

Chapter 2—Business Ethics and Social Responsibility

MATCHING

Complete the following using the terms listed.

- a. Securities and Exchange Commission (SEC)
 - b. Occupational Safety and Health Administration (OSHA)
 - c. Sarbanes Oxley
 - d. integrity
 - e. corporate philanthropy
 - f. social responsibility
 - g. business ethics
 - h. sexual harassment
 - i. code of conduct
 - j. conflict of interest
 - k. product liability
 - l. post-conventional stage
 - m. Regulation FD
 - n. whistle-blowing
 - o. discrimination
-
1. A formal statement that defines how an organization expects and requires employees to resolve ethical questions is a(n) _____.

ANS: I

DIF: easy

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

2. Cash contributions, donations of equipment and products, and support of the volunteer efforts of company employees are all examples of _____.

ANS: E

DIF: easy

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25
AACSB: Ethics
BLOOM'S: Knowledge

3. The main federal regulatory agency in setting workplace safety and health standards is the _____.

ANS: B
DIF: easy
LO: 2.4
SECTION: Acting Responsibly to Satisfy Society
PAGE: 22
AACSB: Ethics
BLOOM'S: Knowledge

4. _____ requires publicly traded companies to announce major information to the general public, rather than first disclosing the information to selected investors.

ANS: M
DIF: easy
LO: 2.6
SECTION: Responsibilities to Investors and the Financial Community
PAGE: 28
AACSB: Ethics
BLOOM'S: Knowledge

5. _____ refers to the responsibility of manufacturers for injuries and damages caused by their goods.

ANS: K
DIF: medium
LO: 2.5
SECTION: Responsibilities to Investors and the Financial Community
PAGE: 28
AACSB: Ethics
BLOOM'S: Knowledge

6. Management's acceptance of the obligation to consider profit, consumer satisfaction, and societal well-being of equal value in evaluating the firm's performance is ____.

ANS: F

DIF: easy

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Ethics

BLOOM'S: Knowledge

7. When a publicly traded firm is suspected of unethical or illegal behavior, the ____ will conduct an investigation.

ANS: A

DIF: easy

LO: 2.6

SECTION: Responsibilities to Investors and the Financial Community

PAGE: 28

AACSB: Ethics

BLOOM'S: Knowledge

8. The ____ is a law that protects whistle-blowers who file a lawsuit on behalf of the government if they believe that a company has somehow defrauded the government.

ANS: C

DIF: easy

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 33

AACSB: Ethics

BLOOM'S: Knowledge

9. Having ____ means adhering to deeply felt ethical principles in all business situations.

ANS: D

DIF: easy

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics
BLOOM'S: Knowledge

10. The standards of conduct and moral values governing actions and decisions in the work environment are _____.

ANS: G
DIF: easy
LO: 2.1
SECTION: Concern for Ethical and Societal Issues
PAGE: 32
AACSB: Ethics
BLOOM'S: Knowledge

11. A person in the _____ of ethical development is able to move beyond self-interest and take into account the larger needs of society.

ANS: L
DIF: easy
LO: 2.2
SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Ethics
BLOOM'S: Knowledge

12. The Civil Rights Act (1964) outlaws _____ in the workplace.

ANS: O
DIF: easy
LO: 2.4
SECTION: Acting Responsibly to Satisfy Society
PAGE: 22
AACSB: Ethics
BLOOM'S: Knowledge

13. Inappropriate actions of a sexual nature in the workplace is _____.

ANS: H

DIF: easy
LO: 2.4
SECTION: Acting Responsibly to Satisfy Society
PAGE: 22
AACSB: Ethics
BLOOM'S: Knowledge

14. _____ is an employee's disclosure to company officials, government authorities, or the media of illegal, immoral, or unethical practices of his or her employer.

ANS: N
DIF: easy
LO: 2.3
SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Knowledge

15. A situation where a business decision may be influenced by the potential for personal gain is a(n) _____.

ANS: J
DIF: easy
LO: 2.1
SECTION: Ethical Challenges
PAGE: 19
AACSB: Ethics
BLOOM'S: Knowledge

ESSAY

16. What are business ethics and why are they important?

ANS: Business ethics are standards of conduct and moral values that govern actions and decisions in the work environment. They are important because a company cannot prosper in the long run without considering ethics.

DIF: easy
LO: 2.1

SECTION: Concern for Ethical and Societal Issues

PAGE: 32

AACSB: Ethics

BLOOM'S: Knowledge/Comprehension

17. Describe examples of honesty and integrity violations in the workforce.

ANS: Some people misrepresent their academic credentials and previous work experience on their résumés or job applications. Although it may seem tempting to embellish a résumé in a competitive job market, the act shows a lack of honesty and integrity—and eventually it will catch up with you. A recent news report details how a college football coach resigned after information on his biography was questioned.

Others steal from their employers by taking home supplies or products without permission or by carrying out personal business during the time they are being paid to work. For example, Internet misuse during the work day is increasing. Employees use the Internet for personal shopping, email, gaming, and social networking. This misuse costs U.S. companies an estimated \$85 billion annually in lost productivity.

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Comprehension

18. Describe the factors that influence business ethics.

ANS: An individual's business ethics is shaped by a huge number of factors. Experiences help shape responses to different situations. A person's family, educational, cultural, and religious backgrounds also can play a role, as can the environment within the firm. Ethical climate of the company also plays a role.

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Comprehension

19. How could loyalty versus truth create an ethical dilemma for a businessperson?

ANS: Businesses expect their employees to be loyal and to act in the best interests of the company. An ethical conflict can arise when an individual must decide between loyalty to the company and truthfulness in business relationships.

DIF: medium
LO: 2.1
SECTION: Ethical Challenges
PAGE: 19
AACSB: Ethics
BLOOM'S: Analysis

20. List and briefly describe the three stages of moral and ethical development.

ANS: The three stages of moral and ethical development are pre-conventional, conventional, and post-conventional. In the pre-conventional stage, individuals primarily consider their own needs and desires in making decisions. They obey rules only because they are afraid of the consequences. The next stage is the conventional stage. Individuals are aware of and act in response to their duties to others (family or an organization, for example). Self-interest still plays a role. The final stage is the post-conventional stage. In this stage, the individual is able to move beyond self-interest and take the larger needs of society into account as well.

DIF: hard
LO: 2.2
SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Ethics
BLOOM'S: Knowledge/Comprehension

21. Explain how state and federal laws protect whistle-blowers.

ANS: With the Sarbanes-Oxley Act, an individual can be prosecuted for retaliating against an employee for taking concerns of unlawful conduct to a public official. In addition, private firms must provide procedures for anonymous reporting of accusations.

DIF: hard
LO: 2.3
SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Comprehension

22. What might a company's code of conduct include?

ANS: At the most basic level, a code of conduct may simply specify ground rules for acceptable behavior, such as identifying the laws and regulations that employees must obey. Other companies use their codes of conduct to identify key corporate values and provide frame-

works that guide employees as they resolve moral and ethical dilemmas. Some companies use these to guide employees' online behavior

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Comprehension

23. The development of a corporate culture to support business ethics happens on three levels. Explain each of the three levels.

ANS: Ethical awareness is the foundation of an ethical climate. Employees need help in identifying ethical problems and need guidance in how to respond. Ethical Education involves ethics training programs to provide employees with the tools they need to evaluate ethical dilemmas and arrive at suitable decisions. Ethical leadership charges each employee at every level with the responsibility for being an ethical leader. This principle requires that all employees be personally committed to the company's core values and be willing to base their actions on them.

DIF: hard

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Comprehension

24. Why is ethical leadership so important?

ANS: Without supervisors and managers demonstrating ethical behavior, employees are not as likely to follow a set of ethical standards. An important way for business leaders to demonstrate ethical behavior is to admit when they are wrong and correct their organization's mistakes. Companies where managers set good examples have fewer incidences of unethical behavior, and employees report higher levels of satisfaction.

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Comprehension

25. Is a company responsible for the safety of their workers?

ANS: Yes. A century ago, few businesses paid attention to the safety of their employees. The result was that factory workers, even young children, worked in dangerous conditions. In 1911, a fire at the Triangle Shirtwaist Factory in New York City killed 146 people. This tragedy was the impetus of establishing safer workplaces. Now, workplace safety is regulated by the Occupational Safety and Health Administration (OSHA). OSHA investigates workplace accidents and fines employers who are found liable for deaths on the job.

DIF: medium

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society

PAGE: 22

AACSB: Ethics

BLOOM'S: Knowledge

26. Who is affected by age discrimination?

ANS: Age discrimination affects employees who are age 40 or older. Some companies prefer to hire young workers, since they require a lower salary and fewer medical bills than older workers. However, many older workers have training and skills that younger workers lack. In addition, they often have more enthusiasm for their work. The Age Discrimination in Employment Act of 1967 (ADEA) protects individuals 40 and older from discrimination based on age.

DIF: medium

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society

PAGE: 22

AACSB: Ethics

BLOOM'S: Knowledge

27. Explain how General Mills practices social responsibility.

ANS: General Mills contributes to the Susan G. Komen for the Cure, a foundation dedicated to curing breast cancer. The company donates money through sales of its Yoplait yogurt line. Yoplait targets health-conscious women, a group that is likely to become involved with the foundation's fund-raising efforts. General Mills' other brands also support nationwide initiatives in education, family, and community improvement projects.

DIF: medium

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Ethics

BLOOM'S: Application

28. What are the objectives of the consumerism movement?

ANS: Consumerism refers to the movement calling for businesses to consider the needs of consumers when making decisions. President Kennedy summarized many of the ideals of the consumerism movement in a speech in which he listed four basic consumer rights: the right to safety, the right to be informed, the right to choose, and the right to be heard.

DIF: medium

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Analytic

BLOOM'S: Knowledge

29. Explain product liability and briefly describe what this means in terms of social responsibility.

ANS: Product liability refers to the responsibility of manufacturers for injuries and damages caused by their products. Items that lead to injuries, either directly or indirectly, can have disastrous consequences for their makers.

Many companies put their products through rigorous testing to avoid safety problems. Still, testing alone cannot foresee every eventuality. Companies must try to consider all possibilities and provide adequate warning of potential dangers.

DIF: medium

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Ethics

BLOOM'S: Comprehension

30. Explain how the Food and Drug Administration (FDA) promotes the consumers' right to be informed.

ANS: The Food and Drug Administration (FDA), which sets standards for advertising conducted by drug manufacturers, eased restrictions for prescription drug advertising on television. In print ads, drug makers are required to spell out potential side effects and the proper uses of prescription drugs. Because of the requirement to disclose this information, prescription drug television advertising was limited. Now, however, the FDA says drug ads on radio and television can directly promote a prescription drug's benefits if they provide a quick

way for consumers to learn about side effects, such as displaying a toll-free number or Internet address.

DIF: medium

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Diversity

BLOOM'S: Comprehension

31. Why do investors expect a firm to act ethically and exhibit social responsibility?

ANS: Even though the primary purpose of a firm is to make a profit, investors also expect the firm to act ethically, as well as legally, and exhibit social responsibility. Investors know that the failure of a firm to act ethically, legally, or without a sense of social responsibility can result in substantial monetary losses to investors. For instance, ethical or legal problems can cause a sudden and substantial drop in a company's stock price.

DIF: medium

LO: 2.6

SECTION: Responsibilities to Investors and the Financial Community

PAGE: 28

AACSB: Ethics

BLOOM'S: Comprehension

32. Explain how state and federal agencies carry out their responsibilities of protecting investors from financial misdeeds. Include examples of specific organizations and agencies.

ANS: At the federal level, the Securities and Exchange Commission (SEC) investigates suspicions of unethical or illegal behavior by publicly traded firms. It investigates accusations that a business is using faulty accounting practices to inaccurately portray its financial resources and profits to investors. Regulation FD ("Fair Disclosure") is an SEC rule that requires publicly traded companies to announce major information to the general public, rather than first disclosing the information to selected major investors. The agency also operates an Office of Internet Enforcement to target fraud in online trading and online sales of stock by unlicensed sellers.

DIF: medium

LO: 2.6

SECTION: Responsibilities to Investors and the Financial Community

PAGE: 28

AACSB: Ethics

BLOOM'S: Comprehension

MULTIPLE CHOICE

33. During a meeting with government regulators, Nicole voluntarily points out a potential problem with a new product her company is testing. Nicole has shown _____.
- a. honesty
 - b. loyalty
 - c. truthfulness
 - d. integrity

ANS: D

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

34. A company removes a profitable product from the market because it may be dangerous. This company is demonstrating _____.
- a. ethical behavior
 - b. green marketing
 - c. conflict of interest
 - d. social welfare

ANS: A

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

35. Bob takes responsibility for an error made by his assistant on a project. Bob has shown _____.
- a. loyalty
 - b. honesty
 - c. integrity
 - d. truthfulness

ANS: C

DIF: easy

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

36. Business ethics begins with _____.

- a. a firm's investors
- b. the individual employee
- c. the government
- d. a firm's customers

ANS: B

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

37. Embellishing your résumé shows a lack of _____ and _____.

- a. honesty and loyalty
- b. honesty and integrity
- c. integrity and loyalty
- d. competence and loyalty

ANS: B

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

38. Sofia is an investment advisor and wants to recommend a stock she happens to own. How should Sofia best deal with this potential conflict of interest?

- a. She should not make the recommendation.

- b. She should make a negative recommendation.
- c. She should make a positive recommendation and then sell the stock.
- d. She should disclose the fact that she owns the stock while making the recommendation.

ANS: D

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

39. _____ goes beyond truthfulness.

- a. Honesty
- b. Loyalty
- c. Integrity
- d. Competence

ANS: C

DIF: easy

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

40. Tanisha is a diabetes educator at a local clinic. Recently, she was offered a lavish trip by a sales representative who has been pushing the clinic to use his company's diabetes supplies. Tanisha declined the gift. Which ethical challenge did she face?

- a. whistle-blowing
- b. honesty and integrity
- c. cultural consequences
- d. conflict of interest

ANS: D

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

41. Businesses have responsibilities to _____.
a. investors and customers
b. investors, customers, employees, and society
c. investors, customers, and employees
d. investors only

ANS: B

DIF: easy

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

42. Harold knows of a defect in a product his company sells. He will disclose the defect but only if the customer specifically asks about it. Harold's _____ could be called into question.
a. whistle-blowing
b. integrity
c. loyalty
d. truthfulness

ANS: B

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

43. How should a businessperson deal with a conflict of interest?
a. ignore it
b. send an email to his/her manager
c. disclose it or avoid it
d. report it only to close friends

ANS: C

DIF: easy

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19
AACSB: Ethics
BLOOM'S: Knowledge

44. Which of the following statements best justifies why a company should act in an ethical manner?
- a. The government will take action if a firm fails to act ethically.
 - b. Acting ethically always maximizes profits in the short run.
 - c. Acting ethically will help a company to prosper in the long run.
 - d. The right thing to do is always the least expensive alternative.

ANS: C
DIF: medium
LO: 2.1
SECTION: Ethical Challenges
PAGE: 19
AACSB: Ethics
BLOOM'S: Knowledge

45. Outside auditors are examining your company's financial records. You know there may be an error and will tell them about it but only if they ask. They do not ask. In this scenario, your _____ could be questioned.
- a. integrity
 - b. social responsibility
 - c. truthfulness
 - d. loyalty

ANS: A
DIF: medium
LO: 2.1
SECTION: Ethical Challenges
PAGE: 19
AACSB: Ethics
BLOOM'S: Knowledge

46. Businesses should _____.
- a. do what is right regardless of profits
 - b. find the balance between doing what is right and what is profitable
 - c. do whatever is profitable
 - d. do whatever is in the company's best interests

ANS: B

DIF: easy

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

47. Your supervisor asks you to conceal information from outside auditors examining the company's financial records. What is your ethical challenge?
- a. loyalty versus truth
 - b. conflict of interest
 - c. honesty and integrity
 - d. You have no ethical challenge.

ANS: A

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

48. Mica learns that her company is secretly dumping untreated waste into the city sewer systems, and she informs the local EPA office. All of the following describe Mica's ethical situation EXCEPT:
- a. She is acting as a whistle-blower.
 - b. She has a conflict of interest.
 - c. She is showing integrity.
 - d. She is showing loyalty.

ANS: D

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

49. Which of the following statements is correct?
- a. Doing what is right can sometimes be difficult.
 - b. Setting ethical standards is always clear-cut.
 - c. Social and ethical problems affect only a few companies.
 - d. Setting ethical standards is easy.

ANS: A

DIF: easy

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

50. In today's business environment, who can make the difference in ethical expectations and behavior?
- a. everyone
 - b. no one
 - c. only top-level managers
 - d. only the CEO

ANS: A

DIF: easy

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

51. Despite the recession, the ethical climate seems to be _____.
- a. declining
 - b. staying the same
 - c. improving
 - d. becoming less confusing

ANS: C

DIF: easy

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

52. Individuals who focus only on their own interests when making decisions are at the _____ stage of ethical development.
- a. Pre-conventional
 - b. conventional
 - c. post-conventional
 - d. concentrations

ANS: A

DIF: easy

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

53. Which of the following is not a minimum requirement for ethics compliance programs?
- a. high-level personnel responsible for compliance
 - b. government regulation
 - c. consistent enforcement
 - d. consistent improvement

ANS: D

DIF: medium

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

54. Roberto decides not to cheat on his exam because he fears he will be caught and receive no credit if he is caught. In which stage of ethical development is Roberto?
- a. Post-conventional
 - b. Pre-conventional
 - c. traditional
 - d. conventional

ANS: B

DIF: medium

LO: 2.2

SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Ethics
BLOOM'S: Knowledge

55. Technology has _____ ethical issues.
- a. expanded the range of
 - b. reduced the range of
 - c. made little difference on the range of
 - d. eliminated most

ANS: A
DIF: easy
LO: 2.2
SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Ethics
BLOOM'S: Knowledge

56. Which of the following is not a factor in determining an individual's ethical development?
- a. experiences
 - b. religion
 - c. culture
 - d. social audit

ANS: D
DIF: medium
LO: 2.2
SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Communication
BLOOM'S: Knowledge

57. Jeffrey Wigand, a former executive of Brown & Williamson who exposed his company's practice of intentionally manipulating the effect of nicotine in cigarettes on the CBS news program *60 Minutes*, had moved beyond self-interest and company duty to which stage of individual ethics?
- a. Pre-conventional
 - b. Post-conventional
 - c. conflict of interest

- d. conventional

ANS: B

DIF: medium

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

58. Many people rationalize unethical acts because they _____.
- a. feel pressured on their jobs to meet performance goals
 - b. know they can get away with it
 - c. have no personal or moral values
 - d. are fundamentally unethical

ANS: A

DIF: medium

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

59. When an individual moves beyond his or her own needs and desires and takes the needs of society into consideration when making decisions, in which stage of ethical development is this individual?
- a. Pre-conventional
 - b. conventional
 - c. post-conventional
 - d. traditional

ANS: C

DIF: medium

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

60. Sean avoids using his office computer for personal use, even though his company does not have a specific policy forbidding it. Sean is at the _____ stage of ethical development.
- a. Pre-conventional
 - b. concentrations
 - c. post-conventional
 - d. conventional

ANS: D

DIF: medium

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

61. Al makes a point of turning off the lights in his office when he is not using it because it saves his company money and saves energy for the environment. Which stage of ethical development is Al in?
- a. conventional
 - b. post-conventional
 - c. pre-conventional
 - d. traditional

ANS: B

DIF: medium

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

62. If an individual follows personal principles for resolving ethical dilemmas and considers personal, group, and societal interests, he or she is at the _____ stage of ethical development.
- a. Pre-conventional
 - b. conventional
 - c. post-conventional
 - d. concentrations

ANS: C

DIF: easy

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

63. Linda does not make personal long-distance phone calls at work because it will cost her employer money. Which stage of ethical development is Linda in?
- a. conventional
 - b. traditional
 - c. post-conventional
 - d. pre-conventional

ANS: A

DIF: medium

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

64. Brianna focuses on her duty to family and work and bases her actions on the expectations of various groups in her life. At which stage of individual ethics is Brianna?
- a. Post-conventional
 - b. code of conduct
 - c. conventional
 - d. pre-conventional

ANS: C

DIF: medium

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

65. The _____ of a coffee-growing company include its employees, customers, suppliers, and the community members where the company is located.
- a. social responsibility
 - b. corporate philanthropy
 - c. social audit

d. stakeholders

ANS: D

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

66. The sales manager decides to double each salesperson's monthly quota. What impact is this action likely to have on the company's ethical climate?

- a. It will improve.
- b. It will remain the same.
- c. It will deteriorate.
- d. Not enough information is provided to determine the effect.

ANS: C

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

67. Which of the following is not an example of unethical or illegal acts in the workplace?

- a. misreporting time on the job
- b. Internet abuse
- c. whistle-blowing
- d. safety violations

ANS: C

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

68. _____ are responsible for conducting employee training programs that help spot potential fraud and abuse within a firm.
- a. Department supervisors
 - b. Ethics compliance officers
 - c. Human Resource managers
 - d. Social behaviorists

ANS: B

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

69. Mike was a foreman at Hi-Way Construction and discovered his company was deliberately using faulty materials for a project. Although Mike was worried about his family's financial security if he lost his job, he went to authorities and informed them of the potentially dangerous construction. Mike's action is called _____.
- a. ethical compliance
 - b. whistle-blowing
 - c. ethical allegations
 - d. good intentions

ANS: B

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

70. Development of a corporate culture to support business ethics occurs on each of the following levels EXCEPT ethical _____.
- a. success
 - b. awareness
 - c. education
 - d. leadership

ANS: A

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

71. _____ requires that firms in the private sector provide procedures for anonymous reporting of accusations of fraud.
- a. Americans with Disabilities Act
 - b. Sarbanes-Oxley Act
 - c. Consumer Rights Act
 - d. Title VII

ANS: B

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

72. The current ethical environment of business also includes the appointment of new corporate officers specifically charged with _____ wrongdoing and ensuring that ethical standards are met.
- a. Eliminating
 - b. Deterring
 - c. Avoiding
 - d. Dealing with

ANS: B

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

73. Which of the following can improve ethical reasoning in a company?
- a. whistle-blowing
 - b. practical training sessions

- c. mission statement
- d. organizational culture

ANS: B

DIF: easy

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

74. A formal statement that defines how the organization expects and requires employees to resolve ethical questions is _____.
- a. social responsibility statement
 - b. an organizational culture
 - c. a code of conduct
 - d. an ethical environmental statement

ANS: C

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

75. Jack Welch, former CEO of General Electric, is respected in business circles for focusing his company on the welfare of its customers and investors, and for ensuring GE would thrive in the long run. This type of environment is an example of ethical _____.
- a. action
 - b. reasoning
 - c. awareness
 - d. leadership

ANS: D

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

76. After meeting with employees, a manager realizes she has set performance goals unrealistically high for her department's employees. If she makes employee performance goals more realistic, what will likely happen to the department's ethical climate?
- a. It will stay about the same.
 - b. It will improve.
 - c. Not enough information is provided to determine the effect.
 - d. It will deteriorate.

ANS: B

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

77. Ethical _____ charges each employee personally to uphold the company's core values and be willing to base their actions on them.
- a. leadership
 - b. awareness
 - c. action
 - d. reasoning

ANS: A

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

78. Which of the following would be LEAST likely to be a factor in evaluating a firm's social performance?
- a. providing a safe, healthy workplace
 - b. respecting the cultural diversity of employees
 - c. holding company-sponsored social events
 - d. producing safe, high-quality products

ANS: C

DIF: easy

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society

PAGE: 22

AACSB: Ethics

BLOOM'S: Knowledge

79. Which federal agency is responsible for setting workplace health and safety standards?

- a. FCC
- b. FDA
- c. FTC
- d. OSHA

ANS: D

DIF: easy

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society

PAGE: 22

AACSB: Analytic

BLOOM'S: Knowledge

80. All of the following are current social issues related to business's responsibilities to employees EXCEPT _____.

- a. sexual harassment
- b. discrimination against workers over 40 years of age
- c. discrimination against workers under 40 years of age
- d. quality of life issues

ANS: C

DIF: medium

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society

PAGE: 22

AACSB: Ethics

BLOOM'S: Knowledge

81. Matt was diagnosed with a serious illness that requires aggressive treatment. Because his company employs 50 or more people, it must allow Matt up to 12 weeks unpaid time off in one year, as granted by the _____.

- a. Family and Medical Leave Act
- b. Equal Employment Opportunity Commission

- c. Occupational Safety and Health Administration
- d. Vocational Rehabilitation Act

ANS: A

DIF: easy

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society

PAGE: 22

AACSB: Ethics

BLOOM'S: Knowledge

82. All of the following groups are specifically identified by federal equal employment opportunity laws EXCEPT _____.
- a. women
 - b. obese persons
 - c. people with disabilities
 - d. people over age 40

ANS: B

DIF: medium

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society

PAGE: 22

AACSB: Ethics

BLOOM'S: Knowledge

83. Rene's boss has offered him a raise if Rene agrees to spend the night with her. This is an example of:
- a. social responsibility
 - b. sexual harassment
 - c. sexism
 - d. whistle-blowing

ANS: B

DIF: medium

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society

PAGE: 22

AACSB: Ethics

BLOOM'S: Knowledge

84. On average, women with a college degree earn less money than men with a college degree. This is an example of:
- a. social responsibility
 - b. sexual harassment
 - c. sexism
 - d. whistle-blowing

ANS: C

DIF: medium

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society

PAGE: 22

AACSB: Diversity

BLOOM'S: Knowledge

85. Companies that adhere to high ethical standards _____.
- a. often make poorer investments in the long run
 - b. always make higher profits
 - c. often make better investments in the long run
 - d. always make lower profits

ANS: C

DIF: medium

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society

PAGE: 22

AACSB: Ethics

BLOOM'S: Knowledge

86. Businesses exercise social responsibility for all of the following reasons EXCEPT _____.
- a. stakeholders expect it
 - b. profits are guaranteed
 - c. the company's image is enhanced
 - d. management believes it is the ethical course of action

ANS: B

DIF: medium

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Ethics
BLOOM'S: Knowledge

87. When Target donates 5 percent of its federally taxable income to nonprofit groups, the company is highlighting its _____.
- a. social responsibility
 - b. code of conduct
 - c. social audit
 - d. business ethics

ANS: A
DIF: medium
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Ethics
BLOOM'S: Knowledge

88. Reprocessing used materials so that they can be reused is known as _____.
- a. rotation
 - b. conversation
 - c. recycling
 - d. ecology

ANS: C
DIF: easy
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Ethics
BLOOM'S: Knowledge

89. Timberland Company allows its employees to take paid six-month sabbatical leaves to work for nonprofit organizations. This is an example of _____.
- a. corporate philanthropy
 - b. green marketing
 - c. whistle-blowing
 - d. consumerism

ANS: A

DIF: medium
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Ethics
BLOOM'S: Knowledge

90. When management considers social and economic issues in decision making, the company is practicing _____.
- a. business ethics
 - b. consumerism
 - c. social responsibility
 - d. social welfare

ANS: C
DIF: easy
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Ethics
BLOOM'S: Knowledge

91. All of the following are examples of corporate philanthropy EXCEPT _____.
- a. supporting the local public radio station
 - b. sponsoring a Red Cross blood drive
 - c. paying local property taxes
 - d. giving employees release time to participate in volunteer activities

ANS: C
DIF: medium
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Ethics
BLOOM'S: Knowledge

92. The doctrine of "the right to be heard" would be best reflected by _____.
- a. product safety
 - b. disclosure of true annual interest rates on revolving charge accounts
 - c. disclosure of sodium content on labels of processed foods

- d. a firm establishing a consumer appeals board

ANS: D

DIF: easy

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Ethics

BLOOM'S: Knowledge

93. Consumer Rights include all of the following EXCEPT the right to _____.

- a. boycott
- b. choose
- c. be heard
- d. be informed

ANS: A

DIF: easy

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Analytic

BLOOM'S: Knowledge

94. According to _____ standards, when a drug company purchases a television ad, the company is required to describe potential side effects of the drug, or at least provide a phone number or Web site address for additional information.

- a. Occupational Safety and Health Administration (OSHA)
- b. Food and Drug Administration (FDA)
- c. Consumer Compliance
- d. Securities and Exchange Commission (SEC)

ANS: B

DIF: medium

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Ethics

BLOOM'S: Knowledge

95. Which federal agency is responsible for ensuring the safety of prescription drugs?
- a. FDA
 - b. FTC
 - c. SEC
 - d. Federal Communications Commission (FCC)

ANS: A

DIF: easy

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Ethics

BLOOM'S: Knowledge

96. The public demand that businesses give proper consideration to consumer wants and needs in making its decisions is known as _____.
- a. conservation
 - b. political activism
 - c. ethics
 - d. consumerism

ANS: D

DIF: easy

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Ethics

BLOOM'S: Knowledge

97. At the federal level, the _____ investigates suspicions of unethical or illegal behavior by publicly traded firms.
- a. SEC
 - b. EEOC
 - c. FDA
 - d. OSHA

ANS: A

DIF: easy

LO: 2.6

SECTION: Responsibilities to Investors and the Financial Community

PAGE: 28

AACSB: Ethics

BLOOM'S: Knowledge

98. Regulation FD ("Fair Disclosure") is an SEC rule that:
- a. requires publicly traded companies to announce major financial information to major investors first
 - b. requires privately traded companies to announce major financial information to minor investors first
 - c. requires publicly traded companies to announce major financial information to the general public first
 - d. penalizes companies for announcing any major financial information

ANS: C

DIF: medium

LO: 2.6

SECTION: Responsibilities to Investors and the Financial Community

PAGE: 28

AACSB: Ethics

BLOOM'S: Knowledge

99. Which of the following is a rule set up by the Sarbanes-Oxley Act of 2002?
- a. Companies must fire employees who waste time and resources
 - b. Employees who don't report unethical behavior among co-workers will be fired
 - c. Companies are required to develop a code of ethics
 - d. Companies are required to publish their code of ethics

ANS: D

DIF: easy

LO: 2.6

SECTION: Responsibilities to Investors and the Financial Community

PAGE: 28

AACSB: Ethics

BLOOM'S: Knowledge

TRUE/FALSE

100. A conflict of interest exists when a person is faced with a decision in which an action will harm one individual or group while benefiting another.

ANS: T
DIF: easy
LO: 2.1
SECTION: Ethical Challenges
PAGE: 19
AACSB: Ethics
BLOOM'S: Knowledge

101. Employees should always be loyal, regardless of the situation.

ANS: F
DIF: medium
LO: 2.1
SECTION: Ethical Challenges
PAGE: 19
AACSB: Ethics
BLOOM'S: Knowledge

102. Developing a close personal relationship with a client or supplier is only a conflict of interest if others find out about the relationship.

ANS: F
DIF: medium
LO: 2.1
SECTION: Ethical Challenges
PAGE: 19
AACSB: Ethics
BLOOM'S: Knowledge

103. Truthfulness is more significant than integrity.

ANS: F
DIF: easy
LO: 2.1
SECTION: Ethical Challenges
PAGE: 19
AACSB: Ethics
BLOOM'S: Knowledge

104. Adhering to deeply felt ethical principles in business situations is known as loyalty.

ANS: F

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

105. The only safe way to handle a potential conflict of interest is to avoid situations in which one might occur.

ANS: F

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

106. Loyalty and honesty often conflict with one another in the business world.

ANS: T

DIF: easy

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics

BLOOM'S: Knowledge

107. An advertising agency representing two companies that compete with one another has an obvious conflict of interest.

ANS: T

DIF: medium

LO: 2.1

SECTION: Ethical Challenges

PAGE: 19

AACSB: Ethics
BLOOM'S: Knowledge

108. Social and ethical issues are a bigger concern in smaller companies than larger companies

ANS: F
DIF: easy
LO: 2.1
SECTION: Ethical Challenges
PAGE: 19
AACSB: Ethics
BLOOM'S: Knowledge

109. Social responsibility is a concept that pertains only to small businesses.

ANS: F
DIF: easy
LO: 2.1
SECTION: Concern for Ethical and Societal Issues
PAGE: 32
AACSB: Ethics
BLOOM'S: Knowledge

110. Ethical corporations consider first and foremost what is profitable.

ANS: F
DIF: medium
LO: 2.1
SECTION: Concern for Ethical and Societal Issues
PAGE: 32
AACSB: Ethics
BLOOM'S: Knowledge

111. Fundamentally, a business is responsible for customers, employees, investors, and the community alike.

ANS: T
DIF: medium

LO: 2.1
SECTION: Concern for Ethical and Societal Issues
PAGE: 32
AACSB: Ethics
BLOOM'S: Knowledge

112. Companies that put profits ahead of safety are using a stakeholder model of business ethics.

ANS: F
DIF: medium
LO: 2.1
SECTION: Concern for Ethical and Societal Issues
PAGE: 32
AACSB: Ethics
BLOOM'S: Knowledge

113. Businesses must find a balance between doing what is right and doing what is profitable.

ANS: T
DIF: easy
LO: 2.1
SECTION: Concern for Ethical and Societal Issues
PAGE: 32
AACSB: Ethics
BLOOM'S: Knowledge

114. Individual employees have a major influence over ethical expectations and behavior.

ANS: T
DIF: easy
LO: 2.2
SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Ethics
BLOOM'S: Knowledge

115. An individual employee acting ethically will have little influence on his or her coworkers.

ANS: F
DIF: medium
LO: 2.2
SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Ethics
BLOOM'S: Knowledge

116. Technology has helped decrease unethical behavior exhibited by businesses.

ANS: F
DIF: easy
LO: 2.2
SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Technology
BLOOM'S: Knowledge

117. Some employees rationalize questionable or unethical behavior by saying, "Everyone does it."

ANS: T
DIF: easy
LO: 2.2
SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Ethics
BLOOM'S: Knowledge

118. The highest level of ethical and moral behavior is known as the postconventional stage.

ANS: T
DIF: easy
LO: 2.2
SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Ethics
BLOOM'S: Knowledge

119. Some people engage in activities that are contrary to their personal and moral values because they feel pressured on their jobs.

ANS: T

DIF: easy

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

120. Individuals at the same stage of ethical development always adopt the same style for resolving ethical dilemmas.

ANS: F

DIF: medium

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

121. Pre-conventional behavior is the term used to describe an employee's disclosure to the media or government authorities of illegal, immoral, or unethical practices of the organization.

ANS: F

DIF: easy

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

122. Sara refrains from "padding" her expense account because it will hurt the company. Sara is at the pre-conventional stage of moral and ethical development.

ANS: F

DIF: medium

LO: 2.2
SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Ethics
BLOOM'S: Knowledge

123. Jorge is a lawyer whose work habits help his company, as well as society in general. Jorge is at the post-conventional stage of moral and ethical development.

ANS: T
DIF: medium
LO: 2.2
SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Ethics
BLOOM'S: Knowledge

124. Successful managers are often able to discover that there is a clear-cut answer between what's right and what's wrong.

ANS: F
DIF: easy
LO: 2.2
SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Ethics
BLOOM'S: Knowledge

125. On-the-job ethical dilemmas are common.

ANS: T
DIF: medium
LO: 2.2
SECTION: The Contemporary Ethical Environment
PAGE: 20
AACSB: Ethics
BLOOM'S: Knowledge

126. Employers expect employees to generally act in the best interests of the organization.

ANS: T

DIF: medium

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

127. Organizations that emphasize truthfulness will consistently refrain from disclosing false information.

ANS: F

DIF: easy

LO: 2.2

SECTION: The Contemporary Ethical Environment

PAGE: 20

AACSB: Ethics

BLOOM'S: Knowledge

128. An employee who "goes public" with evidence of improper actions by his or her employer is known as a whistle-blower.

ANS: T

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

129. Teresa discovered unlawful conduct at her company and notified authorities. Under the Sarbanes-Oxley Act of 2002, anyone who retaliates against Teresa can be prosecuted.

ANS: T

DIF: easy

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics
BLOOM'S: Knowledge

130. Codes of conduct are playing an increasingly important role in business ethics.

ANS: T
DIF: easy
LO: 2.3
SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Knowledge

131. Loyal employees would never be whistle-blowers.

ANS: F
DIF: medium
LO: 2.3
SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Knowledge

132. The Sarbanes-Oxley Act aims to punish corporate fraud and corruption.

ANS: T
DIF: easy
LO: 2.3
SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Knowledge

133. Whistle-blowing can be effective with the cooperation of higher level managers.

ANS: T
DIF: medium
LO: 2.3

SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Knowledge

134. Every organization must have a code of conduct.

ANS: F
DIF: easy
LO: 2.3
SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Knowledge

135. A code of conduct is a formal document that must be printed.

ANS: F
DIF: easy
LO: 2.3
SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Knowledge

136. If companies provide a code of conduct and ethical training, there is no need to hire a compliance officer or to provide an anonymous employee hotline to report unethical behavior they have witnessed.

ANS: F
DIF: medium
LO: 2.3
SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Knowledge

137. The Sarbanes-Oxley Act requires companies that have a code of ethics to publish them.

ANS: T
DIF: medium
LO: 2.3
SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Knowledge

138. One of the first steps in the establishment of sound business ethics is to help employees identify ethical problems when they occur.

ANS: T
DIF: easy
LO: 2.3
SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Knowledge

139. "Maintaining an atmosphere of cultural integrity" is an example of something that might be found in a company's code of conduct.

ANS: T
DIF: easy
LO: 2.3
SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Knowledge

140. A code of conduct is part of the ethical awareness stage of ethical development.

ANS: T
DIF: easy
LO: 2.3
SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Knowledge

141. Many ethical dilemmas involve gray areas that may require individuals to sort through several courses of actions, each with its own set of consequences.

ANS: T

DIF: easy

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

142. A manager who doubles employee performance goals every quarter most likely will see an increase in the number of ethically questionable actions by employees.

ANS: T

DIF: medium

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

143. There are times when managers and supervisors will be unable to practice the behaviors outlined in the code of conduct.

ANS: F

DIF: easy

LO: 2.3

SECTION: How Organizations Shape Ethical Conduct

PAGE: 21

AACSB: Ethics

BLOOM'S: Knowledge

144. A company's CEO alone determines the ethical climate of the business.

ANS: F

DIF: easy

LO: 2.3
SECTION: How Organizations Shape Ethical Conduct
PAGE: 21
AACSB: Ethics
BLOOM'S: Knowledge

145. Managers who practice social responsibility still realize the larger importance in considering profits.

ANS: F
DIF: medium
LO: 2.4
SECTION: Acting Responsibly to Satisfy Society
PAGE: 22
AACSB: Ethics
BLOOM'S: Knowledge

146. The primary social responsibility of a company is to its customers.

ANS: F
DIF: easy
LO: 2.4
SECTION: Acting Responsibly to Satisfy Society
PAGE: 22
AACSB: Ethics
BLOOM'S: Knowledge

147. External groups often conduct their own evaluations of businesses, but firms typically ignore these reports in favor of internal evaluations.

ANS: F
DIF: medium
LO: 2.4
SECTION: Acting Responsibly to Satisfy Society
PAGE: 22
AACSB: Ethics
BLOOM'S: Knowledge

148. Formally stating that employees must not discriminate on the basis of race, gender, or age in their dealings with customers is something that could be found in a company code of conduct.

ANS: T

DIF: medium

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society

PAGE: 22

AACSB: Ethics

BLOOM'S: Knowledge

149. Companies are being judged for their interactions within their communities more than ever before.

ANS: T

DIF: medium

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society

PAGE: 22

AACSB: Ethics

BLOOM'S: Knowledge

150. The Occupational Safety and Health Administration (OSHA) sets standards for workplace safety and investigates workplace accidents.

ANS: T

DIF: medium

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society

PAGE: 22

AACSB: Ethics

BLOOM'S: Knowledge

151. Most professional job positions in developed countries prefer to hire applicants with college degrees.

ANS: T

DIF: easy

LO: 2.4

SECTION: Acting Responsibly to Satisfy Society
PAGE: 22
AACSB: Ethics
BLOOM'S: Knowledge

152. An employee who has recently become a foster parent is eligible for family leave.

ANS: T
DIF: easy
LO: 2.4
SECTION: Acting Responsibly to Satisfy Society
PAGE: 22
AACSB: Ethics
BLOOM'S: Knowledge

153. Solving family crises and caring for elderly parents are considered quality of life issues.

ANS: T
DIF: easy
LO: 2.4
SECTION: Acting Responsibly to Satisfy Society
PAGE: 22
AACSB: Ethics
BLOOM'S: Knowledge

154. The Equal Employment Opportunity Commission (EEOC) was created to fight age discrimination in the workplace.

ANS: F
DIF: easy
LO: 2.4
SECTION: Acting Responsibly to Satisfy Society
PAGE: 22
AACSB: Analytic
BLOOM'S: Knowledge

155. Product liability protects the reputation of consumers against consumer allegations.

ANS: F
DIF: easy
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Analytic
BLOOM'S: Knowledge

156. Employers have a responsibility to their employees to provide a safe working environment.

ANS: T
DIF: easy
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Analytic
BLOOM'S: Knowledge

157. The Equal Employment Opportunity Commission is beginning to focus on individual situations rather than systemic discrimination.

ANS: F
DIF: medium
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Diversity
BLOOM'S: Knowledge

158. There are more male victims of sexual harassment than females.

ANS: F
DIF: easy
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Analytic
BLOOM'S: Knowledge

159. Sexual harassment is divided into two categories: pressure to comply with unwelcome advances for job security and a hostile work environment.

ANS: T

DIF: medium

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: ethics

BLOOM'S: Knowledge

160. Corporations often neglect to consider that electric products are extremely recyclable.

ANS: F

DIF: easy

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Analytic

BLOOM'S: Knowledge

161. Starbucks' efforts to go green with recyclable cups is an example of social responsibility.

ANS: T

DIF: medium

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Ethics

BLOOM'S: Knowledge

162. Corporate philanthropy is the belief that businesses should put the needs of society over the needs of managers and employees.

ANS: F

DIF: easy

LO: 2.5

SECTION: Ethical Responsibilities to the General Public

PAGE: 25

AACSB: Ethics
BLOOM'S: Knowledge

163. Helping employees stop smoking is an example of a social responsibility revolving around public health.

ANS: T
DIF: easy
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Ethics
BLOOM'S: Knowledge

164. Paying corporate taxes is an example of corporate philanthropy.

ANS: F
DIF: medium
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Ethics
BLOOM'S: Knowledge

165. Environmental issues are more of a social concern for government organizations.

ANS: F
DIF: easy
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Ethics
BLOOM'S: Knowledge

166. Consumerism is the public demand that a business consider the wants and needs of its customers in making decisions

ANS: T

DIF: easy
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Analytic
BLOOM'S: Knowledge

167. Hewlett-Packard's use of new and recycled plastics in the manufacture of its scanners is an example of acting responsibly to satisfy societal demands.

ANS: T
DIF: easy
LO: 2.5
SECTION: Ethical Responsibilities to the General Public
PAGE: 25
AACSB: Ethics
BLOOM'S: Knowledge

168. Under the Security and Exchange Commission (SEC), publicly traded companies are required to announce major information to the general public, rather than first disclosing the information to selected major investors.

ANS: T
DIF: easy
LO: 2.6
SECTION: Responsibilities to Investors and the Financial Community
PAGE: 28
AACSB: Ethics
BLOOM'S: Knowledge

169. Investors are generally unconcerned with whether a company is behaving ethically; instead, they only focus on whether or not it is making a profit.

ANS: F
DIF: easy
LO: 2.6
SECTION: Responsibilities to Investors and the Financial Community
PAGE: 28
AACSB: Ethics
BLOOM'S: Knowledge

170. The principal federal agency responsible for protecting investors from financial misdeeds is the Federal Trade Commission.

ANS: F

DIF: easy

LO: 2.6

SECTION: Responsibilities to Investors and the Financial Community

PAGE: 28

AACSB: Ethics

BLOOM'S: Knowledge

171. Ethical standards are not proven to affect a company's stock prices.

ANS: F

DIF: medium

LO: 2.6

SECTION: Responsibilities to Investors and the Financial Community

PAGE: 28

AACSB: Ethics

BLOOM'S: Knowledge

172. The U.S. Sentencing Commission was created to protect employees who claim that they were unaware of ethical violations that they were accused of committing.

ANS: F

DIF: medium

LO: 2.6

SECTION: Responsibilities to Investors and the Financial Community

PAGE: 28

AACSB: Ethics

BLOOM'S: Knowledge