True/False

1. A public issue exists when there is agreement between the stakeholders’ expectations of what a business firm should do and the actual performance of that business firm.
   Answer: False
   Page: 25

2. Emerging public issues are both a risk and an opportunity.
   Answer: True
   Page: 26

3. Understanding and responding to changing societal expectations is a business necessity. Answer: True
   Page: 26

4. Because the public issues that garner the most public attention change over time, companies do not waste time tracking them.
   Answer: False
   Page: 26

5. Organizations always have full control of a public issue.
   Answer: False
   Page: 27

6. Environmental analysis is a method managers use to gather information about external issues and trends.
   Answer: True
   Page: 29

7. Environmental intelligence is the acquisition of information gained from analyzing the multiple environments affecting organizations.
   Answer: True
   Page: 29

8. According to management scholar Karl Albrecht, scanning to acquire environmental intelligence should focus on four strategic radar screens.
   Answer: False
   Page: 29

9. Legal environment includes the structure, processes, and actions of government at the local, state, national, and international levels.
   Answer: False
   Page: 30

10. Competitive intelligence enables managers in companies of all sizes to make informed decisions in all areas of the business.
    Answer: True
    Page: 31
11. In the issue management process, identifying the issue involves anticipating emerging issues.  
   Answer: True  
   Page: 32

12. Financially sound companies do not need to understand how a public issue is likely to evolve, or how it will affect them.  
   Answer: False  
   Page: 35

13. For stakeholder engagement to occur, both the business and the stakeholder must be motivated to work with one another to solve the problem.  
   Answer: True  
   Page: 38

14. Dialogue between a single firm and its stakeholders is always sufficient to address an issue effectively.  
   Answer: False  
   Page: 40

15. Companies are learning that it is important to take a strategic approach to the management of public issues, both domestically and globally.  
   Answer: True  
   Page: 42

**Multiple Choice**

16. Public issues are also sometimes referred to as:  
   A. Social issues.  
   B. Sociopolitical issues.  
   C. Both A and B.  
   D. None of the above.  
   Answer: C  
   Difficulty: Easy  
   Page: 25

17. The emergence of a public issue indicates that:  
   A. A gap has developed between what stakeholders expect and what an organization is actually doing.  
   B. Technology is forcing ethics and business strategy closer together.  
   C. Consumers are unaware of how an organization’s actions affect them.  
   D. All of the above.  
   Answer: A  
   Difficulty: Easy  
   Page: 25

18. Failure to understand the beliefs and expectations of stakeholders:  
   A. Causes a company’s profits to increase in the short run.  
   B. Causes a company’s profits to decrease in the short run.  
   C. Causes the performance-expectations gap to grow larger.  
   D. Increases the chance of a corporate buy-out.
19. Issue ripeness refers to:
A. The number stakeholders involved in the public issue.
B. When society’s expectations are high and the issue is highly relevant to business.
C. How long the issue has been a problem for business, the longer the more ripe.
D. The importance given to the issue by the media and how much coverage it receives.
Answer: B
Difficulty: Medium
Page: 28

20. According to management scholar Karl Albrecht, scanning to acquire environmental intelligence should focus on:
A. Eight strategic radar screens.
B. Six management templates.
C. Eight process improvement models.
D. Six ethical decision indicators.
Answer: A
Difficulty: Hard
Page: 29

21. Customer environmental intelligence includes:
A. Demographic factors.
B. An analysis of the firm’s competitors.
C. New technological applications.
D. The cost of producing consumer goods.
Answer: A
Difficulty: Medium
Page: 30

22. The “graying” of the population is an example of:
A. Customer environment.
B. Competitor environment.
C. Economic environment.
D. Social environment.
Answer: A
Difficulty: Medium
Page: 30

23. An analysis of the stability or instability of a government is an example of scanning the:
A. Social environment.
B. Legal environment.
C. Geophysical environment.
D. Political environment.
Answer: D
Difficulty: Easy
Page: 30
24. Legal environmental intelligence includes:
A. Patterns of aggressive growth versus static maintenance.
B. Analysis of local, state, national, and international politics.
C. Considerations of patents, copyrights, or trademarks.
D. Information regarding costs, prices, and international trade.
Answer: C
Difficulty: Medium
Page: 30

25. The role of special interest groups is an important element in acquiring intelligence from the:
A. Customer environment.
B. Competitor environment.
C. Economic environment.
D. Social environment.
Answer: B
Difficulty: Medium
Page: 30

26. Because of the risks and opportunities public issues present, organizations need:
A. A strong relationship with a lobbying firm or an in-house lobbying department.
B. Executives to be rewarded with substantial bonuses as part of total compensation.
C. A systematic way of identifying, monitoring, and selecting public issues.
D. Tougher government regulations and oversight by political action committees.
Answer: C
Difficulty: Hard
Page: 31

27. The issues management process is a:
A. Beneficial tool used only to maximize the positive effects of a public issue for the organization’s advantage.
B. Beneficial tool used only to minimize the negative effects of a public issue for the organization’s advantage.
C. Systematic process companies use when responding to public issues that are of greatest importance to the business.
D. Confusing process that is rarely used to help top management within an organization.
Answer: C
Difficulty: Hard
Page: 31

28. The issue management process has how many stages?
A. Three.
B. Four.
C. Five.
D. Six.
Answer: C
Difficulty: Easy
Page: 32
29. The components of a typical issues management process include:
A. Identify issue.
B. Generate options.
C. Take action.
D. All of the above.
Answer: D
Difficulty: Easy
Page: 32

30. Once an issue has been identified, its implications must be:
A. Acted upon.
B. Analyzed.
C. Segmented.
D. Deleted.
Answer: B
Difficulty: Hard
Pages: 33

31. An issue’s public profile indicates to managers:
A. How significant an issue is for the organization, but it does not tell them what to do.
B. Both how significant an issue is for the organization and exactly what to do.
C. Exactly what to do without indicators of how significant an issue is for the organization.
D. Any of the above depending on the organization type.
Answer: A
Difficulty: Hard
Page: 33

32. Once an organization has implemented the issue management program, it must:
A. Use trade associations or consultants to follow high priority issues.
B. Study the results and make necessary adjustments.
C. Not limit the number of public issues the firm can address.
D. Pick a selected number of issues to address immediately.
Answer: B
Difficulty: Easy
Page: 35

33. When working well, the issue management process:
A. Is static and never pulls in additional information that would disturb the balance.
B. Generates two specific options for each issue.
C. Minimizes dialogue with the stakeholders and focuses on short-term survival.
D. Continuously cycles back to the beginning and repeats.
Answer: D
Difficulty: Medium
Page: 35

34. Contemporary issue management:
A. Is a linear process.
B. Was useful in the 1970s, but not today.
C. Is used by all government agencies.
D. Is an interactive, forward thinking process.
35. A leadership role in addressing emerging management issues is often taken by:
A. The public affairs department.
B. The government relations department.
C. The department of sustainability or environmental, health and safety.
D. All of the above.
Answer: D
Difficulty: Easy
Page: 36

36. A corporation’s issue management activities are usually linked to:
A. The board of directors.
B. Top management.
C. Both the board of directors and top management levels.
D. The strategic governance committee.
Answer: C
Difficulty: Medium
Page: 36

37. Overtime, the nature of business’s relationship with its stakeholders often:
A. Remains static.
B. Evolves through a series of stages.
C. Becomes more hostile.
D. None of the above.
Answer: B
Difficulty: Medium
Page: 37

38. Firms that believe they can make decisions unilaterally, without taking into consideration their impact on others are:
A. Interactive companies.
B. Proactive companies.
C. Reactive companies.
D. Inactive companies.
Answer: D
Difficulty: Medium
Page: 37

39. Firms that generally act only when forced to do so, and then in a defensive manner are:
A. Interactive companies.
B. Proactive companies.
C. Reactive companies.
D. Inactive companies.
Answer: C
Difficulty: Hard
Page: 38
40. Proactive companies are:
A. Much less likely to be blindsided by crises and negative surprises.
B. Much more likely to be blindsided by crises and negative surprises.
C. Just as likely to be blindsided by crises and negative surprises.
D. Much more likely to be forced to defend itself in a lawsuit brought by a stakeholder.
Answer: A
Difficulty: Medium
Page: 38

41. Stakeholder engagement is:
A. Any issue that is of mutual concern to an organization and one or more of its stakeholders.
B. Competitive intelligence being collected ethically and systematically.
C. The process of ongoing relationship building between a business and its stakeholders.
D. The acquisition of information gained from analyzing the multiple environments.
Answer: C
Difficulty: Medium
Page: 38

42. Stakeholder engagement is, at its core, a:
A. Program.
B. Relationship.
C. Process.
D. Systems model.
Answer: B
Difficulty: Medium
Page: 38

43. The drivers of stakeholders of engagement are:
A. Scanning, assessment, and growth.
B. Data, strategy, and organizational development.
C. Goals, motivation, and operational capacity.
D. Financial, operational, and legal.
Answer: C
Difficulty: Medium
Page: 39

44. A business and its stakeholders coming together for face-to-face conversations about issues of common concern is:
A. Stakeholder networks.
B. Stakeholder motivation.
C. Stakeholder systems.
D. Stakeholder dialogue.
Answer: D
Difficulty: Hard
Page: 40

45. Corporations working collaboratively with other businesses and concerned persons and organizations is an example of:
A. Stakeholder networks.
B. Stakeholder motivation.
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C. Stakeholder systems.
D. Stakeholder salience.
Answer: A
Difficulty: Hard
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Short Answer Questions

46. What is a public issue and how do they impact modern firms?
Page: 25

47. Identify the eight strategic radar screens that enable public affairs managers to scan their business environment. Briefly discuss the issues involved with each environment.
Pages: 29

48. What is competitive intelligence? Why is it important to the public affairs function?
Pages: 31

49. Identify and discuss the five steps to the Issues Management Process.
Page: 32

50. What are the various stages of the business-stakeholder relationship?
Page: 37

51. Engaging interactively with stakeholders carries a number of potential benefits. Discuss.
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