

3. Read the attached article on the following page. Once you have read the article, answer the following questions:

a) Is this story an example of successful Corporate Social Responsibility or failed Corporate Social Responsibility? Explain your answer using direct examples from the article! /5

This is an example of a successful corporate social responsibility, because at the time of the disasters to the company, Aaron Feuerstein decided to stay true to his responsibilities as a CEO, and did the right thing by providing for the thousands that were employed by him, even though it put him in debt. When Malden Mills burned down and put thousands of employees out of jobs, Aaron Feuerstein stepped up, and he fulfilled his corporate social responsibility. Granted, by upholding his CSR, it cost Feuerstein \$140 million in debt, and his position as CEO at Malden Mills, but he did it for the expense of his employees' livelihood, adhering to both the Employee Equity Act, and corporate social responsibility. But at the end, he was simply doing "the right thing."

b) Was there a possible way for Aaron Feuerstein to have avoided major financial challenges while still practicing corporate social responsibility? If so, how? If not, why? /5

There was no clear way for Aaron Feuerstein to avoid major financial challenges, because most of the costs went into rebuilding the Malden Mills, and for such a task to be undertaken, a large amount of funds are required. Aaron had no other options, other than borrow money for the reconstruction and therefore inevitably putting him in debt. It would have been possible to lighten the debt had he not reimbursed the employees of Malden Mills, but in doing this he would have failed to maintain corporate social responsibility. Aaron Feuerstein did the best he could with what he had.