

Chapter 2: The Driving Forces of CSR

Test Bank

Multiple Choice

1. According to the text, corporate social responsibility issues tend to gain a foothold in societies that are more _____.

- A. impoverished
- B. affluent
- C. unstable
- D. democratized

Ans: B

Cognitive Domain: Knowledge

Answer Location: Affluence

Difficulty Level: Easy

2. In examining how affluence drives CSR, it is important to know that the concept of being better off is _____.

- A. cultural universal
- B. rationally determined
- C. relative
- D. objective

Ans: C

Cognitive Domain: Knowledge

Answer Location: Affluence

Difficulty Level: Easy

3. Which of the following is NOT an example of a company's sustainability efforts?

- A. implementing recycling programs in its offices
- B. encouraging employees to carpool to work
- C. ensuring products come from fair labor areas
- D. installing timers lights to save electricity

Ans: C

Cognitive Domain: Application

Answer Location: Sustainability

Difficulty Level: Medium

4. Which of the following is an example of Adam Smith's view of the business world?

- A. A small local store treats its workers well to preserve the goodwill of the community.
- B. A U.S.-based manufacturing company opens a plant in a developing country to save labor costs.
- C. A multinational corporation ignores its environmental issues in Asia because its consumers are in Europe.

D. A business fails to pay its workers adequately because, despite complaints from the workers, lower pay is more profitable.

Ans: A

Cognitive Domain: Comprehension

Answer Location: Globalization

Difficulty Level: Medium

5. What are the four phases of stakeholder access to information?

A. industrialization, internationalization, globalization, and digitization

B. industrialization, domestic production, and international trade

C. international trade, use of internet technology, and globalization

D. growth, globalization, and job creation

Ans: A

Cognitive Domain: Knowledge

Answer Location: Globalization

Difficulty Level: Easy

6. What service would be known as a “digital philanthropy?”

A. PayPal

B. Wikipedia

C. Philanthropy.com

D. GoFundMe

Ans: D

Cognitive Domain: Knowledge

Answer Location: Communication | Mobile Devices

Difficulty Level: Medium

7. What is the CNN test?

A. Will this be better for CNN or a print newspaper?

B. Should the corporation tell CNN about this or ignore it?

C. Will CNN find this newsworthy?

D. How will this be viewed by watchers of CNN when broadcast around the world?

Ans: D

Cognitive Domain: Knowledge

Answer Location: Communication

Difficulty Level: Medium

8. What are the five driving forces of corporate social responsibility?

A. brands, communication, affluence, domestic credibility, and profitability

B. sustainability, globalization, consumer engagement, profitability, and brands

C. affluence, sustainability, globalization, communication, and brands

D. stakeholder engagement, profitability, communication, sustainability, and brands

Ans: C

Cognitive Domain: Knowledge

Answer Location: The Driving Forces of CSR

Difficulty Level: Easy

9. According to the textbook, why is corporate social responsibility increasingly crucial to business success?

- A. CSR is not crucial to business success; it is just a recommendation for companies.
- B. CSR initiatives ensure consumers spend more money at the business.
- C. Businesses cannot be profitable without CSR initiatives.
- D. It provides a mission and strategy around which a firm's multiple stakeholders can rally.

Ans: D

Cognitive Domain: Comprehension

Answer Location: The Driving Forces of CSR

Difficulty Level: Medium

10. According to the textbook, why do corporate social responsibility initiatives tend to gain more traction in affluent societies?

- A. Consumers in developing countries do not care about CSR issues.
- B. Consumers in developed societies expect more from the companies whose products they buy.
- C. Corporations in affluent societies can spend more money on CSR initiatives.
- D. Businesses in developing countries do not have competition and, thus, do not need to have CSR initiatives.

Ans: B

Cognitive Domain: Comprehension

Answer Location: Affluence

Difficulty Level: Medium

11. How might stakeholders living in affluent societies impose their values on firms' overseas operations?

- A. The U.S. government passes a Transparency in Supply Chains Act to ensure firms are using fair labor practices throughout the world.
- B. A group of consumers protest the environmental affects of an oil company's operations in South America.
- C. U.S.-based employees of a coffee company strike because of poor labor conditions in the company's overseas coffee fields.
- D. all of these

Ans: D

Cognitive Domain: Application

Answer Location: Affluence

Difficulty Level: Medium

12. How does affluence lead to more rapidly shifting public attention on issues of concern?

- A. It leads to a more engaged civil society.
- B. It leads to consumers having more money to spend.
- C. It leads to society having more access to social media.
- D. Affluence does not lead to more rapidly shifting public attention on issues of concern.

Ans: A

Cognitive Domain: Knowledge

Answer Location: Affluence

Difficulty Level: Medium

13. Sustainability efforts of a firm deal with _____.

A. labor issues

B. environmental issues

C. long-term profitability

D. legal compliance

Ans: B

Cognitive Domain: Knowledge

Answer Location: Sustainability

Difficulty Level: Easy

14. How does our economic model encourage waste?

A. Our economic model does not encourage waste.

B. It encourages constant consumption, such as buying a car every 3 years instead of every 10 years.

C. Consumers are encouraged to purchase more reusable products than they need.

D. Many corporations accumulate a lot of garbage as a result of their work, and many do not recycle.

Ans: B

Cognitive Domain: Comprehension

Answer Location: Sustainability

Difficulty Level: Medium

15. The “Green New Deal” is an example of activists’ call for a _____ in dealing with resource utilization.

A. evolution

B. revolution

C. devolution

D. aspirational goal

Ans: B

Cognitive Domain: Comprehension

Answer Location: Sustainability

Difficulty Level: Medium

16. Which of the following does the textbook NOT provide as an example of a corporation’s sustainability efforts?

A. Sea World’s program to nurse sick animals back to health

B. General Electric’s Ecoimagination program

C. Unilever’s firm-wide sustainable living program

D. Toyota’s hybrid car

Ans: A

Cognitive Domain: Knowledge

Answer Location: Sustainability

Difficulty Level: Medium

17. How does *strategic CSR* seek evolution of the current economic model?

A. It seeks to reform the current system so that value is created broadly by integrating a CSR perspective into firm strategy and throughout operations.

B. It seeks to create a new economic system that does not have the flaws of the current model.

C. It seeks a piecemeal fix of the current economic model by addressing small issues over a longer period of time.

D. It seeks to develop the current system through government regulation of firm practices.

Ans: A

Cognitive Domain: Knowledge

Answer Location: Sustainability

Difficulty Level: Medium

18. According to the textbook, which driving force of corporate social responsibility is most important?

A. affluence, because without money and care about social issues, CSR initiatives are moot

B. communication, because companies must successfully communicate with their stakeholders to remain profitable

C. sustainability, because addressing environmental issues is critical to the continuing success of businesses

D. The forces are all equally important and work together.

Ans: D

Cognitive Domain: Comprehension

Answer Location: The Driving Forces of CSR

Difficulty Level: Easy

19. What is the significance of the BRIC and CIVETS economies?

A. These economies will have the most opportunity for profitability in 5 years.

B. These economies have the most lax regulations and, therefore, are the easiest markets for firms to enter.

C. These economies will allow more and more consumers to join the middle class.

D. These economies are not significant for firms.

Ans: C

Cognitive Domain: Comprehension

Answer Location: Globalization

Difficulty Level: Medium

20. According to the textbook, how does globalization affect the flow of information?

A. Because of globalization, information is communicated more effectively.

B. Globalization allows companies to operate in many countries.

C. Globalization provides more people access to newspapers.

D. Globalization does not affect the flow of information.

Ans: A

Cognitive Domain: Knowledge

Answer Location: Globalization

Difficulty Level: Easy

21. According to the textbook, what is the relationship between globalization and communication?

A. Globalization demonstrates that the pace at which social innovations spread is increased by communication technologies.

B. Communication allows businesses to establish offices in many different parts of the world, thus increasing globalization.

C. Globalization creates more communication mechanisms.

D. There is very little relationship between globalization and communication.

Ans: A

Cognitive Domain: Comprehension

Answer Location: Communication

Difficulty Level: Easy

22. Which of the following companies is powered by 100% renewable energy?

A. Purdue Pharma

B. Apple

C. General Food

D. Amazon

Ans: B

Cognitive Domain: Knowledge

Answer Location: Sustainability

Difficulty Level: Easy

23. Which of the following is NOT considered one of the BRIC economies?

A. Belgium

B. Russia

C. India

D. China

Ans: A

Cognitive Domain: Knowledge

Answer Location: Globalization

Difficulty Level: Easy

24. The best way for a company to protect its brand is _____.

A. to hire the best public relations firm it can afford

B. to integrate a CSR perspective throughout operations

C. to limit its advertising budget

D. nonexistent; there is really no way a company can protect its brand

Ans: B

Cognitive Domain: Comprehension

Answer Location: Brands

Difficulty Level: Easy

25. A company's brand is _____.

- A. less important now due to globalization
- B. very easy to develop, but very difficult to damage
- C. more important today than it was in the past
- D. equally important now as it was in the past

Ans: C

Cognitive Domain: Comprehension

Answer Location: Brands

Difficulty Level: Medium

26. Lifestyle brands are brands that _____.

- A. base more of their appeal to consumers on aspirational values
- B. base more of their appeal to consumers on physical properties of the product
- C. base more of their appeal to consumers based on geographic location
- D. primarily target young consumers (age 18–35)

Ans: A

Cognitive Domain: Knowledge

Answer Location: Brands

Difficulty Level: Medium

27. CSR serves as “brand insurance” by _____.

- A. enabling the firm to develop credibility among stakeholders
- B. creating a great public relations campaign to extol the firm's CSR efforts
- C. enabling the firm to grow internationally
- D. expanding current products and services to reach the poor

Ans: A

Cognitive Domain: Application

Answer Location: Brands

Difficulty Level: Medium

28. Social media is allowing consumers to _____.

- A. completely understand the CSR of companies
- B. interact with firms in real time in ways that shape their purchase decisions
- C. select the most environmentally friendly products
- D. try more products virtually before purchasing

Ans: B

Cognitive Domain: Comprehension

Answer Location: Communication | Social Media

Difficulty Level: Medium

29. According to the text, brands are _____.

- A. a focal point of corporate success
- B. less important today than in the past

- C. not as important in BRIC countries
- D. becoming less important due to globalization

Ans: A

Cognitive Domain: Comprehension

Answer Location: Brands

Difficulty Level: Easy

30. The Twitter Revolution played an important part in which of the following?

- A. Tiananmen Square protests in China
- B. Tunisia's Jasmine Revolution
- C. bus boycotts in the American South
- D. Russian Revolution

Ans: B

Cognitive Domain: Knowledge

Answer Location: Communication | Social Media

Difficulty Level: Easy

31. New communication technologies have _____.

- A. enhanced the power of media conglomerates
- B. increased consumer buying power
- C. decreased the power of media conglomerates
- D. enhanced the ability to hide unfair business practices

Ans: A

Cognitive Domain: Comprehension

Answer Location: Communication

Difficulty Level: Medium

32. In the Internet Age, the problem is no longer an individual lacking access to sufficient information, but in having access to _____.

- A. too much disinformation
- B. sufficient overall information
- C. international information
- D. enough useful information

Ans: D

Cognitive Domain: Application

Answer Location: Communication

Difficulty Level: Medium

33. IKEA faced negative publicity in its home country when it _____.

- A. included religious leaders in the catalog it distributed throughout Europe
- B. airbrushed women out of photos in the Saudi version of its catalog
- C. included women in photos in catalogs it distributed throughout the Middle East
- D. created a website highlighting the importance of sustainability practices

Ans: B

Cognitive Domain: Knowledge

Answer Location: Globalization

Difficulty Level: Medium

34. The world's population is becoming not only larger but also _____.

- A. more prone to communicable diseases
- B. more dispersed throughout rural areas
- C. more dependent on global sources of freshwater
- D. more concentrated in urban areas

Ans: D

Cognitive Domain: Knowledge

Answer Location: Sustainability

Difficulty Level: Easy

35. Which company with its campaign using football player Colin Kaepernick showed it to be a "brand with attitude?"

- A. Walmart
- B. Under Armour
- C. Nike
- D. McDonald's

Ans: C

Cognitive Domain: Knowledge

Answer Location: Brands | Brands With Attitude

Difficulty Level: Medium

36. Corporate social responsibility is applicable _____.

- A. only where there is a high level of affluence
- B. only where there is a high level of poverty
- C. only where there is a high level of globalization
- D. in all areas

Ans: D

Cognitive Domain: Comprehension

Answer Location: Affluence

Difficulty Level: Easy

True/False

1. Corporate social responsibility only influences some aspects of a company's operations.

Ans: F

Cognitive Domain: Knowledge

Answer Location: The Driving Forces of CSR

Difficulty Level: Easy

2. In developing countries, corporate transgressions do not matter.

Ans: F

Cognitive Domain: Comprehension

Answer Location: Affluence

Difficulty Level: Easy

3. If a company has its headquarters in the United States but has offices in other countries, it only needs to follow the U.S. law.

Ans: F

Cognitive Domain: Comprehension

Answer Location: Globalization

Difficulty Level: Medium

4. Because of globalization, firms must meet varying cultural standards of what is acceptable.

Ans: T

Cognitive Domain: Comprehension

Answer Location: Globalization

Difficulty Level: Easy

5. Social media is irrelevant to companies because they share information through other means.

Ans: F

Cognitive Domain: Comprehension

Answer Location: Communications | Social Media

Difficulty Level: Easy

6. Branding is not as important for large companies such as Starbucks, Apple, and Nike as it is for small companies.

Ans: F

Cognitive Domain: Comprehension

Answer Location: Brands

Difficulty Level: Easy

7. The Internet and globalization are bridging the wealth gap between affluent and nonaffluent people because poor people now have more access to information.

Ans: F

Cognitive Domain: Comprehension

Answer Location: Affluence

Difficulty Level: Medium

8. It may not be possible for corporations in developing countries to progress at the same rate as those in developed countries.

Ans: T

Cognitive Domain: Comprehension

Answer Location: Affluence

Difficulty Level: Easy

9. Regardless of whether a firm believes in global warming, it should take steps to increase sustainability because it is safer to act than to not act.

Ans: T

Cognitive Domain: Comprehension

Answer Location: Sustainability

Difficulty Level: Easy

10. The earth's resources continue to replenish themselves as the human population grows.

Ans: F

Cognitive Domain: Comprehension

Answer Location: Sustainability

Difficulty Level: Easy

Essay

1. Adam Smith argued that all business is local. Explain what this means, including the evolution of the concept.

Ans: Good answers should describe Smith's theory, including how modernization and societal expansion impacted the concept. Further, good answers should demonstrate how globalization, communication technologies, and other forces are impacting the "all business is local" argument.

Cognitive Domain: Analysis

Answer Location: Globalization

Difficulty Level: Hard

2. How have new communication technologies impacted the need for corporate social responsibility?

Ans: Varies, but should address the Internet, mobile phones, and social media.

Cognitive Domain: Analysis

Answer Location: Communications

Difficulty Level: Medium

3. Briefly define each of the five driving forces of corporate social responsibility and make an argument regarding which of the forces is most important.

Ans: Varies, but each of the five driving forces must be mentioned.

Cognitive Domain: Comprehension

Answer Location: Throughout Chapter

Difficulty Level: Medium

4. What are the two different types of social technologies and why are they important to businesses?

Ans: Answer should include a discussion about social media that broadcast information and those that form connections. Answer should also talk about the sheer size of the audiences for these technologies and their ability to mobilize action.

Cognitive Domain: Comprehension

Answer Location: Communication | Social Media

Difficulty Level: Medium

5. Discrimination based on gender is generally prohibited in developed societies. Cultural relativism, however, may require companies to take different approaches to gender equality in countries where women are segregated from male workers. How should a company practicing CSR deal with such situations?

Ans: Varies, but should point out how ignoring inconsistencies in company practices can put multinational firms in awkward positions.

Cognitive Domain: Application

Answer Location: Globalization

Difficulty Level: Hard

6. Why are brands more important today than they were in the past?

Ans: Varies, but should highlight issues of globalization and communication technologies.

Cognitive Domain: Analysis

Answer Location: Brands

Difficulty Level: Medium