

# BUSINESS, SOCIETY & ETHICS

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## Solving Commitment Problems with CSR

As you read the material for our next class, keep the questions below in mind. To answer these questions you will have to reflect critically on what you have read and possibly re-read important passages. Keep in mind that there are two basic kinds of information that you need to look for in the reading:

1. What are the main points or conclusions that an author accepts with respect to a particular issue?
2. What are the reasons, important considerations, and evidence that lead the author to accept that conclusion?

For our purposes, *it is information of the second sort that will be our primary concern* since our most basic task is to *evaluate the reasons and evidence* that are offered to support accepting one possible conclusion about an issue, rather than another.

Although I strongly suggest that you write out brief answers to these questions, you do not have to turn in written responses. You do, however, need to be prepared to speak intelligently about these issues at our next class meeting.

### Reading

- Robert H. Frank, "Can Socially Responsible Firms Survive in a Competitive Environment?"

### Questions

1. What does Frank mean by "one-shot dilemmas", "commitment problems", and the "prisoner's dilemma"? (Hint: These three concepts have a lot of overlap.)
2. According to Frank, how can a commitment problem be solved?
3. Why does Frank believe that pursuing CSR is like cooperating in a commitment problem where others may be competitive (and "defect")?
4. If taking CSR seriously comes with costs and risks in a competitive environment, why does Frank believe that businesses should still practice CSR?