

Chapter 1: What Is CSR?

Test Bank

Multiple Choice

1. Which of the following exist to define the rules and structures of society within which all organizations must operate?

- A. for-profits
- B. governments
- C. nonprofits
- D. religion

Ans: B

Cognitive Domain: Knowledge

Answer Location: What Is CSR?

Difficulty Level: Easy

2. All those who in some way are related to a firm's activities are known as _____.

- A. shareholders
- B. public
- C. stakeholders
- D. clients

Ans: C

Cognitive Domain: Knowledge

Answer Location: A New Definition of CSR

Difficulty Level: Easy

3. Which of these is NOT a for-profit business?

- A. Facebook
- B. Nike
- C. Red Cross
- D. Uber

Ans: C

Cognitive Domain: Comprehension

Answer Location: What Is CSR?

Difficulty Level: Easy

4. With the rise of agency theory, there has been a renewed focus on what group in companies?

- A. managers
- B. employees
- C. clients
- D. shareholders

Ans: D

Cognitive Domain: Comprehension

Answer Location: What Is CSR?

Difficulty Level: Moderate

5. Which of the following is NOT part of Archie Carroll's pyramid of corporate social responsibility?

- A. stakeholder responsibility
- B. legal responsibility
- C. discretionary responsibility
- D. ethical responsibility

Ans: A

Cognitive Domain: Comprehension

Answer Location: A New Definition of CSR

Difficulty Level: Easy

6. An application of Milton Friedman's argument is _____.

- A. providing workers time off to volunteer in their communities
- B. establishing a recycling program
- C. maximizing shareholder returns
- D. clearly defining ethical concerns along a product's supply chain

Ans: C

Cognitive Domain: Application

Answer Location: What Is CSR?

Difficulty Level: Medium

7. In the 1790s, consumer boycotts occurred in reactions to which of the following?

- 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

Ans: A

Cognitive Domain: Knowledge

Answer Location: The Evolution of CSR

Difficulty Level: Medium

8. A central part of the moral argument for corporate social responsibility comes from the thinking that _____.

- A. businesses have to pay taxes, so they should have to be responsible in other ways as well
- B. society cannot afford all its needs unless business is forced to go beyond just paying taxes
- C. business leaders and shareholders make money, so they should be morally responsible to society, especially to the poor
- D. 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

Ans: D

Cognitive Domain: Comprehension

Answer Location: Foundations of CSR | A Moral Argument for CSR

Difficulty Level: Hard

9. The rational argument for corporate social responsibility is summarized by the Iron Law of Social Responsibility, which states that _____.

- A. ultimately it is government, not business, that is responsible for a satisfying society
- B. responsibility for a just society is everyone's responsibility
- C. in a free society, discretionary abuse of societal responsibilities leads, eventually, to mandated reprisals
- D. concern for CSR must be the first priority of the courts

Ans: C

Cognitive Domain: Comprehension

Answer Location: Foundations of CSR | A Rational Argument for CSR

Difficulty Level: Medium

10. *Strategic CSR* expounds the _____ argument in favor of corporate social responsibility.

- A. financial
- B. economic
- C. political
- D. social

Ans: B

Cognitive Domain: Knowledge

Answer Location: Foundations of CSR | An Economic Argument for CSR

Difficulty Level: Medium

11. Which of the following is an example of an economic argument for corporate social responsibility?

- A. A company invests in clean energy for its vehicles because it saves money on transportation.
- B. A company installs skylights in its stores to lower lighting costs.
- C. A company provides gym memberships to its employees to lower health-care costs.
- D. All of these are examples of economic arguments for CSR.

Ans: D

Cognitive Domain: Application

Answer Location: Foundations of CSR | An Economic Argument for CSR

Difficulty Level: Medium

12. "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

Ans: B

Cognitive Domain: Application

Answer Location: Foundations of CSR | A Rational Argument for CSR

Difficulty Level: Medium

13. Energy companies and industrial manufacturers set up the United States Climate Action Partnership (USCAP), which supports carbon limits and trading. This is an illustration of which argument for corporate social responsibility?

- A. ethical
- B. moral
- C. rational
- D. economic

Ans: C

Cognitive Domain: Comprehension

Answer Location: Foundations of CSR | A Rational Argument for CSR

Difficulty Level: Medium

14. In contrast to Milton Friedman's argument, David Packard argued that _____.

- A. businesses exist not only to make money but also to contribute to society
- B. the sole purpose of businesses is to make money
- C. businesses need not consider all stakeholders
- D. shareholders are responsible for the larger community within which a firm operates

Ans: A

Cognitive Domain: Comprehension

Answer Location: What Is CSR?

Difficulty Level: Medium

15. Which of the following best describes nonprofit organizations?

- A. They emerge to do social good when the political will or the profit motive is insufficient to address society's needs.
- B. They emerge primarily to meet the religious or spiritual needs of a society
- C. They emerge to supplement businesses that do not make profits.
- D. They emerge to meet the needs of governments that do not have adequate financial resources to address society's needs.

Ans: A

Cognitive Domain: Comprehension

Answer Location: What Is CSR?

Difficulty Level: Easy

16. If Facebook is seen to be dominating the social media market, what type of corporate social responsibility would it be violating?

- A. ethical
- B. economic
- C. legal
- D. discretionary

Ans: B

Cognitive Domain: Comprehension

Answer Location: Throughout Chapter

Difficulty Level: Medium

17. According to Archie Carroll's pyramid of corporate social responsibility, a firm's _____ is to produce an acceptable return for investors.

- A. economic responsibility
- B. legal responsibility
- C. ethical responsibility
- D. discretionary responsibility

Ans: A

Cognitive Domain: Knowledge

Answer Location: A New Definition of CSR

Difficulty Level: Easy

18. James Rogers (the CEO of Duke Energy) once stated: "If you are not at the table when these negotiations are going on, you're going to be on the menu." This illustrates what argument for CSR?

- A. moral
- B. economic
- C. rational
- D. ethical

Ans: C

Cognitive Domain: Knowledge

Answer Location: Foundations of CSR | A Rational Argument for CSR

Difficulty Level: Medium

19. According to Archie Carroll's pyramid of corporate social responsibility, a firm's _____ is to act within the framework of laws and regulations drawn up by the government and judiciary.

- A. economic responsibility
- B. legal responsibility
- C. ethical responsibility
- D. discretionary responsibility

Ans: B

Cognitive Domain: Knowledge

Answer Location: A New Definition of CSR

Difficulty Level: Easy

20. The rational argument for CSR rests on _____.

- A. sanction avoidance
- B. social norms
- C. moral integrity
- D. societal rules

Ans: A

Cognitive Domain: Comprehension

Answer Location: Foundations of CSR | A Rational Argument for CSR

Difficulty Level: Medium

21. According to Archie Carroll's pyramid of corporate social responsibility, a firm's _____ is to do no harm to its stakeholders within its operating environment.

- A. economic responsibility
- B. legal responsibility
- C. ethical responsibility
- D. discretionary responsibility

Ans: C

Cognitive Domain: Knowledge

Answer Location: A New Definition of CSR

Difficulty Level: Easy

22. In terms of social activism, what book could be credited with being a catalyst for the environmental movement?

- A. *The Perfect Storm*
- B. *Prodigal Summer*
- C. *The Water Knife*
- D. *The Silent Spring*

Ans: D

Cognitive Domain: Knowledge

Answer Location: The Evolution of CSR

Difficulty Level: Easy

23. According to Archie Carroll's pyramid of corporate social responsibility, a firm's _____ is to take proactive, strategic behaviors that benefit both the firm and society.

- A. economic responsibility
- B. legal responsibility
- C. ethical responsibility
- D. discretionary responsibility

Ans: D

Cognitive Domain: Knowledge

Answer Location: A New Definition of CSR

Difficulty Level: Easy

24. CSR refers to both _____.

- A. an input and an output
- B. ethics and outcomes
- C. a process and an outcome
- D. a theory and an application

Ans: C

Cognitive Domain: Knowledge

Answer Location: A New Definition of CSR

Difficulty Level: Medium

25. Applying Archie Carroll's pyramid of corporate social responsibility, when a firm closes due to financial mismanagement and bankruptcy, it has not met its _____.

- A. economic responsibility
- B. legal responsibility
- C. ethical responsibility
- D. discretionary responsibility

Ans: A

Cognitive Domain: Comprehension

Answer Location: A New Definition of CSR

Difficulty Level: Easy

26. A firm sponsors a 5k race, contributing the race fees to a local charity. According to Archie Carroll's pyramid of corporate social responsibility, the firm is meeting its _____.

- A. economic responsibility
- B. legal responsibility
- C. ethical responsibility
- D. discretionary responsibility

Ans: D

Cognitive Domain: Application

Answer Location: A New Definition of CSR

Difficulty Level: Medium

27. The Malden Mills textile plant is an important case study in CSR because _____.

- A. it showed that some things are more important than profit
- B. it demonstrated the futility of the textile industry in New England
- C. it illustrated that no firm, whatever the motivation, can or should indefinitely spend money it does not have
- D. it showed the downsides of outsourcing

Ans: C

Cognitive Domain: Comprehension

Answer Location: The Evolution of CSR | Malden Mills

Difficulty Level: Medium

28. Consequentialist (or utilitarian) reasoning justifies action in terms of the outcomes generated (e.g., the greatest good for the greatest number of people). Such reasoning is part of which argument for corporate social responsibility?

- A. ethical
- B. moral
- C. rational
- D. economic

Ans: A

Cognitive Domain: Comprehension

Answer Location: Foundations of CSR | An Ethical Argument for CSR

Difficulty Level: Medium

29. Financial scandals around the turn of this century at Enron, WorldCom, Adelphia, HealthSouth, and others led to which of the following?

- A. greater reliance on nonstandard accounting practices
- B. less reliance on nonstandard accounting practices
- C. new laws and governmental rulings that limit business's discretionary actions
- D. revocation of laws and rulings that limit business's discretionary actions

Ans: C

Cognitive Domain: Comprehension

Answer Location: Foundations of CSR | A Rational Argument for CSR

Difficulty Level: Medium

30. By adopting a rational argument for corporate social responsibility, firms seek to _____.

- A. do the right thing from an ethical perspective
- B. to interpret evolving societal values and stakeholder expectations
- C. make larger societal contributions than simply creating profit
- D. go above and beyond the basic ethical and moral expectations of a society

Ans: B

Cognitive Domain: Comprehension

Answer Location: Foundations of CSR | A Rational Argument for CSR

Difficulty Level: Medium

31. Peter Drucker stated, "Profit for a company is like oxygen for a person. If you don't have enough of it, you're out of the game. But if you think your life is about breathing, you're really missing something." This statement reflects the _____ argument for corporate social responsibility.

- A. ethical
- B. moral
- C. rational
- D. economic

Ans: B

Cognitive Domain: Knowledge

Answer Location: Foundations of CSR | A Moral Argument for CSR

Difficulty Level: Easy

32. Corporate social responsibility adds value because it allows companies to reflect the needs and concerns of their various stakeholder groups. This statement reflects the _____ argument for CSR.

- A. ethical
- B. moral
- C. rational
- D. economic

Ans: D

Cognitive Domain: Knowledge

Answer Location: Foundations of CSR | An Economic Argument for CSR

Difficulty Level: Easy

33. Society benefits most when firms focus purely on their own financial success. This statement best reflects the ideas of _____.

- A. Charles Handy
- B. Adam Smith
- C. David Packard
- D. Milton Friedman

Ans: D

Cognitive Domain: Knowledge

Answer Location: What Is CSR?

Difficulty Level: Easy

34. From a corporate social responsibility perspective, a firm's success is primarily related to its ability to _____.

- A. incorporate stakeholder concerns into its business model
- B. maximize the use of all its internal and external resources
- C. minimize its tax liabilities
- D. create more energy-efficient manufacturing processes

Ans: A

Cognitive Domain: Knowledge

Answer Location: A New Definition of CSR

Difficulty Level: Medium

35. The call for social responsibility among businesses is generally recognized as a concept that began in which time period?

- A. the early late 20th century, after the impact of the Industrial Revolution
- B. the late 20th century and early 21st century, after numerous widespread financial scandals
- C. ancient times, as early as the writings of Socrates
- D. the 17th century, after concerns about the excesses of the East India Company were publicized

Ans: C

Cognitive Domain: Knowledge

Answer Location: The Evolution of CSR

Difficulty Level: Medium

36. According to the textbook, corporate social responsibility is strongest when _____.

- A. business leaders view their role as stewards of resources owned by others
- B. lower-level employees take the lead in developing socially responsible practices in the workplace
- C. consumers demand higher levels of social responsibility
- D. government requires specific business practices

Ans: A

Cognitive Domain: Comprehension

Answer Location: The Evolution of CSR

Difficulty Level: Medium

37. For a hair care salon shop that is a privately owned business, which of the following is NOT likely to be a stakeholder?

- A. tax authorities
- B. customers
- C. suppliers of hair dryers
- D. the New York Stock Exchange (NYSE)

Ans: D

Cognitive Domain: Comprehension

Answer Location: What Is CSR?

Difficulty Level: Medium

38. Which of the following is NOT a characteristic of corporate social responsibility?

- A. It is a static target that does not change.
- B. It is an evolving concept.
- C. It varies across countries and cultures.
- D. It is both critical and controversial.

Ans: A

Cognitive Domain: Comprehension

Answer Location: Throughout Chapter

Difficulty Level: Medium

True/False

1. Since the early 19th century, managers have consistently paid attention to the interests of all stakeholders.

Ans: F

Cognitive Domain: Comprehension

Answer Location: What Is CSR?

Difficulty Level: Medium

2. There is widespread agreement among corporate executives about the necessity of corporate social responsibility.

Ans: F

Cognitive Domain: Application

Answer Location: What Is CSR?

Difficulty Level: Easy

3. One definition of corporate social responsibility is “a responsibility among firms to meet the needs of their stakeholders and a responsibility among stakeholders to hold firms to account for their actions.”

Ans: T

Cognitive Domain: Knowledge

Answer Location: A New Definition of CSR

Difficulty Level: Easy

4. By adopting a rational argument for corporate social responsibility, firms seek to interpret evolving societal values and stakeholder expectations, and they act to avoid future sanctions.

Ans: T

Cognitive Domain: Knowledge

Answer Location: Foundations of CSR | A Rational Argument for CSR

Difficulty Level: Easy

5. The moral argument for corporate social responsibility focuses on adopting the path of least resistance with regard to issues of concern that make common and business sense.

Ans: F

Cognitive Domain: Comprehension

Answer Location: Foundations of CSR

Difficulty Level: Easy

Essay

1. Define *corporate social responsibility*. What arguments in favor of CSR seem most important to you? How is CSR different from *strategic CSR*?

Ans: A good answer must acknowledge various definitions of CSR, recognize that CSR is much more than corporate philanthropy, and discuss the differences between CSR and *strategic CSR*.

Cognitive Domain: Analysis

Answer Location: Throughout Chapter

Difficulty Level: Hard

2. Describe the famous example of the Malden Mills fire and discuss Aaron Feuerstein's response to the fire. Was his response an example of corporate social responsibility? Why or why not? What are some other approaches the company could have taken?

Ans: The answer must adequately describe the case and illustrate that, unless a firm is economically viable, even the best of intentions will not enable stakeholders to achieve their goals and create social value.

Cognitive Domain: Application | Analysis

Answer Location: The Evolution of CSR (Pulling on Principles Throughout Chapter)

Difficulty Level: Hard

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

Ans: A good answer will accurately define and discuss each of the four arguments for CSR and have a strong discussion of personal relevance.

Cognitive Domain: Application | Analysis

Answer Location: Throughout Chapter

Difficulty Level: Medium

4. The textbook states that corporate social responsibility “is a fluid concept.” What does this mean?

Ans: A good answer will describe how definitions of CSR vary and evolve within countries over time as well as vary across countries and cultures.

Cognitive Domain: Comprehension

Answer Location: A New Definition of CSR

Difficulty Level: Medium

5. The book argues that the strongest of the four (ethical, moral, rational, and economic) arguments supporting CSR is the economic one. Why does it argue that to be true?

Ans: Answer should discuss the economic argument best explains what we know about human psychology and economic theory and well as it operating at the intersection of the firm’s self-interest and the broader well-being of society.

Cognitive Domain: Comprehension

Answer Location: The Evolution of CSR | An Economic Argument for CSR

Difficulty Level: Hard

6. The textbook states that corporate social responsibility is both a process and an outcome. What does this mean?

Ans: A good answer will illustrate that (a) the CSR process is the way the firm goes about delivering its products or services to markets and (b) the CSR outcome is a way of maintaining the legitimacy of the firm’s actions in the larger society by bringing stakeholder concerns to the foreground.

Cognitive Domain: Comprehension

Answer Location: A New Definition of CSR

Difficulty Level: Hard