

## 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.	False Claims Act
d.	integrity
e.	social audit
f.	social responsibility
g.	business ethics
h.	sexual harassment
i.	code of conduct
j.	conflict of interest
k.	product liability
l.	postconventional stage
m.	Regulation FD
n.	whistle-blowing
o.	green marketing

- A formal statement that defines how an organization expects and requires employees to resolve ethical questions is a(n) \_\_\_\_\_.
- Some companies measure social performance by conducting a(n)\_\_\_\_\_ that identifies and evaluates the company's activities that relate to social issues.
- The main federal regulatory agency in setting workplace safety and health standards is the \_\_\_\_\_.
- \_\_\_\_\_ requires publicly traded companies to announce major information to the general public, rather than first disclosing the information to selected investors.
- A situation where a business decision may be influenced by the potential for personal gain is a(n) \_\_\_\_\_.
- 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 \_\_\_\_\_.
- When a publicly traded firm is suspected of unethical or illegal behavior, the \_\_\_\_\_ will conduct an investigation.
- Inappropriate actions of a sexual nature in the workplace is \_\_\_\_\_.
- Having \_\_\_\_\_ means adhering to deeply felt ethical principles in all business situations.
- The standards of conduct and moral values governing actions and decisions in the work environment are \_\_\_\_\_.
- A person in the \_\_\_\_\_ of ethical development is able to move beyond self-interest and take into account the larger needs of society.
- A strategy that emphasizes a firm's commitment to environmentally friendly products and production is \_\_\_\_\_.
- 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.

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.
15. \_\_\_\_\_ refers to the responsibility of manufacturers for injuries and damages caused by their goods.

1. ANS: i Conduct Pg. 39	DIF: MEDIUM AACSB	LO: 2.3 How Organizations Shape Ethical Ethics	BT: K
2. ANS: e Pg. 42	DIF: MEDIUM AACSB	LO: 2.4 Acting Responsibly to Satisfy Society Ethics	BT: K
3. ANS: b Pg. 42 AACSB	DIF: MEDIUM Ethics	LO: 2.4 Acting Responsibly to Satisfy Society BT: K	
4. ANS: m Pg. 42	DIF: MEDIUM AACSB	LO: 2.4 Acting Responsibly to Satisfy Society Ethics	BT: K
5. ANS: j Pg. 33	DIF: MEDIUM AACSB	LO: 2.2 The Contemporary Ethical Environment Ethics	BT: K
6. ANS: f Pg. 42	DIF: MEDIUM AACSB	LO: 2.4 Acting Responsibly to Satisfy Society Ethics	BT: K
7. ANS: a Pg. 42	DIF: MEDIUM AACSB	LO: 2.4 Acting Responsibly to Satisfy Society Ethics	BT: K
8. ANS: h Pg. 33	DIF: MEDIUM AACSB	LO: 2.2 The Contemporary Ethical Environment Ethics	BT: K
9. ANS: d Pg. 33	DIF: MEDIUM AACSB	LO: 2.2 The Contemporary Ethical Environment Ethics	BT: K
10. ANS: g Pg. 32 AACSB	DIF: MEDIUM Ethics	LO: 2.1 Concern for Ethical and Societal Issues BT: K	
11. ANS: l Pg. 33 AACSB	DIF: MEDIUM Ethics	LO: 2.2 The Contemporary Ethical Environment BT: K	
12. ANS: o Pg. 42	DIF: MEDIUM AACSB	LO: 2.4 Acting Responsibly to Satisfy Society Ethics	BT: K
13. ANS: c Pg. 33	DIF: MEDIUM AACSB	LO: 2.2 The Contemporary Ethical Environment Ethics	BT: K
14. ANS: n Pg. 33	DIF: MEDIUM AACSB	LO: 2.2 The Contemporary Ethical Environment Ethics	BT: K
15. ANS: k Pg. 42	DIF: MEDIUM AACSB	LO: 2.4 Acting Responsibly to Satisfy Society Ethics	BT: K

## 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  
Pg. 32

LO: 2.1 Concern for Ethical and Societal Issues  
AACSB Ethics BT: K

17. List and describe three possible guidelines for business etiquette.

ANS:

Responses will vary. The following are three examples:

- *Stay focused on your business purpose.* If you develop a close personal relationship with a client or supplier, you may risk a conflict of interest.
- *Don't abuse privileges.* It's tempting to use sick days or personal days for mini-vacations, but if your company distinguishes between these breaks, you should too.
- *Live your values.* Few people are brought up to be untrustworthy. Even if no one knows about it, an unethical choice that betrays your personal values weakens your self-respect and reduces your contribution to the workplace.

DIF: MEDIUM  
Pg. 33

LO: 2.2 The Contemporary Ethical Environment  
AACSB Ethics BT: K

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

ANS:

The three stages of moral and ethical development are preconventional, conventional, and postconventional. In the preconventional 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 postconventional 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  
Pg. 33 AACSB

LO: 2.2 The Contemporary Ethical Environment  
Ethics BT: K

19. 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  
Pg. 33

LO: 2.2 The Contemporary Ethical Environment  
AACSB Ethics BT: C

20. 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.<sup>11</sup>

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: 2.2 The Contemporary Ethical Environment  
Pg. 33 AACSB      Ethics      BT: C

21. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33      AACSB      Ethics      BT: C

22. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33      AACSB      Ethics      BT: C

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

DIF: MEDIUM      LO: 2.3 How Organizations Shape Ethical Conduct  
Pg. 39      AACSB      Ethics      BT: C

24. The development of a corporate culture to support business ethics happens on four levels. Explain each of the four 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 reasoning involves ethics training programs to provide employees with the tools they need to evaluate ethical dilemmas and arrive at suitable decisions. Ethical action involves the structures and procedures that firms establish to enable their employees to follow ethical behavior. Companies encourage ethical action by

providing support for employees faced with dilemmas, such as an employee hotline. 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 How Organizations Shape Ethical Conduct  
Pg. 39 AACSB        Ethics                    BT: C

25. 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 How Organizations Shape Ethical Conduct  
Pg. 39 AACSB        Ethics                    BT: AP

26. Explain how Full Circle Coupon practices social responsibility.

ANS:

Firms such as Full Circle Coupons are based almost entirely on the premise of social responsibility. Full Circle is an Internet-based business that allows subscribers to log on to its Web site, choose a fundraiser or charity they want to support, and print out discount coupons for local businesses. Full Circle then donates half the annual subscriber fee of \$25 to charity. Owners Martha and Brett Bogart believe they have found a business opportunity that not only generates a profit, but automatically gives back to the community.

DIF: HARD            LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                   AACSB                   Ethics                    BT: C

27. What is a social audit? Who conducts one?

ANS:

A social audit is a formal procedure to identify and evaluate all company activities that relate to social issues such as conservation, employment practices, environmental protection, and philanthropy. The audit informs management about how well the company is performing in these areas. Social audits often are conducted internally by firms. Outside groups, such as environmental organizations and public-interest groups, also conduct social audits.

DIF: MEDIUM       LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                   AACSB                   Ethics                    BT: K

28. What is green marketing?

ANS:

Green marketing is a marketing strategy that promotes environmental friendly products and production methods. The Federal Trade Commission (FTC) has issued guidelines for businesses to follow in making environmental claims.

DIF: EASY                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Analytic                      BT: K

29. 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: HARD                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42 AACSB                      Analytic                      BT: C

30. 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: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

31. 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: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Diversity                      BT: C

32. 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: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42              AACSB              Ethics              BT: K

33. 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: 2.5 Responsibilities to Investors and the Financial Community Pg. 57  
AACSB              Ethics              BT: C

### MULTIPLE CHOICE

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 Concern for Ethical and Societal Issues  
Pg. 32              AACSB              Ethics              BT: K

35. 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 Concern for Ethical and Societal Issues  
Pg. 32              AACSB              Ethics              BT: K

36. 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: 2.1 Concern for Ethical and Societal Issues  
Pg. 32 AACSB              Ethics              BT: K

37. 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 Concern for Ethical and Societal Issues  
Pg. 32 AACSB                      Ethics                      BT: K

38. 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: EASY                      LO: 2.1 Concern for Ethical and Societal Issues  
Pg. 32                      AACSB                      Ethics                      BT: K

39. Businesses should \_\_\_\_\_.

a.	do what is right regardless of profits
b.	find the balance between doing what is right and doing 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 Concern for Ethical and Societal Issues  
Pg. 32                      AACSB                      Ethics                      BT: K

40. Which of the following statements is correct?

a.	Doing what is right can sometimes be difficult. Social and ethical problems affect only a few companies.
b.	Setting ethical standards is always clear-cut.
c.	Ethical conflicts never arise in trying to serve the needs of separate constituents.
d.	Setting ethical standards is easy.

ANS: a                      DIF: EASY                      LO: 2.1 Concern for Ethical and Societal Issues  
Pg. 32                      AACSB                      Ethics                      BT: K

41. 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 The Contemporary Ethical Environment  
Pg. 33 AACSB                      Ethics                      BT: K

42. 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 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

43. \_\_\_\_\_ 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: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

44. 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: EASY                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

45. 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: EASY                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

46. 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 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Technology                      BT: K

47. 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 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Communication                      BT: K

48. 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 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

49. 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.	postconventional
b.	preconventional
c.	traditional
d.	conventional

ANS: b                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

50. 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.	preconventional
b.	conventional
c.	postconventional
d.	traditional

ANS: c                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

51. Individuals who focus only on their own interests when making decisions are at the \_\_\_\_\_ stage of ethical development.

a.	preconventional
b.	conventional
c.	postconventional
d.	concentrations

ANS: a                      DIF: EASY                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33 AACSB                      Ethics                      BT: K

52. 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.	preconventional
b.	concentrations
c.	postconventional
d.	conventional

ANS: d  
Pg.33

DIF: MEDIUM  
AACSB

LO: 2.2 The Contemporary Ethical Environment  
Ethics BT: K

53. 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.	preconventional
b.	conventional
c.	postconventional
d.	concentrations

ANS: c  
Pg. 33

DIF: EASY  
AACSB

LO: 2.2 The Contemporary Ethical Environment  
Ethics BT: K

54. 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.	postconventional
d.	preconventional

ANS: a  
Pg. 33

DIF: MEDIUM  
AACSB

LO: 2.2 The Contemporary Ethical Environment  
Ethics BT: K

55. 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.	postconventional
c.	preconventional
d.	traditional

ANS: b  
Pg. 33

DIF: MEDIUM  
AACSB

LO: 2.2 The Contemporary Ethical Environment  
Ethics BT: K

56. 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.	postconventional
b.	code of conduct
c.	conventional
d.	preconventional

ANS: c  
Pg. 33

DIF: MEDIUM  
AACSB

LO: 2.2 The Contemporary Ethical Environment  
Ethics BT: K

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.	preconventional
b.	postconventional
c.	conflict of interest
d.	conventional

ANS: b                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

58. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

59. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

60. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

61. 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
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ANS: a                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

62. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

63. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

64. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

65. \_\_\_\_\_ goes beyond truthfulness.

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

ANS: c                      DIF: EASY                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

66. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

67. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

68. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

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: 2.2 The Contemporary Ethical Environment  
Pg. 33 AACSB                      Ethics                      BT: AP

70. Development of a corporate culture to support business ethics occurs on each of the following levels EXCEPT ethical \_\_\_\_\_.

a.	success
b.	awareness
c.	reasoning
d.	leadership

ANS: a                      DIF: MEDIUM                      LO: 2.3 How Organizations Shape Ethical  
Pg. 39                      AACSB                      Ethics                      BT: K

71. \_\_\_\_\_ requires that firms in the private sector provide procedures for anonymous reporting of accusations of fraud.

a.	Americans with Disabilities Act
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b.	Sarbanes-Oxley Act
c.	Consumer Rights Act
d.	Title VII

ANS: b                      DIF: MEDIUM      LO: 2.3 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

72. 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 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

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 How Organizations Shape Ethical  
Conduct  
Pg. 39 AACSB                      Ethics                      BT: K

74. Online simulation training such as the Ethics Challenge can help to improve ethical \_\_\_\_\_.

a.	awareness
b.	reasoning
c.	leadership
d.	action

ANS: b                      DIF: MEDIUM      LO: 2.3 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

75. Macrohard, Inc. provides support for employees faced with ethical dilemmas. An ethics officer is available in the Human Resources office or through an employee hotline. This is an example of ethical \_\_\_\_\_.

a.	reasoning
b.	awareness
c.	whistle-blowing
d.	action

ANS: d                      DIF: EASY                      LO: 2.3 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: AP

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 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

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 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

78. 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 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

79. 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 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

80. 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 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

81. 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: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

82. 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: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

83. A formal procedure that identifies and evaluates all company activities relating to social issues is known as a(n) \_\_\_\_\_.

a.	ethical profile
b.	social audit
c.	social inventory
d.	mission analysis

ANS: b                      DIF: EASY                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42 AACSB                      Ethics                      BT: K

84. In addition to financial assessments, Dominic has arranged for his company to conduct a(n) \_\_\_\_\_ to evaluate activities that relate to social issues, such as employment practices, environmental protection, and philanthropy.

a.	EEOC evaluation
b.	code of conduct
c.	social audit
d.	social responsibility inventory

ANS: c                      DIF: MEDIUM                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42 AACSB                      Ethics                      BT: AP

85. The Wright Tire Co. uses a company-wide team of employees to identify company activities related to social issues, report on how the firm is responding to those issues, and evaluate how effectively the firm has met those issues. The Wright Tire team is conducting a(n) \_\_\_\_\_.

a.	environmental impact audit
b.	government-mandated audit
c.	internal accounting audit
d.	social audit

ANS: d                      DIF: MEDIUM                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

86. 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: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

87. 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: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Analytic                      BT: K

88. A strategy that promotes environmentally friendly products and production methods is called \_\_\_\_\_.

a.	consumerism
b.	recycling
c.	ethical awareness
d.	green marketing

ANS: d                      DIF: EASY                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Analytic                      BT: K

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: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Analytic                      BT: K

90. All of the following are examples of corporate philanthropy EXCEPT \_\_\_\_\_.



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  
Pg. 42

DIF: EASY  
AACSB

LO: 2.4 Acting Responsibly to Satisfy Society  
Analytic BT: K

96. 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  
Pg. 42

DIF: MED  
AACSB

LO: 2.4 Acting Responsibly to Satisfy Society  
Analytic BT: K

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

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

ANS: d  
Pg. 42

DIF: EASY  
AACSB

LO: 2.4 Acting Responsibly to Satisfy Society  
Analytic BT: K

98. 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  
Pg. 42

DIF: MEDIUM  
AACSB

LO: 2.4 Acting Responsibly to Satisfy Society  
Analytic BT: K

99. 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: MED                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42 AACSB                      Analytic                      BT: AP

100. 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 Acting Responsibly to Satisfy Society  
Pg. 42 AACSB                      Diversity                      BT: K

101. 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 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Diversity                      BT: K

102. 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 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Diversity                      BT: K

103. 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 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

104. At the federal level, the \_\_\_\_\_ investigates suspicions of unethical or illegal behavior by publicly traded firms. I

a.	SEC
b.	EEOC
c.	FDA
d.	OSHA

ANS: a	DIF: EASY	LO: 2.4 Acting Responsibly to Satisfy Society
Pg. 42	AACSB	Ethics BT: K

### TRUE/FALSE

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

ANS: F	DIF: EASY	LO: 2.1 Concern for Ethical and Societal Issues
Pg. 32	AACSB	Ethics BT: K

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

ANS: F	DIF: EASY	LO: 2.1 Concern for Ethical and Societal Issues
Pg. 32	AACSB	Ethics BT: K

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

ANS: T	DIF: MEDIUM	LO: 2.2 The Contemporary Ethical Environment
Pg. 33	AACSB	Ethics BT: K

108. 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: 2.2 The Contemporary Ethical Environment
Pg. 33 AACSB	Ethics	BT: K

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

ANS: F	DIF: MEDIUM	LO: 2.1 Concern for Ethical and Societal Issues
Pg. 32	AACSB	Ethics BT: K

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

ANS: T	DIF: MEDIUM	LO: 2.1 Concern for Ethical and Societal Issues
Pg. 32	AACSB	Ethics BT: K

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

ANS: F	DIF: MEDIUM	LO: 2.1 Concern for Ethical and Societal Issues
Pg. 32 AACSB	Ethics	BT: K

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

ANS: T	DIF: EASY	LO: 2.1 Concern for Ethical and Societal Issues
Pg. 32	AACSB	Ethics BT: K

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

ANS: T                      DIF: EASY                      LO: 2.1 Concern for Ethical and Societal Issues  
Pg. 32                      AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: EASY                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33 AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: EASY                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

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

ANS: F                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33 AACSB                      Ethics                      BT: K

117. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

118. Technology has helped decrease the amount of unethical behavior exhibited by businesses.

ANS: F                      DIF: EASY                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Technology                      BT: K

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

ANS: T                      DIF: EASY                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: EASY                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

121. 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 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

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

ANS: F                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33 AACSB                      Ethics                      BT: K

123. Preconventional 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 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

124. Sara refrains from "padding" her expense account because it will hurt the company. Sara is at the preconventional stage of moral and ethical development.

ANS: F                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

126. 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 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

129. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

130. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33 AACSB                      Ethics                      BT: K

131. 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: 2.2 The Contemporary Ethical Environment  
pg. 33                      AACSB                      Ethics                      BT: K

132. Truthfulness is more significant than integrity.

ANS: F                      DIF: EASY                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

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

ANS: F                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

135. Loyalty and honest often conflict with one another in the business world.

ANS: T                      DIF: EASY                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

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

ANS: F                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

137. 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: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

139. Loyal employees would never be whistle-blowers.

ANS: F                      DIF: MEDIUM                      LO: 2.2 The Contemporary Ethical Environment  
Pg. 33                      AACSB                      Ethics                      BT: K

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

ANS: F                      DIF: EASY                      LO: 2.2 Acting Responsibly to Satisfy Society  
Pg. 33                      AACSB                      Ethics                      BT: K

141. Every organization must have a code of conduct.

ANS: F                      DIF: EASY                      LO: 2.3 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: EASY                      LO: 2.3 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

143. 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 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

144. 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 How Organizations Shape Ethical  
Conduct  
Pg. 39 AACSB                      Ethics                      BT: K

145. 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: 2.3 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Diversity                      BT: K

146. "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 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: EASY                      LO: 2.3 How Organizations Shape Ethical  
Conduct  
Pg. 39 AACSB                      Ethics                      BT: K

148. 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 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

149. Compliance officers are believed to be the most effective solution to solving ethical dilemmas in the workplace.

ANS: F                      DIF: MEDIUM                      LO: 2.3 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: MEDIUM                      LO: 2.3 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

151. 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 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

152. 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 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

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

ANS: F                      DIF: EASY                      LO: 2.3 How Organizations Shape Ethical  
Conduct  
Pg. 39                      AACSB                      Ethics                      BT: K

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

ANS: F                      DIF: MEDIUM                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

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

ANS: F                      DIF: EASY                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

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

ANS: F                      DIF: EASY                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

157. Social audits measure the level of volunteer work conducted in communities.

ANS: F                      DIF: EASY                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

158. 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 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Analytic                      BT: K

159. Social audits conducted internally are of no value because they are always biased in favor of the company.

ANS: F                      DIF: MEDIUM                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: MEDIUM                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

161. Social audits are informal business surveys that report customer satisfaction with a company's products.

ANS: F                      DIF: MEDIUM                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

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: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: EASY                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

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

ANS: F                      DIF: EASY                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

165. 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: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Analytic                      BT: K

166. A “green” product that claims to be environmentally friendly must be substantiated in accordance with guidelines presented by the Federal Trade Commission.

ANS: T                      DIF: MEDIUM                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Analytic                      BT: K

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

ANS: T                      DIF: EASY                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Analytic                      BT: K

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

ANS: F                      DIF: MEDIUM                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

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

ANS: T                      DIF: EASY                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Analytic                      BT: K

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

ANS: F                      DIF: EASY                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Analytic                      BT: K

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

ANS: T                      DIF: EASY                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Analytic                      BT: K

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

ANS: T                      DIF: MEDIUM                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Analytic                      BT: K

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

ANS: F                      DIF: MEDIUM                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Diversity                      BT: K

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

ANS: F                      DIF: EASY                      LO: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

175. 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: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42 AACSB                      Ethics                      BT: K

176. 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: 2.4 Acting Responsibly to Satisfy Society  
Pg. 42                      AACSB                      Ethics                      BT: K

177. 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: 2.5 Responsibility to Investors and the  
Financial Community  
Pg. 57                      AACSB                      Ethics                      BT: K

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

ANS: F                      DIF: EASY                      LO: 2.5 Responsibility to Investors and the  
Financial Community  
Pg. 57                      AACSB                      Ethics                      BT: K

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

ANS: F                      DIF: MEDIUM                      LO: 2.5 Responsibility to Investors and the  
Financial Community  
Pg. 57                      AACSB                      Ethics                      BT: K