

## Chapter 2—Corporate Citizenship: Social Responsibility, Responsiveness, and Performance

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### TRUE/FALSE

1. An important point to keep in mind regarding the four-part definition of social responsibility is that each of the four components is separate and independent.

ANS: F

2. The thesis of the book *The Generous Corporation* is that philanthropy was developed as a strategic response to the anti-business fervor of the late 1800s and early 1900s.

ANS: T

3. Corporate contributions are a good example of philanthropic responsibility.

ANS: T

4. Milton Friedman argues that the business community best deals with social issues.

ANS: F

5. Voluntary or discretionary responsibilities also are known as ethical responsibilities.

ANS: F

6. The corporate social performance model brings together three dimensions--social responsibility, philosophy or mode of social responsiveness, and the social issues involved.

ANS: T

7. Ethical responsibilities are *required* of business by society.

ANS: F

8. The classical economic argument against business's assuming social responsibility is that management's responsibility is to maximize the profits of its owners or shareholders.

ANS: T

9. It is often difficult for managers with a short-range orientation to fully appreciate that their rights and roles in the economic system are determined by society.

ANS: T

10. In the Pyramid of Corporate Social Responsibility, the obligation to do what is right, just, and fair is a firm's economic responsibility.

ANS: F

11. Those who argue against corporate social responsibility are probably not using the four-part CSR model in their consideration.

ANS: T

12. William Frederick's CSR<sub>1</sub>, or corporate social responsibility, refers to the capacity of a corporation to respond to social pressures.

ANS: F

13. Epstein discusses corporate social responsiveness within the context of a broad concept, that he calls the corporate social policy process.

ANS: T

14. In the corporate social performance model, the social responsiveness dimension can be viewed as the action phase of management's response in the social sphere.

ANS: T

15. In the corporate social performance model, the social issues dealt with by business, and the degree of organizational interest in these issues, usually remain constant.

ANS: F

16. The corporate social performance focus is intended to suggest that what really matters is what companies are able to accomplish.

ANS: T

17. The model of corporate social performance illustrates to managers the idea that social responsibility is separate from economic performance.

ANS: F

18. The concern for social issues have expanded into a new management field called issues management.

ANS: T

19. Wartick and Cochran's extension of the social performance model depicts corporate social responsibilities as *processes*.

ANS: F

20. A major contribution of Donna Wood's corporate social performance model is her focus on a rudimentary definition of CSR.

ANS: F

## **MULTIPLE CHOICE**

1. Reaction, defense, accommodation, and proaction are examples of
  - a. social issues.

- b. social responsibility.
- c. social responsiveness categories.
- d. the philosophy of stakeholder accommodation.

ANS: C

2. Factors in the societal environment lead directly to
- a. a changed social contract.
  - b. criticism of business.
  - c. increased concern for the social environment.
  - d. a more satisfied society.

ANS: B

3. Regarding *Fortune's* rankings of the "most" and "least" admired corporations,
- a. those that are most admired are clearly most profitable.
  - b. those that are least admired are typically in the defense industry.
  - c. it is not clear what impact, if any, the rankings have for these businesses.
  - d. none of the above is true.

ANS: C

4. Which of the following is not included in Carroll's four-part definition?
- a. economic responsibilities
  - b. legal responsibilities
  - c. ethical responsibilities
  - d. managerial responsibilities

ANS: D

5. Which of the following was *not* one of the Council on Economic Priorities' explanations for the upsurge in social investing?
- a. There is more reliable research on CSP than in the past.
  - b. Investors do not have to sacrifice gains for principles.
  - c. More socially conscious individuals are making investment decisions.
  - d. The public now sees social investing as the most profitable investments available.

ANS: D

6. Regarding the socially conscious investing movement,
- a. it is deemed ethical to invest in companies that meet the Council on Economic Priorities' criteria.
  - b. specialized investment firms use social or ethical criteria as well as financial criteria in making investment decisions.
  - c. it is declining in growth and popularity.
  - d. ethical firms are demonstrably more profitable than unethical firms.

ANS: B

7. Which type of responsibility embraces those activities and practices that are expected or prohibited by societal members even though they are not codified into law?
- a. ethical responsibilities
  - b. managerial responsibilities
  - c. legal responsibilities
  - d. economic responsibilities

ANS: A

8. Which of the following social responsiveness postures is inconsistent with the other three?
- reactive
  - promotive
  - cooperative
  - interactive

ANS: A

9. The collaborative/problem-solving corporate social response mode is most closely aligned with the
- interactive mode.
  - stable-state mode.
  - defense mode.
  - adaptive mode.

ANS: A

10. Being a good corporate citizen, making corporate contributions, and providing programs supporting community and education is an example of which component of social responsibility?
- ethical
  - economic
  - philanthropic
  - legal

ANS: C

11. According to the matrix presented in Chapter 2, the stakeholder view is that the legal component of the CSR definition most affects
- owners and community.
  - employees and consumers.
  - employees and community.
  - community and others.

ANS: B

12. The four-part definition of corporate social responsibility does *not* encompass which one of the following types of responsibility?
- voluntary
  - personal
  - ethical
  - economic

ANS: B

13. The socially responsible firm should strive to do all of the following except
- make a profit.
  - obey the law.
  - raise taxes.
  - be ethical.

ANS: C

14. Wood's corporate social performance model categorizes social impacts, programs and policies as
- processes of CSR.
  - principles of CSR.

- c. stakeholder contingencies.
- d. outcomes of corporate behavior.

ANS: D

15. Sethi's three-stage schema for classifying corporate behavior includes each of the following except one. Which does *not* belong?
- a. social obligation
  - b. social responsibility
  - c. social responsiveness
  - d. social interaction

ANS: D

16. Which of the following does not belong with regards to issues management?
- a. issues identification
  - b. issues analysis
  - c. issues responsibility
  - d. response development

ANS: C

17. The arguments "Let business try" and "Business has the resources" are a part of
- a. why business should not assume social responsibility.
  - b. why business should assume social responsibility.
  - c. the classical economic model.
  - d. the relationship between corporate social responsibility and financial position.

ANS: B

18. Which of the following is an example of *proactive* behavior?
- a. A company obeys laws that have been passed prohibiting racial discrimination.
  - b. A company anticipates the need for a day-care center for its employees' children and opens one near the workplace.
  - c. A company sees that its competitors are contributing to a charitable cause and decides that its image will be helped if it contributes also.
  - d. After incidents of passing damaged merchandise on to consumers, a company formulates a sturdier packaging for its product.

ANS: B

19. An argument why business *should* take on a social responsibility is that
- a. business needs to hold more power.
  - b. it would help our competitive standing in international markets.
  - c. it would ward off future government intervention and regulation.
  - d. managers are oriented toward social skills as well as economics and production.

ANS: C

20. In Wartick and Cochran's extension of the social performance model, they see this component of the model as directed toward issues management and minimizing "surprises."
- a. principles
  - b. processes
  - c. policies
  - d. philosophies

ANS: C

21. Sethi's stage of social responsiveness addresses
- what a corporation's long-run role in a dynamic social system should be.
  - taking an action-oriented approach to social issues.
  - how corporations should respond to social pressure.
  - bringing corporate behavior up to a level where it is congruent with the prevailing social norms, values, and expectations.

ANS: A

22. Which of the following is *not* one of the three central dimensions of Carroll's corporate social performance model?
- a firm's reputation with society
  - social responsibility categories
  - philosophy or mode of social responsiveness
  - social issues involved

ANS: A

23. Which of the following does not belong in the processes of the social performance model?
- ethical
  - reactive
  - defensive
  - proactive

ANS: A

24. A study conducted to find out what the public felt were the top activities or characteristics of socially responsible companies. All of the following, except one, were the top three ranked activities. Which does not belong?
- employs friendly/courteous/responsive personnel
  - make safe products
  - does not pollute the air and water
  - obeys the law in all aspects of business

ANS: A

25. Which of the following is not composed within corporate citizenship?
- a reflection of shared moral and ethical principles
  - a vehicle for integrating individuals into the communities in which they work
  - a form of enlightened self-interest that balances all stakeholders' claims and enhances a company's long-term value
  - the desire and expectations of businesses to contribute its money, facilities, and employee time to humanitarian programs or purposes

ANS: D

26. With respect to socially conscious investing, the concept of the "social screen"
- is no longer used by investment firms.
  - may be used in a positive way or a negative way.
  - has been theoretically discussed but never actually used.
  - is designed to screen out investments in firms, which focus too much on social performance at the expense of economic performance.

ANS: B

27. What refers to the corporate behavior in response to market forces or legal constraints?
- social obligation
  - social responsibility
  - social responsiveness
  - social attitude

ANS: A

28. Companies that ignore their corporate social responsibilities will likely
- earn more profit.
  - risk losing investor confidence and trust.
  - downsize.
  - go global.

ANS: B

29. Perhaps the most pragmatic reason for business to be socially responsible is that assuming a social responsibility
- is directly related to financial returns.
  - is the popular thing to do these days.
  - helps to ward off government intervention and regulation.
  - is the path of least resistance.

ANS: C

30. The concept of being the backbone of the socially conscious investing movement is?
- social investing
  - social screening
  - social conscious
  - social responsibility

ANS: B