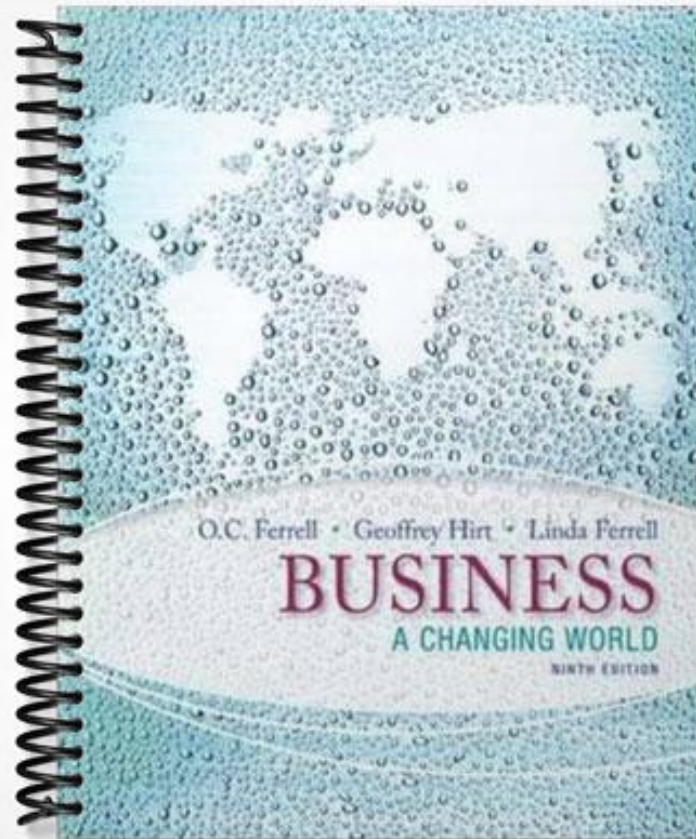


**TEST BANK**



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

True False

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

True False

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

True False

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

True False

### Multiple Choice Questions

7. The principles and standards that determine acceptable conduct in business are referred to as

A. norms.

B. strategies.

C. ethics.

D. laws.

E. rules.

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

A. responsibility

B. strategy

C. ethics

D. law

E. rule

9. The \_\_\_\_\_ Act criminalized securities fraud and toughened penalties for corporate fraud.
- A. Dodd-Frank
  - B. Federal Trade Commission
  - C. Foreign Corrupt Practices
  - D. Sarbanes-Oxley
  - E. Sherman Antitrust
10. What is considered ethical may differ depending on the \_\_\_\_\_ in which a business operates.
- A. city
  - B. culture
  - C. trade bloc
  - D. hemisphere
  - E. industry
11. Which of the following statements about business ethics is *false*?
- A. It concerns the impact of a business's activities on society.
  - B. It refers to principles and standards that define acceptable behavior in business organizations.
  - C. It relates to an individual's values and moral standards and the resulting business decisions he or she makes.
  - D. What is ethical is determined by the public, government regulators, interest groups, competitors, and each individual's personal moral values.
  - E. Studying it can help you recognize ethical issues and understand how others make unethical decisions.

12. Studying business ethics will *not* necessarily
- A. help you recognize ethical issues.
  - B. help you understand the importance of ethical decisions.
  - C. inform you about the impact of the work group on ethical decisions.
  - D. describe the ethical decision-making process.
  - E. tell you what you ought to do.
13. One of the most difficult things for a business to restore after an ethics scandal is
- A. regulations.
  - B. jobs.
  - C. trust.
  - D. profits.
  - E. morale.
14. The Sarbanes-Oxley Act was passed to
- A. punish those who committed accounting fraud in the late 1990s.
  - B. improve corporate profits.
  - C. help laid-off employees get their jobs back.
  - D. help investors recoup their losses.
  - E. help restore confidence in Corporate America.

15. Which of the following have *not* been cited in your text as incidents of unethical business activity recently?
- A. Unfair competitive practices in the computer industry
  - B. Deceptive advertising of food and diet products
  - C. Accounting fraud
  - D. Stealing via the Internet
  - E. Corporate charitable giving
16. Which of the following statements is *false*?
- A. Ethical issues are limited to for-profit organizations.
  - B. Business ethics goes beyond legal issues.
  - C. Ethical conduct builds trust among individuals and in business relationships.
  - D. Ethical conflicts may evolve into legal disputes.
  - E. Regardless of what an individual feels about a particular action, if society judges it to be unethical, that judgment affects the organization's ability to achieve its objectives.

## Essay Questions

17. What is business ethics?

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

### True / False Questions

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

True   False

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

True False

21. Theft of time is the leading area of misconduct observed in the workplace.

True False

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

True False

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

True False

24. Workplace bullying is an increasing problem.

True False

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

True False

## Multiple Choice Questions



26. If a manager chooses to act so that she benefits financially or otherwise 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.

27. Managers use the \_\_\_\_\_ of their position to influence employees' decisions and actions.

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

28. \_\_\_\_\_ involves taking someone else's work and presenting it as your own.

- A. Conflict of interest
- B. Bullying
- C. Manipulation
- D. Bribery
- E. Plagiarism

29. That businesspeople are expected not to harm customers, clients, and competitors knowingly through deception, misrepresentation, coercion, or discrimination is part of
- A. fairness and honesty.
  - B. communications.
  - C. conflict of interest.
  - D. business relationships.
  - E. consumerism.
30. If Sony was investigated for allegedly raising prices of its PlayStation excessively during the Christmas buying season and thereby manipulating the supply of games available at that time, this would be an ethical issue concerned primarily with
- A. conflict of interest.
  - B. communications.
  - C. fairness and honesty.
  - D. cost control.
  - E. game rules.
31. 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.

32. The warning on cigarette packages about the health implications of smoking is an example of which of the following ethical issues?

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

33. The following behavior is an example of ethical consideration within business relationships:

- A. keeping company secrets.
- B. communicating with customers.
- C. whistleblowing.
- D. obeying environmental laws.
- E. donating to local charities.

34. 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, there exists an ethical issue related to

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

35. 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.

### Essay Questions

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

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

### True / False Questions

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

True False

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

True False

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

True False

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

True False

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

True False

### Multiple Choice Questions

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

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

44. A large number of \_\_\_\_ cases result in 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. whistleblower
- D. petty theft
- E. federal

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

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

46. \_\_\_\_ 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

47. 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 violations of the rules and standards.
- D. expanding the opportunity to behave ethically by providing punishments for following the rules.
- E. encouraging employees to bend the rules.

48. Unethical behavior in business can be reduced if management does all of the following *except*

- A. establishes clear policies on unethical behavior.
- B. limits opportunities for unethical behavior.
- C. establishes formal rules and procedures.
- D. punishes unethical behavior firmly.
- E. depends totally on employees' personal ethics.

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

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

50. Which of the following should help reduce the incidence of unethical behavior in an organization?

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



51. A code of ethics represents \_\_\_\_\_ rules and standards of what a company expects of its employees.

- A. team
- B. unceremonious
- C. authority
- D. formalized
- E. situational

## Essay Questions

52. How can an organization improve ethical behavior?

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

### True / False Questions

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

True False

55. The concept of social responsibility is universally accepted.

True False

56. One of the dimensions of social responsibility is philosophical.

True False

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

True False

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

True False

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

True False

### Multiple Choice Questions

60. \_\_\_\_\_ 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. Fairness
- D. Corporate citizenship
- E. Whistleblowing

61. Obeying the law is a business's \_\_\_\_\_.

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

62. 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 responsibility.

63. Which is *not* a dimension of social responsibility?

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

64. Being profitable relates to which social responsibility dimension?

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

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

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

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

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

67. 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

## Essay Questions

68. What are the four dimensions of social responsibility?

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

### True / False Questions

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

True   False

71. Recycling is a business response to employee issues.

True False

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

True False

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

True False

74. Sustainability involves conducting activities so as to provide for the long-term well-being of the natural environment, including all biological entities.

True False

75. Managers consider social responsibility on an annual basis.

True False

## Multiple Choice Questions

76. \_\_\_\_ is the activities that individuals, groups, and organizations undertake to protect their rights as consumers.

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

77. 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.

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

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



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

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

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

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

81. Laws regarding safety in the workplace are enforced by the \_\_\_\_\_.

- A. Federal Trade Commission
- B. Occupational Safety and Health Administration
- C. Environmental Protection Agency
- D. consumer bill of rights
- E. codes of ethics

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

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

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

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

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

- A. should not be done.
- B. is impossible.
- C. generates profits.
- D. imposes costs on both business and the public.
- E. is not a good idea.

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

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

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

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

87. \_\_\_\_\_ refers to attaching a positive environmental association on an unsuitable product, service, or practice.

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

88. 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. philanthropy
- D. management
- E. community relations

### Essay Questions

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

90. Discuss the community relations issues that concern businesses.

### Multiple Choice Questions

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

- A. Handed out coupons
- B. Developed a database that improved efficiency
- C. Conducted a customer survey
- D. Raised prices
- E. Lowered prices

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

- A. Track their daily activities
- B. Improve his advertising campaigns
- C. Give the best customers an award for loyalty
- D. Create a better pricing system
- E. Change the pizza recipe

### Essay Questions

93. What are some of the ethical issues in giving customers an award for consumption behavior without notifying them first?

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

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

## 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

These principles and standards define acceptable behavior for individuals within an organization as well as the organization at large.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: Business Ethics and Social Responsibility*

2. Ethics and social responsibility mean the same thing.

#### FALSE

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*



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

**TRUE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

**TRUE**

The Sarbanes-Oxley Act, passed in 2002 by Congress to criminalize securities fraud and stiffen penalties for corporate fraud, was such a response to public outcry over accounting scandals in the early 2000s.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*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*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

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

**FALSE**

Ethical issues affect all types and sizes of organizations including government, nonprofits such as universities, sports and individuals.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

## Multiple Choice Questions

7. The principles and standards that determine acceptable conduct in business are referred to as

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: Business Ethics and Social Responsibility*

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

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

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

*AACSB: Reflective Thinking*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: Business Ethics and Social Responsibility*

9. 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*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: Business Ethics and Social Responsibility*

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

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

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

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: Business Ethics and Social Responsibility*

12. Studying business ethics will *not* necessarily
- A. help you recognize ethical issues.
  - B. help you understand the importance of ethical decisions.
  - C. inform you about the impact of the work group on ethical decisions.
  - D. describe the ethical decision-making process.
  - E. tell you what you ought to do.

Studying business ethics will not necessarily tell you what you ought to do.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

13. One of the most difficult things for a business to restore after an ethics scandal is
- A. regulations.
  - B. jobs.
  - C. trust.
  - D. profits.
  - E. morale.

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 3 Hard*

*Topic: The Role of Ethics in Business*

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

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*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: Business Ethics and Social Responsibility*

15. Which of the following have *not* been cited in your text as incidents of unethical business activity recently?
- A. Unfair competitive practices in the computer industry
  - B. Deceptive advertising of food and diet products
  - C. Accounting fraud
  - D. Stealing via the Internet
  - E. Corporate charitable giving

Corporate charitable giving is not an incidence of unethical conduct; indeed it might be cited as evidence of social responsibility.

*AACSB: Ethics*



*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

## Essay Questions

17. What is business ethics?

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: Business Ethics and Social Responsibility*

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 3 Hard*

*Topic: Business Ethics and Social Responsibility*

## True / False Questions

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

**TRUE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

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

**FALSE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

21. Theft of time is the leading area of misconduct observed in the workplace.

**TRUE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

**FALSE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

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

**TRUE**

Different cultures may abide by different ethical standards; for example, in the U.S. it could be viewed as a bribe to bring a gift to a business meeting but in Japan it is considered impolite to not bring a gift to a business meeting.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

24. Workplace bullying is an increasing problem.

**TRUE**

Bullying has become a widespread problem in the U.S., and it can cause psychological damage to its victims.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

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

**FALSE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

## Multiple Choice Questions

26. If a manager chooses to act so that she benefits financially or otherwise 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 others or the firm.

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

27. Managers use the \_\_\_\_\_ of their position to influence employees' decisions and actions.

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

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

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

28. \_\_\_\_\_ involves taking someone else's work and presenting it as your own.

- A. Conflict of interest
- B. Bullying
- C. Manipulation
- 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*

*Blooms: Remember*

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

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

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



30. If Sony was investigated for allegedly raising prices of its PlayStation excessively during the Christmas buying season and thereby manipulating the supply of games available at that time, this would be an ethical issue concerned primarily with

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

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

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 3 Hard*

*Topic: The Role of Ethics in Business*

31. 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 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*

*Blooms: Understand*

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

*Level of Difficulty: 3 Hard*

*Topic: The Role of Ethics in Business*

32. The warning on cigarette packages about the health implications of smoking is an example of which of the following ethical issues?

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 3 Hard*

*Topic: The Role of Ethics in Business*

33. The following behavior is an example of ethical consideration within 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*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

34. 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, there exists 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*

*Blooms: Understand*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

35. 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 your own without crediting its source.

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

## Essay Questions

36. 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. Business people's behavior toward customers, suppliers, and others in their workplaces may also generate ethical concerns.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

37. 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*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

## True / False Questions

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

**TRUE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

**TRUE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

**FALSE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

41. 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*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*



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

**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*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

### Multiple Choice Questions

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

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

44. 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. whistleblower
  - 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 whistleblower complaints.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

46. \_\_\_\_ 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*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

47. 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 violations of the rules and standards.
  - D. expanding the opportunity to behave ethically by providing punishments for following the rules.
  - E. encouraging employees to bend the rules.

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

48. Unethical behavior in business can be reduced if management does all of the following *except*
- A. establishes clear policies on unethical behavior.
  - B. limits opportunities for unethical behavior.
  - C. establishes formal rules and procedures.
  - D. punishes unethical behavior firmly.
  - E. depends 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 maintains.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

49. According to the text, ethical decisions in an organization are influenced by (1) individual moral standards, (2) the influence of managers and co-workers, and (3)
- A. religious values.
  - B. informal ethical policies or rules.
  - C. opportunity to engage in misconduct.
  - D. family influence.
  - E. the founder's values.

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

50. Which of the following should help reduce the incidence of unethical behavior in an organization?

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 3 Hard*

*Topic: The Role of Ethics in Business*

51. A code of ethics represents \_\_\_\_\_ rules and standards of what a company expects of its employees.

- A. team
- B. unceremonious
- C. authority
- D. formalized
- E. situational

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

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

## Essay Questions

52. How can an organization improve ethical behavior?

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

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

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

*AACSB: Ethics*

*Blooms: Understand*

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



## True / False Questions

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

**TRUE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

55. The concept of social responsibility is universally accepted.

**FALSE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Nature of Social Responsibility*

56. One of the dimensions of social responsibility is philosophical.

**FALSE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

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

**TRUE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

58. 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*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Nature of Social Responsibility*

59. 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*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Nature of Social Responsibility*

## Multiple Choice Questions

60. \_\_\_\_\_ 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. Fairness
- D. Corporate citizenship**
- E. Whistleblowing

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

61. 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: Reflective Thinking*

*Blooms: Understand*

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

*Level of Difficulty: 1 Easy*

*Topic: Business Ethics and Social Responsibility*

62. 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 responsibility.

Ethical responsibilities, the third level of social responsibility, require that a firm act ethically and to do what is right, just, and fair.

*AACSB: Reflective Thinking*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: Business Ethics and Social Responsibility*

63. Which is *not* a dimension of social responsibility?
- A. Legal
  - B.** Philosophic
  - C. Economic
  - D. Voluntary
  - E. Ethical

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

64. Being profitable relates to which social responsibility dimension?

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

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

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

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

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

Voluntary responsibilities include philanthropic donations.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Nature of Social Responsibility*

67. 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*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Nature of Social Responsibility*

## Essay Questions



68. 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*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

69. Discuss what companies have done 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. A survey indicated that the majority of *Fortune* 500 companies have a written environmental policy, engage in recycling efforts, and have made investments in waste-reduction efforts. Some companies are finding that environmental consciousness can even save them money.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

## True / False Questions

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

**TRUE**

Employees are critical to maintaining a functional and profitable business.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

71. Recycling is a business response to employee issues.

**FALSE**

Recycling is a business response to environmental issues.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

72. 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. It continues to be a concern among product recalls and increased outsourcing of manufacturing.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Nature of Social Responsibility*

73. 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*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

74. Sustainability involves conducting activities so as to provide for the long-term well-being of the natural environment, including all biological entities.

**TRUE**

Sustainability has become a major concern for business and society.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

75. Managers consider social responsibility on an annual basis.

**FALSE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

## Multiple Choice Questions

76. \_\_\_\_ is the activities that individuals, groups, and organizations undertake to protect their rights as consumers.

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

77. 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*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Nature of Social Responsibility*

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

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

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

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 2 Medium*

*Topic: The Nature of Social Responsibility*

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

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Nature of Social Responsibility*

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

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

The hard-core unemployed is an issue associated with community relations in society today.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Nature of Social Responsibility*

81. Laws regarding safety in the workplace are enforced by the \_\_\_\_\_.

- A. Federal Trade Commission
- B.** Occupational Safety and Health Administration
- C. Environmental Protection Agency
- D. consumer bill of rights
- E. codes of ethics

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

*AACSB: Reflective Thinking*

*Blooms: Remember*

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



*Level of Difficulty: 1 Easy*

*Topic: Business Ethics and Social Responsibility*

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

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

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

*AACSB: Reflective Thinking*

*Blooms: Understand*

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

*Level of Difficulty: 2 Medium*

*Topic: Business Ethics and Social Responsibility*

83. The most common way that businesses exercise community responsibility is through.
- A. codes of ethics.
  - B. 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: Reflective Thinking*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: Business Ethics and Social Responsibility*

84. The fact that environmental responsibility requires trade-offs means that it
- A. should not be done.
  - B. is impossible.
  - C. generates profits.
  - D. imposes costs on both business and the public.
  - E. is not a good idea.

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

*AACSB: Reflective Thinking*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: Business Ethics and Social Responsibility*

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

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

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

*AACSB: Reflective Thinking*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

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

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

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

*AACSB: Reflective Thinking*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

87. \_\_\_\_\_ 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: Reflective Thinking*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

88. 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. philanthropy
- D. management
- E. community relations

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

*AACSB: Reflective Thinking*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

## Essay Questions

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 3 Hard*

*Topic: The Nature of Social Responsibility*

90. 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. Some companies are letting consumers decide whether they want to contribute to philanthropic causes by offering different versions of products—the higher priced of which donate a portion of profits to a cause. Businesses also have begun to take steps to help the unemployed and hard-core unemployed.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 3 Hard*

*Topic: The Nature of Social Responsibility*

## Multiple Choice Questions

91. What did Jon Barnard do to help Checkers develop a competitive advantage over the competition?
- A. Handed out coupons
  - B. Developed a database that improved efficiency**
  - C. Conducted a customer survey
  - D. Raised prices
  - E. Lowered prices

Jon Barnard, Checkers's founder and co-owner, developed a computerized information database that would make Checkers the most efficient competitor and provide insight into consumer buying behavior at the same time.

*AACSB: Analytic*

*Blooms: Apply*

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

*Level of Difficulty: 1 Easy*

*Topic: Solve the Dilemma*

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

- A. Track their daily activities
- B. Improve his advertising campaigns
- C. Give the best customers an award for loyalty
- D. Create a better pricing system
- E. Change the pizza recipe

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

*AACSB: Analytic*

*Blooms: Apply*

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

*Level of Difficulty: 1 Easy*

*Topic: Solve the Dilemma*

## Essay Questions



93. What are some of the ethical issues in giving customers an award for consumption behavior without notifying them first?

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

*AACSB: Analytic*

*Blooms: Apply*

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

*Level of Difficulty: 1 Easy*

*Topic: Solve the Dilemma*

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

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

*AACSB: Analytic*

*Blooms: Apply*

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

*Level of Difficulty: 1 Easy*

*Topic: Solve the Dilemma*

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

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

*AACSB: Analytic*

*Blooms: Apply*

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

*Level of Difficulty: 1 Easy*

*Topic: Solve the Dilemma*