

Fachsprachenzertifikat**Wirtschaftsenglisch**

September 2012

Name _____

Vorname _____

Matrikel Nr. _____

You must answer ALL sections. You MUST write your answers on the examination paper.

1) Leseverstehen und Textbearbeitung

90'

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Task 1A	/30
Task 1B/C	/30
Total	/60

Total 1 A	/30
Total 1 B/C	/30
Total 2	/30
Final grade	/90

A) What is business ethics?

Andrew Crane / Dick Matten

Business ethics, it has been claimed, is an oxymoron. By an oxymoron, we mean the bringing together of two apparently contradictory concepts, such as in “a cheerful pessimist” or “a deafening silence”. To say that business ethics is an oxymoron suggests that there are not, or cannot be, ethics in business: that business is in some way unethical (i.e. that business is inherently bad), or that it is, at best, amoral (i.e. outside of our normal moral considerations). For example, in the latter case, Albert Carr (1968) notoriously argued in his article “Is Business Bluffing Ethical?” that the “game” of business was not subject to the same moral standards as the rest of society, but should be regarded as analogous to a game of poker, where deception and lying were perfectly permissible.

To some extent it is not surprising that some people think this way. Various scandals concerning undesirable business activities, such as the polluting of rivers with industrial chemicals, the exploitation of sweatshop workers, the payment of bribes to government officials, and the deception of unwary consumers, have highlighted the unethical way in which some firms have gone about their business. However, just because such malpractices take place does not mean that there are not some kinds of values or principles driving such decisions. After all, even what we might think of as “bad” ethics are still ethics of a sort. And clearly it makes sense to try and understand why those decisions get made in the first place, and indeed to try and discover whether more acceptable business decisions and approaches can be developed.

Revelations of corporate malpractice should not therefore be interpreted to mean that thinking about ethics in business situations is entirely redundant. After all, as various writers have shown, many everyday business activities require the maintenance of basic ethical standards, such as honesty, trustworthiness, and co-operation (Collins 1994; Watson 1994). Business activity would be impossible if corporate directors always lied; if buyers and sellers never trusted each other; or if employees refused to ever help each other.

Similarly, it would be wrong to infer that scandals involving corporate wrongdoing mean that the subject of business ethics was in some way naive or idealistic. Indeed, on the contrary, it can be argued that the subject of business ethics primarily exists in order to provide us with some answers as to why certain decisions should be evaluated as ethical or unethical, or right or wrong. Without systematic study, how are we able to offer anything more than vague opinions or hunches about whether particular business activities are acceptable?

Whichever way one looks at it then, there appears to be good reason to suggest that business ethics as a phenomenon, and as a subject, is not an oxymoron. Whilst there will inevitably be disagreements about what exactly constitutes “ethical” business activity, it is possible at least to offer a fairly uncontroversial definition of the subject itself. So, in a nutshell, here is what we regard the subject of business ethics as:

Business ethics is the study of business situations, activities, and decisions where issues of right and wrong are addressed.

It is worth stressing that by “right” and “wrong” we mean morally right and wrong, as opposed to, for example, commercially, strategically, or financially right or wrong. Moreover, by “business” ethics, we do not mean only commercial businesses, but also government organizations, pressure groups, not-for-profit businesses, charities, and other organizations. For example, questions of how to manage employees fairly, or what constitutes deception in advertising, are equally as important for organizations such as Greenpeace, universities, or political parties as they are for corporations such as Shell, Volvo, or Deutsche Bank .

1) Do you think business ethics is an oxymoron? Why or why not? (5)

2) A good definition is an important starting point for any theory. The one Crane and Matten have given for business ethics is mainly a definition of business ethics as an academic subject. If you were trying to define an organization's business ethics, what definition would you use? (2)

"An organization's business ethics are

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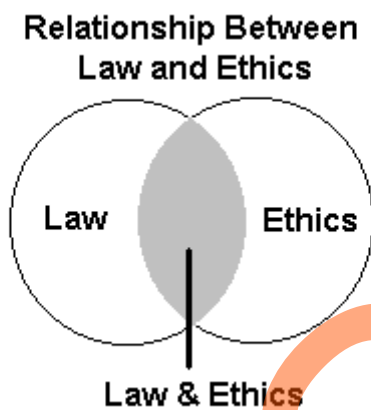
3) Give 3 examples of "good" ethical business behavior. (3)

4) What are 2 benefits a corporation could achieve through good ethical behavior? (4)

Business ethics and the law

Ethical values and legal principles are usually closely related, but ethical obligations typically exceed legal duties. In some cases, the law mandates ethical conduct. Examples of the application of law or policy to ethics include employment law, federal regulations, and codes of ethics.

Though law often embodies ethical principles, law and ethics are far from co-extensive. The law does not prohibit many acts that would be widely condemned as unethical. And the contrary is true as well. The law also prohibits acts that some groups would perceive as ethical. For example lying or betraying the confidence of a friend is not illegal, but most people would consider it unethical. Yet, speeding is illegal, but many people do not have an ethical conflict with exceeding the speed limit. Law is more than simply codifying ethical norms.



5) The law can be said to be a definition of the minimum acceptable standards of behavior, with many morally contestable issues not covered by the law.

What does this imply for business ethics?

(6)

6) Vocabulary

(10)

Define the following words or phrases

a) An oxymoron

List 3 of your own examples of an oxymoron

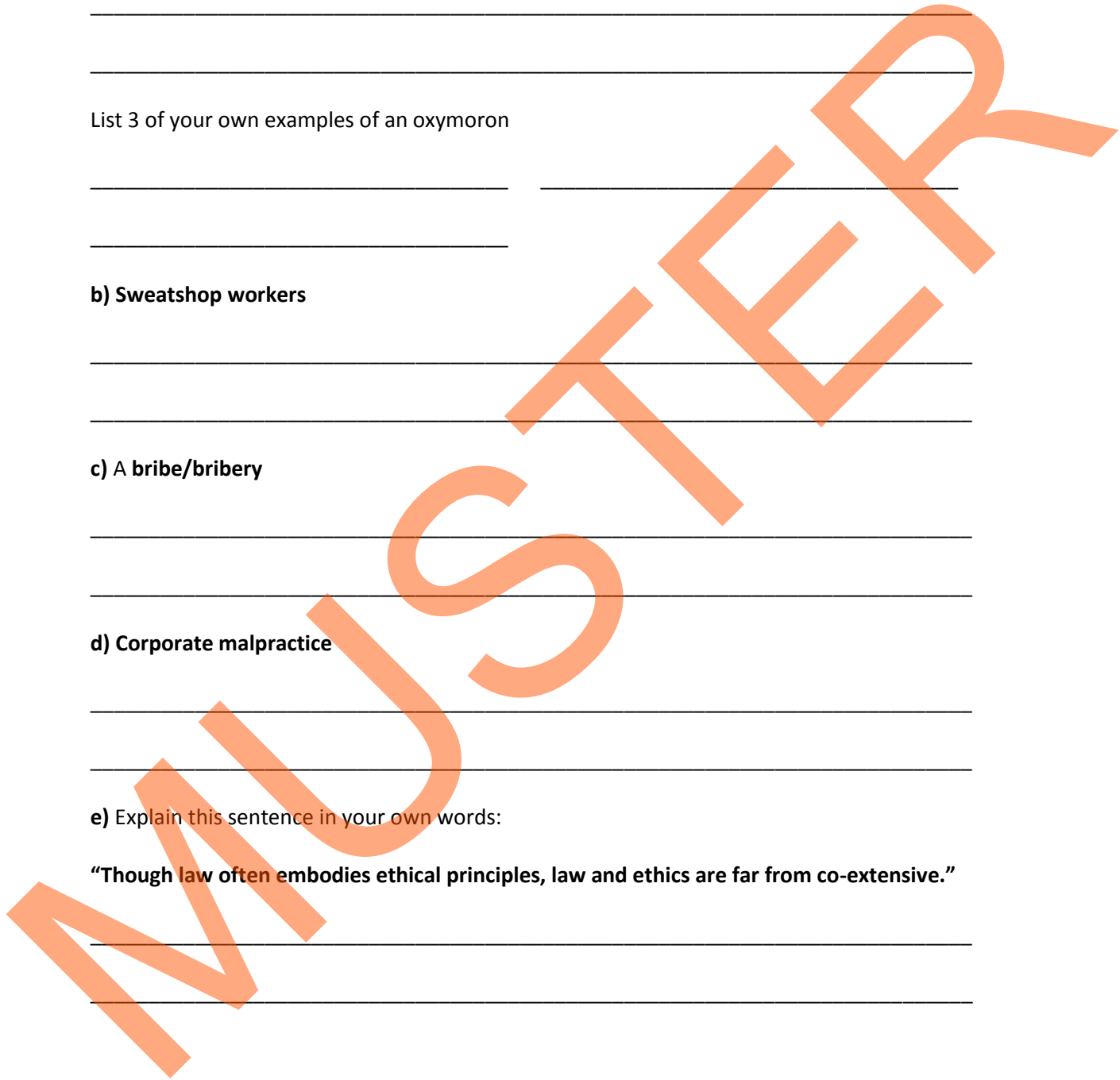
b) Sweatshop workers

c) A bribe/bribery

d) Corporate malpractice

e) Explain this sentence in your own words:

“Though law often embodies ethical principles, law and ethics are far from co-extensive.”



B) An Ethical Dilemma**No such thing as a free drink?**

A good friend of yours, who studies at the same university, has been complaining for some time to you that he never has any money. He decides that he needs to go out and find a job, and after searching for a while is offered a job as a bartender in the student bar at your university. He gladly accepts and begins working three nights a week. You too are pleased, not only because it means that your friend will have more money, but also because the fact is that you often go to the student bar already and so will continue to see him quite frequently despite him having the new job.

The extra money is indeed much welcomed by your friend (especially as he has less time to spend it now too), and initially he seems to enjoy the work. You are also rather pleased with developments since you notice that whenever you go up to the bar, your friend always serves you first regardless of how many people are waiting. After a time though, it becomes apparent that your friend is enjoying the job rather less. Whenever you see him, he always seems to have a new story of mistreatment at the hands of the bar manager, such as getting the worst shifts, being repeatedly chosen to do the least popular jobs, and being reprimanded for minor blunders that go uncensored for the rest of the staff. This goes on for a short while and then one day, when you are in the bar having a drink with some of your other friends, your friend the bartender does something that you are not quite sure how to react to. When you go up to pay for a round of four beers for you and your other friends, he discretely only charges you for one. Whilst you are slightly uncomfortable with this, you certainly don't want to get your friend into any kind of trouble by mentioning it. And when you tell your friends about it they of course think it is very funny and congratulate you for the cheap round of drinks! In fact, when the next one of your friends goes up to pay for some drinks, he turns around and asks you to take his money, so that you can do the same trick for him.

Although you tell him to get his own drinks, your friend the bartender continues to undercharge you whenever it is your turn to go to the bar. In fact this goes on for a number of visits, until you resolve to at least say something to him when no one else behind the bar is listening. However, when you do end up raising the subject he just laughs it off and says, 'Yeah, it's great isn't it? They'll never notice and you get a cheap night out. Besides, it's only what this place deserves after the way I've been treated.'

Questions- Write full sentences and support your answers.

1. Who is wrong in this situation – your friend for undercharging you, you for accepting it, both of you, or neither of you? (5)

2. Confronted by this situation, how would you handle it? Do nothing or ask your friend to stop undercharging you? If you take the latter option, what would you do if he refused? (5)

3. To what extent do you think that being deliberately undercharged is different from other forms of preferential treatment, such as serving you in front of other waiting customers? (5)

4. Does the fact that your friend feels aggrieved at the treatment he receives from his boss condone his behavior at all? Does it help to explain either his or your actions? (5)

C) Ethics and Sustainability

1) Sustainability is concerned with adopting production methods and the maintenance of systems so that resources can be used now, but can also be used by future generations.

What are 3 examples of good sustainable practice that a company can incorporate? (4.5)

2) Sustainability also represents a specific goal to be achieved. The framing of this goal is encapsulated in the “Triple Bottom Line” model. The triple bottom line is an environmental business concept. A traditional corporation focuses on the bottom line alone. A corporation that uses the triple bottom line focuses on two additional elements--people and planet. People include both the employees of the company as well as stakeholders. Planet includes the environmental effect of the company's business practices. Triple bottom line strategies provide methods for a company to achieve improvements in these three areas.

A traditional company focuses on the bottom line alone. What is meant by this? (2.5)

3) People include both the employees of the company as well as stakeholders. What are stakeholders? Give three examples. (3)

Wirtschaftsenglisch

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2) Schriftlicher Ausdruck- Aufsatz



In this section you are required to write an essay. The marking will be based on structure, content, language and style.

In a short essay sum up the findings of the case study including your answers and comments to the following questions:

- Set out the main criticisms that have been levelled at McDonald's in Europe. To what extent are these criticisms likely to be replicated in Asia? What differences can be predicted?
- Describe and evaluate the tactics used by McDonald's in responding to their critics in Europe. Will these work to the same degree in Asia?
- Should McDonald's offer healthy alternatives to the same extent in all the countries in which it operates, or just those where it has been criticized in the past or is it expecting further regulation? What if customers overseas do not want healthy options?
- How could McDonald's seek to avoid further criticism in the future? Can the company realistically present itself as an ethical corporation?
- How sustainable is the fast food industry from the point of view of the triple bottom line?

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<i>style and language</i>	
<i>content, structure</i>	
Total 2	/30

Mc Ethics in Europe and Asia: should McDonald's extend its response to ethical criticism in Europe?

This case examines ethical criticisms of the US fast food giant McDonald's, and explores demands for the company to extend their vigorous efforts to restore their dented credibility in Europe to markets in Asia.

McDonald's is truly a multinational corporation. By 2009, the firm was operating some 31,000 restaurants in 118 countries, serving almost 60 million customers a day. The market leader in its industry, and one of the most vigorous exponents of a global business approach, McDonald's has pioneered an innovative business model that has since been widely imitated in the fast food industry and beyond.

However, there are many who are not so positive about the corporation's approach and criticisms of McDonald's have been a common feature of the past three decades. Nowhere has this been more evident than in Europe, where McDonald's became the *bête noir* of environmentalists and social justice campaigners in the 1980s and 1990s. Not only did the company gain the distinction of being the subject of England's longest ever trial-the by now legendary McLibel case-but anti globalization campaigners in France and elsewhere famously targeted the company with store occupations and assaults. More recently, nutritionists and healthy eating campaigners roundly criticized the company for its standard fare of high calorie burgers and fries that many saw as a major cause of spiraling obesity rates, especially among young people. With a loss of market share to apparently healthier offerings, and governments pushing for increasing regulation of fast food advertising to children, McDonald's reached a crisis that saw it attempt an ethical makeover in the mid-2000s. It came healthy options, such as fresh salads and fruit, as well as sports campaigns for young people, and enhanced nutritional labeling. Meanwhile, with increasing affluence in Asia leading to a wave of diet-related problems similar to those in Europe-such as escalating rates of obesity and diabetes in children and young adults- some started to question whether the new directions McDonald's was starting to take in Europe shouldn't be replicated in India, China, and other developing countries.

Big Mac under attack

When the epic McLibel trial came to an end in 1997, after more than three years of hearings, court proceedings, and deliberation, the McDonald's corporation must have thought that things couldn't have got any worse. Although the company was partly vindicated- by the judge's verdict concerning the veracity of some of the claims made by an obscure London activist group in the late 1980s, the two unemployed campaigners that the huge company had spent millions of dollars taking to court were ruled to have proven several of their claims. These included accusations that the company "exploits children" with its advertising; was "culpably responsible" for cruelty to animals; "strongly antipathetic" to unions; paid its workers low wages; falsely advertised its food as nutritious; and risked the health of its most regular, long-term customers-hardly a positive message to be sending to its millions of customers and critics across the world. The trial attracted massive international publicity, and even sparked the publication of an acclaimed book, a TV program, a documentary film, and most damaging of all, the McSpotlight website, which immediately made a wealth of information critical of McDonald's, much of it used in the trial freely available to an international audience.

More trouble was soon to come for the company from across the channel, when Jose Bove and his radical farmers' union, the Confederation Paysanne, made international headlines for his campaign to defend small, local producers and resist the march of the American multinational in France. McDonald's continued to meet resistance within France and other parts of the world throughout the 2000s, due to an upsurge in anti-American feeling following the invasion and occupation of Iraq. However, probably the biggest ethical challenge faced by McDonald's in Europe and other developed countries concerned issues of health and nutrition. With critics claiming that a diet of fast food had been a major contribution to escalating rates of obesity, McDonald's, as the world's leading fast food company, inevitably found itself first in the firing line. Among the arguments

made by its critics were that the company had failed to provide a balanced menu, that it provided insufficient nutritional information and guidance, and that it actively encouraged consumers (especially children) to make unhealthy choices, for example by promoting “supersize” portions. The hauling over the coals of the company's nutritional record continued with the box office success of the film *Supersize Me* across much of Europe and the US in the mid-2000s. In the movie, the filmmaker Morgan Spurlock experiments with eating nothing but McDonald's for a month and records the subsequent effects on his health. Whilst the company was aggressive in its response to the film in the US, its European response was considerably more accommodating, suggesting on a website specifically launched to provide “a balanced debate” on the nutrition issues raised by Spurlock that “What may surprise you is how much of the film we agree with”.

Meanwhile, European governments also started to tackle the fast food industry in efforts to address health and nutrition issues. The UK government, for example, initiated a Commons Health Committee inquiry into obesity that saw executives from McDonald's and other food companies giving evidence. In France, meanwhile, the government introduced a tax on all food and drink advertising not bearing a health message.

Big Mac fights back

In the face of such sustained criticism, McDonald's did not stand idly by, especially once profits looked to be at risk. The chain launched a substantial turnaround strategy in 2003 where, to many people's surprise, the firm dropped its supersizing options, and put a range of new healthy options on the menu, including salads and grilled chicken flatbreads, porridge for breakfast, and even the opportunity for concerned parents to replace fries with carrot sticks and fruit in the ubiquitous children's “happy meals”. A huge advertising campaign emphasizing the firm's fresh and healthy new approach accompanied the menu changes, with the slogan “McDonald's. But not as you know it” splashed across close-up pictures of fruit and salad. The campaign was also backed by booklets detailing the new menus and healthy options for children, which were sent to 17m households across the UK and elsewhere. Extended in-store nutritional labeling also followed—a move once vigorously resisted by the company.

Beyond its own stores, McDonald's also launched exercise and sports initiatives especially targeted at young people. Promoted under the theme of “balanced lifestyles”, the company sought to show young people the two sides to a healthy lifestyle—a balanced diet and exercise. Country websites in Europe began including sports sections in addition to the usual information about stores and menus, and have now become a standard feature on national websites. For instance, in France in 2009 the company was promoting its 'McDo sports Tour', which enables children to try out Olympic sports for free across the country, as well as the 'McDo Kids Iron Tour', a series of triathlons for the under twelves. And not to miss out on Europe's passion for its favorite sport, the firm also sponsored the UEFA EURO 2008 Football Championship and introduced partnerships with football associations in the UK to train community football coaches and make coaching more widely accessible to young people.

Initially, such developments were viewed with considerable scepticism, especially when it was revealed that one of the new salads, the Chicken Caesar salad, had more fat and calories than the much maligned hamburger. However, to this and many other criticisms the company was quick to respond (in the case of the Chicken Caesar salad by introducing a lower-fat dressing). Over time it has become clear that the shifts under way at McDonald's are part of a long-term strategic realignment towards changing societal values and expectations. This was further emphasized by 2007 commitments to only serve 100% Rainforest Alliance-certified sustainably grown coffee in its UK restaurants, as well as switching its delivery trucks to biodiesel made from its own reprocessed used cooking oil.

In most respects, McDonald's strategy appears to have been a success. Even though evidence suggests that the vast majority of McDonald's customers still order a burger, fries, and cola, it clearly feels more acceptable to eat at McDonald's again in Europe because the menu is healthier, and families especially have greater opportunity now to provide their children with a more balanced meal

under the golden arches. Even the firm's fiercest critics seemed to have lost their momentum, with the anti-McDonald's site Mcspotlight apparently abandoned in 2005. Notably, the strategy seems to have contributed to a turnaround in the firm's faltering prospects. From a slump in the early to mid-2000s, sales rebounded following the menu relaunch-and even in the downturn of the late 2000s, the company was able to maintain steady growth in profits. Although its ethical commitments had led to some cost increases and a diversion from its standardized model, the firm's commitment to good value continued to attract price-conscious consumers. Remarkably, by 2009 Europe was the firm's highest growth region, driven in part by considerable popularity in food-loving France, where according to The Times, the chain had become the country's "worst-kept dirty secret".

Big Mac goes East

However, despite the apparent success of the McDonald's turnaround in Europe, many of the same threats to its reputation have returned to haunt the company in Asia. With increasing prosperity in emerging economies such as India and China, the demand for eating out and for a whole range of convenience foods has expanded substantially in recent years. In both India and China, the market for eating out now exceeds \$120bn a year, much of it in fast-food restaurants, with further growth widely predicted across Asia. Capitalizing on this trend, McDonald's announced in 2009 plans to open a further 500 restaurants in China over the next three years, including more drive-in formats and 24-hour delivery. But as eating habits are changing, so too are health problems. Rates of obesity in China have doubled in the last ten years, and even though only a few decades ago famine was a more common threat, the country is said now to be facing an oncoming obesity epidemic. Other diet and exercise-related problems such as diabetes and heart disease are also on the rise.

To date, activists and regulators have not challenged fast food companies such as McDonald's to the same extent that they were attacked in Europe, but growing pressure is clearly evident. A 2008 report by the group Consumers International claimed that global brands take advantage of lax laws in Asian countries to promote calorie-dense and nutrition-poor, foods to children. A follow-up by Ethical Corporation magazine revealed that, although widespread in Europe, nutritional information was absent on McDonald's websites for the Philippines, Hong Kong, and China. Moreover, practices now halted in Europe appeared to be much in use in Asia-such as dedicated online kids' zones where the company has been accused of targeting young children with unhealthy food.

The company this time has been less slow to respond to its critics-a healthy option corn soup has emerged on the menu in China, a vegetarian burger features in India, and the games, competitions, and special offers featured on the company's Asian kids' zones have largely been scaled back. But the overall emphasis on healthy eating, exercise, and a balanced lifestyle has yet to be actively promoted to anything like the same extent as in Europe. Whether this means that the company is planning a different strategy in Asia or is simply rolling out a global ethical response over time, remains to be seen.

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Fachsprachenzertifikat

Wirtschaftsenglisch

Sept 2012

Name _____

Vorname _____

Matrikel Nr. _____

3) Hörverstehen

30' - 40'



You must answer ALL sections. You MUST write your answers on the examination paper.

Official use only

Total 3	/30
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Supreme Court Justice Thomas faces ethical issues

<http://www.youtube.com/watch?v=8T8CByMp99c>

1) Who is Clarence Thomas?

(2)

2) Who is Harlen Crow?

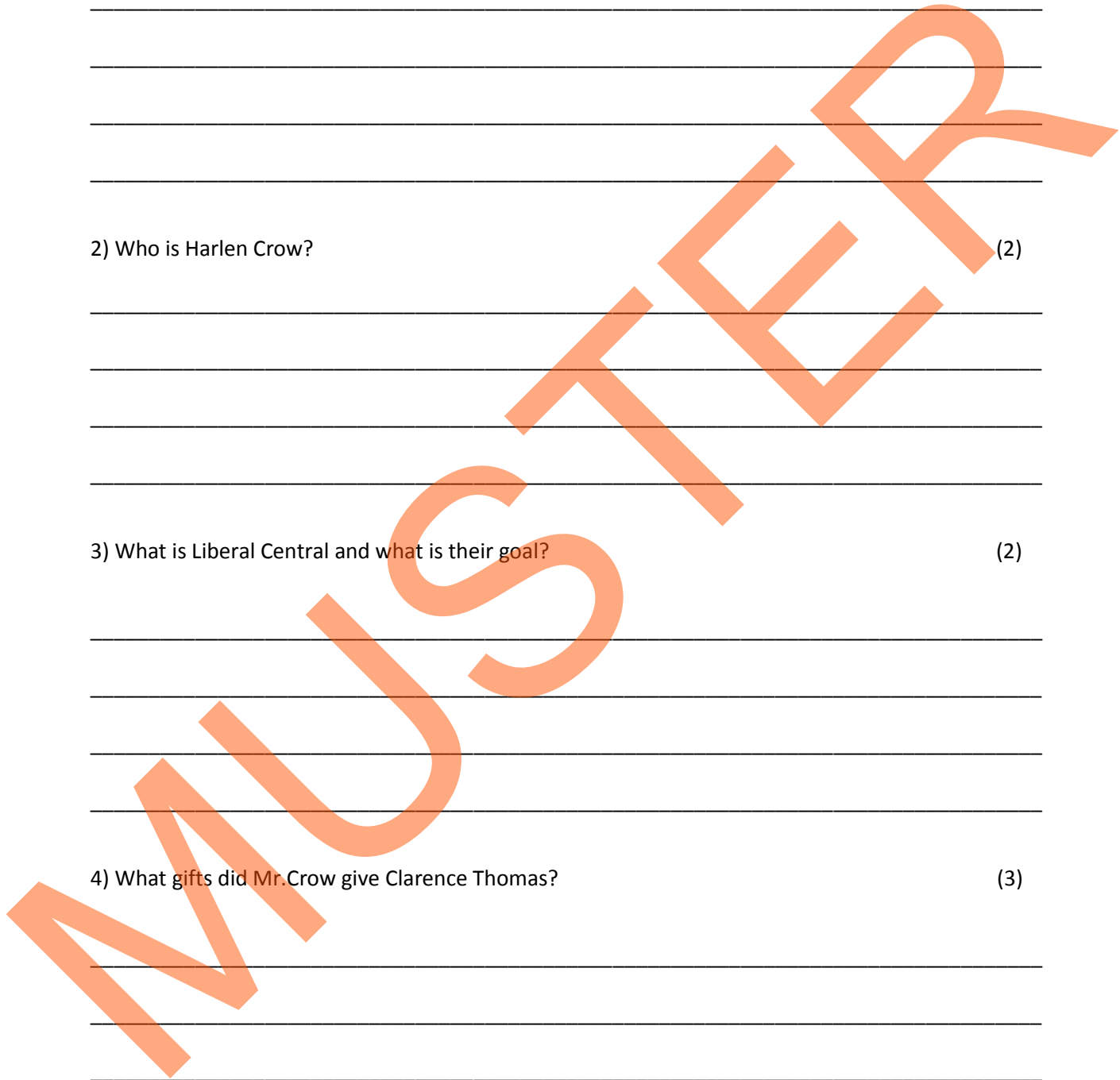
(2)

3) What is Liberal Central and what is their goal?

(2)

4) What gifts did Mr.Crow give Clarence Thomas?

(3)



5) Two years ago the Supreme Court ruled in a voting rights case. What was the outcome of the ruling? (3)

6) Marjorie Cohn feels Clarence Thomas is too politically connected. What is her reasoning behind this statement? (3)

7) Marjorie Cohn mentions the "Citizen's United" case. What was the issue behind this case? (3)

8) According to Marjorie Cohn, does Clarence Thomas's relationship with Harlan Crow pose a problem under the code of ethics, why/why not? (3)

9) According to Marjorie Cohn, why hasn't Clarence Thomas recused himself from

Supreme Court cases where he has ties? (2)

10) What is the difference between Ed and Marjorie Cohan's definition on a "politically active justice"?

11) Why is Clarence Thomas beyond reproach? What is the only remedy that can be taken to force a Supreme Court justice to recuse himself? (2)

12) In your opinion what is the ethical issue surrounding Clarence Thomas? (2)
