

Chapter 1—Social Responsibility Framework

MULTIPLE CHOICE

1. Which of the following *best* describes social responsibility?
 - a. A corporation's rights, such as due process in a court of law, freedom of speech, and privacy
 - b. Adoption by a business of a strategic focus for fulfilling the economic, legal, ethical, and philanthropic responsibilities expected of it by its stakeholders
 - c. A company's attempt to maximize its profits in order to benefit stockholders
 - d. All the policies of a company that promote ethical business practices
 - e. All businesses except those with less than 50 employees

ANS: B PTS: 1 REF: p. 7

2. To which of the following forms of business can the concept of social responsibility be applied?
 - a. Large, public corporations
 - b. Small, privately held corporations
 - c. All forms of corporations
 - d. Any form of business, from a sole proprietorship to a large corporation
 - e. All businesses except those with less than 50 employees

ANS: D PTS: 1 REF: p. 7

3. In order for any social responsibility initiative to have strategic significance in a company, it must be fully supported and valued by
 - a. top management.
 - b. legislators who develop federal law and policy.
 - c. government officials in the local area.
 - d. the company's stockholders.
 - e. non-profit groups who benefit from a company's philanthropic spending.

ANS: A PTS: 1 REF: p. 8

4. Companies with less than 100 employees account for about ____ percent of total employment in the United States.
 - a. 40
 - b. 50
 - c. 60
 - d. 70
 - e. 10

ANS: B PTS: 1 REF: p. 7

5. Which of the following is *not* one of the four types of corporate social responsibility?
 - a. Ethical
 - b. Economic
 - c. Environmental
 - d. Legal
 - e. Philanthropic

ANS: C PTS: 1 REF: p. 11

6. Many claimed that Microsoft's dominance in the computer operating systems market violated which corporate social responsibility?
- Ethical
 - Economic
 - Legal
 - Environmental
 - Philanthropic

ANS: B PTS: 1 REF: p. 12

7. Society's primary method of enforcing its requirements regarding business behavior is through
- the legal system.
 - boycotts and demonstrations.
 - the media.
 - buying foreign-made products.
 - self-regulation.

ANS: A PTS: 1 REF: p. 12

8. Business ethics refers to
- regulations and laws that guide companies in their business decisions.
 - companies refraining from forming monopolies or restricting competition in any way.
 - principles and standards that guide behavior in the business world.
 - unique industry and professional factors that influence employees.
 - the percentage of after-tax profits given to non-profit and community groups.

ANS: C PTS: 1 REF: p. 13

9. Minimal responsibility primarily involves
- incorporating efforts in such a way as to benefit all stakeholders of the company.
 - fulfilling social responsibilities including legal and ethical guidelines.
 - addressing the compliance concerns of stakeholders in regards to legal and economic matters.
 - trying to maximize stockholder wealth.
 - satisfying the primary stakeholders regardless of the possible legal implications.

ANS: C PTS: 1 REF: p. 14

10. Developing a code to aid employees in their decision making is an example of an activity for which type of social responsibility?
- Economic
 - Ethical
 - Philanthropic
 - Legal
 - Governance

ANS: B PTS: 1 REF: p. 13

11. Making voluntary contributions of money, time, and other resources to improve the community *most* closely resembles which type of social responsibility?
- Economic
 - Legal
 - Philanthropic
 - Environmental
 - Ethical

ANS: C PTS: 1 REF: p. 13

12. For a local beauty shop that is a privately owned business, which of the following is *not* likely to be a stakeholder?
- Tax authorities
 - Customers
 - Suppliers of hair coloring solutions
 - The New York Stock Exchange (NYSE)
 - Other businesses in the same neighborhood and shopping center

ANS: D PTS: 1 REF: p. 16

13. Those groups to whom a company is responsible are collectively known as
- stockholders.
 - society.
 - employees and customers.
 - stakeholders.
 - very important people.

ANS: D PTS: 1 REF: p. 16

14. When Benetton used convicted felons awaiting death sentences in a new advertising campaign,
- dialogue about high rates of violence increased nationwide.
 - sales increased because people responded favorably to a company strong enough to address this controversial issue.
 - Benetton received an award for its creative and socially aware ad campaign.
 - there was very little impact on Benetton, its customers, or society in general.
 - people were outraged and some companies responded by no longer carrying Benetton products.

ANS: E PTS: 1 REF: p. 18

15. Shortly after World War II, corporate managers
- were closely scrutinized by their boards of directors.
 - possessed nearly unlimited power.
 - had little decision-making authority over daily matters.
 - rarely used the company's resources for reasons other than self-interest.
 - were hired away from other firms on a regular basis.

ANS: B PTS: 1 REF: p. 18

16. In the 1990s, employees turned to a more holistic approach to work and life, characterized by all of the following, *except*
- an interest in human and intellectual capital.
 - finding a balance between work and personal responsibilities and time.
 - trust in the workplace.
 - a decrease in dual-working parent families.
 - employee volunteerism in the community.

ANS: D PTS: 1 REF: p. 20-21

17. The flatter organizational hierarchies brought about due to the economic instability of the 1980s and early 1990s caused all of the following *except*
- workforce reduction.
 - increasing empowerment of lower level employees.
 - more opportunities for outstanding employees to move into management.
 - restructuring of the firm to focus on core competencies.
 - focus on efficiency and economies of scale.

ANS: C PTS: 1 REF: p. 20

18. Implementing social responsibility on a global level is complex because
- consumers in most countries do not care about social responsibility.
 - of the need to balance economic responsibility with other responsibilities.
 - employees speak many languages and some information is hard to translate.
 - regional alliances, like NAFTA and APEC, have their own expectations and standards.
 - global companies are rarely subject to local laws and regulations.

ANS: B PTS: 1 REF: p. 24

19. After poor service, the second top reason consumers gave for avoiding or refusing to buy from certain companies was
- high prices.
 - business conduct.
 - negative word-of-mouth.
 - poor branding.
 - dislike of advertising theme.

ANS: B PTS: 1 REF: p. 27

20. What holds organizations together and allows them to focus on efficiency, productivity, and profits?
- Respect
 - Diversity
 - Trust
 - Competence
 - Reliable source of funds

ANS: C PTS: 1 REF: p. 27

21. In the long run, the success of a company is built on
- a company's commitment to be on the leading edge of technology.
 - its efficiency in operations.
 - long-term relationships with customers built on mutual respect and cooperation that leads to repeat purchasing.
 - a company's ability to negotiate with suppliers and vendors.
 - innovative integrated marketing communications programs.

ANS: C PTS: 1 REF: p. 28

22. About how many consumers said they would be likely to switch to brands associated with a good cause, if price and quality were not compromised?
- Less than 5 percent
 - 20 percent
 - 40 percent
 - 50 percent
 - 80 percent

ANS: E PTS: 1 REF: p. 28

23. Employee commitment develops from
- employees who believe their future is tied to that of the organization and are willing to make personal sacrifices for the organization.
 - paying the best wages in the industry.
 - working in a team-based organization.
 - the reality that unemployment is on the rise, and people are lucky to have good jobs
 - offering child care to working mothers and fathers.

ANS: A PTS: 1 REF: p. 29

24. Which type of investor causes the *most* problems for CEOs when developing strategic plans?
- Shareholders seeking short-term gains
 - Institutional investors
 - Shareholders willing to sacrifice short-term gains for long-term income
 - Employees who own stock
 - Global investors who do not understand the business

ANS: A PTS: 1 REF: p. 30

25. Overall, evidence supports that social responsibility
- is unrelated to the performance of a business.
 - is good for a firm's reputation, but has little effect on performance.
 - negatively affects a firm's performance because it increases costs and reduces profits.
 - is positively associated with return on investment, return on assets, and sales growth.
 - works well in theory, but is hard to implement in business.

ANS: D PTS: 1 REF: p. 30

26. The framework to understand how businesses meet their economic, legal, ethical, and philanthropic responsibilities is developed around the assumption that social responsibility is a
- process.
 - specific set of rules and guidelines.
 - result that does not need further attention.
 - theory, with little relevance to business practice.
 - requirement by federal law.

ANS: A PTS: 1 REF: p. 33

ESSAY

27. Define social responsibility, and then describe three other characterizations that exist within the definition and meaning of social responsibility.

ANS:
Answers will vary.

PTS: 1 REF: p. 6-7

28. What are the four types of corporate social responsibility? Provide a brief explanation of each type, including an example of how a business may fulfill each responsibility.

ANS:
Answers will vary.

PTS: 1 REF: p. 11-14

29. Describe the social responsibility continuum, including the two endpoints of the continuum and the types of responsibilities and stakeholders considered at the endpoints.

ANS:
Answers will vary.

PTS: 1 REF: p. 14-15

30. Trace the recent history of social responsibility in the United States, including key events and trends that led to current expectations of business.

ANS:
Answers will vary.

PTS: 1 REF: p. 18-21

31. What are the performance benefits of social responsibility? Outline the benefits to investors, customers, and employees.

ANS:
Answers will vary.

PTS: 1 REF: p. 26-31

32. What impact do corruption and underdeveloped social institutions tend to have on a country's economy?

ANS:

Answers will vary.

PTS: 1

REF: p. 31-32

33. What are the four major parts of the social responsibility model? Describe each element and how these elements work together in the model.

ANS:

Answers will vary.

PTS: 1

REF: p. 33-35

34. For companies that operate in a number of locations, describe the relationship between social responsibility expectations in the home market and social responsibility expectations in host markets.

ANS:

Answers will vary.

PTS: 1

REF: p. 15