

ch2

Student: _____

1. Business ethics refers to principles and standards that define acceptable conduct in business organizations.

True False

2. Ethics and social responsibility mean the same thing.

True False

3. Nearly all business decisions may be judged as right or wrong, ethical or unethical.

True False

4. The most basic ethical concerns have been formalized through laws and regulations that encourage conformity to society's values and norms.

True False

5. All a business has to do to maintain ethical conduct is to follow the law.

True False

6. Only corporations have to worry about ethics scandals and social responsibility issues.

True False

7. The principles and standards that determine acceptable conduct in business are referred to as:
- A. norms
 - B. strategies
 - C. ethics
 - D. laws
 - E. rules
8. Social _____ relates to a business's impact on society.
- A. responsibility
 - B. strategy
 - C. ethics
 - D. law
 - E. rule
9. The ___ Act criminalized securities fraud and stiffened penalties for corporate fraud.
- A. EEOC
 - B. Ethical Standards
 - C. Internet Standards
 - D. Sarbanes-Oxley
 - E. SCF

10. What is considered ethical may differ depending on the ___ in which a business operates.

- A. country
- B. culture
- C. trade bloc
- D. hemisphere
- E. industry

11. Which of the following statements about business ethics is *false*?

- A. It concerns the impact of a business's activities on society.
- B. It refers to principles and standards that define acceptable behavior in business organizations.
- C. It relates to an individual's values and moral standards and the resulting business decisions he or she makes.
- D. What is ethical is determined by the public, government regulators, interest groups, competitors, and each individual's personal moral values.
- E. Studying it can help you recognize ethical issues and understand how others make unethical decisions.

12. Studying business ethics will not necessarily

- A. help you recognize ethical issues.
- B. help you understand the importance of ethical decisions.
- C. inform you concerning the impact of the work group on ethical decisions.
- D. describe the ethical decision-making process.
- E. tell you what you ought to do.

13. Ethical violations destroy

- A. nothing.
- B. jobs.
- C. trust.
- D. profits.
- E. morale.

14. The Sarbanes-Oxley Act was passed to

- A. punish those who committed accounting fraud in the late 1990s.
- B. improve corporate profits.
- C. help laid-off employees get their jobs back.
- D. help investors recoup their losses.
- E. help restore confidence in Corporate America.

15. Which of the following have *not* been cited as incidents of unethical business activity recently?

- A. Unfair competitive practices in the computer industry
- B. Deceptive advertising of medicines and toys
- C. Accounting fraud
- D. Deceptive advertising of food products
- E. Corporate charitable giving is high

16. Which of the following statements is *false*?

- A. Ethical issues are limited to for-profit organizations.
- B. Business ethics goes beyond legal issues.
- C. Ethical conduct builds trust among individuals and in business relationships.
- D. Ethical conflicts may evolve into legal disputes.
- E. Regardless of what an individual feels about a particular action, if society judges it to be unethical, that judgment affects the organization's ability to achieve its objectives.

17. What is business ethics?

18. Choose an issue that has been prominently featured in the news and discuss the ethical implications of this issue. Make sure to define any key terms that you use in your response.

19. An ethical issue is an identifiable problem, situation, or opportunity that requires a person or organization to choose from among several actions that may be evaluated as ethical or unethical.

True False

20. The best way to judge the ethics of a decision is to look at it from a manager's or employee's point of view.

True False

21. The size of the transaction, the history of personal relationships within the particular company, and many other factors may determine whether a customer gift will be judged as ethical.

True False

22. Conflicts of interest are payments, gifts, or special favors intended to influence the outcome of a decision.

True False

23. Ethics is related to the culture in which a business operates.

True False

24. Workplace bullying is an increasing problem.

True False

25. The most common ethical issue identified by employees is ____.

- A. bullying
- B. bribery
- C. conflict of interest
- D. cheating
- E. lying

26. Managers use the _____ of their position to influence employees' actions.

- A. authority
- B. power
- C. scope
- D. responsibility
- E. acceptance

27. ___ involves taking someone else's work and presenting it as your own.

- A. Copyright
- B. Photosynthesis
- C. Forecasting
- D. Acceptance
- E. Plagiarism

28. That businesspeople are expected not to harm customers, clients, and competitors knowingly through deception, misrepresentation, coercion, or discrimination is part of
- A. fairness and honesty.
 - B. communications.
 - C. conflict of interest.
 - D. business relationships.
 - E. consumerism.
29. If the video game marketer Playstation were investigated for allegedly raising prices excessively during the Christmas buying season and thereby manipulating the supply of games available at that time, this was an ethical issue concerned primarily with
- A. conflict of interest.
 - B. communications.
 - C. fairness and honesty.
 - D. cost control.
 - E. game rules.
30. Making claims about dietary supplements or the health benefits of certain unproven ingredients is an issue related to:
- A. conflict of interest.
 - B. communications.
 - C. product design.
 - D. business relationships.
 - E. financing.

31. The warning on cigarette packages about the health implications of smoking is an example of which of the following ethical issues?
- A. Conflict of interest
 - B. Fairness and honesty
 - C. Communications
 - D. Relationships within a business
 - E. Environmental issues
32. The following behavior is an example of ethical consideration within business relationships:
- A. keeping company secrets.
 - B. avoiding obligations.
 - C. shirking responsibilities.
 - D. setting a poor example for others.
 - E. offering a bribe.
33. If a manager pressures a subordinate to engage in activities that he or she may otherwise view as unethical, such as accounting fraud or stealing a competitor's secrets, there exists an ethical issue related to
- A. plagiarism.
 - B. business relationships.
 - C. communications.
 - D. fairness and honesty.
 - E. conflicts of interest.

34. If an employee learned of a significant cost-saving idea from a coworker and then informed management of the idea without revealing its true source, then the employee would be involved in

- A. keeping a secret.
- B. career advancement.
- C. plagiarism.
- D. socialism.
- E. egalitarianism.

35. What are some of the general ethical issues in business?

36. How do you recognize an ethical issue in business?

37. It is almost always easy to recognize specific ethical issues.

True False

38. Establishing and enforcing ethical standards and policies within business can help reduce unethical behavior by prescribing which activities are acceptable and which are not and by removing the opportunity to act unethically.

True False

39. Without a code of ethics or formal policy on ethics, employees are likely to base their decisions on how their peers and superiors behave.

True False

40. Codes of ethics foster ethical behavior because they expand the opportunity to behave unethically.

True False

41. Ethical decisions in an organization are influenced by three key factors.

True False

42. Codes of ethics are formalized rules and standards that describe what the company expects of its employees.

True False

43. Many employees utilize different _____ at work than they do at home.

- A. ethical standards
- B. codes of ethics
- C. conflicts of interest
- D. communication skills
- E. body language

44. A large number of _____ cases result in dismissal of the employee, even though the government has tried to take steps to protect workers and to encourage reporting of misconduct.

- A. executive
- B. white collar crime
- C. whistleblower
- D. petty theft
- E. federal

45. _____ is the extent to which businesses meet the legal, ethical, economic and voluntary responsibilities placed on them by their stakeholders.

- A. A code of conduct
- B. A code of ethics
- C. Egalitarianism
- D. Corporate citizenship
- E. Whistleblowing

46. A set of formalized rules and standards that describe what a company expects of its employees is called a(n)
- A. code of ethics.
 - B. opportunity.
 - C. moral philosophy.
 - D. guideline.
 - E. law.
47. What is the act of an employee exposing an employer's wrongdoing to outsiders?
- A. Fraud
 - B. Whistleblowing
 - C. Plagiarism
 - D. Mayhem
 - E. A criminal lawsuit
48. Codes of ethics foster ethical behavior by all of the following *except*
- A. expanding the opportunity to behave ethically by providing rewards for following the rules.
 - B. limiting the opportunity to behave unethically by providing punishments for violations of the rules and standards.
 - C. limiting the opportunity to behave unethically by providing rewards for violations of the rules and standards.
 - D. expanding the opportunity to behave ethically by providing punishments for following the rules.
 - E. encouraging employees to bend the rules.

49. Unethical behavior in business can be reduced if management does all of the following *except*
- A. establish clear policies on unethical behavior.
 - B. limit opportunities for unethical behavior.
 - C. establish formal rules and procedures.
 - D. punish unethical behavior firmly.
 - E. depend totally on employees' personal ethics.
50. According to the text, ethical decisions in an organization are influenced by (1) individual moral standards, (2) the influence of managers and co-workers, and (3)
- A. religious values.
 - B. informal ethical policies or rules.
 - C. opportunity codes and compliance requirements.
 - D. family influence.
 - E. the founder's values.
51. Which of the following should help reduce the incidence of unethical behavior in an organization?
- A. Understanding that individual moral standards, the influence of managers and coworkers, and opportunity influence ethical behavior
 - B. Maximizing ethical conflict in work groups
 - C. Expanding opportunity by providing punishments for violations of the rules
 - D. Overlooking violations of codes of ethics
 - E. All of the above

52. A code of ethics represents _____ rules and standards of what a company expects of its employees.

- A. team
- B. impoverished
- C. authority-obedience
- D. formalized
- E. situational

53. How can an organization improve ethical behavior?

54. Why is it increasingly common for organizations to have a code of ethics and compliance programs?

55. There are four dimensions of social responsibility: economic, legal, ethical, and voluntary.

True False

56. The concept of social responsibility is universally accepted.

True False

57. One of the dimensions of social responsibility is metaphysical.

True False

58. Increasingly, companies are introducing eco-friendly and socially responsible products to their lines in order to satisfy consumer demand and improve their images.

True False

59. Corporate citizenship is the extent to which businesses meet the legal, ethical, economic, and voluntary responsibilities placed on them by their owners.

True False

60. Voluntary responsibilities are optional activities that promote human welfare or goodwill.

True False

61. Obeying the law is a business'_____.

A. right

B. choice

C. economic responsibility

D. legal responsibility

E. ethical responsibility

62. Approximately ____ percent of Fortune 500 companies engage in recycling efforts.

A. 75

B. 83

C. 38

D. 57

E. 20

63. Which is NOT a dimension of social responsibility?

A. Legal

B. Philosophic

C. Economic

D. Voluntary

E. Ethical

64. ____ is the activities that individuals, groups, and organizations undertake to protect their rights as consumers.

A. Consumerism

B. Civil rights

C. Protectionism

D. Conspicuous consumption

E. Shopping

65. John F. Kennedy's consumer bill of rights outlined four rights: the right to be informed, the right to choose, the right to be heard and:

- A. The right to government regulations
- B. The right to good service
- C. The right to easy credit
- D. The right to shop wherever you want
- E. The right to safety

66. Being profitable relates to which social responsibility dimension?

- A. Economic
- B. Voluntary
- C. Ethical
- D. Legal
- E. Corporate citizenship

67. Which of the following is *not* one of the dimensions of social responsibility?

- A. Voluntary
- B. Economic
- C. Legal
- D. Ethical
- E. Altruistic

68. Philanthropic contributions made by a business to a charitable organization represent which dimension of social responsibility?

- A. Corporate citizenship
- B. Economic
- C. Legal
- D. Ethical
- E. Voluntary

69. Consumers vote against firms they view as socially irresponsible by not

- A. boycotting the company's products.
- B. expressing dissatisfaction by protesting.
- C. writing their representatives in Congress.
- D. buying the company's products.
- E. filing complaints with the company.

70. Studies have found a direct link between social responsibility and _____ in business.

- A. profitability
- B. ethics
- C. declining stock prices
- D. happiness of stakeholders
- E. global Warming

71. What are the four dimensions of social responsibility?

72. Discuss what companies have done to address environmental concerns and to become more sustainable.

73. Without employees, a business cannot carry out its goals.

True False

74. Recycling is a business response to employee issues.

True False

75. The right to safety requires that businesses provide a safe place for consumers to shop.

True False

76. A major social responsibility for business is providing equal opportunities for all employees.

True False

77. Americans use over 100 billion plastic bags annually and only recycle 10-20 percent of them.

True False

78. Managers consider social responsibility on an annual basis.

True False

79. Water and soil pollution from oil and gas drilling is primarily what type of concern?

- A. Consumer relations
- B. Environmental issues
- C. Community relations
- D. Employee relations
- E. Relations with stockholders

80. Which of the following is *not* an area of environmental concern in society today?

- A. Animal rights
- B. Land pollution
- C. Waste disposal
- D. The hard-core unemployed
- E. Business practices that harm endangered wildlife

81. Laws regarding safety in the workplace are enforced by ____.

- A. FTC
- B. OSHA
- C. EPA
- D. the consumer bill of rights
- E. codes of ethics

82. One role of the FTC's Bureau of Consumer Protection is to protect consumers from _____.

- A. ethics
- B. fraud
- C. laws
- D. power
- E. unity of command

83. Approximately ____ percent of Fortune 500 companies have a written environmental policy.

- A. 3
- B. 23
- C. 43
- D. 63
- E. 83

84. Corporations contribute more than _____ to environmental and social causes each year.

- A. \$2 million
- B. \$2 billion
- C. \$12 billion
- D. \$12 million
- E. No money

85. The _____ gives consumers the freedom to review complete information about the products they are buying.

- A. right to be informed
- B. right to be heard
- C. right to purchase
- D. right to choose
- E. right to speak out

86. A major social responsibility for businesses is providing _____ for all employees.

- A. equal wages
- B. equal opportunities
- C. more free time
- D. better healthcare
- E. equal holiday pay

87. _____ refers to attaching a positive environmental association on an unsuitable product or service.

- A. Greenwashing
- B. Whitewashing
- C. Environmentalism
- D. Corporate citizenship
- E. Community relations

88. Many businesses, recognizing that employees lack many basic work skills, are becoming more concerned about the quality of ____ in the United States.

- A. job opportunities
- B. education
- C. philanthropy
- D. management
- E. community relations

89. Discuss the sustainability issues managers must confront in dealing with social responsibility issues.

90. Discuss the community relations issues that concern businesses.

Solve the Dilemma: Customer Privacy

91. What did Jon Barnard do to help Checkers develop a competitive advantage over the competition?

- A. Handed out coupons
- B. Developed a database that improve efficiency
- C. Nothing
- D. He had no competition
- E. Lowered prices

92. What did Barnard want to do with the information gathered on his customers?

- A. Spy on them
- B. Improve his advertising campaigns
- C. Give the best customers an award for loyalty
- D. Nothing
- E. Change the pizza recipe

93. What are some of the ethical issues in giving customers an award for consumption behavior without notifying them first?
94. Do you see Barnard's plan to offer a prize to the highest-consuming customers as a potential violation of privacy? Explain.
95. How would you handle the situation if you were Barnard?

ch2 Key

1. Business ethics refers to principles and standards that define acceptable conduct in business organizations.
(p. 36)

TRUE

Business ethics are principles and standards that define acceptable behavior for individuals within an organization as well as the organization at large.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #1

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: Business Ethics and Social Responsibility

2. Ethics and social responsibility mean the same thing.
(p. 36-37)

FALSE

Business ethics are the principles and standards that determine acceptable conduct in businesses. Social responsibility is a broader concept. It is a business's obligation to maximize its positive impact and minimize its negative impact on society.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #2

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: Business Ethics and Social Responsibility

3. Nearly all business decisions may be judged as right or wrong, ethical or unethical.

(p. 39)

TRUE

Business decisions, either by law or by society, will be deemed an acceptable practice or not.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #3

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: The Role of Ethics in Business

4. The most basic ethical concerns have been formalized through laws and regulations that encourage conformity to society's values and norms.

(p. 37)

TRUE

The Sarbanes-Oxley Act was passed in 2002 by Congress to criminalize securities fraud as well as stiffen corporate fraud. This was a response to public outcry regarding accounting scandals in the early 2000s and to restore confidence in Corporate America.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #4

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: Business Ethics and Social Responsibility

5. All a business has to do to maintain ethical conduct is to follow the law.

(p. 37, 39)

FALSE

Business ethics goes beyond legal issues by building trust among individuals and in business relationships which validates and promotes confidence among those relationships.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #5

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: The Role of Ethics in Business

6. Only corporations have to worry about ethics scandals and social responsibility issues.

(p. 39)

FALSE

Ethical issues are not limited to for-profit corporations but include government, non-profits such as universities, sports and individuals.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #6

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

7. The principles and standards that determine acceptable conduct in business are referred to as:
(p. 36)

- A. norms
- B. strategies
- C. ethics
- D. laws
- E. rules

Business ethics is defined as the principles and standards that determine acceptable conduct in business.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #7

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: The Role of Ethics in Business

8. Social _____ relates to a business's impact on society.

(p. 37)

- A. responsibility
- B. strategy
- C. ethics
- D. law
- E. rule

Social responsibility is a business's obligation to maximize its positive impact and minimize its negative impact on society.

AACSB: Reflective Thinking

Blooms: Knowledge

Difficulty: Easy

9. The __ Act criminalized securities fraud and stiffened penalties for corporate fraud.

(p. 37)

- A. EEOC
- B. Ethical Standards
- C. Internet Standards
- D. Sarbanes-Oxley
- E. SCF

Congress passed the Sarbanes-Oxley Act in response to several prominent accounting scandals. The Act criminalized securities fraud and stiffened penalties for corporate fraud.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #9

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: The Role of Ethics in Business

10. What is considered ethical may differ depending on the ___ in which a business operates.

(p. 40-41)

- A. country
- B. culture**
- C. trade bloc
- D. hemisphere
- E. industry

The acceptability of behavior in business varies in part depending on local values, moral principles, and customs.

AACSB: Ethics

Blooms: Comprehension

Difficulty: Medium

Ferrell - Chapter 02 #10

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: The Role of Ethics in Business

11. Which of the following statements about business ethics is *false*?

(p. 36-37)

- A. It concerns the impact of a business's activities on society.
- B. It refers to principles and standards that define acceptable behavior in business organizations.
- C. It relates to an individual's values and moral standards and the resulting business decisions he or she makes.
- D. What is ethical is determined by the public, government regulators, interest groups, competitors, and each individual's personal moral values.
- E. Studying it can help you recognize ethical issues and understand how others make unethical decisions.

Social responsibility concerns the impact of a business's activities on society.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #11

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: Business Ethics and Social Responsibility

12. Studying business ethics will not necessarily

(p. 39)

- A. help you recognize ethical issues.
- B. help you understand the importance of ethical decisions.
- C. inform you concerning the impact of the work group on ethical decisions.
- D. describe the ethical decision-making process.
- E. tell you what you ought to do.

Others such as your peers, family, and co-workers will judge your actions and decisions to be ethical or unethical.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #12

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: The Role of Ethics in Business

13. Ethical violations destroy

(p. 39)

- A. nothing.
- B. jobs.
- C. trust.
- D. profits.
- E. morale.

Ethical conduct builds trust and credibility therefore when ethical violations are committed, it is very difficult, to restore trust and confidence.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Hard

Ferrell - Chapter 02 #13

14. The Sarbanes-Oxley Act was passed to

(p. 37)

- A. punish those who committed accounting fraud in the late 1990s.
- B. improve corporate profits.
- C. help laid-off employees get their jobs back.
- D. help investors recoup their losses.
- E. help restore confidence in Corporate America.

The Sarbanes-Oxley Act was passed in 2002 by Congress to criminalize securities fraud as well as stiffen corporate fraud. This was a response to public outcry regarding accounting scandals in the early 2000s and to restore confidence in Corporate America.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #14

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: Business Ethics and Social Responsibility

15. Which of the following have *not* been cited as incidents of unethical business activity recently?
(p. 37)

- A. Unfair competitive practices in the computer industry
- B. Deceptive advertising of medicines and toys
- C. Accounting fraud
- D. Deceptive advertising of food products
- E. Corporate charitable giving is high

National newspapers such as *USA Today* or *Wall Street Journal* regularly cover examples of ethical issues across industries. Corporate charitable giving is not an incidence of unethical conduct.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #15

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: The Role of Ethics in Business

16. Which of the following statements is *false*?

(p. 39)

- A. Ethical issues are limited to for-profit organizations.
- B. Business ethics goes beyond legal issues.
- C. Ethical conduct builds trust among individuals and in business relationships.
- D. Ethical conflicts may evolve into legal disputes.
- E. Regardless of what an individual feels about a particular action, if society judges it to be unethical, that judgment affects the organization's ability to achieve its objectives.

Ethical issues are not limited to for-profit corporations but include government, non-profits such as universities, sports and individuals.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #16

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: The Role of Ethics in Business

17. What is business ethics?

(p. 24)

Business ethics refers to principles and standards that define acceptable behavior in business organizations. Within the context of an organization, ethics relates to an individual's or work group's decisions that society evaluates as right or wrong.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #17

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: Business Ethics and Social Responsibility

18. Choose an issue that has been prominently featured in the news and discuss the ethical implications of this issue. Make sure to define any key terms that you use in your response.
(p. 363-39)

Students' answers will vary, but they should aim to use and define key terms such as business ethics and social responsibility. They may also want to define and discuss the term ethical issue. Pay careful attention that students truly understand what business ethics is and that they are using the terms properly.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Hard

Ferrell - Chapter 02 #18

Learning Objective: 02-01 Define business ethics and social responsibility; and examine their importance.

Topic: Business Ethics and Social Responsibility

19. An ethical issue is an identifiable problem, situation, or opportunity that requires a person or organization to choose from among several actions that may be evaluated as ethical or unethical.
(p. 39)

TRUE

In business, this choice usually involves weighing monetary gain against what a person considers appropriate conduct.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #19

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

20. The best way to judge the ethics of a decision is to look at it from a manager's or employee's
(p. 40) point of view.

FALSE

The best way to judge the ethics of a decision is to look at it from a customer's or competitor's point of view.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #20

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

21. The size of the transaction, the history of personal relationships within the particular company,
(p. 40) and many other factors may determine whether a customer gift will be judged as ethical.

TRUE

This explains why a person needs several years experience in identifying what constitutes an ethical and unethical decision due to its complex nature.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #21

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

22. Conflicts of interest are payments, gifts, or special favors intended to influence the outcome of a decision.
(p. 43)

FALSE

Conflicts of interest exist when a person must choose between advancing his or her own personal interests or those of others. Bribes are payments, gifts, or special favors intended to influence the outcome of a decision.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #22

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

23. Ethics is related to the culture in which a business operates.
(p. 40)

TRUE

Different cultures adhere to different ethical standards such as in the U.S. it could be viewed as a bribe to bring a gift to a business meeting but in Japan it is considered impolite to not bring a gift to a business meeting.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #23

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

24. Workplace bullying is an increasing problem.

(p. 42-43)

TRUE

The Workplace Bullying Institute's latest survey found that "37% of U.S. workers have been bullied, that is 54 million Americans."

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #24

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

25. The most common ethical issue identified by employees is _____.

(p. 43)

A. bullying

B. bribery

C. conflict of interest

D. cheating

E. lying

Observed instances of conflict of interest among fellow employees is the form of ethical misconduct most frequently reported by employees.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #25

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

26. Managers use the _____ of their position to influence employees' actions.

(p. 48)

- A. authority
- B. power
- C. scope
- D. responsibility
- E. acceptance

Because of the inherent authority of their position, managers have the opportunity to influence employees' actions.

AACSB: Ethics

Blooms: Comprehension

Difficulty: Medium

Ferrell - Chapter 02 #26

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

27. ___ involves taking someone else's work and presenting it as your own.

(p. 48)

- A. Copyright
- B. Photosynthesis
- C. Forecasting
- D. Acceptance
- E. Plagiarism

In business, the ethical issue of plagiarism arises when an employee copies reports or takes the work or ideas of others and presents it as his or her own.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #27

28. That businesspeople are expected not to harm customers, clients, and competitors knowingly through deception, misrepresentation, coercion, or discrimination is part of

(p. 44)

- A. fairness and honesty.
- B. communications.
- C. conflict of interest.
- D. business relationships.
- E. consumerism.

Fairness and honesty are at the heart of ethics and relate to values of decision makers such as not pilfering office supplies or engaging in collusive behavior.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #28

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

29. If the video game marketer Playstation were investigated for allegedly raising prices excessively during the Christmas buying season and thereby manipulating the supply of games available at that time, this was an ethical issue concerned primarily with

(p. 44)

- A. conflict of interest.
- B. communications.
- C. fairness and honesty.
- D. cost control.
- E. game rules.

One aspect of fairness related to competition and sometimes a company can gain control over markets, such as manipulating the supply of products, by using questionable practices that harm competition.

AACSB: Ethics

Blooms: Comprehension

Difficulty: Hard

Ferrell - Chapter 02 #29

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

30. Making claims about dietary supplements or the health benefits of certain unproven (p. 46-47) ingredients is an issue related to:

- A. conflict of interest.
- B.** communications.
- C. product design.
- D. business relationships.
- E. financing.

Truthfulness about product quality and effectiveness is important to consumers. Many supplements make claims that they will help the consumer lose weight, gain muscle, or improve their overall health that have not been proven, or may even be false.

AACSB: Ethics

Blooms: Comprehension

Difficulty: Hard

Ferrell - Chapter 02 #30

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

31. The warning on cigarette packages about the health implications of smoking is an example of
(p. 46-47) which of the following ethical issues?

- A. Conflict of interest
- B. Fairness and honesty
- C. Communications**
- D. Relationships within a business
- E. Environmental issues

An important aspect of communications regarding an ethical issue is product labeling such as the Surgeon General's warning on cigarette packages.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Hard

Ferrell - Chapter 02 #31

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

32. The following behavior is an example of ethical consideration within business relationships:
(p. 48)

- A. keeping company secrets.**
- B. avoiding obligations.
- C. shirking responsibilities.
- D. setting a poor example for others.
- E. offering a bribe.

Ethical behavior within a business involves keeping company secrets, meeting obligations and responsibilities, and avoiding undue pressure that may force others to act unethically.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

33. If a manager pressures a subordinate to engage in activities that he or she may otherwise view as unethical, such as accounting fraud or stealing a competitor's secrets, there exists an ethical issue related to

(p. 48)

- A. plagiarism.
- B.** business relationships.
- C. communications.
- D. fairness and honesty.
- E. conflicts of interest.

Ethical issues related to business relationships include the responsibility of managers to help an organization achieve its goals without compromising employee rights.

34. If an employee learned of a significant cost-saving idea from a coworker and then informed management of the idea without revealing its true source, then the employee would be involved in

(p. 31)

- A. keeping a secret.
- B. career advancement.
- C. plagiarism.
- D. socialism.
- E. egalitarianism.

Plagiarism is taking someone else's work or idea and presenting it as your own without mentioning its source.

AACSB: Ethics

Blooms: Comprehension

Difficulty: Easy

Ferrell - Chapter 02 #34

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

35. What are some of the general ethical issues in business?

(p. 39-48)

General ethical issues include conflicts of interest that exist when people must choose whether to advance their own interest or those of others. Fairness and honesty relate to the general values of decision makers. Communication is another area in which ethical concerns may arise. Businesspeople's behavior toward customers, suppliers, and others in their workplaces may also generate ethical concerns.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #35

36. How do you recognize an ethical issue in business?

(p. 26-31)

An ethical issue is an identifiable problem, situation, or opportunity that requires a person to choose from among several actions that may be evaluated as right or wrong, ethical or unethical. In business, such a choice often involves weighing monetary profit against what a person considers appropriate conduct. The best way to judge the ethics of a decision is to look at a situation from a customer's or competitor's viewpoint.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #36

Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.

Topic: The Role of Ethics in Business

37. It is almost always easy to recognize specific ethical issues.

(p. 48)

FALSE

It is usually difficult to recognize specific ethical issues in practice.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #37

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

38. Establishing and enforcing ethical standards and policies within business can help reduce unethical behavior by prescribing which activities are acceptable and which are not and by removing the opportunity to act unethically.
- (p. 49)

TRUE

Ethics codes and compliance requirements reduce the opportunity to act unethically and consistently enforcing repercussions for unethical behavior reduces unethical acts by individuals within an organization.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #38

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

39. Without a code of ethics or formal policy on ethics, employees are likely to base their decisions on how their peers and superiors behave.
- (p. 49)

TRUE

A code of ethics ensures all employees, including senior level executives, are clear on what ethical standards are expected of them.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #39

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

40. Codes of ethics foster ethical behavior because they expand the opportunity to behave unethically.
(p. 50)

FALSE

Codes of ethics foster ethical behavior because they reduce the opportunity to behave unethically.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #40

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

41. Ethical decisions in an organization are influenced by three key factors.
(p. 49)

TRUE

Ethical decisions in an organization are influenced by three key factors: individual moral standards, the influence of managers and co-workers, and the opportunity to engage in misconduct.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #41

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

42. Codes of ethics are formalized rules and standards that describe what the company expects of its employees.
(p. 49)

TRUE

Codes of ethics do not take into consideration every situation but it should provide a clear means of appropriate behavior and steps to take in addressing ethical issues and/or concerns.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #42

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

43. Many employees utilize different _____ at work than they do at home.
(p. 49)

- A.** ethical standards
- B. codes of ethics
- C. conflicts of interest
- D. communication skills
- E. body language

Many employees utilize different ethical standards at work than they do at home. At work, people are influenced by corporate culture, co-workers, and rules and policies that may all conflict with their own personal moral standards.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #43

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

44. A large number of ____ cases result in dismissal of the employee, even though the government has tried to take steps to protect workers and to encourage reporting of misconduct.

(p. 50)

- A. executive
- B. white collar crime
- C. whistleblower
- D. petty theft
- E. federal

The government seeks to reward firms that report misconduct, however many whistleblowers are terminated. A legislative loophole has resulted in the dismissal of many whistleblower complaints.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #44

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

45. _____ is the extent to which businesses meet the legal, ethical, economic and
(p. 51) voluntary responsibilities placed on them by their stakeholders.

- A. A code of conduct
- B. A code of ethics
- C. Egalitarianism
- D.** Corporate citizenship
- E. Whistleblowing

Corporate citizenship is the extent to which businesses meet the legal, ethical, economic and voluntary responsibilities placed on them by their stakeholders

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #45

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

46. A set of formalized rules and standards that describe what a company expects of its
(p. 49) employees is called a(n)

- A.** code of ethics.
- B. opportunity.
- C. moral philosophy.
- D. guideline.
- E. law.

Codes of ethics are formalized rules and standards that describe what the company expects of its employees.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #46

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

47. What is the act of an employee exposing an employer's wrongdoing to outsiders?

(p. 50)

- A. Fraud
- B. Whistleblowing**
- C. Plagiarism
- D. Mayhem
- E. A criminal lawsuit

Whistleblowing occurs when a lack of anonymous reporting mechanisms exists in a company and therefore an employee may expose an employer's wrongdoing to the government or media.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #47

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

48. Codes of ethics foster ethical behavior by all of the following *except*

(p. 50)

- A. expanding the opportunity to behave ethically by providing rewards for following the rules.
- B.** limiting the opportunity to behave unethically by providing punishments for violations of the rules and standards.
- C. limiting the opportunity to behave unethically by providing rewards for violations of the rules and standards.
- D. expanding the opportunity to behave ethically by providing punishments for following the rules.
- E. encouraging employees to bend the rules.

Codes of ethics sets clear guidelines for employees regarding what ethical behavior is expected of them. It also creates a formal procedure for infractions committed by employees related to ethical issues.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #48

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

49. Unethical behavior in business can be reduced if management does all of the following *except*
(p. 49-50)

- A. establish clear policies on unethical behavior.
- B. limit opportunities for unethical behavior.
- C. establish formal rules and procedures.
- D. punish unethical behavior firmly.
- E. depend totally on employees' personal ethics.

A company should never rely on an employees' personal ethics to guide ethical standards due to the wide array or lack thereof moral standards that an individual maintains.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #49

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

50. According to the text, ethical decisions in an organization are influenced by (1) individual moral standards, (2) the influence of managers and co-workers, and (3)
(p. 49)

- A. religious values.
- B. informal ethical policies or rules.
- C. opportunity codes and compliance requirements.
- D. family influence.
- E. the founder's values.

Three factors that influence business ethics are individual moral standards, the influence of managers and co-workers and the opportunity to engage in misconduct which is determined by ethics codes and compliance requirements.

AACSB: Ethics

51. Which of the following should help reduce the incidence of unethical behavior in an
(p. 31-32) organization?

- A. Understanding that individual moral standards, the influence of managers and coworkers, and opportunity influence ethical behavior
- B. Maximizing ethical conflict in work groups
- C. Expanding opportunity by providing punishments for violations of the rules
- D. Overlooking violations of codes of ethics
- E. All of the above

Understanding the influences of business ethics leads to establishing codes of ethics and compliance requirements that reduce unethical behavior in an organization.

52. A code of ethics represents _____ rules and standards of what a company expects of its employees.
(p. 49)

- A. team
- B. impoverished
- C. authority-obedience
- D. formalized
- E. situational

A code of ethics establishes what types of behavior are acceptable and which are not, and limits the opportunity for misconduct by clearly defining violations and establishing punishment.

AACSB: Ethics

Blooms: Comprehension

Difficulty: Medium

Ferrell - Chapter 02 #52

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

53. How can an organization improve ethical behavior?

(p. 49-51)

Understanding how people choose their ethical standards and what prompts them to engage in unethical behavior may reverse the current trend toward unethical behavior in business. Establishing and enforcing ethical standards and policies within a business can reduce unethical behavior by describing which activities are acceptable and which are not and removing the opportunity to act unethically. Codes of ethics and training programs can help the business create a corporate culture that encourages ethical behavior.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

54. Why is it increasingly common for organizations to have a code of ethics and compliance programs?
(p. 51)

In addition to legal incentives like Sarbanes-Oxley, many organizations have learned that their reputations will improve and their financial performance will strengthen after they implement ethics programs. Organizations recognize that effective business ethics programs are good for business performance. Firms that develop higher levels of trust function more efficiently and effectively and avoid damaged company reputations and product images. Organizational ethics initiatives have been supportive of many positive and diverse organizational objectives, such as profitability, hiring, employee satisfaction, and customer loyalty.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #54

Learning Objective: 02-03 Specify how businesses can promote ethical behavior.

Topic: The Role of Ethics in Business

55. There are four dimensions of social responsibility: economic, legal, ethical, and voluntary.
(p. 51)

TRUE

There are four dimensions of social responsibility: economic, legal, ethical, and voluntary.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #55

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

56. The concept of social responsibility is universally accepted.

(p. 53)

FALSE

Even though the concept of social responsibility is receiving more and more attention, it is still not universally accepted.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #56

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

57. One of the dimensions of social responsibility is metaphysical.

(p. 51)

FALSE

The economic responsibilities include earning a profit, the legal responsibilities include abiding by laws, the ethical responsibilities include doing what is right and the voluntary responsibilities include promoting goodwill.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #57

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

58. Increasingly, companies are introducing eco-friendly and socially responsible products to their lines in order to satisfy consumer demand and improve their images.
(p. 52)

TRUE

To respond to climate change concerns and fair labor concerns, many companies including Walmart have increased their eco-friendly offerings.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #58

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

59. Corporate citizenship is the extent to which businesses meet the legal, ethical, economic, and voluntary responsibilities placed on them by their owners.
(p. 51)

FALSE

Corporate citizenship is the extent to which businesses meet the legal, ethical, economic, and voluntary responsibilities placed on them by various stakeholders.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #59

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

60. Voluntary responsibilities are optional activities that promote human welfare or goodwill.

(p. 52)

TRUE

Voluntary responsibilities are not required but contribute to the community and quality of life.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #60

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

61. Obeying the law is a business' _____.

(p. 52)

A. right

B. choice

C. economic responsibility

D. legal responsibility

E. ethical responsibility

Businesses, like all organizations, have a legal responsibility to obey the law.

AACSB: Reflective Thinking

Blooms: Comprehension

Difficulty: Easy

Ferrell - Chapter 02 #61

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: Business Ethics and Social Responsibility

62. Approximately ____ percent of Fortune 500 companies engage in recycling efforts.

(p. 61)

A. 75

B. 83

C. 38

D. 57

E. 20

As a result of increased costs and government policies, a growing number of companies engage in recycling efforts.

AACSB: Reflective Thinking

Blooms: Knowledge

Difficulty: Hard

Ferrell - Chapter 02 #62

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: Business Ethics and Social Responsibility

63. Which is NOT a dimension of social responsibility?

(p. 51)

A. Legal

B. Philosophic

C. Economic

D. Voluntary

E. Ethical

The four dimensions of social responsibility are legal, economic, voluntary, and ethical.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #63

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

64. _____ is the activities that individuals, groups, and organizations undertake to protect their rights as consumers.
(p. 56)

- A. Consumerism
- B. Civil rights
- C. Protectionism
- D. Conspicuous consumption
- E. Shopping

Consumerism is defined as the activities that individuals, groups, and organizations undertake to protect their rights as consumers.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #64

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

65. John F. Kennedy's consumer bill of rights outlined four rights: the right to be informed, the right to choose, the right to be heard and:

(p. 52)

- A. The right to government regulations
- B. The right to good service
- C. The right to easy credit
- D. The right to shop wherever you want
- E. The right to safety

John F. Kennedy's 1962 consumer bill included: the right to be informed, the right to choose, the right to be heard and the right to safety.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #65

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

66. Being profitable relates to which social responsibility dimension?

(p. 52)

- A. Economic
- B. Voluntary
- C. Ethical
- D. Legal
- E. Corporate citizenship

Economic responsibility refers to earning a profit which is the foundation of a company.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #66

67. Which of the following is *not* one of the dimensions of social responsibility?

(p. 51)

- A. Voluntary
- B. Economic
- C. Legal
- D. Ethical
- E. Altruistic

Although altruism may be a part of voluntary responsibility, it is not a dimension of social responsibility by itself.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #67

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

68. Philanthropic contributions made by a business to a charitable organization represent which dimension of social responsibility?

(p. 52)

- A. Corporate citizenship
- B. Economic
- C. Legal
- D. Ethical
- E. Voluntary

Voluntary responsibilities include philanthropic contributions.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #68

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

69. Consumers vote against firms they view as socially irresponsible by not

(p. 56)

- A. boycotting the company's products.
- B. expressing dissatisfaction by protesting.
- C. writing their representatives in Congress.
- D. buying the company's products.**
- E. filing complaints with the company.

Consumerism is the act of protecting consumer rights and boycotting companies based on socially irresponsible behavior is one way to protect consumer rights.

AACSB: Ethics

Blooms: Comprehension

Difficulty: Medium

Ferrell - Chapter 02 #69

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

70. Studies have found a direct link between social responsibility and _____ in business.

(p. 53)

- A. profitability
- B. ethics
- C. declining stock prices
- D. happiness of stakeholders
- E. global Warming

Studies have found a direct link between social responsibility and profitability in business as well as employee commitment and consumer loyalty.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #70

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

71. What are the four dimensions of social responsibility?

(p. 33)

Economic, legal, ethical, and voluntary concerns represent the four dimensions of social responsibility. Earning profits is the foundation of these dimensions and complying with the law is the next step. A business whose sole objective is to maximize profits is not likely to consider its social responsibility, although its activities will probably be legal. Voluntary responsibilities are additional activities that may not be required, but they promote human welfare or goodwill.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #71

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

72. Discuss what companies have done to address environmental concerns and to become more sustainable. (p. 60-61)

Partly in response to federal legislation such as the National Environmental Policy Act of 1969 and partly due to consumer concerns, businesses are responding to environmental issues. Many small and large companies including Walt Disney Company, Chevron, and Scott Paper, have created an executive position—a vice president of environmental affairs—to help them achieve their business goals in an environmentally responsible manner. A survey indicated that the majority of *Fortune* 500 companies have a written environmental policy, engage in recycling efforts, and have made investments in waste-reduction efforts. Some companies are finding that environmental consciousness can even save them money

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #72

Learning Objective: 02-04 Explain the four dimensions of social responsibility.

Topic: The Nature of Social Responsibility

73. Without employees, a business cannot carry out its goals.

(p. 55)

TRUE

Employees are critical to maintaining a functional and profitable business.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #73

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: The Nature of Social Responsibility

74. Recycling is a business response to employee issues.

(p. 58)

FALSE

Recycling is a business response to environmental issues.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #74

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: The Nature of Social Responsibility

75. The right to safety requires that businesses provide a safe place for consumers to shop.

(p. 55)

TRUE

The right to safety was one of the consumer rights outlined by John F Kennedy in 1962. It continues to be a concern among product recalls and increased outsourcing of manufacturing.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #75

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: The Nature of Social Responsibility

76. A major social responsibility for business is providing equal opportunities for all employees.

(p. 55)

TRUE

A major legal and social responsibility for business is providing equal opportunities for all employees regardless of their sex, age, race, religion or nationality.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #76

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: The Nature of Social Responsibility

77. Americans use over 100 billion plastic bags annually and only recycle 10-20 percent of them.

(p. 60)

TRUE

Companies are seeking alternatives to plastic bags and other waste, as they have become such a ubiquitous problem globally.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #77

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: The Nature of Social Responsibility

78. Managers consider social responsibility on an annual basis.

(p. 53)

FALSE

Managers consider social responsibility on an ongoing, often daily basis as with ethical concerns.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #78

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: The Nature of Social Responsibility

79. Water and soil pollution from oil and gas drilling is primarily what type of concern?

(p. 58-59)

- A. Consumer relations
- B. Environmental issues**
- C. Community relations
- D. Employee relations
- E. Relations with stockholders

One area of environmental concern is pollution of water and soil from business activities.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #79

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: The Nature of Social Responsibility

80. Which of the following is *not* an area of environmental concern in society today?

(p. 58-61)

- A. Animal rights
- B. Land pollution
- C. Waste disposal
- D. The hard-core unemployed**
- E. Business practices that harm endangered wildlife

The hard-core unemployed is an area of community relations in society today.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #80

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: The Nature of Social Responsibility

81. Laws regarding safety in the workplace are enforced by ____.

(p. 55)

- A. FTC
- B. OSHA**
- C. EPA
- D. the consumer bill of rights
- E. codes of ethics

Many laws regarding safety in the workplace are enforced by the Occupational Safety and Health Administration (OSHA).

AACSB: Reflective Thinking

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #81

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: Business Ethics and Social Responsibility

82. One role of the FTC's Bureau of Consumer Protection is to protect consumers from

(p. 56-57)

_____.

- A. ethics
- B. fraud**
- C. laws
- D. power
- E. unity of command

The Bureau of Consumer Protection enforces a variety of laws designed to protect consumers against unfair, deceptive, or fraudulent practices.

AACSB: Reflective Thinking

Blooms: Comprehension

Difficulty: Medium

83. Approximately ____ percent of Fortune 500 companies have a written environmental policy.

(p. 61)

A. 3

B. 23

C. 43

D. 63

E. 83

In response to federal legislation and consumer demands, more and more companies have a formal written environmental policy.

AACSB: Reflective Thinking

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #83

84. Corporations contribute more than _____ to environmental and social causes each year.

(p. 61)

- A. \$2 million
- B. \$2 billion
- C. \$12 billion
- D. \$12 million
- E. No money

A common way for corporations to exercise community responsibility is through donations to charitable organizations.

AACSB: Reflective Thinking

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #84

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: Business Ethics and Social Responsibility

85. The _____ gives consumers the freedom to review complete information about the products they are buying.

(p. 56)

- A. right to be informed
- B. right to be heard
- C. right to purchase
- D. right to choose
- E. right to speak out

The right to be informed provides consumers access to information about the products they wish to buy and ensures vital information is contained on product packages and labels.

AACSB: Reflective Thinking

Blooms: Knowledge

Difficulty: Easy

86. A major social responsibility for businesses is providing _____ for all employees.

(p. 55)

- A. equal wages
- B. equal opportunities**
- C. more free time
- D. better healthcare
- E. equal holiday pay

A major social responsibility for all business is providing equal opportunities to all employees regardless of sex, age, race, religion, or nationality.

AACSB: Reflective Thinking

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #86

87. _____ refers to attaching a positive environmental association on an unsuitable product or service.
(p. 61)

- A. Greenwashing
- B. Whitewashing
- C. Environmentalism
- D. Corporate citizenship
- E. Community relations

Environmentalists are concerned that some companies are merely *greenwashing*, or "creating a positive association with environmental issues for an unsuitable product, service, or practice."

AACSB: Reflective Thinking

Blooms: Knowledge

Difficulty: Medium

Ferrell - Chapter 02 #87

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: The Role of Ethics in Business

88. Many businesses, recognizing that employees lack many basic work skills, are becoming
(p. 62) more concerned about the quality of _____ in the United States.

- A. job opportunities
- B. education**
- C. philanthropy
- D. management
- E. community relations

Businesses recognize that today's students are tomorrow's employees and customers, and have come to understand the value of a better educated public.

AACSB: Reflective Thinking

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #88

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: The Role of Ethics in Business

89. Discuss the sustainability issues managers must confront in dealing with social responsibility
(p. 57-61) issues.

Managers today must consider the consequences of their actions on the environment as a part of their social responsibility. One area of concern is the controversial business practice of animal testing for cosmetics and drugs. Business practices that harm endangered wildlife and their habitats are another environmental issue. Businesses must also be concerned with their contributions to air, water, and land pollution as a result of their operations. In response to these concerns, many firms are trying to eliminate wasteful practices, the emission of pollutants, and/or the use of harmful chemicals from their manufacturing processes.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Hara

Ferrell - Chapter 02 #89

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: The Nature of Social Responsibility

90. Discuss the community relations issues that concern businesses.

(p. 61-62)

Businesses must be aware of their responsibilities to the welfare of communities and societies in which they do business. Most commonly, businesses exercise community responsibility through donations to local and national charities. Many companies are concerned with the quality of education in the United States, as students represent the future labor force for businesses. Some companies are letting consumers decide whether they want to contribute to philanthropic causes by offering different versions of products—the higher priced of which donate a portion of profits to a cause. Businesses also have begun to take steps to help the unemployed and hard-core unemployed, as this has become a growing problem since the late 20th century.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Hara

Ferrell - Chapter 02 #90

Learning Objective: 02-05 Debate an organizations social responsibilities to owners; employees; consumers; the environment; and the community.

Topic: The Nature of Social Responsibility

Solve the Dilemma: Customer Privacy

Ferrell - Chapter 02

91. What did Jon Barnard do to help Checkers develop a competitive advantage over the
(p. 66-67) competition?

- A. Handed out coupons
- B. Developed a database that improve efficiency**
- C. Nothing
- D. He had no competition
- E. Lowered prices

Jon Barnard, Checkers's founder and co-owner, needed a new gimmick to beat the competition. He decided to develop a computerized information database that would make Checkers the most efficient competitor and provide insight into consumer buying behavior at the same time.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #91

Learning Objective: 02-06 Evaluate the ethics of a business decision.

Topic: Solve the Dilemma

92. What did Barnard want to do with the information gathered on his customers?

(p. 66-67)

- A. Spy on them
- B. Improve his advertising campaigns
- C. Give the best customers an award for loyalty
- D. Nothing
- E. Change the pizza recipe

After successfully testing the new system, Barnard put the computerized order network in place in all Checkers outlets. After three months of success, he decided to give an award to the family that ate the most Checkers pizza.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #92

Learning Objective: 02-06 Evaluate the ethics of a business decision.

Topic: Solve the Dilemma

93. What are some of the ethical issues in giving customers an award for consumption behavior

(p. 66-67) without notifying them first?

In such a situation, the consumption behavior of the rewarded customer is communicated to the public. It violates the right of the consumer to be informed. The company does know what the effect of this award might have on the winner: negative consequences may be as likely as positive ones.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #93

Learning Objective: 02-06 Evaluate the ethics of a business decision.

Topic: Solve the Dilemma

94. Do you see Barnard's plan to offer a prize to the highest-consuming customers as a potential violation of privacy? Explain.
(p. 66-67)

The publicity given to the customer violates privacy: it reveals to the public some of his or her behaviors (here, pizza eating habits).

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #94

Learning Objective: 02-06 Evaluate the ethics of a business decision.

Topic: Solve the Dilemma

95. How would you handle the situation if you were Barnard?

(p. 66-67)

Barnard should contact the family concerned and inform them that an award rewarding Checkers' best customer may be given to them if the family accepts the award. The program of the award (especially the news story associated with it) should be described in detail. If the family refuses the award, the next best customer could be contacted.

AACSB: Ethics

Blooms: Knowledge

Difficulty: Easy

Ferrell - Chapter 02 #95

Learning Objective: 02-06 Evaluate the ethics of a business decision.

Topic: Solve the Dilemma

ch2 Summary

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