

## **Chapter 1—Social Responsibility Framework**

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### **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?
- a. Economic
  - b. Legal
  - c. Philanthropic
  - d. Environmental
  - e. 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?
- a. Tax authorities
  - b. Customers
  - c. Suppliers of hair coloring solutions
  - d. The New York Stock Exchange (NYSE)
  - e. 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
- a. stockholders.
  - b. society.
  - c. employees and customers.
  - d. stakeholders.
  - e. very important people.

ANS: D                      PTS: 1                      REF: p. 16

14. When Benetton used convicted felons awaiting death sentences in a new advertising campaign,
- a. dialogue about high rates of violence increased nationwide.
  - b. sales increased because people responded favorably to a company strong enough to address this controversial issue.
  - c. Benetton received an award for its creative and socially aware ad campaign.
  - d. there was very little impact on Benetton, its customers, or society in general.
  - e. 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
- a. were closely scrutinized by their boards of directors.
  - b. possessed nearly unlimited power.
  - c. had little decision-making authority over daily matters.
  - d. rarely used the company's resources for reasons other than self-interest.
  - e. 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*
- a. an interest in human and intellectual capital.
  - b. finding a balance between work and personal responsibilities and time.
  - c. trust in the workplace.
  - d. a decrease in dual-working parent families.
  - e. 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*
- a. workforce reduction.
  - b. increasing empowerment of lower level employees.
  - c. more opportunities for outstanding employees to move into management.
  - d. restructuring of the firm to focus on core competencies.
  - e. 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
- a. consumers in most countries do not care about social responsibility.
  - b. of the need to balance economic responsibility with other responsibilities.
  - c. employees speak many languages and some information is hard to translate.
  - d. regional alliances, like NAFTA and APEC, have their own expectations and standards.
  - e. 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
- a. high prices.
  - b. business conduct.
  - c. negative word-of-mouth.
  - d. poor branding.
  - e. 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?
- a. Respect
  - b. Diversity
  - c. Trust
  - d. Competence
  - e. 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. a company's commitment to be on the leading edge of technology.
  - b. its efficiency in operations.
  - c. long-term relationships with customers built on mutual respect and cooperation that leads to repeat purchasing.
  - d. a company's ability to negotiate with suppliers and vendors.
  - e. 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?
- a. Less than 5 percent
  - b. 20 percent
  - c. 40 percent
  - d. 50 percent
  - e. 80 percent

ANS: E                      PTS: 1                      REF: p. 28

23. Employee commitment develops from
- a. employees who believe their future is tied to that of the organization and are willing to make personal sacrifices for the organization.
  - b. paying the best wages in the industry.
  - c. working in a team-based organization.
  - d. the reality that unemployment is on the rise, and people are lucky to have good jobs
  - e. 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?
- a. Shareholders seeking short-term gains
  - b. Institutional investors
  - c. Shareholders willing to sacrifice short-term gains for long-term income
  - d. Employees who own stock
  - e. Global investors who do not understand the business

ANS: A                      PTS: 1                      REF: p. 30

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