Corporate Responsibility 1st edition Argenti Test Bank

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Chapter 2: The Business Case for CR

Test Bank

Multiple Choice

1. Stakeholders generally wish for CR to succeed economically because _____

*a. financial sustainability supports its inclusion in the long-term corporate strategy.
b. there will be more financial support for managers' sustainability efforts of interest.
c. CR becomes a primary focus for those involved.
d. financial sustainability supports short-term corporate returns.
Cognitive Domain: Comprehension
Answer Location: pg. 41
Question Type: MC

2. The Edelman goodpurpose® study suggests _____
a. GE benefits from their green energy business strategy.
b. NGOs demand greater CR activities in third-world nations.
c. organizations prefer to put their CR financial resources in regions most economically deprived.
*d. consumers prefer to put their financial support behind brands that give back.
Cognitive Domain: Knowledge
Answer Location: pg. 42
Question Type: MC

3. The narrow view, or "business-case model," for CR _____
a. looks at the focused high-impact CR practices.
*b. looks only at the link between CR activities and financial performance.
c. considers only high-margin activities.
d. incorporates key-link sustainability activities.
Cognitive Domain: Comprehension
Answer Location: pg. 42
Question Type: MC

4. The "syncretic model" of CR _____
a. is global in its approach.
b. allows a firm to identify and exploit opportunities that exist in key strategic departments of the organization's fiscal strategy.
*c. allows a firm to identify and exploit opportunities that exist outside the business case model's purview.
d. incorporated a 360-degree approach with all stakeholders in the organization's industry.

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Cognitive Domain: Knowledge
Answer Location: pg. 42
Question Type: MC

5. The "syncretic model" of CR _____
*a. recognizes the interdependence between business and society.
b. recognizes the idiosyncratic nature of business and society.
c. benchmarks the CR strategy to high producers in each industry.
d. accounts for the three primary power sources in CR, government, society, and customers.
Cognitive Domain: Comprehension
Answer Location: pg. 42
Question Type: MC
6. Porter and Kramer outline the following three key ways that corporations can create shared value opportunities.
a. Clustering stakeholder demands, adding value chain links, and reconceiving products and markets
*b. Reconceiving products and markets, redefining productivity in the value chain, and enabling local cluster development
c. Reconceiving stakeholder rights, redefining productivity in their strategy, and enabling local cluster development
d. Clustering products and markets, finding productivity in the value chain, and enabling resource development
Cognitive Domain: Knowledge
Answer Location: pg. 43
Question Type: MC

7. Benefits for an organization that addresses social and environmental issues include all of the following EXCEPT
a. supplier access and viability.
b. employee skills.
c. employee health.
*d. product alignment.
Cognitive Domain: Comprehension
Answer Location: pg. 44
Question Type: MC

8. Which of the following statements is true regarding CR?
*a. Only half of CEOs whose companies engage in CR activities understand the importance of communicating their sustainability strategies to investors.
b. Companies identify short-term thinking among most stakeholders as a major obstacle to improving their performance on environmental, social, and governance issues.
c. Involving investors in the conversation around CR generally reduces their ability to implement meaningful CR strategies.
d. Studies show that 55% of chief financial officers and investors believe CR creates value for business, but 22% of CR professionals don't know if CR creates value for business.
Cognitive Domain: Comprehension

Corporate Responsibility 1st edition Argenti Test Bank

Answer Location: pg. 45
Question Type: MC

9. Although better CR measurement and reporting is crucial to the future success of CR programs, many corporations need better reporting mechanisms because _____
a. gathering the data needed to support assertions about the business value of CR and justify investments in CR programs is not supported by most IT systems.
*b. gathering the data needed to support assertions about the business value of CR and justify investments in CR programs can be very difficult.
c. triple bottom line software reporting systems do not readily integrate with most organizations' current financial systems.
d. management is not adept at CR data collection and reporting.
Cognitive Domain: Application
Answer Location: pg. 45
Question Type: MC

10. The corporate social performance model created by Donna Wood in 1991 _____
*a. is a term that includes both descriptive and normative aspects and incorporates all facets of firm success related to corporate responsibility initiatives.
b. is the competing framework to the syncretic model.
c. suggests that CR competes with organizational resources for other key functions and creates a negative culture from within.
d. applies only to third world and emerging national models of CR.
Cognitive Domain: Analysis
Answer Location: pg. 45
Question Type: MC

11. Starbucks communicates its CR results effectively to constituents via a scorecard that outlines all of the following EXCEPT _____
a. environmental stewardship.
b. ethical sourcing.
c. farmer support.
*d. CR market share.
Cognitive Domain: Knowledge
Answer Location: pg. 45-46
Question Type: MC

12. CR organizations can make the case for CR by pointing out_____
a. CR feels good.
b. CR costs more but attracts employees and clients.
*c. CR can generate profits otherwise unrealized and attract employees.
d. CR makes triple bottom line reporting much more efficient.
Cognitive Domain: Comprehension
Answer Location: pg. 46
Question Type: MC

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13. Dunkin' Brands, the parent company of Dunkin' Donuts and Baskin Robbins, includes an _____ in its CSR report to look at the intersection of stakeholder interests and business interests.
a. Issues Assessment Grid
b. Issues Cross-check Matrix
c. CR Intersection Reference Matrix
d. CR Audit Grid
Cognitive Domain: Knowledge
Answer Location: pg. 47
Question Type: MC

14. In *Management Models for Corporate Social Responsibility*, Jan Jonker and Marco de Witt identify three main pillars to use in creating the business case for CR.
a. Valued capital, economic drive, and social equity
b. Natural assets, economic capital, and social justice
c. Natural assets, economic capital, and social equity
*d. Natural capital, economic capital, and social equity
Cognitive Domain: Comprehension
Answer Location: pg. 47-48
Question Type: MC

15. The four levers identified by Jonker and de Witt that corporations can use to derive short-, medium-, and long-term value from their corporate responsibility initiatives include stakeholder preference and all of the following EXCEPT
*a. remedial resourcing.
b. cost leverage.
c. risk reduction.
d. options creation.
Cognitive Domain: Knowledge
Answer Location: pg. 48
Question Type: MC

16. An example of cost leveraging within the framework of Jonker and DeWitt's "four levers" would be _____
a. packaging that lessens the strain on resources yet only increases costs on shipping supplies minimally.
*b. reduced packaging both reduces the taxation of resources and saves money on shipping supplies.
c. packaging that lightens the tax on resources and garners greater PR.
d. saving packaging costs as to allow greater expenditure on shipping costs.
Cognitive Domain: Application
Answer Location: pg. 48-49
Question Type: MC

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17. An example of risk reduction within the framework of Jonker and DeWitt's "four levers" would be _____
a. ensuring the safety of suppliers along a company's supply chain reduces the risk of legal intervention.
b. ensuring the safety of key employees reduces the risk of government regulation.
c. ensuring the safety of workers along a company's production line reduces the risk of facility shutdowns.
*d. ensuring the safety of workers along a company's supply chain reduces the risk of facility shutdowns.
Cognitive Domain: Application
Answer Location: pg. 48-49
Question Type: MC

18. An example of operations creation within the framework of Jonker and DeWitt's "four levers" would be _____
a. using litigation to secure scarce resources serves as an opportunity for innovation.
*b. using compliance with environmental regulation serves as an opportunity for innovation.
c. using compliance with environmental regulation serves as an opportunity for less governmental intrusion.
d. using compliance with state statutes serves as an opportunity for competitive security.
Cognitive Domain: Application
Answer Location: pg. 48-49
Question Type: MC

19. An example of stakeholder preference within the framework of Jonker and DeWitt's "four levers" would be _____
a. suppliers can be empowered by using corporate clout to ensure access to resources.
b. suppliers can use corporate clout to ensure access to CR programs.
*c. suppliers can be empowered by providing additional training or using corporate clout to ensure access to resources.
d. customers can be empowered through purchasing power to ensure access to resources.
Cognitive Domain: Application
Answer Location: pg. 48-49
Question Type: MC

20. _____ is an integral part of corporate strategy.
a. Targeting resource players
b. Managing damage control to stakeholders
c. Targeting cost reduction rifts
*d. Managing reputational risk
Cognitive Domain: Comprehension
Answer Location: pg. 50
Question Type: MC

21. All of the following business performance measures are affected by CR EXCEPT_____
a. shareholder value.

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b. access to capital.
c. license to operate.
*d. supplier satisfaction.
Cognitive Domain: Application
Answer Location: pg. 50-51
Question Type: MC

22. Based on the results of a study by SustainAbility in 2001-2002, the most significant CR dimensions are eco-efficiency, working conditions, and _____
*a. environmental products.
b. altruism.
c. supply chain integrity.
d. carbon neutrality.
Cognitive Domain: Knowledge
Answer Location: pg. 51
Question Type: MC

23. Three types of business case arguments for corporate responsibility include all EXCEPT _____
a. a means of avoiding financial loss.
b. CR as a driver of tangible financial gains.
c. CR as an important component of a corporation's strategic approach to long-term business performance.
*d. a means of financial contingency planning.
Cognitive Domain: Application
Answer Location: pg. 51
Question Type: MC
24. Some critics of CR suggest _____
a. that CR is a strategic means to an end.
b. that public relations is not compatible with CR.
c. identify ten key principles that undermine CR.
*d. CR inhibits free markets.
Cognitive Domain: Comprehension
Answer Location: pg. 11
Question Type: MC

25. _____explores and seeks to expand the connections between societal and economic progress.
a. Looking at business and societal interests as competing goals
*b. Shared value creation
c. Disciplined CR
d. Shared progression
Cognitive Domain: Knowledge
Answer Location: pg. 51
Question Type: MC

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26. A 2009 McKinsey survey found that CR represents an opportunity for long-term contribution to _____
a. retirement plans.
b. ESOPs.
*c. shareholder value.
d. client integrity.
Cognitive Domain: Comprehension
Answer Location: pg. 51
Question Type: MC

27. A CR strategy does all of the following EXCEPT _____
a. enables companies to expand into new markets.
b. spurs new product development and leads to innovation.
c. forces companies to get creative in their product offerings.
*d. enables government intervention.
Cognitive Domain: Analysis
Answer Location: pg. 52
Question Type: MC

28. CR can help organizations better manage risk _____
*a. limit regulatory intervention and/or supply chain adjustments.
b. limit supply chain interference and allow regulatory adjustments.
c. limit regulatory intervention and/or tight value policies.
d. limit supply chains and/or regulatory adjustments.
Cognitive Domain: Application
Answer Location: pg. 53
Question Type: MC

29. The Institute for Corporate Culture *Handbook on Corporate Social Responsibility* breaks down the business case for CR into _____
a. ergonomic drivers and managerial drivers.
b. economic drivers and material drivers.
*c. economic drivers and managerial drivers.
d. integration drivers and supply-side drivers.
Cognitive Domain: Knowledge
Answer Location: pg. 54
Question Type: MC

30. According to the Institute for Corporate Culture *Handbook on Corporate Social Responsibility*, economic drivers include _____
a. increasing shareholder value and creating competition.
*b. increasing shareholder value and creating competitive advantage.
c. increasing sustainability value and creating competitive advantage.
d. increasing shareholder value and creating creative advantage.
Cognitive Domain: Knowledge
Answer Location: pg. 54

Corporate Responsibility 1st edition Argenti Test Bank

Question Type: MC

31. According to the Institute for Corporate Culture *Handbook on Corporate Social Responsibility*, managerial drivers _____
a. are organized around balancing financial interests.
b. are organized around balancing portfolio interests.
c. are organized around balancing general interests.
*d. are organized around balancing stakeholder interests.
Cognitive Domain: Knowledge
Answer Location: pg. 54
Question Type: MC

32. The narrow focus on shareholder value in business culture refers to the pressure on chief executives to _____
a. boost long-term value creation at the expense of short-term earnings.
b. boost international earnings at the expense of short-term value creation.
c. boost narrow earnings at the expense of broad value creation.
*d. boost short-term earnings at the expense of long-term value creation.
Cognitive Domain: Comprehension
Answer Location: pg. 54
Question Type: MC

33. Three areas in which shareholders contribute to a firm include _____
a. influence, information, and discipline.
*b. money, information, and discipline.
c. money, CR, and discipline.
d. money, information, and direction.
Cognitive Domain: Analysis
Answer Location: pg. 55-56
Question Type: MC

34. Relative to CR, _____ highlights the conflict between managerial and shareholder interests.
*a. discipline
b. crisis
c. regulatory litigation
d. C suite power struggles
Cognitive Domain: application
Answer Location: pg. 57
Question Type: MC

35. Jensen and Meckling defined the primary challenge of corporate governance as _____
a. preventing agents and principals from gainsharing.
b. preventing agents from taking principals' stake in the organization.
c. preventing principals from overriding agents.

Corporate Responsibility 1st edition Argenti Test Bank

*d. preventing agents from taking advantage of principals.
Cognitive Domain: Knowledge
Answer Location: pg. 57
Question Type: MC

36. Without the existence of a major shareholder with real power in an organization, shareholders are limited in their ability to keep managers in check, having only two real options at their disposal, namely _____
a. proxy wars and casting votes.
b. selling shares and gaining access to the board.
*c. selling shares and casting votes.
d. lobbying and garnering votes.
Cognitive Domain: Application
Answer Location: pg. 57
Question Type: MC

37. More than ___% of both CFOs and investment professionals believe that having high-performing ESG programs can be a proxy for how effectively a business is managed.
a. 53
b. 29
c. 75
*d. 80
Cognitive Domain: Knowledge
Answer Location: pg. 57
Question Type: MC

38. _____ of CEOs and _____ of investment professionals included in the study agree that environmental, social, and governance activities create value for shareholders in normal economic times.
a. One third; one quarter
b. Three quarters; one fifth
*c. Two thirds; three quarters
d. Three quarters; two thirds
Cognitive Domain: Knowledge
Answer Location: pg. 57
Question Type: MC

39. According to the results of a global survey by McKinsey, a quarter of _____do not know what effect, if any, these activities have on shareholder value or on what activities are the most important, when asked to consider the following: compliance/transparency; changing business processes; investment in social issues; creating new revenue streams; and charitable giving.
*a. CFOs, investment professionals, and CSR professionals
b. CR directors
c. CIOs and CR experts
d. CIOs, CEOs, and CSR professionals

Corporate Responsibility 1st edition Argenti Test Bank

Cognitive Domain: Knowledge
Answer Location: pg. 57-58
Question Type: MC

40. Porter and Kramer identify several ways in which CSR differs from CSV, explaining that while a CSR approach _____, while the CSV approach _____.
a. defines value simply in terms of dollars; looks at economic and societal benefits relative to cost
b. defines value as simply doing good; looks at PR benefits relative to cost
c. defines value as efficiency; looks at environmental and societal benefits relative to regulatory standards
*d. defines value as simply doing good looks at economic and societal benefits relative to cost
Cognitive Domain: Analysis
Answer Location: pg. 58
Question Type: MC

True or False

41. The 2010 Corporate Social Responsibility Branding Survey by Penn Schoen Berland reported that social responsibility's importance to consumers dipped due to the recession, with a drop from 75% of consumers reporting that corporate responsibility is important to 54%.
a. True
*b. False
Cognitive Domain: Comprehension
Answer Location: pg. 42
Question Type: TF

42. Many CR successes are attributed not to corporate responsibility programs but instead viewed as evidence of the ability of free markets to address CR issues.
*a. True
b. False
Cognitive Domain: Comprehension
Answer Location: pg. 47
Question Type: TF

43. The corporate understanding of CR has shifted from seeing it as a moral imperative to recognizing it as a critical business issue.
*a. True
b. False
Cognitive Domain: Analysis
Answer Location: pg. 52
Question Type: TF

Corporate Responsibility 1st edition Argenti Test Bank

44. The role of shareholders in a corporation is able to justify the strong emphasis on shareholder value in business culture.
a. True
*b. False
Cognitive Domain: Comprehension
Answer Location: pg. 57
Question Type: TF

45. Attention to sustainability leads to reduced operating costs, increased revenues, lower administrative and capital costs, and stock market premiums.
*a. True
b. False
Cognitive Domain: Analysis
Answer Location: pg. 59
Question Type: TF

Essay

46. How can policymakers enable CR brands with limited market power to deliver on consumer expectations and desires related to CR, thereby empowering consumers with more information from companies?
*a. One way to do so would be to create a CSR label on consumer packaged goods to distinguish companies with good CR practices from those without. As consumers become increasingly educated about corporations' environmental, social, and governance (ESG) impact, companies will face increasing pressure to improve upon their metrics for the ESG impact of their business practices.
Cognitive Domain: Analysis
Answer Location: pg. 46
Question Type: ESS

47. What are some reasons that sustainability has emerged as a subset of CR in recent years?
*a. Sustainability is an urgent matter because government regulations will increasingly require attention to sustainable business procedures in the near future, and because sustainability can bolster a corporation's community relations, helping it secure licenses to operate and engendering loyalty and trust among community constituents. Sustainability is a means of hedging against future risk and an opportunity to strengthen existing business relationships.
Cognitive Domain: Analysis
Answer Location: pg. 59
Question Type: ESS

Type: E
48. What is the ultimate goal of a CSR management system?
*a. The ultimate goal of a CSR management system is to successfully integrate corporate

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responsibility concerns—social, environmental and economic—into a company's values, culture, operations and business decisions at all levels of the organization, which can help create better management practices overall.
Cognitive Domain: Analysis
Answer Location: pg. 61
Question Type: ESS

49. How can sustainable compliance be viewed as an opportunity?
*a. The firm must adjust its perspective on corporate compliance, viewing it as an opportunity for innovation.
Cognitive Domain: Analysis
Answer Location: pg. 59
Question Type: ESS

50. What are the five stages Nidumolu et al. describe in the process of becoming a sustainable business.
*a. The five stages are:

- Viewing compliance as an opportunity
- Making value chains sustainable
- Designing sustainable products and services
- Developing new business models
- Creating next-practice platforms

Cognitive Domain: Application
Answer Location: pg. 59-60
Question Type: ESS

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