

Paper 1 Quiz 7

Name: _____ Class: _____

1. Which of the following companies does not fulfill its social responsibility towards its stakeholders?
- A. A company adopts a strict credit policy for its customers.
 - B. A company does not distribute dividend to ordinary shareholders.
 - C. A company charges a higher price than its competitors selling the same type of product.
 - D. A company does not provide training and development opportunities for its employees.
2. Which of the following statements about stakeholders of a company is correct?
- A. Competitors are not stakeholders of a company.
 - B. Stakeholders of a company would be affected by the decisions made by the company.
 - C. All stakeholders can share the assets of the company upon its liquidation.
 - D. A client becomes a company's stakeholder only after he/she has settled his/her outstanding debts to the company.
3. Ethical behaviour in business will _____.
- (1) enhance the public image of a business
 - (2) increase the operating costs of a business in the long run
 - (3) enable a business to be subject to a lower profits tax rate
- A. (1) only
 - B. (2) only
 - C. (1) and (3) only
 - D. (2) and (3) only
4. A large toy chain store winds down. Which of the following are the possible adverse consequences to its stakeholders?
- (1) Customers cannot purchase goods at its stores.
 - (2) Banks may not be able to get back the money they loaned to the company.
 - (3) Toy manufacturers may not be able to distribute their toys through the stores.
- A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)
5. Which of the following can best explain why a firm is willing to accept its social responsibility?
- A. To lower product costs
 - B. To gain support from the community
 - C. To increase shareholders' profit
 - D. To maximise profits
6. A socially responsible business can gain from
- (1) enhancing its image and reputation.
 - (2) lowering production costs.
 - (3) tax concessions.
- A. (1) only
 - B. (2) only
 - C. (1) and (3) only
 - D. (1), (2) and (3)

7. Which of the following responsibilities does a firm have to its creditors?
- (i) Settle accounts on time
 - (ii) Inform them of its financial problems
 - (iii) Provide accurate financial information for assessing the risk
- A. (i) only
B. (i) and (ii)
C. (ii) and (iii)
D. All of the above
8. A bookstore has decided to donate 1% of its sales revenue to support the ongoing charity work of The Salvation Army in Hong Kong. This is an example of
- A. business ethics.
B. social responsibilities
C. corporate governance.
D. legal behaviour.
9. Which of the following is/are the stakeholder(s) of a company?
- A. Shareholders
B. Managers in the company
C. The government
D. All of the above
10. A firm is considered socially responsible to its customers if it
- (i) sets reasonable prices for its products.
 - (ii) produces products up to the government's safety standards.
 - (iii) offers discounts to loyal customers.
 - (iv) provides good after-sales services.
- A. (i) and (ii)
B. (iii) and (iv)
C. (i), (ii) and (iv)
D. All of the above
11. A firm's decision to produce recycled products is an example of
- A. business ethics.
B. profit maximisation.
C. social responsibility.
D. cost minimisation.
12. Which of the following firms is not socially responsible to its shareholders?
- A. Firm A will not distribute dividends to its ordinary shareholders this year although it made huge profits.
B. Firm B does not inform its shareholders of its new business plans.
C. Firm C does not disclose its financial results to its shareholders.
D. Firm D does not compensate its shareholders for their loss due to a drop in share price.

13. Since 2013, property developers in Hong Kong have been required to provide accurate information about properties' saleable areas in sales brochures. Which of the following stakeholders are directly affected by the new regulation?

- (1) Property buyers
- (2) Property developers
- (3) The construction companies building the properties

- A. (1) only
- B. (1) and (2) only
- C. (2) and (3) only
- D. (1), (2) and (3)

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14. The common characteristics of laws and ethics are that they

- (i) change over time.
- (ii) reflect the values of society.
- (iii) clearly specify sanctions and punishment.
- (iv) have absolute standards.

- A. (i) and (ii)
- B. (ii) and (iii)
- C. (iii) and (iv)
- D. (i), (iii) and (iv)

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