Chapter 4 Quiz

True / False Questions

1. Corporate social responsibility refers to the actions of an organization that target the achievement of a social benefit over and above maximizing profits for its shareholders and meeting all of its legal obligations.
   True    False

2. Corporate conscience is an antonym for corporate social responsibility, implying that the organization is not a citizen responsible for meeting all of its obligations.
   True    False

3. Corporate citizenship is an alternative term for corporate social responsibility, implying that the organization is a citizen responsible for meeting all of its obligations.
   True    False

4. In an economic approach to corporate management a corporation's only obligation is to maximize profits for its shareholders through the provision of goods and services that meet the needs of its customers.
   True    False

5. From an ethical perspective, Friedman argues that it would be unethical for a corporation to do anything other than deliver profits for which investors have entrusted it with their funds in the purchase of shares in the corporation.
   True    False

6. Friedman's view of the corporate world supports the rights of individuals to make money with their investments.
   True    False

7. The social contract approach is a very simplistic model that argues that the corporation only has an obligation to itself.
   True    False

8. The modern social contract approach argues that since a corporation depends on society for its existence and continued growth, there is an obligation for that corporation to meet the demands of society rather than the demands of a targeted group of customers only.
   True    False

9. As far back as 1969, Henry Ford recognized that corporations operate in an isolated environment.
   True    False

10. Organizations that demonstrate a "conscience" beyond profit generation inevitably attract the same amount of attention as organizations that are bottom line-driven.
    True    False

11. Lay-offs reduce corporation costs and only affect the laid off employees.
    True    False
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12. Transparency is a major trend behind the CSR phenomenon.
   True    False

13. In the last 10 years, one-third of the planet's resources have been consumed.
   True    False

14. Many organizations find it difficult to make the transition from CSR as a theoretical concept to CSR as an operational policy.
   True    False

15. CSR initiatives haven been shown to generate immediate financial gains to the organization after implementation.
   True    False

16. Corporations merely experimenting with CSR initiatives run the risk of creating adverse results and ending up worse than when they started.
   True    False

17. Many corporations are now reporting a triple bottom line in their annual reports that includes updates on their social and environmental activities in addition to their bottom line financial performance.
   True    False

18. The triple bottom line is an effective means of reporting an organization's efforts only if their activities are measurable.
   True    False

19. It may be easy to make a public commitment to CSR, but actually delivering on that commitment to the satisfaction of your customers can be much harder to achieve.
   True    False

20. There are four distinctive types of CSR: economic, ethical, altruistic, and strategic.
   True    False

21. Economic CSR is the purest or most legitimate type of CSR.
   True    False

22. Altruistic CSR takes a philanthropic approach by underwriting specific initiatives to give back to the company's local community or to designated national or international programs.
   True    False

23. An organization runs the smallest risk of being perceived as using self-serving behavior when it uses strategic CSR.
   True    False

24. In contrast to the alleged immorality of altruistic CSR, critics argue that strategic CSR is ethically commendable since these initiatives benefit stakeholders while meeting fiduciary obligations to the company's shareholders.
   True    False
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25. One of the newest and increasingly questionable practices in the world of CSR is the notion of making your operations "carbon neutral."
   True    False

26. The Greenhouse Gas Association (GHGA) promotes the standardization of carbon trading on a global scale.
   True    False

27. It is unfair to accuse companies with CSR initiatives of abandoning their moral responsibility to their stakeholders.
   True    False

Multiple Choice Questions

28. _____ implies that the organization is a citizen, responsible for meeting all of its obligations.
   A. Corporate ethics
   B. Ethical obligation
   C. Corporate conscience
   D. Corporate citizenship

29. _____ are the actions of an organization that target achieving a social benefit over and above maximizing profits for its shareholders and meeting all legal obligations.
   A. Corporate social responsibility
   B. Corporate social obligation
   C. Corporate conscience
   D. Corporate citizenship

30. _____ implies that an organization operates with an awareness of its obligation to society.
   A. Corporate social responsibility
   B. Corporate social obligation
   C. Corporate conscience
   D. Corporate citizenship

31. The definition of corporate social responsibility assumes the corporation _____.
   A. is operating in a competitive environment
   B. is committed to a retrenchment strategy
   C. complies with federal and state legal obligations
   D. is committed to a moderate growth strategy

32. Which approach to corporate management states that the only obligation of a corporation is to maximize profits for its shareholders?
   A. Shareholder approach
   B. Social contract approach
   C. Economic approach
   D. Instrumental approach
33. Many companies adopted a policy of _______ only after the surprising public response to issues companies did not previously consider to be part of their business responsibilities.
A. social conscience  
B. instrumental citizenship  
C. corporate social responsibility  
D. social contracts

34. Who stated that it would be unethical for a corporation to do anything other than deliver profits for its investors?
A. Henry Ford II  
B. Milton Friedman  
C. Steve Jobs  
D. Allen Greenspan

35. In a _______, a corporate executive is an employee of the owners of the business.
A. capitalist, public property system  
B. socialist, state-owned system  
C. laissez-faire, public property system  
D. free-enterprise, private property system

36. Which approach to corporate management is considered simplistic because it assumes that there are no external consequences to the actions of the corporation?
A. Shareholder approach  
B. Social contract approach  
C. Economic approach  
D. Instrumental approach

37. By recognizing ______ rather than _______, corporations must maintain a long-term perspective rather than simply delivering quarterly earnings numbers.
A. stakeholders; shareholders  
B. customers; investors  
C. community partners; shareholders  
D. shareholders; stakeholders

38. As early as 1969, it was recognized that corporations ______.
A. actions do not impact their external environment  
B. do not operate in an isolated environment  
C. can actually increase their profits by being socially responsible  
D. have a responsibility to shareholders before stakeholders

39. In the last 30 years alone, we have consumed ______ of the planet's resources.
A. 1/4  
B. 1/3  
C. 1/2  
D. 4/5
40. All of the following are major trends behind the CSR phenomenon except:
   A. sustainability
   B. globalization
   C. the failure of the private sector
   D. knowledge

41. The greatest period of reform in the U.S. produced all of the following, except:
   A. Unemployment laws
   B. The minimum wage
   C. Child labor laws
   D. Sexual harassment laws

42. Many, if not most, developing countries are governed by ______ regimes.
   A. dysfunctional
   B. effective
   C. efficient
   D. controlling

43. Many CSR initiatives ______.
   A. generate immediate financial gains to the organization
   B. do not generate long-term financial gains to the organization
   C. do not generate immediate financial gains to the organization
   D. generate enough financial gains for the organization to break even

44. Corporations that experiment with CSR initiatives run the risk of creating all of the following results, except:
   A. employees feel that they are working for an insincere organization
   B. the public sees the initiative as little more than a token action
   C. shareholders feel that their organization will deliver bigger profits with their initiatives
   D. the organization does not see much benefit of CSR and therefore sees no need to develop the concept

45. Corporations pursue operational efficiency through detailed monitoring of their bottom line in all of the following areas except:
   A. ethical activities
   B. financial performance
   C. social activities
   D. environmental activities

46. Which is the most legitimate type of CSR?
   A. Altruistic
   B. Ethical
   C. Economic
   D. Strategic
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47. If an organization commits to CSR initiatives, then there must be ______.
   A. short-term commitments
   B. both short and long-term commitments
   C. commitments perceived as real by customers
   D. real commitments

48. Organizations pursuing a clearly defined sense of social conscience in managing their financial responsibilities to shareholders, their legal responsibilities to their local community and society as a whole, and their ethical responsibilities to "do the right thing" for all their stakeholders follow a(n) ______ initiative.
   A. altruistic CSR
   B. strategic CSR
   C. ethical CSR
   D. economic CSR

49. ______ CSR encompasses philanthropic activities targeted toward programs that generate the most positive publicity or goodwill for the organization.
   A. Altruistic
   B. Ethical
   C. Economic
   D. Strategic

50. Which approach to CSR argues that philanthropic initiatives are authorized without concern for the corporation's overall profitability?
   A. Altruistic
   B. Ethical
   C. Economic
   D. Strategic

51. Southwest Airlines supports the Ronald McDonald Houses with donations of both dollars and employee-donated volunteer hours. This is an example of which CSR?
   A. Strategic
   B. Economic
   C. Altruistic
   D. Ethical

52. Which of the following is one of the newest and increasingly questionable practices in the world of CSR?
   A. Risk management and emergency preparedness
   B. Water conservation
   C. Greenhouse gas conscience
   D. "Carbon neutral" operations
53. In November 2006, the Deutsche Bank teamed up with more than a dozen investment banks and five carbon-trading organizations in Europe to create the __________.
A. Carbon Counter Association (CCA)
B. Greenhouse Gas Association (GHGA)
C. European Carbon Investors and Services Association (ECIS)
D. Clean Air Association (CAA)