1) The concept of social responsibility proposes that a corporation has responsibilities to society that extend beyond making a profit.
Answer: TRUE
Difficulty: Difficult
Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Ethical Understanding and Reasoning

2) Friedman referred to the social responsibility of business as a "fundamentally subversive doctrine."
Answer: TRUE
Difficulty: Moderate
Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Ethical Understanding and Reasoning

3) Archie Carroll contends that the primary goal of business is profit maximization.
Answer: FALSE
Difficulty: Moderate
Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Ethical Understanding and Reasoning

4) Archie Carroll proposes that managers in companies have four responsibilities: economic, legal, ethical, and discretionary.
Answer: TRUE
Difficulty: Moderate
Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Ethical Understanding and Reasoning

5) According to Carroll, legal responsibilities are defined by governments in laws that management is expected to obey.
Answer: TRUE
Difficulty: Easy
Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Ethical Understanding and Reasoning

6) The difference between ethical and discretionary responsibilities is that few people expect an organization to fulfill ethical responsibilities.
Answer: FALSE
Difficulty: Moderate
Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility

AACSB: Ethical Understanding and Reasoning

7) Ethical responsibilities are voluntary obligations a corporation assumes.
Answer: FALSE
Difficulty: Easy
Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility

AACSB: Ethical Understanding and Reasoning

8) Being known as a socially responsible firm may provide a company with social capital that can be used for competitive advantage.
Answer: TRUE
Difficulty: Easy
Chapter Objective: Understand the relationship between social responsibility and corporate performance

AACSB: Ethical Understanding and Reasoning

9) A study concerning social responsibility indicates that socially responsible firms are more likely to be welcomed into another country.
Answer: TRUE
Difficulty: Easy
Chapter Objective: Understand the relationship between social responsibility and corporate performance

AACSB: Ethical Understanding and Reasoning

10) The broader concept of sustainability is closely aligned with Carroll's view of social responsibility.
Answer: TRUE
Difficulty: Easy
Chapter Objective: Explain the concept of sustainability

AACSB: Ethical Understanding and Reasoning

11) Stakeholders are all constituencies that affect and are affected by the achievement of the firm's objectives.
Answer: TRUE
Difficulty: Easy
Chapter Objective: Conduct a stakeholder analysis
12) In any one strategic decision, the interests of one stakeholder group seldom conflict with another.
   Answer: FALSE
   Difficulty: Easy
   Chapter Objective: Conduct a stakeholder analysis

13) The first step in stakeholder analysis is identifying those who have only an indirect stake in the corporation.
   Answer: FALSE
   Difficulty: Easy
   Chapter Objective: Conduct a stakeholder analysis

14) Secondary stakeholders have a direct connection with the corporation and have sufficient bargaining to directly affect corporate activities.
   Answer: FALSE
   Difficulty: Easy
   Chapter Objective: Conduct a stakeholder analysis

15) A company may have some stakeholders of which it is only marginally aware.
   Answer: TRUE
   Difficulty: Moderate
   Chapter Objective: Conduct a stakeholder analysis

16) There is no truth to the comment that "business ethics" is an oxymoron.
   Answer: FALSE
   Difficulty: Difficult
   Chapter Objective: Explain why people may act unethically
   AACSB: Ethical Understanding and Reasoning

17) Cultural norms and values seldom guide ethical behavior in business.
   Answer: FALSE
   Difficulty: Moderate
   Chapter Objective: Explain why people may act unethically
   AACSB: Ethical Understanding and Reasoning

18) "Let the buyer beware" is a traditional saying in free market capitalism that argues customers have the right to choose how they spend their money.
   Answer: TRUE
   Difficulty: Easy
   Chapter Objective: Explain why people may act unethically

19) Relationship-based countries tend to be less transparent and have a higher degree of corruption than do rule-based countries.
Answer: TRUE
Difficulty: Difficult
Chapter Objective: Explain why people may act unethically
AACSB: Ethical Understanding and Reasoning

20) The statement, "When in Rome, do as the Romans do," reflects the essence of cultural relativism.
Answer: TRUE
Difficulty: Difficult
Chapter Objective: Explain why people may act unethically
AACSB: Analytical Thinking

21) Kohlberg's preconventional level is characterized by a person's adherence to an internal moral code.
Answer: FALSE
Difficulty: Easy
Chapter Objective: Explain why people may act unethically
AACSB: Ethical Understanding and Reasoning

22) Moral relativism could enable a person to justify almost any sort of decision or action, so long as it is not declared illegal.
Answer: TRUE
Difficulty: Difficult
Chapter Objective: Explain why people may act unethically
AACSB: Reflective Thinking

23) According to Kohlberg's levels of moral development, the conventional level is characterized by considerations of society's laws and norms.
Answer: TRUE
Difficulty: Easy
Chapter Objective: Explain why people may act unethically
AACSB: Ethical Understanding and Reasoning

24) Kohlberg places 80 percent of U.S. adults in the principled level of development.
Answer: FALSE
Difficulty: Moderate
Chapter Objective: Explain why people may act unethically
AACSB: Ethical Understanding and Reasoning

25) A code of ethics is a useful way to promote ethical behavior.
Answer: TRUE
Difficulty: Difficult
Chapter Objective: Explain why people may act unethically
AACSB: Ethical Understanding and Reasoning

26) Research indicates that when faced with a question of ethics, managers tend to ignore codes
of ethics and try to solve their dilemma on their own.
Answer: TRUE
Difficulty: Moderate
Chapter Objective: Explain why people may act unethically
AACSB: Ethical Understanding and Reasoning

27) Law refers to formal codes that permit or forbid certain behaviors and may or may not 
enforce ethics or morality.
Answer: TRUE
Difficulty: Moderate
Chapter Objective: Explain why people may act unethically
AACSB: Ethical Understanding and Reasoning

28) The justice approach to ethics proposes that actions and plans should be judged by their 
consequences.
Answer: FALSE
Difficulty: Difficult
Chapter Objective: Describe different views of ethics according to the utilitarian, individual 
rights, and justice approaches
AACSB: Reflective Thinking

29) A problem with the individual rights approach to ethics is the difficulty in defining 
fundamental rights.
Answer: TRUE
Difficulty: Moderate
Chapter Objective: Describe different views of ethics according to the utilitarian, individual 
rights, and justice approaches
AACSB: Reflective Thinking

30) The Golden Rule is the essence of one of Immanuel Kant's categorical imperatives to resolve 
ethical dilemmas.
Answer: TRUE
Difficulty: Moderate
Chapter Objective: Describe different views of ethics according to the utilitarian, individual 
rights, and justice approaches
AACSB: Ethical Understanding and Reasoning

31) The concept that proposes private corporations have responsibilities to society that extend 
beyond making a profit is known as
A) flexible responsibility.
B) social responsibility.
C) social flexibility.
D) managerial responsibility.
E) profit maximization.
Answer: B
32) Which one of the following is NOT one of the arguments against social responsibility as used by economist Milton Friedman?  
A) Spending money for social responsibility is spending the stockholder's money for a general social interest.  
B) Businesses can actually do very little in terms of social responsibility.  
C) Spending money on social responsibility is acting from motives other than economic and may, in the long-run, cause harm to the very society the firm is trying to help.  
D) There is one and only one social responsibility of business — to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game.  
E) Through taking on the burden of social costs, the organization becomes less efficient, causing price increases or postponement of growth.  
Answer:  B  
Difficulty:  Moderate

33) Who said that the social responsibility of business is a "fundamentally subversive doctrine" and that the one social responsibility of business is "to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game..."?  
A) Adam Smith  
B) Edward Freeman  
C) Archie Carroll  
D) William C. Norris  
E) Milton Friedman  
Answer:  E  
Difficulty:  Easy

34) Economist Milton Friedman has argued that a business's only responsibility is to  
A) maximize profits and stay within the rules of the game.  
B) sustain its market share.  
C) promote the welfare of society.  
D) satisfy its employees.  
E) satisfy its customers.  
Answer:  A  
Difficulty:  Easy
Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Ethical Understanding and Reasoning

35) According to Carroll, the responsibility that management of a business organization has to produce goods and services of value to society so that the firm may repay its creditors and stockholders is called
A) legal responsibilities.
B) ethical responsibilities.
C) economic responsibilities.
D) financial responsibilities.
E) discretionary responsibilities.
Answer: C
Difficulty: Moderate

Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Ethical Understanding and Reasoning

36) According to Carroll, the responsibilities defined by government in laws for management to obey are
A) legal responsibilities.
B) ethical responsibilities.
C) financial responsibilities.
D) economic responsibilities.
E) discretionary responsibilities.
Answer: A
Difficulty: Easy

Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Ethical Understanding and Reasoning

37) According to Carroll, the responsibilities that management of a business organization assumes which are purely voluntary obligations are
A) legal responsibilities.
B) ethical responsibilities.
C) financial responsibilities.
D) economic responsibilities.
E) discretionary responsibilities.
Answer: E
Difficulty: Moderate

Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Ethical Understanding and Reasoning

38) The term "social responsibility," according to Carroll, can be viewed as a combination of an
A) organization's ethical and discretionary responsibilities.
B) organization's legal and ethical responsibilities.
C) organization's economic and ethical responsibilities.
D) organization's financial and economic responsibilities.
E) organization's legal and discretionary responsibilities.
Answer: A
Difficulty: Moderate

Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Ethical Understanding and Reasoning

39) Carroll's four responsibilities listed in order of priority are
A) legal, economic, ethical, and discretionary.
B) legal, ethical, discretionary, and economic.
C) economic, legal, ethical, and discretionary.
D) economic, ethical, discretionary, and legal.
E) ethical, economic, legal, and discretionary.
Answer: C
Difficulty: Moderate

Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Ethical Understanding and Reasoning

40) Society generally expects firms to work with employees and the company to plan for layoffs. This is an example of which of Carroll's responsibilities?
A) economic
B) legal
C) justice
D) ethical
E) discretionary
Answer: D
Difficulty: Difficult

Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Reflective Thinking

41) Providing daycare centers to employees is an example of which of Carroll's responsibilities?
A) economic
B) legal
C) justice
D) ethical
E) discretionary
Answer: E
Difficulty: Moderate
Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Analytical Thinking

42) Friedman's position on social responsibility
A) proposes that a lack of social responsibility results in increased government regulations.
B) appears to be losing traction with business executives.
C) suggests that a lack of social responsibility reduces a firm's efficiency.
D) explains why firms are using their socially responsible actions for competitive advantage.
E) mirrors Carroll's position.
Answer: B
Difficulty: Difficult

Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s contemporary view of social responsibility
AACSB: Ethical Understanding and Reasoning
43) As societal values evolve, it is likely that the ________ responsibilities of today may become
the ________ responsibilities to tomorrow.
A) economic; ethical
B) legal; ethical
C) discretionary; ethical
D) discretionary; economic
E) legal; discretionary
Answer: C
Difficulty: Difficult
Chapter Objective: Compare and contrast Friedman’s traditional view with Carroll’s
contemporary view of social responsibility
AACSB: Reflective Thinking

44) Being socially responsible
A) provides a company with a more positive overall reputation.
B) has opened doors in local communities.
C) has enhanced the company’s reputation with consumers.
D) may have a positive effect on the firm’s financial performance.
E) all of the above
Answer: E
Difficulty: Difficult
Chapter Objective: Understand the relationship between social responsibility and corporate
performance
AACSB: Ethical Understanding and Reasoning

45) Which of the following is NOT one of the examples provided as an organizational benefit
received from being socially responsible?
A) They can attract outstanding employees who prefer working for a socially responsible firm.
B) They are more likely to be welcomed into a foreign country.
C) They are more likely to attract capital infusions from investors who view reputable companies
as desirable long-term investments.
D) They are guaranteed to maximize resource productivity and reduce the average payback
period of investment.
E) Their environmental concerns may enable them to charge premium prices and gain brand
loyalty.
Answer: D
Difficulty: Difficult
Chapter Objective: Understand the relationship between social responsibility and corporate
performance
AACSB: Ethical Understanding and Reasoning