. Sourcing practices, supply chain impacts

b. Materials and waste, resource efficiency, product environmental impact

c. Corporate citizenship activities, local initiatives, political contributions

d. Product safety, customer privacy

Ans: C

17. Your medium-sized company’s ‘controller’ tells you that there is a gap in your production department’s water saving performance. Based on your knowledge of the management control process, does this imply?

a. Your performance has fallen short of the goal that had been set, so you should have used more water.

b. Your performance has fallen short of the goal that had been set, so you should have used less water.

c. Your performance is spot on.

d. Performance objectives are static, so if you have to use the same amount of water again next year, there will be a gap again.

Ans: B

18. You are supporting a SME in the development of their accounting systems as an external government-paid ‘SME professionalization consultant’. After you recommend the business owner, who also takes care of the accounting, to use a balanced scorecard approach. He replies excitedly: “Our accounting is already much more balanced. Our balance sheet has been positive since early May. We have also begun to not only measure the finances, but even customer satisfaction, and our eco-efficiency.” What would be an adequate reply to this question based on your knowledge of the balanced scorecard approach?

a. “Great, you are already covering three out of four dimensions of the balanced scorecard, but there is one more missing.”

b. “Great, that’s all I wanted to hear! My job here is done.”

c. “As balance sheet and balanced scorecard are synonyms, you are ticking all of the boxes. Well done!”

d. “Let’s get to work. There is a lot to learn for you and a lot to do for both of us. First of all, the balanced scorecard and balance sheet are entirely different things. Second, you do not cover even a single one of the four dimensions of the balanced scorecard yet.”

Ans: A

19. You look at the value-added statement of two companies in their annual reports. ACorp quotes the sum of 24 million Euros of ‘True Earnings’. CorPB reports 20 million Euros of Earnings, 4 million Euros in investor value, 400.000 Euros each in the form of supplier support and local community development. CorPB also report that they have emitted greenhouse case implying an environmental cost of 300.000 and have had a water impact valued at 700.000 Euros. However, they did not have to pay for these costs as they are absorbed by the ecosystem. Which of the following statements is correct?

a. Both companies have exactly the same value added.

b. ACorp has a higher value added than CorPB.

c. CorPB has a higher value added than CorPB.

d. CorPB has higher ‘True Earnings’ than ACorp.

Ans: B

20. The VP of production of a car manufacturer approaches you as she is quite concerned that the high-end production line might be too costly, when considering the total impact. She wants you to capture the direct and indirect costs of their high-end luxury cars product line, including social, environmental, and economic cost of production. She wants the impacts to be expressed in financial terms so that he can ‘sell’ them better to the board of directors. Which of the following costing models would you use?

a. All of the below would capture this type of data.

b. Activity-based costing

c. Product life-cycle assessment

d. Full-cost accounting

Ans: D

## Additional questions

A. Which of the following elements is not part of the original balanced scorecard model?

a. Financial perspective

b. External environment

c. Internal process

d. Learning and growth

Ans: B

B. IIRC explicitly designates six capitals that the business may rely on in putting together the financial and nonfinancial resources. Which of the following is not one of them?

a. Financial capital

b. Intangible capital

c. Human capital

d. Natural capital

Ans: B

C. Integrated reporting information is important for:

a. Meeting the information needs of investors

b. Effective allocation of scarce resources

c. All of these and below

d. Meeting the information needs of stakeholders

Ans: C

D. A company conducted a large-scale stakeholder survey, asking different groups how important several topics were for them. What would we call this process in responsible accounting?

a. Integrated Report

b. Assurance

c. Materiality Assessment

d. GRI

Ans: C

# Chapter 19: Financial Management

## Level 1 (remembering)

1. A method that quantifies and monetizes all stakeholder costs and benefits—the social, environmental, and economic ones—of an activity in one single ratio.

a. Ethical ROI

b. Corporate social performance

c. Social return on investment

d. Blended value

Ans: C

2. Which one of the following mechanisms is not a link between firms and financial markets?

a. All of the below

b. Firms issue securities to raise funds.

c. Money is paid to investors in the form of dividends and interest.

d. Firm invests in assets.

Ans: D

3. Practices related to financing of and investing in activities and of distributing financial results:

a. Financial management

b. Fiduciary responsibility

c. Responsible finance

d. Good equity

Ans: A

4. An investor who buys company shares in order to target and influence company behaviour by being granted access to shareholder participation mechanisms.

a. Positive screener

b. Activist shareholder

c. Employee shareholder

d. Cooperative member

Ans: B

5. Which business value driver is placed in the wrong category?

a. An increase in the operating margin is part of the capital category of value drivers.

b. A reduction in cash/tax rate is part of the expenditure category.

c. An increase in sales growth and revenue is part of the income category of value drivers.

d. All of these.

Ans: A

## Level 2 (understanding)

6. Which of the following statements about corporate governance is wrong? Corporate governance

a. is a management instrument in the mere interest of shareholders.

b. is based on the so-called principal-agent relationship.

c. includes management areas, such as payment and reward systems, reporting, and legal compliance.

d. aims at ensuring that managers lead an organization in the best interests of main stakeholders.

Ans: A

7. Which of the following statements referring to various sections of the chapter is incorrect?

a. The term fiduciary responsibility refers to the obligations of people who manage great amounts of money.

b. The principal-agent problem in corporate governance refers to the situation where a principal (the manager) and an agent (an employee working for him) have different interests.

c. Capital budgeting may be applied to a variety of subjects, such as products, processes, and projects.

d. The internality paradigm in conventional financial management puts too much emphasis on so-called internalities and neglects external effects.

Ans: B

8. Which of the following statements about responsible return on investment is not true? Responsible return on investment

a. is a tool for the main goal of calculating how much money a company makes from responsible business activities.

b. includes components related to sustainability, responsibility, and ethics into its calculation.

c. may be split up into the triple bottom line return on investment, stakeholder value return on investment, and the ethical return on investment.

d. includes the financial performance of the company.

Ans: A

9. Which of the methods, monetization, qualitative, and quantitative methods, and negative screening, are part of the calculation of the social return on investment?

a. Only monetization

b. Only negative screening and monetization

c. Only quantitative

d. Qualitative, quantitative, and negative screening

Ans: D

10. Which of the following features is not a typical distinguishing component of the cooperative ownership model?

a. Ownership through cooperative members, such as employees or customers

b. Hierarchical structures

c. Democratic decision-making processes

d. Member-nominated and elected board

Ans: B

## Level 3 (applying)

11. A protester at a manifestation against ‘capitalist’ financial sector practices holds up a sign saying “We are the 95%”, referring to the majority of society which, according to this social movement, is not represented well by the way banks do business. Which of the following paradigms of conventional financial management is this particular statement questioning?

a. Shareholder paradigm

b. Growth paradigm

c. Short-run paradigm

d. Internality paradigm

Ans: A

12. In an industry journal you see a funding opportunity where an investment company searches for companies with exceptionally high environmental management standards. How is this practice called in SRI jargon?

a. Divestment

b. Positive screening

c. Activist shareholding

d. Negative screening

Ans: B

13. Which of the following statements on the social return on investment (SROI) is untrue? The SROI

a. includes both positive and negative factors in its calculation.

b. may integrate social, environmental and economic factors in its calculation.

c. considers social cash flows, defined as all costs and benefits incurred by the actor of a specific activity.

d. integrates elements of stakeholder thinking in its calculation.

Ans: C

14. Which of the following exemplary activities is part of the financing phase of responsible financial management?

a. Deciding which community project to implement, based on the social impact of each project

b. Using the social return on investment to understand how much value your different responsible management activities create

c. Creating revenues through a cause-related marketing campaign which are then used to fund the position of the chief responsibility officer

d. Establishing a governance system

Ans: C

15. Which of the following exemplary activities is not part of the results and governance phase of responsible financial management?

a. Assuring that all managers involved into making major financial decisions realize their fiduciary responsibilities

b. Implementing structures aimed at dealing with principal-agent conflicts

c. Managing reporting and auditing activities

d. Calculating the projected social return on investment for three alternative new product ideas

Ans: D

## Level 4 (analysing)

16. In a presentation you attend, a CEO of a major business announces that in the future, any major financial decision made in her business will have to have at least neutral or even positive effects on society and the environment. She states further that companies´ own costs and revenues should not be the main criteria for decision making, which is why broader criteria need to be included into the process. You are considering to ask her some questions in order to further probe what she means by it. In order to align your questions with her perspective, you are wondering which of the following paradigms of conventional financial management she is questioning.

a. Internality paradigm

b. Shareholder paradigm

c. Short-run paradigm

d. Growth paradigm

Ans: A

17. A friend of yours has recently read an article about the Dow Jones Sustainability Index (DJSI) and is very critical. He says that this is just another one of these greenwashing instruments where the highest-bidding companies buy themselves a good image without checking what the company is really doing. Which of the following answers could you truthfully give, based on your studies of this chapter?

a. “You are absolutely right. Nobody assesses the DJSI companies´ performance.”

b. “You might want to read up a bit more on the DJSI, before you make such a statement: Inclusion into the DJSI is based on a questionnaire that assesses the companies´ social, environmental and economic performance.”

c. “You are wrong in a sense that all DJSI-indexed companies are checked through the FTSE4Good method.”

d. “You are right. All companies that apply are included into the DJSI.”

Ans: B

18. Imagine you are a financial manager asked to come up with a suggestion for financing a business unit of the shareholder-owned corporation which you are working for. The business unit in question lacks capital for important investments into their operational infrastructure, which in turn might threaten its profitability. This situation is an exception as most of the other business units not only produce strong financial results, but also have financial means beyond their own internal investment needs. Given this situation, what would be the most feasible and financially sound recommendation for a financing mechanism?

a. Socially responsible investment

b. Cooperative ownership

c. Cross financing

d. A business loan

Ans: C

19. You are working for an engineering company that has both a dedicated business unit selling equipment for oil and gas businesses and a business specialized on solar and wind energy installation. The chief financial officer has recently learnt about the amount of ‘idle capital’ available for socially responsible investments. He wonders if your company could attract some of that capital for financing the growth of the renewable energies business unit. Based on your knowledge of different screening mechanisms, which one of the following statements does correctly reflect how different screening mechanisms would apply in this case?

a. Our oil and gas business is likely to keep us from accessing SRI funds as it is likely to be subject to negative screening criteria.

b. Our renewables business might fall into positive screening criteria and therefore might attract SRI funding.

c. Both of these

d. No way we get funded, we are likely to fall under negative screening criteria and there is no way we fall into positive screening criteria.

Ans: C

20. At a shareholder meeting it comes to light that managers of TheCorp have been running the business explicitly contradicting shareholders’ recommendations and explicit petitions, now for the third quarter in a row. The official board response to shareholders’ complaints reads as follows: “While we understand that this management behaviour must be upsetting to our very esteemed shareholders, we trust that the management will know what is best for the company and therefore we will not interfere.” Which of the following corporate governance principles does this statement violate?

a. Boards’ role and responsibilities

b. Ethical behaviour and integrity

c. Disclosure and transparency

d. All of these

Ans: A

## Additional questions

A. Which of the following exemplary activities is part of the capital budgeting phase of responsible financial management?

a. Identifying an investor with an interest in social impact

b. Calculating the social return on investment of a planned responsible management activity

c. Establishing a cooperative model of company ownership

d. Choosing representatives of main stakeholder groups as directors for the company board

Ans: B

B. An estimate of the financial value represented by a social or environmental factor:

a. Hard indicator

b. Soft indicator

c. Blended value

d. Financial proxy

Ans: D

C. “Long-run changes achieved through an activity” is the definition for which one of the following terms, in a social return on investment context?

a. Outcome

b. Input

c. Output

d. Impact

Ans: A