

## Week 9 Solution

**01)** What is civil society? Please select all that apply.

- a. Non-profit-distributing organizations.
- b. Civil society encompasses both public and private organizations.
- c. Involved in the promotion of societal interests, causes and/or goals.
- d. Examples include social enterprises, non-governmental organizations, and religious groups.
- e. Options a, c and d

Answer= e **Feedback:** Civil society encompasses a wide range of actors in the ‘third’ sector, i.e., not active in the state or market sectors.

**02)** Carefully read the following statements about recognizing CSO stakes in business and indicate which of them Crane and Matten would agree with. Please select all that apply.

- a. The boundaries defining which CSOs can reasonably be defined as stakeholders are permeable and evolving, rather than concrete and fixed.
- b. In any given company, the definition of ‘who our stakeholders are’ is a matter of objective observation based on an instrumental approach.
- c. Firms are more likely to recognize and respond to CSOs that are known, trusted, and not too critical.
- d. Companies should not waste their resources listening to and engaging with every organization that takes issue with their policies.
- e. Options a and c

**Answer=e Feedback:** It is not always clear which CSOs can be properly regarded as company stakeholders, not least because the boundaries shift over time. To an extent, companies cannot choose their stakeholders, and it may not be in the firm’s own best interests to simply ignore annoying CSOs that have concerns that appear peripheral to the firm. Having said that, companies do tend to prefer to deal with CSOs that they know and trust, and that are not too critical.

**03)** Boycotts are probably the most widely used form of non-violent direct action. Friedman (1999) suggests a number of purposes that CSOs may have for boycotts: which of the following is **not** one of Friedman's suggestions?

- a. Instrumental boycotts aim to force the target company to change a specific policy.
- b. Catalytic boycotts seek to raise awareness about the company's actions and policies.
- c. Promotional boycotts aim to shift business from one company to the sector's best performer as a means of encouraging weaker companies to change their policies.
- d. Punitive boycotts seek to punish the target company for its actions, actively aiming to cause harm (usually by aiming for significant erosion of sales).
- e. None of the above.

Answer= c **Feedback:** This is not one of the four purposes that Friedman identifies for boycotts. The four are: instrumental (aim for specific policy change), catalytic (raise awareness about actions and policies), expressive (communicate general displeasure with the target), and punitive (punishment for specific action).

**04)** Which of the following statements on global issues and causes would Crane and Matten agree with?

- a. CSOs have been careful to avoid making use of the tools and phenomena that they criticize in globalization.
- b. The civil society challenge to globalization has seen existing NGOs start to shift their focus and concentrate on a range of causes mainly relating to aspects of globalization.
- c. The anti-globalization movement echoes the postmodern take on ethics, with its challenge of society's existing 'grand narratives' and its suggestions for new universal guiding principles.
- d. Global issues raise the prospect of coordinated global attention from international CSOs and multinational corporations.
- e. None of the above.

Answer=d.**Feedback:** Many of the problems that CSOs work on – e.g. climate change – transcend national boundaries. Campaigns therefore need to be scaled up from a national context to a global one if they are to be truly effective. This creates space for CSOs and multinational corporations to work together.

**05)** The degree of interaction between business and CSOs has intensified at the same time as it has increased in scope and incidence. Which of the following do Crane and Matten identify as one of the risks?

- a.** The CSO loses all public trust and legitimacy
- b.** The business may not reap sufficient benefits from the collaboration to justify its continued involvement.
- c.** Corporations co-opt their CSO partners, threatening the independence that makes the CSO sector such an important balance to corporate power.
- d.** CSO partners co-opt the business managers, undermining the company's principal-agent relationship
- e.** All of the above.

**Answer=c Feedback:** This is one of the risks that Crane and Matten identify. The other two kinds of risk that they identify are around power imbalances, and distribution of the benefits of partnerships.

**06)** CSOs have a role to play in encouraging business to promote sustainability, but the relationship is not free of challenges. What do Crane and Matten identify as challenges for business in engaging with CSOs on sustainability? Please select all that apply.

- a.** Deciding on the balance between PR and action in collaborating with CSOs on questions of sustainability.
- b.** Whether and how to sustain civil society through their actions, given CSOs' vital role in encouraging sustainable development.
- c.** Deciding how to balance the competing interests of different CSOs.
- d.** Deciding the extent of community and/or CSO participation in corporate decision-making.
- e.** All options except a.

**Answer= e Feedback:** The three challenges for business they identify are: how best to balance the competing interests of different CSOs; deciding the extent of community and CSO participation in decision-making; and the question of sustaining civil society through their actions, given the importance of civil society to sustainable business.

**07)** According to Friedman (1999), civil society organisations support boycotts due to following reasons:

- a.** Instrumental boycott and Catalytic boycott
- b.** Punitive boycott and Expressive boycott
- c.** Catalytic boycott and Promotional boycott
- d.** Both a and b
- e.** Both b and c

**Answer= d Feedback:** This is not one of the four purposes that Friedman identifies for boycotts. The four are: instrumental (aim for specific policy change), catalytic (raise awareness about actions and policies), expressive (communicate general displeasure with the target), and punitive (punishment for specific action).

**08)** Which of the following statements is/are correct?

- a.** CSOs are profit- maximizing organisations.
- b.** Corporations are self-funding
- c.** The governance of CSOs is based on accountability to providers of capital
- d.** Social-enterprises are non-profit making.
- e.** All of these

**Answer= b Feedback:** Source of funding for social enterprises are self-funding, for CSOs are grants, donations or membership dues and for corporations are self-funding

**09)** An analogy between the analysis of the moral justifiability of the American system and of the international situation falters because of which of the following?

- a.** There is no developed international system.
- b.** There is no developed American system.
- c.** Other nations view America as distinct from the rest of the world.
- d.** America's legacy of isolationism has isolated it from the rest of the world
- e.** None of these

**Answer= a Feedback:** The most striking structural difference between the American system and the system of international business is the paucity on the international level of

background institutions—which include laws and accepted practices, moral norms, and social demands—to control or guide international business.

**10) CSO stakeholder might include:**

- a.** Beneficiaries, Donors, Members, general public
- b.** Employees, Governmental organisations, other CSOs
- c.** Both a and b
- d.** Beneficiaries, Donors, Employees
- e.** General public, Donors, Members

**Answer= c Feedback:** CSOs can be modelled as representative of different stakeholder interests just like that of corporations (Hilhopst 2002). CSO stakeholders might be said to include beneficiaries, donors, members, governmental organisations, other CSOs and general public.