Social Responsibilities of Business and Business Ethics

Standard difficulty · 20 questions · 40 marks · Time: 39 minutes

Name: _____ Date: _____ Score: ____ / 40

Show your working for Sections B and C. Answers are on the last page — try every question first!

Section A — Choose the correct answer — 8 × 1 = 8 marks

1. Obeying the law of the land is a business's:
   (a) discretionary responsibility
   (b) economic responsibility
   (c) ethical responsibility
   (d) legal responsibility

2. What is meant by "legal responsibility"?
   (a) obeying the laws of the land
   (b) purely voluntary help to society
   (c) the total surroundings, natural and man-made
   (d) the addition of harmful substances to the environment

3. Which of these shows discretionary responsibility?
   (a) A shop follows the rules on weights and measures.
   (b) A firm refuses to mislead buyers with tricky offers.
   (c) A firm makes the goods people want and sells them at a fair profit.
   (d) A firm gives money to build a library in a village.

4. Responsibility for protecting the environment around the factory is owed mainly to:
   (a) workers
   (b) shareholders
   (c) government and community
   (d) consumers

5. Which of these causes land pollution?
   (a) Smoke from a factory chimney
   (b) Chemical waste drained into a river
   (c) Plastic waste buried in fields
   (d) Untreated sewage from a plant entering a lake

6. Which is an argument FOR social responsibility of business?
   (a) its cost is passed on to consumers
   (b) business managers lack skills to solve social problems
   (c) acting responsibly is in the long-term interest of business
   (d) it goes against maximising profit

7. Which is an argument AGAINST social responsibility of business?
   (a) its cost is passed on to consumers
   (b) it helps avoid stricter government regulation
   (c) social problems can be turned into business opportunities
   (d) a healthy society is good for business itself

8. The firm writes down and shares its code of conduct with all staff. Which element of business ethics is this?

(a) publication of a code
(b) measuring results
(c) involving employees
(d) compliance mechanisms

Section B — Short answer — 8 × 2 = 16 marks

9. What is social responsibility of business?

10. Explain each term: (a) pollution (b) ethical responsibility

11. Name the kind of social responsibility (economic, legal, ethical or discretionary). (a) A firm gives money to build a library in a village. (b) A firm makes the goods people want and sells them at a fair profit.

12. To which group is each responsibility owed? (a) Paying fair wages on time. (b) Paying taxes honestly.

13. Name the kind of pollution caused. (a) Chemical waste drained into a river. (b) Loud machines running all night near homes.

14. Name the element of business ethics. (a) The chairman personally sets an example of honest dealing. (b) Small groups of workers meet to discuss ethical problems they face.

15. One manager says “social problems can be turned into business opportunities”; another says “business already pays taxes for social welfare”. Which is an argument for social responsibility and which against? Give your view in one line.

16. Give one more responsibility of business, besides the one named, towards each group: (a) consumers (handling complaints promptly and politely) (b) workers (paying fair wages on time)

Section C — Word problems — 4 × 4 = 16 marks

17. Explain the case for social responsibility.

18. Match each with its meaning: (a) environment (b) business ethics (c) legal responsibility. Choose from: the total surroundings, natural and man-made; moral principles that should guide business behaviour; obeying the laws of the land.

19. Read about Shubh Footwear. (a) A firm refuses to mislead buyers with tricky offers. (b) A shop follows the rules on weights and measures. (c) A firm gives money to build a library in a village. Identify the kind of social responsibility in each part and explain it briefly.

20. Brightway Toys is blamed for toxic waste dumped on open land and loud machines running all night near homes. (a) Name the kinds of pollution. (b) Give two reasons why controlling pollution helps the firm itself. (c) Suggest two steps it can take.

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Answer key

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Q	Answer	Working
1	(d) legal responsibility	—
2	(a) obeying the laws of the land	—
3	(d) A firm gives money to build a library in a village.	—
4	(c) government and community	—
5	(c) Plastic waste buried in fields	—
6	(c) acting responsibly is in the long-term interest of business	—
7	(a) its cost is passed on to consumers	—
8	(a) publication of a code	—
9	The obligation of a business to make decisions and act in ways that are desirable in terms of the values and objectives of society.	—
10	(a) the addition of harmful substances to the environment (b) behaving as society expects, beyond what law requires	—
11	(a) discretionary (b) economic	—
12	(a) workers (b) government and community	—
13	(a) water pollution (b) noise pollution	—
14	(a) top management commitment (b) involving employees	—
15	First: for; second: against. Any reasoned view, e.g. responsibility helps the firm in the long run.	—
16	(a) consumers: quality goods at fair prices with true information (b) workers: chances for promotion and respect for their dignity	—

Q	Answer	Working
17	**Justification for existence and growth, long-term interest, avoidance of government regulation, maintenance of society, availability of resources with business, converting problems into opportunities, better environment for business, and holding business responsible for social problems.**	—
18	**(a) the total surroundings, natural and man-made (b) moral principles that should guide business behaviour (c) obeying the laws of the land**	—
19	**(a) ethical: fair behaviour beyond the law (b) legal: obeying the law (c) discretionary: voluntary help to society**	—
20	**(a) land pollution; noise pollution (b) e.g. lower health hazards and liability, cost savings, better public image (c) e.g. cleaner technology, waste treatment, training staff, following the law**	name the pollution by what is harmed: air, water, land or quiet surroundings (noise)