

CHAPTER 1

WHAT IS CSR?

TEST BANK

Multiple Choice

1. The textbook takes a “stakeholder approach,” which means the book addresses:

- A. The roles of the owners or shareholders.
- *B. Those who effect or are affected by the firm’s goals.
- C. Customer, government, and shareholder needs.
- D. Primarily nonprofit organizations and activists.

2. Society can be broken down into three main elements, which include:

- *A. Businesses, government, and nonprofits (or NGOs).
- B. Providers, consumers, and activists.
- C. Stakeholders, activists, government, and consumers.
- D. NGOs (or nonprofits), government, and education.

3. The term company comes from a combination of the Latin words cum and panis, the literal translation of which originally meant:

- A. Friendship.
- B. Competitors.
- *C. Breaking bread together.

D. Corporation.

4. CSR defines society:

A. Narrowly, only to include businesses.

B. Broadly, only to include the impact businesses have on society.

C. To include the impact of society on business.

*D. As a company's relationships with its stakeholders and recognizes the essential nature to their success.

5. Tradeoffs among competing stakeholder interests:

A. Should not be allowed.

B. Occur rarely, but should be limited.

*C. Are common and should be expected.

D. Cause legal action and lawsuits.

6. CSR is, therefore:

A. A fluid concept that is both a means and an end.

B. A way of maintaining a firm's legitimacy in the larger society by bringing stakeholder concerns to the foreground.

C. An integral element of the firm's strategy.

*D. All of the above.

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7. CSR can affect the economic performance of the firm when formerly _____ actions evolve into _____ considerations:

- *A. Discretionary/ethical.
- B. Ethical/discretionary.
- C. Economic/legal.
- D. Legal/ethical.

8. Legal compliance is:

- A. All that can be required of a firm.
- *B. A minimum standard for societal legitimacy.
- C. A guarantee of CSR compliance.
- D. Important only in democratic societies.

9. In the 1790s, consumer boycotts occurred in reactions to:

- *A. Slave-harvested sugar.
- B. Cheap cotton from the United States.
- C. The high price of fuel (lamp) oil.
- D. The use of the Royal Navy in England to transport slaves.

10. In the United States, The Alien Tort Claims Act:

- A. Allows U.S. firms to sue other countries in US courts for CSR violations.
- *B. Allows foreigners to sue U.S. firms in U.S. courts for transgressions that take place in other countries.

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C. Prevents illegal aliens from suing U.S. firms.

D. Prevents illegal aliens in the U.S. from suing firms in their home country.

11. Even though developing countries value CSR, pressure for improvements may be less than in affluent countries because:

A. Politicians are more likely to be corrupt.

*B. The general social wellbeing is focused on the necessities of life

C. Poor societies are likely to lack vocal leadership.

D. Democracy is likely to be newer.

12. A central part of the moral argument for CSR comes from the thinking that:

*A. A large part of business success comes as much from actions that are congruent with societal values and norms as from factors internal to the company.

B. Businesses have to pay taxes so they should have to be responsible in other ways.

C. Society cannot afford all its needs unless business is forced to go beyond just paying taxes.

D. Business leaders and shareholders make money so they should be morally responsible to society, especially the poor.

13. Which of the following is not another argument for CSR?

*A. Society is a give-and-take among those who have and those who do not.

B. Since society's contributions make businesses possible, those businesses have a reciprocal obligation back to society to operate in ways that are deemed socially responsible and beneficial.

C. Without the larger society, there would be no businesses.

D. Society has the right and the power to define expectations relationship among its players.

14. Archie Carroll argues that the rational “reactive” approach to CSR issues:

A. Is the most efficient for most businesses to follow.

B. Prevents firms from becoming too progressive at the expense of their bottom-line.

*C. Can lead to compliance requirements being imposed that are neither preferable nor efficient.

D. Is becoming increasingly more popular.

15. Affirmative action is a good example of:

*A. Why the reactive approach can be harmful to firm.

B. How firms saved considerable monies by delaying integration.

C. Firms using CSR before courts and congress intervened.

D. Economic and rational approach.

16. The rational argument for CSR is summarized by the Iron Law of Social Responsibility, which states:

A. That ultimately it is government, not business that is responsible for a satisfying society.

B. That responsibility for a just society is everyone’s responsibility.

C. That concern for CSR must be the first priority of the courts.

*D. That in a free society discretionary abuse of societal responsibilities leads, eventually, to mandated solutions.

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17. "In a democratic society, power is taken away from those who abuse it" is a workable definition of:

- A. Carroll's CSR rule.
- *B. The Iron Law of Social Responsibility.
- C. The Alien Tort Claims Act.
- D. An accommodative view of CSR.

18. The text argues that the strongest argument for CSR is:

- A. The moral argument.
- B. The rational argument.
- *C. The economic argument.
- D. The ethical argument.

19. Which of the following is making CSR more and more relevant today?

- A. It gives companies a mission around which multiple constituents can rally.
- B. The company will be able to balance the often conflicting interests of multiple stakeholders.
- C. The growing influence of social media.
- *D. All of the above.

20. Strategic CSR expounds the _____ argument in favor of CSR:

- *A. Economic.
- B. Financial.
- C. Political.
- D. Social.

True and False Questions:

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21. A stakeholder in an organization is a specific group or individual who can affect or is affected by the achievement of the organization's objectives.

A. True

*B. False

22. Businesses are the engines of society that propel us toward a better future.

*A. True

B. False

23. Corporate Social Responsibility only applies to Not-for-Profit organizations and is not something For Profit organizations need to be concerned about.

A. True

*B. False

24. The success of a firm is not related to its ability to incorporate stakeholder concerns into its business strategies.

A. True

*B. False

25. Violating the implicit ethical boundaries that are often codified into dogma or laws in our society can lead to a loss of legitimacy of a company that threatens the long-term viability of an organization.

*A. True

B. False

Essay Questions:

26. Define Corporate Social Responsibility. What arguments in favor of CSR seem most important to you? How is CSR different from strategic CSR?

*Ans) Varies

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27. Define and discuss briefly the ethical, moral, rational, and economic arguments for CSR. Of the four components, which one is more relevant to you and why?

*Ans) Varies

28. CSR is an integral component of strategic planning in today's businesses environment due to the five identifiable forces of affluence, sustainability, globalization, media and branding. Define each force and explain how each is important to today's business strategies.

*Ans) Varies