

Chapter 02

Business Ethics and Social Responsibility

True / False Questions

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

True False

2. Ethics and social responsibility mean the same thing.

True False

3. All business decisions cannot be judged as right or wrong, ethical or unethical.

True False

4. The most basic ethical concerns have been codified by laws and regulations that encourage businesses to conform 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 for-profit organizations have to worry about ethics scandals and social responsibility issues.

True False

7. 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

8. One of the principal causes of unethical behavior in organizations is overly aggressive financial or business objectives.

True False

9. Since all ethical standards are universally accepted, they do not depend on the culture in which a business operates.

True False

10. Employees spending their working hours on social networking or shopping sites is not considered as an area of misconduct observed in the workplace.

True False

11. Like sexual harassment, workplace bullying creates a hostile environment, but unlike sexual harassment, workplace bullying has little legal recourse at this time.

True False

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

True False

13. Fairness and honesty are at the heart of business ethics and relate to the general values of decision makers.

True False

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

True False

15. 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

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

True False

17. 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

18. There are three dimensions of social responsibility: economic, legal, and ethical.

True False

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

True False

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

True False

21. Most companies are introducing eco-friendly and marketing efforts to satisfy consumer demand and improve their images.

True False

22. The concept of social responsibility is universally accepted.

True False

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

True False

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

True False

25. Sustainability involves conducting activities in such a way as to provide for the long-term well-being of the natural environment, including all biological entities.

True False

Multiple Choice Questions

26. The principles and standards that determine acceptable conduct in business organizations are referred to as:

- A. social responsibility.
- B. business strategies.
- C. business ethics.
- D. business stances.
- E. corporate citizenship.

27. Which of the following statements is true?

- A. All actions deemed unethical by society are also illegal.
- B. The concerns of what is legal and ethical do not change over time.
- C. The terms social responsibility and ethics should be used interchangeably.
- D. Companies can be both profitable and socially responsible.
- E. A business whose sole objective is to maximize profits is not likely to consider its social responsibility, and its activities will also be illegal.

28. The term social ____ refers to a business's obligation to maximize its positive impact and minimize its negative impact on society.

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

29. The ____ Act criminalized securities fraud and toughened penalties for corporate fraud.

- A. Dodd-Frank
- B. Federal Trade Commission
- C. Foreign Corrupt Practices
- D. Sarbanes-Oxley
- E. Sherman Antitrust

30. 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 one recognize ethical issues and understand how others take unethical decisions.
31. Studying business ethics will NOT necessarily:
- A. help you recognize ethical issues.
 - B. help you understand the importance of ethical decisions.
 - C. inform you about the impact of the work group on ethical decisions.
 - D. describe the ethical decision-making process.
 - E. motivate individuals to perform acts of social responsibility.
32. 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.

33. One of the most difficult things for a business to restore after an ethics scandal is:
- A. regulations.
 - B. ethics training programs.
 - C. trust.
 - D. codes of conduct.
 - E. morale.
34. Which of the following statements is FALSE about ethics?
- 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 believes about a particular action, if society judges it to be unethical, that judgment directly affects the organization's ability to achieve its objectives.
35. According to the National Business Ethics Survey, _____ is the number one area of misconduct observed in the workplace.
- A. plagiarism
 - B. discrimination
 - C. abusive behavior
 - D. misuse of company time
 - E. stealing

36. If Laura, a manager, chooses to act so that she benefits financially at the expense of her firm, then she:
- A. is bullying.
 - B. is engaging in bribery.
 - C. has a conflict of interest.
 - D. is cheating.
 - E. has broken the law.
37. The fact that businesspeople are expected not to harm customers, clients, and competitors knowingly through deception, misrepresentation, coercion, or discrimination is part of:
- A. business relationships.
 - B. communications.
 - C. conflict of interest.
 - D. fairness and honesty.
 - E. consumerism.
38. A video gaming company was investigated for allegedly raising prices of its video game consoles during the Christmas shopping season and thereby manipulating the supply of games available at that time. This ethical issue is primarily concerned with:
- A. conflict of interest.
 - B. communications.
 - C. fairness and honesty.
 - D. cost control.
 - E. game rules.

39. In the realm of business ethics, 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.
40. Managers use the ____ of their position to influence employees' decisions and actions.
- A. responsibility
 - B. standards
 - C. principles
 - D. authority
 - E. acceptance
41. ____ involves taking someone else's work and presenting it as your own.
- A. Conflict of interest
 - B. Bullying
 - C. Inspiration
 - D. Bribery
 - E. Plagiarism
42. The warning on cigarette packages about the health implications of smoking is an example of:
- A. conflict of interest.
 - B. fairness and honesty.
 - C. communications.
 - D. relationships within a business.
 - E. environmental issues.

43. Which of the following behavior is an example of ethical consideration within the purview business relationships?

- A. Keeping company secrets
- B. Communicating with customers
- C. Whistleblowing
- D. Obeying environmental laws
- E. Donating to local charities

44. If a manager pressures a subordinate to engage in activities that he or she may otherwise view as unethical, such as engaging in accounting fraud or stealing a competitor's secrets, this would be an ethical issue related to:

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

45. 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. bullying.
- E. bribery.

46. According to the text, ethical decisions in an organization are influenced by individual moral standards, the influence of managers and co-workers, and the:
- A. religious values.
 - B. informal ethical policies or rules.
 - C. opportunity to engage in misconduct.
 - D. family influence.
 - E. founder's values.
47. Which of the following would help reduce the incidence of unethical behavior in an organization?
- A. Understanding individual moral standards, the influence of managers and coworkers, and opportunity to influence ethical behavior
 - B. Encouraging supervisors to engage in intimidating behavior when working in groups
 - C. Limiting the opportunity for misconduct by providing punishments for violations of the rules
 - D. Overlooking the need to reward employees for following codes of ethics
 - E. Retaliating against whistleblowers
48. Which of the following is true of ethics?
- A. Ethical conflict increases when employees feel that their company is exerting pressure on them to engage in unethical conduct.
 - B. Professional codes of ethics are informal rules and standards that describe what the company expects of its employees.
 - C. Codes of ethics need to be very detailed so that they take into account every situation.
 - D. The development of a code of ethics should include only a firm's executives and board of directors.
 - E. Employees always utilize the same ethical standards at work as they do at home.

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

- A. contractual capacity
- B. consumerist code
- C. moral philosophy
- D. social responsibility
- E. code of ethics

50. A code of ethics represents ____ rules and standards of what a company expects of its employees.

- A. unceremonious
- B. short-term
- C. comprehensive
- D. formalized
- E. situational

51. Codes of ethics foster ethical behavior by:

- A. expanding the opportunity to behave unethically 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 following 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.

52. 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.
53. A large number of ____ cases result in retaliation against 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. whistleblowing
 - D. petty theft
 - E. federal
54. ____ is the act of an employee exposing an employer's wrongdoing to outsiders.
- A. Fraud
 - B. Whistleblowing
 - C. Plagiarism
 - D. Bullying
 - E. A criminal lawsuit
55. Being profitable relates to the dimension of ____ responsibility.
- A. corporate citizenship
 - B. voluntary
 - C. ethical
 - D. legal
 - E. economic

56. Obeying the law is a business's ____.

- A. right
- B. choice
- C. economic responsibility
- D. legal responsibility
- E. ethical responsibility

57. Avoiding misconduct and doing what is right, just, and fair relates to a business's:

- A. economic responsibility.
- B. corporate citizenship.
- C. legal responsibility.
- D. ethical responsibility.
- E. government's responsibility.

58. Which of the following is a dimension of social responsibility?

- A. Political
- B. Philosophical
- C. Mechanical
- D. Rational
- E. Ethical

59. Being a "good corporate citizen" is an example of the ____ social responsibility dimension.

- A. puritanical
- B. economic
- C. legal
- D. ethical
- E. voluntary

60. Philanthropic contributions made by a business to a charitable organization represent the ____ dimension of social responsibility.
- A. corporate citizenship
 - B. economic
 - C. legal
 - D. ethical
 - E. voluntary
61. ____ 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. Business ethics
 - D. Corporate citizenship
 - E. Whistleblowing
62. 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

63. ____ is defined as the activities that individuals, groups, and organizations undertake to protect their rights as customers.

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

64. Laws regarding workplace safety are enforced by the ____.

- A. Federal Trade Commission
- B. Occupational Safety and Health Administration
- C. Environmental Protection Agency
- D. Consumer Bill of Rights
- E. Corrupt Practices Act

65. A major social responsibility for businesses is providing ____ for all employees.

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

66. 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 the right to:

- A. regulations.
- B. service.
- C. easy credit.
- D. shop wherever you want.
- E. safety.

67. The ____ gives consumers the freedom to review all details about the products they wish to buy.

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

68. Which of the following is true about the right to choose?

- A. It ensures that consumers have access to a variety of products and services at competitive prices.
- B. It provides the assurance of only satisfactory quality and not service at a fair price.
- C. It provides the assurance of only service at a fair price and not satisfactory quality.
- D. It ensures the fair treatment of consumers who voice complaints about a purchased product.
- E. It ensures that detailed information about ingredients, risks, and instructions for use are printed on labels and packages.

69. One role of the Federal Trade Commission's Bureau of Consumer Protection is to protect consumers from ____.
- A. ethics
 - B. fraud
 - C. laws
 - D. resource misuse
 - E. whistleblowing
70. ____ involves the interaction among nature and individuals, organizations, and business strategies and includes the assessment and improvement of business strategies, economic sectors, work practices, technologies, and lifestyles, so that they maintain the health of the natural environment.
- A. Philanthropy
 - B. Consumerism
 - C. Sustainability
 - D. Biodiversity
 - E. Dualism
71. Water and soil pollution from oil and gas drilling is primarily related to ____.
- A. consumer relations
 - B. sustainability issues
 - C. community relations
 - D. employee relations
 - E. relations with stockholders

72. The fact that environmental responsibility requires trade-offs means that it:
- A. instigates trade relations.
 - B. facilitates international competition.
 - C. generates profits.
 - D. imposes costs on both business and the public.
 - E. imposes costs on public sector corporations.
73. The most common way that businesses exercise community responsibility is through:
- A. establishing codes of ethics.
 - B. submission of environmental reports.
 - C. obeying the law.
 - D. recycling.
 - E. contributions to charitable organizations.
74. ____ refers to attaching a positive environmental association on an unsuitable product, service, or practice.
- A. Greenwashing
 - B. Whitewashing
 - C. Environmentalism
 - D. Corporate citizenship
 - E. Community relations

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

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

Essay Questions

76. What is business ethics?

77. Choose an issue that has been prominently featured in the news and discuss the ethical implications of this issue. Define any key terms that you use in your response.

78. Distinguish between the concepts of ethics and social responsibility with suitable examples for each.

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

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

81. Nathan, an employee at Shield Corp., bullies new employees in the workplace. In this context, discuss the kind of misconduct that Nathan engages in.

82. Naomi, an human resource executive with Enigma Corp., bought a pair of sunglasses online during her office hours. According to this scenario, discuss the kind of misconduct that Naomi had engaged in and other kinds of misconduct that belong to the same category as per the National Business Ethics Survey.

83. Kenneth, an assistant pharmacist at Medusa Inc., stole money from the cash counter to purchase cocaine. In this scenario, discuss the ethics that have been violated by Kenneth in his workplace.

84. Discuss the ethical issues that can arise in the area of communications.

85. Discuss the role of managers in maintaining and/or disrupting organizational ethics in business relationships.

86. Discuss the notion of plagiarism in the business context.

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

88. How can an organization improve ethical behavior?

89. Elaborate on the inclusion of the whistleblowing process as part of the ethics program.

90. What are the four dimensions of social responsibility?

91. Discuss the social responsibility issue of businesses toward its employees.

92. Discuss the four rights specified in the consumer bill of rights proposed by John F. Kennedy in 1962.

93. Discuss the measures that companies have taken to address environmental concerns and to become more sustainable.

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

95. Discuss the community relations issues that concern businesses.

Chapter 02 Business Ethics and Social Responsibility **Answer Key**

True / False Questions

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

TRUE

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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.

FALSE

Business ethics relates to an individual's or a work group's decisions that society evaluates as right or wrong, whereas social responsibility is a broader concept that concerns the impact of the entire business's activities on society.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: Business Ethics and Social Responsibility

3. All business decisions cannot be judged as right or wrong, ethical or unethical.

FALSE

Whether made in science, politics, sports, or business, any organizational decision can be judged as right or wrong, ethical or unethical.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

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 codified by laws and regulations that encourage businesses to conform to society's values and norms.

TRUE

The most basic ethical and social responsibility concerns have been codified by laws and regulations that encourage businesses to conform to society's standards, values, and attitudes. The Sarbanes-Oxley Act was passed in 2002 by Congress to criminalize securities fraud and stiffen penalties for corporate fraud.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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.

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

6. Only for-profit organizations have to worry about ethics scandals and social responsibility issues.

FALSE

Ethical issues are not limited to for-profit organizations. Ethical issues include all areas of organizational activities, including government.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

7. 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

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

8. One of the principal causes of unethical behavior in organizations is overly aggressive financial or business objectives.

TRUE

One of the principal causes of unethical behavior in organizations is overly aggressive financial or business objectives. Many of these issues relate to decisions and concerns that managers have to deal with daily.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

9. Since all ethical standards are universally accepted, they do not depend on the culture in which a business operates.

FALSE

Different cultures may abide by different ethical standards. For example, in the United States, bringing a gift to a business meeting could be viewed as a bribe, but in Japan, it is considered impolite to not bring a gift to a business meeting.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

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

Topic: The Role of Ethics in Business

10. Employees spending their working hours on social networking or shopping sites is not considered as an area of misconduct observed in the workplace.

FALSE

Use of social media, video, and shopping sites, while at work, results in lost productivity and profits for employers.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

11. Like sexual harassment, workplace bullying creates a hostile environment, but unlike sexual harassment, workplace bullying has little legal recourse at this time.

TRUE

Bullying may create what some consider a hostile environment, a term generally associated with sexual harassment. Although sexual harassment has legal recourse, bullying has little legal recourse at this time.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

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

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

13. Fairness and honesty are at the heart of business ethics and relate to the general values of decision makers.

TRUE

Fairness and honesty are at the heart of business ethics and relate to the general values of decision makers. Beyond obeying the law, businesspersons are expected not to harm customers, employees, clients, or competitors knowingly through deception, misrepresentation, coercion, or discrimination.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

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

TRUE

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

15. 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

It is difficult for employees to determine what conduct is acceptable within a company if the firm does not have established ethics policies and standards. And without such policies and standards, employees may base decisions on how their peers and superiors behave.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

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

TRUE

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

17. 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

Codes of ethics, policies on ethics, and ethics training programs advance ethical behavior because they prescribe which activities are acceptable and which are not, and they limit the opportunity for misconduct by providing punishments for violations of the rules and standards.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

18. There are three dimensions of social responsibility: economic, legal, and ethical.

FALSE

There are four dimensions of social responsibility: economic, legal, ethical, and voluntary (including philanthropic).

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

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

TRUE

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

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

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

21. Most companies are introducing eco-friendly and marketing efforts to satisfy consumer demand and improve their images.

TRUE

To respond to developments, most companies are introducing eco-friendly products and marketing efforts. For example, Walmart is becoming very proactive in protecting the environment.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

22. The concept of social responsibility is universally accepted.

FALSE

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

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

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

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

TRUE

The right to safety was one of the consumer rights outlined by John F Kennedy in 1962.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

25. Sustainability involves conducting activities in such a way as to provide for the long-term well-being of the natural environment, including all biological entities.

TRUE

Sustainability involves the interaction among nature and individuals, organizations, and business strategies and includes the assessment and improvement of business strategies, economic sectors, work practices, technologies, and lifestyles, so that they maintain the health of the natural environment.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

Multiple Choice Questions

26. The principles and standards that determine acceptable conduct in business organizations are referred to as:

- A. social responsibility.
- B. business strategies.
- C. business ethics.
- D. business stances.
- E. corporate citizenship.

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: Business Ethics and Social Responsibility

27. Which of the following statements is true?

- A. All actions deemed unethical by society are also illegal.
- B. The concerns of what is legal and ethical do not change over time.
- C. The terms social responsibility and ethics should be used interchangeably.
- D. Companies can be both profitable and socially responsible.
- E. A business whose sole objective is to maximize profits is not likely to consider its social responsibility, and its activities will also be illegal.

Many consumers and social advocates believe that businesses should not only make a profit but also consider the social implications of their activities.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Analyze

Difficulty: 2 Medium

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

Topic: Business Ethics and Social Responsibility

28. The term social ____ refers to a business's obligation to maximize its positive impact and minimize its negative impact on society.

- A. citizenship
- B. strategy
- C. ethics
- D. responsibility**
- E. rule

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: Business Ethics and Social Responsibility

29. The ____ Act criminalized securities fraud and toughened penalties for corporate fraud.

- A. Dodd-Frank
- B. Federal Trade Commission
- C. Foreign Corrupt Practices
- D. Sarbanes-Oxley**
- E. Sherman Antitrust

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: Business Ethics and Social Responsibility

30. 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 one recognize ethical issues and understand how others take unethical decisions.

Business ethics relates to an individual's or a work group's decisions that society evaluates as right or wrong, whereas social responsibility is a broader concept that concerns the impact of the entire business's activities on society.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: Business Ethics and Social Responsibility

31. Studying business ethics will NOT necessarily:

- A. help you recognize ethical issues.
- B. help you understand the importance of ethical decisions.
- C. inform you about the impact of the work group on ethical decisions.
- D. describe the ethical decision-making process.
- E. motivate individuals to perform acts of social responsibility.

Studying business ethics will not necessarily motivate individuals to perform acts of social responsibility.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

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

Topic: Business Ethics and Social Responsibility

32. 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.

The Sarbanes-Oxley Act was passed in 2002 by Congress to criminalize securities fraud as well as stiffen penalties for 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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: Business Ethics and Social Responsibility

33. One of the most difficult things for a business to restore after an ethics scandal is:
- A. regulations.
 - B. ethics training programs.
 - C. trust.
 - D. codes of conduct.
 - E. morale.

Ethical conduct builds trust and credibility. Establishing trust and confidence is much more difficult in organizations that have reputations for acting unethically.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

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

Topic: The Role of Ethics in Business

34. Which of the following statements is FALSE about ethics?

- 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 believes about a particular action, if society judges it to be unethical, that judgment directly affects the organization's ability to achieve its objectives.

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

35. According to the National Business Ethics Survey, _____ is the number one area of misconduct observed in the workplace.

- A. plagiarism
- B. discrimination
- C. abusive behavior
- D.** misuse of company time
- E. stealing

According to the National Ethics Business Survey, misuse of company time is the number one area of misconduct observed in the workplace.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

36. If Laura, a manager, chooses to act so that she benefits financially at the expense of her firm, then she:

- A. is bullying.
- B. is engaging in bribery.
- C.** has a conflict of interest.
- D. is cheating.
- E. has broken the law.

A conflict of interest occurs when an employee must choose whether to advance his or her own interests or those of the firm.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

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

37. The fact that businesspeople are expected not to harm customers, clients, and competitors knowingly through deception, misrepresentation, coercion, or discrimination is part of:
- A. business relationships.
 - B. communications.
 - C. conflict of interest.
 - D.** fairness and honesty.
 - E. consumerism.

Fairness and honesty are at the heart of business ethics and relate to values of decision makers. Businesspersons obeying the law are expected not to harm customers, employees, clients, or competitors knowingly through deception, misrepresentation, coercion, or discrimination.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

38. A video gaming company was investigated for allegedly raising prices of its video game consoles during the Christmas shopping season and thereby manipulating the supply of games available at that time. This ethical issue is primarily concerned with:

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

One aspect of fairness relates to competition. Companies sometimes attempt to gain control over markets by using questionable practices, such as manipulating the supply of products, that harm competition.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 3 Hard

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

Topic: The Role of Ethics in Business

39. In the realm of business ethics, 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.

Truthfulness about product quality and effectiveness is important to consumers. Many marketers of dietary supplements make unproven or even false claims that their products will help the consumer lose weight, gain muscle, or improve their overall health.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 3 Hard

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

Topic: The Role of Ethics in Business

40. Managers use the ____ of their position to influence employees' decisions and actions.

- A. responsibility
- B. standards
- C. principles
- D. authority
- E. acceptance

Managers in particular, because of the inherent authority of their position, have the opportunity to influence employees' actions.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

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

Topic: The Role of Ethics in Business

41. ____ involves taking someone else's work and presenting it as your own.

- A. Conflict of interest
- B. Bullying
- C. Inspiration
- D. Bribery
- 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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

42. The warning on cigarette packages about the health implications of smoking is an example of:
- 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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

43. Which of the following behavior is an example of ethical consideration within the purview business relationships?
- A. Keeping company secrets
 - B. Communicating with customers
 - C. Whistleblowing
 - D. Obeying environmental laws
 - E. Donating to local charities

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

44. If a manager pressures a subordinate to engage in activities that he or she may otherwise view as unethical, such as engaging in accounting fraud or stealing a competitor's secrets, this would be an ethical issue related to:
- 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.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

45. 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. bullying.
- E. bribery.

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

46. According to the text, ethical decisions in an organization are influenced by individual moral standards, the influence of managers and co-workers, and the:

- A. religious values.
- B. informal ethical policies or rules.
- C. opportunity to engage in misconduct.
- D. family influence.
- E. founder's values.

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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

47. Which of the following would help reduce the incidence of unethical behavior in an organization?
- A. Understanding individual moral standards, the influence of managers and coworkers, and opportunity to influence ethical behavior
 - B. Encouraging supervisors to engage in intimidating behavior when working in groups
 - C. Limiting the opportunity for misconduct by providing punishments for violations of the rules
 - D. Overlooking the need to reward employees for following codes of ethics
 - E. Retaliating against whistleblowers

Understanding the influences of business ethics leads to establishment of codes of ethics. Codes of ethics, policies on ethics, and ethics training programs advance ethical behavior as they limit the opportunity for misconduct by providing punishments for violations of the rules and standards.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

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

Topic: The Role of Ethics in Business

48. Which of the following is true of ethics?

- A.** Ethical conflict increases when employees feel that their company is exerting pressure on them to engage in unethical conduct.
- B. Professional codes of ethics are informal rules and standards that describe what the company expects of its employees.
- C. Codes of ethics need to be very detailed so that they take into account every situation.
- D. The development of a code of ethics should include only a firm's executives and board of directors.
- E. Employees always utilize the same ethical standards at work as they do at home.

Business managers and employees often experience some tension between their own ethical beliefs and their obligations to the organizations in which they work. Many employees utilize different ethical standards at work than they do at home. This conflict increases when employees feel that their company is encouraging unethical conduct or exerting pressure on them to engage in it.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

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

- A. contractual capacity
- B. consumerist code
- C. moral philosophy
- D. social responsibility
- E. code of ethics

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

50. A code of ethics represents ____ rules and standards of what a company expects of its employees.

- A. unceremonious
- B. short-term
- C. comprehensive
- D. formalized
- E. situational

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

51. Codes of ethics foster ethical behavior by:

- A. expanding the opportunity to behave unethically 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 following 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, policies on ethics, and ethics training programs advance ethical behavior because they prescribe which activities are acceptable and which are not, and they limit the opportunity for misconduct by providing punishments for violations of the rules and standards.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

52. 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.

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

53. A large number of ____ cases result in retaliation against 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. whistleblowing**
- D. petty theft
- E. federal

The government seeks to reward firms that report misconduct; however, many whistleblowers still suffer retaliation. Congress has taken steps to close a legislative loophole that resulted in the dismissal of many whistleblowers.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

54. ____ is the act of an employee exposing an employer's wrongdoing to outsiders.

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

Whistleblowing occurs when there is a lack of anonymous reporting mechanisms in a company and an employee therefore finds it necessary to expose the firm's wrongdoing to the government or media.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

55. Being profitable relates to the dimension of ____ responsibility.

- A. corporate citizenship
- B. voluntary
- C. ethical
- D. legal
- E.** economic

Economic responsibility refers to earning a profit, which is the foundation of the social responsibility pyramid.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

56. Obeying the law is a business's ____.

- 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: Analytic

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

57. Avoiding misconduct and doing what is right, just, and fair relates to a business's:

- A. economic responsibility.
- B. corporate citizenship.
- C. legal responsibility.
- D.** ethical responsibility.
- E. government's responsibility.

Ethical responsibilities, the third dimension of social responsibility, require that a firm acts ethically and does what is right, just, and fair.

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

58. Which of the following is a dimension of social responsibility?

- A. Political
- B. Philosophical
- C. Mechanical
- D. Rational
- E.** Ethical

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

59. Being a "good corporate citizen" is an example of the ____ social responsibility dimension.

- A. puritanical
- B. economic
- C. legal
- D. ethical
- E. voluntary

Being a "good corporate citizen" is an example of voluntary social responsibility dimension.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

60. Philanthropic contributions made by a business to a charitable organization represent the ____ dimension of social responsibility.

- A. corporate citizenship
- B. economic
- C. legal
- D. ethical
- E. voluntary

Voluntary responsibilities include philanthropic donations.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

61. ____ 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. Business ethics
- 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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

62. 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

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

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

63. ____ is defined as the activities that individuals, groups, and organizations undertake to protect their rights as customers.

- 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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

64. Laws regarding workplace safety are enforced by the ____.

- A. Federal Trade Commission
- B.** Occupational Safety and Health Administration
- C. Environmental Protection Agency
- D. Consumer Bill of Rights
- E. Corrupt Practices Act

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

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-05 Debate an organization's social responsibilities to owners; employees; consumers; the environment; and the

65. A major social responsibility for businesses is providing ____ for all employees.

- A. higher wages
- B.** equal opportunities
- C. more free time
- D. better health care
- 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: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

66. 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 the right to:

- A. regulations.
- B. service.
- C. easy credit.
- D. shop wherever you want.
- E.** 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

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

67. The ____ gives consumers the freedom to review all details about the products they wish to buy.

- 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: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

68. Which of the following is true about the right to choose?

- A.** It ensures that consumers have access to a variety of products and services at competitive prices.
- B. It provides the assurance of only satisfactory quality and not service at a fair price.
- C. It provides the assurance of only service at a fair price and not satisfactory quality.
- D. It ensures the fair treatment of consumers who voice complaints about a purchased product.
- E. It ensures that detailed information about ingredients, risks, and instructions for use are printed on labels and packages.

The right to choose ensures that consumers have access to a variety of products and services at competitive prices. The assurance of both satisfactory quality and service at a fair price is also a part of the consumer's right to choose.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

69. One role of the Federal Trade Commission's Bureau of Consumer Protection is to protect consumers from ____.

- A. ethics
- B.** fraud
- C. laws
- D. resource misuse
- E. whistleblowing

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

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

70. ____ involves the interaction among nature and individuals, organizations, and business strategies and includes the assessment and improvement of business strategies, economic sectors, work practices, technologies, and lifestyles, so that they maintain the health of the natural environment.

- A. Philanthropy
- B. Consumerism
- C. Sustainability
- D. Biodiversity
- E. Dualism

Sustainability refers to the process of conducting activities in such a way as to provide for the long-term well-being of the natural environment, including all biological entities. Hence, it involves the interaction among nature and individuals, organizations, and business strategies and includes the assessment and improvement of business strategies, economic sectors, work practices, technologies, and lifestyles, so that they maintain the health of the natural environment.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

71. Water and soil pollution from oil and gas drilling is primarily related to ____.

- A. consumer relations
- B.** sustainability 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. Sustainability refers to conducting activities in such a way as to provide for the long-term well-being of the natural environment, including all biological entities.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

72. The fact that environmental responsibility requires trade-offs means that it:

- A. instigates trade relations.
- B. facilitates international competition.
- C. generates profits.
- D.** imposes costs on both business and the public.
- E. imposes costs on public sector corporations.

Because environmental responsibility imposes costs on both business and the public, managers must coordinate environmental goals with other social and economic goals.

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

73. The most common way that businesses exercise community responsibility is through:

- A. establishing codes of ethics.
- B. submission of environmental reports.
- C. obeying the law.
- D. recycling.
- E.** contributions to charitable organizations.

The most common way that businesses demonstrate their community responsibility is through donations to local and national charitable organizations and causes.

AACSB: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

74. _____ refers to attaching a positive environmental association on an unsuitable product, service, or practice.

- 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: Ethics

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

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

- A. job opportunities
- B.** education
- C. personal ethics
- 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 workforce.

AACSB: Analytic

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

Essay Questions

76. What is business ethics?

Business ethics refers to principles and standards that determine acceptable behavior in business organizations. The acceptability of behavior in business is determined by not only the organization but also stakeholders such as customers, competitors, government regulators, interest groups, and the public, as well as each individual's personal principles and values. 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: Remember

Difficulty: 1 Easy

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

Topic: Business Ethics and Social Responsibility

77. Choose an issue that has been prominently featured in the news and discuss the ethical implications of this issue. Define any key terms that you use in your response.

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: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

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

Topic: Business Ethics and Social Responsibility

78. Distinguish between the concepts of ethics and social responsibility with suitable examples for each.

Business ethics relates to an individual's or a work group's decisions that society evaluates as right or wrong, whereas social responsibility refers to a broader concept that concerns the impact of the entire business's activities on society. Social responsibility refers to a business's obligation to maximize its positive impact and minimize its negative impact on the society. Business ethics refers to principles and standards that determine acceptable behavior in business organizations. Students' examples will vary, but they should reflect a clear understanding of the difference between these two key concepts. For example, an organization's attempt to emphasize punctuality at work can be defined as business ethics while an organization's charitable donations to a non-governmental organization that caters to the needs of the differently abled is an example of social responsibility.

AACSB: Ethics

Blooms: Understand

Difficulty: 2 Medium

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

Topic: Business Ethics and Social Responsibility

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

General ethical issues include conflicts of interest that exist when people must choose whether to advance their own personal interests 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. False and misleading advertising, as well as deceptive personal-selling tactics, anger consumers and can lead to the failure of a business. Truthfulness about product safety and quality is also important to consumers. The behavior of businesspersons toward customers, suppliers, and others in their workplaces may also generate ethical concerns. 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: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

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

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: Understand

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

81. Nathan, an employee at Shield Corp., bullies new employees in the workplace. In this context, discuss the kind of misconduct that Nathan engages in.

In this scenario, Nathan engages in bullying which belongs to the abusive and intimidating category of behaviors in the workplace. Bullying is a kind of misconduct that is often associated with a hostile workplace when a person or group is targeted and is threatened, harassed, belittled, verbally abused, or overly criticized. In the context of the National Business Ethics Survey, bullying is a widespread problem in the United States, and can cause psychological damage that can result in health-endangering consequences to the target. Other surveys indicate that approximately one in three adults have experienced bullying in the workplace, and one in seven workers witness bullying, most of them, from their supervisors or others in the management.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 2 Medium

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

Topic: The Role of Ethics in Business

82. Naomi, an human resource executive with Enigma Corp., bought a pair of sunglasses online during her office hours. According to this scenario, discuss the kind of misconduct that Naomi had engaged in and other kinds of misconduct that belong to the same category as per the National Business Ethics Survey.

In this scenario, Naomi's online shopping act is categorized as the misuse of company resources as per the National Business Ethics Survey. Misuse of company resources has been identified by the Ethics Resource Center as a leading issue in observed misconduct in organizations. Other kinds of misconduct that are similar to Naomi's act include downloading music, doing personal banking, surfing the Internet for entertainment purposes, or visiting Facebook. Other issues include spending an excessive amount of time on personal e-mails, submitting personal expenses on company expense reports, or using the company copier for personal use. While serious resource abuse can result in firing, some abuse can have legal repercussions.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 2 Medium

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

Topic: The Role of Ethics in Business

83. Kenneth, an assistant pharmacist at Medusa Inc., stole money from the cash counter to purchase cocaine. In this scenario, discuss the ethics that have been violated by Kenneth in his workplace.

According to this scenario, Kenneth has violated the ethics of fairness and honesty in his workplace. Fairness and honesty are related to the general values of decision makers. At the basic level, business persons are expected to obey the law and not to harm customers, employees, clients, or competitors knowingly through deception, misrepresentation, coercion, or discrimination. In addition, these ethics are also associated with the manner in which employers and employees use the resources of the organization.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 2 Medium

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

Topic: The Role of Ethics in Business

84. Discuss the ethical issues that can arise in the area of communications.

Communications is an area in which ethical concerns may arise. False and misleading advertising, as well as deceptive personal-selling tactics, anger consumers and can lead to the failure of a business. Truthfulness about product safety and quality are also important to consumers. Some companies fail to provide enough information for consumers about differences or similarities between products. Another important aspect of communications that may raise ethical concerns relates to product labeling. Product labeling raises ethical questions when it threatens basic rights, such as freedom of speech and expression. This issue is implicated in the controversy surrounding the movement to require warning labels on movies and videogames, rating their content, language, and appropriate audience age.

AACSB: Ethics

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

85. Discuss the role of managers in maintaining and/or disrupting organizational ethics in business relationships.

Managers in an organization play a significant role in maintaining organizational ethics in business relationships. It is the responsibility of managers to create a work environment that helps the organization achieve its objectives and fulfill its responsibilities. Some of the ethical behaviors that managers can use to maintain organizational ethics include keeping company secrets, meeting obligations and responsibilities, and avoiding undue pressure on employees that may force others to act unethically. However, some managers may disrupt organizational ethics when they enforce these responsibilities through organizational pressure on employees. Organizational pressures may encourage a person to engage in activities that he or she might otherwise view as unethical, such as invading others' privacy or stealing a competitor's secrets. The firm may provide only vague or lax supervision on ethical issues, creating the opportunity for misconduct. Thus, managers who offer no ethical direction to employees create many opportunities for manipulation, dishonesty, and conflicts of interest.

AACSB: Ethics

Blooms: Understand

Difficulty: 2 Medium

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

Topic: The Role of Ethics in Business

86. Discuss the notion of plagiarism in the business context.

Plagiarism refers to the act of taking someone else's work and presenting it as one's own without mentioning the source. In the context of business, an ethical issue arises when an employee copies reports or takes the work or ideas of others and presents it as his or her own. A manager attempting to take credit for a subordinate's ideas is engaging in another type of plagiarism.

AACSB: Ethics

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Role of Ethics in Business

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

The current trend is to move away from legally based ethical initiatives in organizations to cultural- or integrity-based initiatives that make ethics a part of core organizational values. 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: Understand

Difficulty: 2 Medium

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

Topic: The Role of Ethics in Business

88. How can an organization improve ethical behavior?

Understanding how people make ethical choices 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, policies on ethics, and ethics training programs can help the business create a corporate culture that encourages ethical behavior.

AACSB: Ethics

Blooms: Understand

Difficulty: 2 Medium

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

Topic: The Role of Ethics in Business

89. Elaborate on the inclusion of the whistleblowing process as part of the ethics program.

One of the most important components of an ethics program is a means through which employees can report observed misconduct anonymously. Whistleblowing occurs when an employee exposes an employer's wrongdoing to outsiders, such as the media or government regulatory agencies. Unfortunately, whistleblowers are often treated negatively in organizations. Nevertheless, more companies are establishing programs to encourage employees to report illegal or unethical practices internally so that they can take steps to remedy problems before they result in legal action or generate negative publicity. In addition, the government also intends to discourage unethical practices by rewarding firms that encourage employees to report misconduct.

AACSB: Ethics

Blooms: Remember

Difficulty: 2 Medium

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

Topic: The Role of Ethics in Business

90. What are the four dimensions of social responsibility?

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: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

91. Discuss the social responsibility issue of businesses toward its employees.

A critical social responsibility for businesses is with respect to its employees. Most organizations now recognize that the safety and satisfaction of their employees are critical ingredients in their success, and many strive to go beyond what is legally expected of them. Healthy, satisfied employees supply more than just labor to their employers. As a result, employers are beginning to realize the importance of obtaining input from even the lowest-level employees to help the company reach its objectives. A major social responsibility for businesses is to provide equal opportunities for all employees regardless of their sex, age, race, religion, or nationality. Women and minorities have been slighted in the past in terms of education, employment, and advancement opportunities; additionally, many of their needs have not been addressed by business. However, at present, many companies are incorporating the changes that are required to meet the needs of its female employees. Thus, more companies are providing day care facilities as part of their effort to recruit and advance women in the workforce. In addition, companies are considering alternative scheduling such as flex-time and job sharing to accommodate employee concerns.

AACSB: Ethics

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

92. Discuss the four rights specified in the consumer bill of rights proposed by John F. Kennedy in 1962.

The four rights specified in the consumer bill of rights proposed by John F. Kennedy in 1962 include the right to safety, the right to be informed, the right to choose, and the right to be heard. The right to safety implies that a business must not knowingly sell anything that could result in personal injury or harm to consumers. In addition, it implies that businesses must provide a safe place for consumers to shop. The right to be informed gives consumers the freedom to review complete information about a product before they buy it, including detailed information about ingredients, risks, and instructions for use that are to be printed on labels and packages. The right to choose ensures that consumers have access to a variety of products and services at competitive prices. The assurance of both satisfactory quality and service at a fair price is also a part of the consumer's right to choose. The right to be heard assures consumers that their interests will receive full and sympathetic consideration when the government formulates policy. It also ensures the fair treatment of consumers who voice out their complaints about a purchased product.

AACSB: Ethics

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

93. Discuss the measures that companies have taken to address environmental concerns and to become more sustainable.

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. Some companies are finding that environmental consciousness can even save them money. Many firms are trying to eliminate wasteful practices, the emission of pollutants, and/or the use of harmful chemicals. Others are trying to improve their products and processes to be more environmentally friendly.

AACSB: Ethics

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

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

Managers today must consider the consequences of their actions on the environment as a part of their social responsibility. 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: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility

95. Discuss the community relations issues that concern businesses.

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. Businesses also have begun to take steps to help the unemployed and hard-core unemployed.

AACSB: Ethics

Blooms: Remember

Difficulty: 1 Easy

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

Topic: The Nature of Social Responsibility