

TEST BANK



Foundations of Business



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Chapter 2—Being Ethical and Socially Responsible

ESSAY

1. Define business ethics.

ANS:

Answer not provided.

PTS: 1 DIF: Easy REF: p. 35 OBJ: 2-1
NAT: AACSB: Ethics TOP: Business Ethics Defined

2. Why are fairness and honesty in business important ethical concerns? Give examples.

ANS:

Answer not provided.

PTS: 1 DIF: Moderate REF: p. 35-36 OBJ: 2-2
NAT: AACSB: Ethics TOP: Ethical Issues

3. What are the major ethical issues businesspeople face?

ANS:

Answer not provided.

PTS: 1 DIF: Moderate REF: p. 35-37 OBJ: 2-2
NAT: AACSB: Ethics TOP: Ethical Issues

4. What are the three major sets of factors believed to affect ethical behavior in an organization?

ANS:

Answer not provided.

PTS: 1 DIF: Easy REF: p. 38 OBJ: 2-3
NAT: AACSB: Ethics TOP: Factors Affecting Ethical Behavior

5. How can the government encourage ethical behavior? Give an example.

ANS:

Answer not provided.

PTS: 1 DIF: Difficult REF: p. 39 OBJ: 2-4
NAT: AACSB: Ethics TOP: Encouraging Ethical Behavior

6. Define a code of ethics. Do codes cover every business situation?

ANS:

Answer not provided.

PTS: 1 DIF: Moderate REF: p. 39 OBJ: 2-4
NAT: AACSB: Ethics TOP: Encouraging Ethical Behavior

7. How can organizations encourage ethical behavior?

ANS:

Answer not provided.

PTS: 1 DIF: Moderate REF: p. 39-42 OBJ: 2-4
NAT: AACSB: Ethics TOP: Encouraging Ethical Behavior

8. What are some guidelines for making ethical decisions?

ANS:

Answer not provided.

PTS: 1 DIF: Moderate REF: p. 42 OBJ: 2-4
NAT: AACSB: Ethics TOP: Encouraging Ethical Behavior

9. Define the doctrine of *caveat emptor*.

ANS:

Answer not provided.

PTS: 1 DIF: Easy REF: p. 47 OBJ: 2-5
NAT: AACSB: Analytic TOP: The Evolution of Social Responsibility in Business

10. What are the two views of social responsibility? Explain.

ANS:

Answer not provided.

PTS: 1 DIF: Moderate REF: p. 48-49 OBJ: 2-6
NAT: AACSB: Ethics TOP: Two Views of Social Responsibility

11. How does the economic model of social responsibility differ from the socioeconomic model of social responsibility?

ANS:

Answer not provided.

PTS: 1 DIF: Difficult REF: p. 48-49 OBJ: 2-6
NAT: AACSB: Ethics TOP: Two Views of Social Responsibility

12. What would proponents of the socioeconomic model argue to support their position?

ANS:

Answer not provided.

PTS: 1 DIF: Moderate REF: p. 49 OBJ: 2-6
NAT: AACSB: Ethics TOP: Two Views of Social Responsibility

13. What would opponents of the socioeconomic model argue to support their position?

ANS:

Answer not provided.

PTS: 1 DIF: Moderate REF: p. 50 OBJ: 2-6
NAT: AACSB: Ethics TOP: Two Views of Social Responsibility

14. Define consumerism.

ANS:
Answer not provided.

PTS: 1 DIF: Moderate REF: p. 51 OBJ: 2-7
NAT: AACSB: Ethics TOP: Consumerism

15. Explain the six basic rights of consumers.

ANS:
Answer not provided.

PTS: 1 DIF: Moderate REF: p. 51-52 OBJ: 2-7
NAT: AACSB: Ethics TOP: Consumerism

16. What are the three major consumerism forces today?

ANS:
Answer not provided.

PTS: 1 DIF: Easy REF: p. 52 OBJ: 2-7
NAT: AACSB: Ethics TOP: Consumerism

17. What is an affirmative action program? Be certain to detail the objectives of such programs in your answer.

ANS:
Answer not provided.

PTS: 1 DIF: Moderate REF: p. 54 OBJ: 2-8
NAT: AACSB: Ethics TOP: Employment Practices

18. Why did Congress create the Equal Employment Opportunity Commission?

ANS:
Answer not provided.

PTS: 1 DIF: Easy REF: p. 55 OBJ: 2-8
NAT: AACSB: Analytic TOP: Employment Practices

19. Why is pollution of concern to most citizens? Why are some businesspeople particularly concerned about pollution?

ANS:
Answer not provided.

PTS: 1 DIF: Moderate REF: p. 56 OBJ: 2-9
NAT: AACSB: Analytic TOP: Concern for the Environment

20. Describe the four types of pollution. Who should pay for a clean environment?

ANS:

Answer not provided.

PTS: 1

DIF: Easy

REF: p. 56-59

OBJ: 2-9

NAT: AACSB: Ethics

TOP: Concern for the Environment

21. What sort of information should be included in a social audit? Who would prepare the audit? How would such a document be used?

ANS:

Answer not provided.

PTS: 1

DIF: Moderate

REF: p. 60

OBJ: 2-10

NAT: AACSB: Ethics

TOP: Implementing a Program of Social Responsibility

22. How should social responsibility programs be funded? Explain your answer.

ANS:

Answer not provided.

PTS: 1

DIF: Moderate

REF: p. 60

OBJ: 2-10

NAT: AACSB: Analytic

TOP: Implementing a Program of Social Responsibility

23. What are the four steps in developing a program of social responsibility?

ANS:

Answer not provided.

PTS: 1

DIF: Moderate

REF: p. 60

OBJ: 2-10

NAT: AACSB: Analytic

TOP: Implementing a Program of Social Responsibility

MULTIPLE CHOICE

Excellent Air Incorporated (EAI)

Excellent Air Inc. is a well-known establishment in the airline business. It is currently one of the top firms in the industry. The company prides itself on good customer service and being concerned with the broader societal good. EAI management is not only concerned with doing things right, but also with doing the right things. Many of their decisions reflect this philosophy. Initially, the company had a problem with employees reporting their suspicions about unethical behavior to the press instead of to EAI management. As a result, the company made sure its employees knew the firm's guidelines on fixing ethical issues. EAI also developed a code of conduct based on standards that continue to be upheld within the company. Since the code of conduct has been put in place, there have been much fewer ethical violations.

Although employee salaries at EAI are not as high as those at competing firms, the company experiences very low employee turnover. The firm has created a corporate culture that not only makes its employees want to stay, but that also results in higher profits. If EAI can maintain the relationship it has built with its employees and customers, it will have little difficulty keeping up its remarkable success.

24. Refer to Excellent Air Incorporated. EAI's creation of its code of conduct demonstrated its application of moral standards to business situations, which is also known as _____.
a. moral responsibility
b. social consciousness
c. social responsibility
d. moral consciousness
e. business ethics

ANS: E PTS: 1 DIF: Moderate REF: p. 35
OBJ: 2-1 NAT: AACSB: Ethics TOP: Scenario Questions

25. Refer to Excellent Air Incorporated. Since the company created its code of conduct, employees have limited _____ or amount of freedom to perform an unethical act.
a. time
b. responsibility
c. moral dilemmas
d. unethical options
e. opportunity

ANS: E PTS: 1 DIF: Moderate REF: p. 38
OBJ: 2-3 NAT: AACSB: Ethics TOP: Scenario Questions

26. Refer to Excellent Air Incorporated. Initially, employees were not willing to go to EAI management with ethical issues, but would instead report them to the press. This is an example of _____.
a. whistle-blowing
b. a social audit
c. poor employees
d. opportunity empor
e. a narc

ANS: A PTS: 1 DIF: Easy REF: p. 40
OBJ: 2-4 NAT: AACSB: Ethics TOP: Scenario Questions

27. Refer to Excellent Air Incorporated. The principles that EAI chooses to pride itself on show that the company has _____.
a. a moral minority
b. cultural diversity
c. social responsibility
d. caveat empor
e. a social audit

ANS: C PTS: 1 DIF: Easy REF: p. 42
OBJ: 2-4 NAT: AACSB: Ethics TOP: Scenario Questions

28. Refer to Excellent Air Incorporated. To fix the ethical issue problems, EAI management should have implemented all of the following guidelines for making ethical decisions *except* which one?
a. Listen and learn.
b. Identify the ethical issue.
c. Create and analyze options.
d. Create an industry benchmark.
e. Explain your decision and resolve any differences that arise.

ANS: D PTS: 1 DIF: Easy REF: p. 42
OBJ: 2-4 NAT: AACSB: Ethics TOP: Scenario Questions

XYZ Coffee

Nancy is a highly respected person within her community. She is Hispanic in a largely Caucasian-populated area. Since Nancy was looking for a new job, she went to a new company in the area called XYZ Coffee, where she applied for a position. After the interview, Nancy felt confident that she would be hired because of her qualifications. However, she did not get a call back. Initially, Nancy did not think twice about it, but she felt differently when she visited the same coffee store later to purchase something for a friend. The company had hired an inexperienced Caucasian male with a history of unemployment. At this point, Nancy was quite aggravated, but she left the issue alone.

She ended up asking an associate for an espresso machine. The employee informed Nancy where the machine was located and retrieved it for her. Nancy asked if there were any other espresso machines of higher quality. When the associate said no, Nancy purchased the item and left. After she gave the gift to her friend, she noticed a much better quality espresso machine that someone else had given her. Nancy asked where they had purchased it, and they responded, "XYZ Coffee."

29. Refer to XYZ Coffee. Nancy's right to product options in buying an espresso machine is known as _____.
- caveat emptor
 - consumerism
 - affirmative action
 - social audit
 - business ethics

ANS: B PTS: 1 DIF: Difficult REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Scenario Questions

30. Refer to XYZ Coffee. Which basic consumer right was infringed when Nancy bought the espresso machine?
- the right to safety
 - the right to be heard
 - the right to service
 - the right to respect
 - the right to choose

ANS: E PTS: 1 DIF: Moderate REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Scenario Questions

31. Refer to XYZ Coffee. Nancy is a(n) _____ within her community.
- outcast
 - active member
 - minority
 - bad influence
 - unethical person

ANS: C PTS: 1 DIF: Easy REF: p. 54
OBJ: 2-8 NAT: AACSB: Ethics TOP: Scenario Questions

32. Refer to XYZ Coffee. If Nancy were Caucasian and the company employees were mostly Hispanic, the way she was treated would be referred to as _____.
- affirmative action
 - legal discrimination
 - simply unethical
 - reverse discrimination
 - a perfect match

ANS: D PTS: 1 DIF: Moderate REF: p. 55
OBJ: 2-8 NAT: AACSB: Ethics TOP: Scenario Questions

33. Refer to XYZ Coffee. Before he got his job, another description for the employee who was hired over Nancy would be _____.
- an unemployed
 - a minority
 - a whistle-blower
 - a caveat emptor
 - a consumerist

ANS: A PTS: 1 DIF: Easy REF: p. 55
OBJ: 2-8 NAT: AACSB: Ethics TOP: Scenario Questions

34. The Jackson Springs Coal Mine recently discovered that the mine was contaminating the local drinking water. Cleaning up the mine and the surrounding areas would probably bankrupt the mine, causing the loss of hundreds of local jobs, but doing nothing would endanger the health of the community. The mine faces a serious _____ decision.
- business
 - ethical
 - environmental
 - social responsibility
 - cost

ANS: B PTS: 1 DIF: Difficult REF: p. 35
OBJ: 2-1 NAT: AACSB: Ethics TOP: Business Ethics Defined

35. Which of the following holds true in the case of business ethics?
- It is laws and regulations that govern business.
 - It is the application of moral standards to business situations.
 - It does not vary from one person to another.
 - It is most important for advertising agencies.
 - They are well-defined rules for appropriate business behavior.

ANS: B PTS: 1 DIF: Easy REF: p. 35
OBJ: 2-1 NAT: AACSB: Ethics TOP: Business Ethics Defined

36. The study of the morality of choices made by people is known as _____.
- ethics
 - business ethics
 - freedom of choice
 - moral aptitude
 - standard of behavior

ANS: A PTS: 1 DIF: Easy REF: p. 35
OBJ: 2-1 NAT: AACSB: Ethics TOP: Business Ethics Defined

37. Brant promised to repair Carolyn's car on Thursday. After picking up the necessary part at a junkyard, he discovered he could not do the job after all and that the junkyard would not buy back the part. Carolyn does not know about these developments. However, she thinks Brant will be finished with her car sometime today. What should Brant do?
- try to repair the car even though he does not really know how
 - try to repair the car so he can at least get his money's worth out of it
 - call Carolyn to inform her of the problem, and recommend a reputable repair shop

- d. fake an emergency and contact Carolyn on Monday
- e. stall for time to read up on car repairs so he can practice on Carolyn's car

ANS: C PTS: 1 DIF: Difficult REF: p. 35
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

38. Customers expect a firm's products to
- a. boost sales.
 - b. be profitable.
 - c. earn a reasonable return on investment.
 - d. be available everywhere.
 - e. be safe, reliable, and reasonably priced.

ANS: E PTS: 1 DIF: Easy REF: p. 35
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

39. Investors expect management to do all of the following *except*
- a. consult them on ethical decisions.
 - b. increase sales.
 - c. boost the company's profit.
 - d. increase the return to the investor.
 - e. make sensible financial decisions.

ANS: A PTS: 1 DIF: Moderate REF: p. 35
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

40. Tony Shinn is applying for a mortgage to purchase his first home. His credit rating is mediocre due to several late payments on his credit cards and car loan. He is upset because his friend Jerry was offered an interest rate 3 percent less than what Tony was offered by the same mortgage company. This mortgage company's actions were
- a. unethical—both Tony and Jerry should have been charged the same interest rates, regardless of their credit histories.
 - b. ethical—this is just a part of doing business because credit history is an important indicator of future payments.
 - c. illegal—subjective factors may not be used when determining which credit offers may be extended to certain customers.
 - d. unethical if Tony is a minority and Jerry is not.
 - e. unethical and illegal—customers must all be treated the same.

ANS: B PTS: 1 DIF: Moderate REF: p. 35
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

41. Metabo-Miracle offers a guaranteed weight loss of 10 pounds in one week without dieting or exercise. Thousands of customers purchase the products and about 200 call in with complaints that the product was ineffective. What action should Metabo-Miracle take?
- a. It should immediately remove its products from the market, fully refund the thousands of customers' money, and close its business.
 - b. It should use persuasive techniques to get the 200 disappointed customers to try the product again each time it fails in order to decrease refunds.
 - c. It should explain to the customers that they misused the product and try to sell them more of the product.
 - d. It should discuss the product failure with the customers and then provide them with a full refund of their purchase price.
 - e. It should ignore the customers' complaints and hope they will tire of calling and writing letters.

ANS: D PTS: 1 DIF: Difficult REF: p. 36
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

42. Raneer is a businessperson who works for a successful and admired *Fortune* 500 company. How often is Raneer likely to encounter ethical issues in the workplace?
- once or twice during her career
 - about two to three times per year
 - approximately once a month
 - almost every week
 - on a daily basis

ANS: E PTS: 1 DIF: Difficult REF: p. 36
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

43. You are the executive vice president for Cooper Tire, the sixth largest U.S. tire maker. You have the responsibility to locate land for a new distribution center in Mississippi, and you own over 1,000 acres of land near one site in Tupelo. Your situation could create
- a code of ethics.
 - the usual decision-making problems of cost versus benefit to Cooper Tire.
 - a wonderful, ethical opportunity to make a lot of money.
 - an ethical opportunity to move the distribution center to your hometown.
 - a conflict of interest.

ANS: E PTS: 1 DIF: Moderate REF: p. 36
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

44. Taking credit for others' ideas or work or not meeting one's commitments in a mutual agreement are ethical issues concerning _____.
- fairness and honesty
 - organizational relationships
 - conflict of interest
 - communications
 - freedom of choice

ANS: B PTS: 1 DIF: Moderate REF: p. 36
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

45. Publisher's Clearing House has a policy that no employees or their family members are eligible to win the big sweepstakes. This policy was likely implemented to
- shrink the pool of possible winners, which increases each individual's odds of winning.
 - prevent employees from accepting gifts or bribes from other employees.
 - encourage more magazine sales.
 - avoid an apparent conflict of interest.
 - satisfy the families of Publisher's Clearing House employees.

ANS: D PTS: 1 DIF: Difficult REF: p. 36
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

46. A large computer manufacturer forbids its executives and managers from serving as directors or officers for Intel Corporation or any other corporations from which it might purchase component parts. The company is trying to prevent
- their employees from having other jobs.
 - a conflict of interest.
 - trade secrets from being revealed.

- d. losing its executives to other organizations.
- e. fairness and honesty.

ANS: B PTS: 1 DIF: Difficult REF: p. 36
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

47. Mattel, the maker of Barbie dolls, frequently shows television ads aimed at children on Saturday mornings, when many children are known to watch cartoons. Some of these ads mix cartoon-type animation and "real" shots of the dolls so that it is sometimes difficult for even an adult to determine what the doll can or cannot do. This *most likely* represents
- a. a conflict of interest.
 - b. an ethical problem because children may be deceived about what Barbie can do.
 - c. an ethical concern for many creditors of Mattel.
 - d. illegal payoffs, if parents are getting more than they actually know they are paying for.
 - e. that Mattel employees need better working conditions and higher pay.

ANS: B PTS: 1 DIF: Difficult REF: p. 37
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

48. Which of the following holds true in the case of bribes?
- a. They are unethical.
 - b. They are ethical only under certain circumstances.
 - c. They are uncommon in many foreign countries.
 - d. They are economic returns.
 - e. They are ethical.

ANS: A PTS: 1 DIF: Easy REF: p. 37
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

49. When medical research indicated that a high-fiber diet might help reduce one's risk of colon cancer, a few producers of fiber cereals suggested in their advertisements that if you eat fiber cereal, you will not get cancer. This is an example of ____.
- a. an unethical organizational relationship
 - b. a conflict of interest
 - c. social responsibility
 - d. unethical communications
 - e. ethical persuasion

ANS: D PTS: 1 DIF: Difficult REF: p. 37
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

50. You are the decision maker for purchasing office equipment in your organization. One sales representative privately offers you season tickets to the Chicago Bears if you help him out. This tactic is ____.
- a. a corporate discount
 - b. a common business practice
 - c. a bribe
 - d. personal selling
 - e. ethical

ANS: C PTS: 1 DIF: Moderate REF: p. 37
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

51. For health-related companies such as Weight Watchers, one of the most frequent ethical issues related to communications that they face is

- a. deception.
- b. providing too much information.
- c. seeking FDA approval.
- d. experiments on animals.
- e. safe packaging.

ANS: A PTS: 1 DIF: Moderate REF: p. 37
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

52. Which specific area of business communications presents ethical questions by sometimes containing false and misleading messages for adults and especially children?
- a. press releases
 - b. newspaper articles
 - c. Consumer Reports' rankings
 - d. advertising
 - e. audited financial reports

ANS: D PTS: 1 DIF: Moderate REF: p. 37
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

53. What are the three sets of factors that influence the standards of behavior in an organization?
- a. organizational norms, circumstances, morals
 - b. peer pressure, attitudes, social factors
 - c. historical factors, management attitudes, opportunity
 - d. opportunity, individual factors, social factors
 - e. financial factors, opportunity, morals

ANS: D PTS: 1 DIF: Moderate REF: p. 37
OBJ: 2-3 NAT: AACSB: Ethics
TOP: Factors Affecting Ethical Behavior

54. The ____ factor affecting ethical behavior includes individual knowledge of an issue, personal values, and personal goals.
- a. individual
 - b. social
 - c. opportunity
 - d. moral
 - e. ethical

ANS: A PTS: 1 DIF: Easy REF: p. 38
OBJ: 2-3 NAT: AACSB: Ethics
TOP: Factors Affecting Ethical Behavior

55. At Ledbetter Industries, employees are allowed one-hour lunches, but most stroll back fifteen minutes late every day. The factor affecting the ethical behavior of Ledbetter's employees is ____.
- a. individual
 - b. social
 - c. opportunity
 - d. code of ethics
 - e. whistle-blowing

ANS: B PTS: 1 DIF: Moderate REF: p. 38
OBJ: 2-3 NAT: AACSB: Ethics
TOP: Factors Affecting Ethical Behavior

56. Publix, a southeastern grocery store chain, has signs saying that tips are not accepted and employees are all informed of this policy. However, many of the baggers commonly accept tips from customers anyway and they often compare to see who makes the most. The factor affecting the ethical behavior of Publix's employees is _____.
- individual
 - social
 - opportunity
 - demographic
 - internal code

ANS: B PTS: 1 DIF: Difficult REF: p. 38
OBJ: 2-3 NAT: AACSB: Ethics
TOP: Factors Affecting Ethical Behavior

57. At Victoria's Secret, managerial approval is required whenever an employee makes a purchase at the store using an employee discount. Which factor affecting ethical behavior is Victoria's Secret seeking to control?
- individual
 - social
 - moral
 - circumstantial
 - opportunity

ANS: E PTS: 1 DIF: Moderate REF: p. 38
OBJ: 2-3 NAT: AACSB: Ethics
TOP: Factors Affecting Ethical Behavior

58. Ed works in a position where there is very little supervision. In fact, although he considers himself ethical, he figures he could go away for a week without anyone noticing. Which general set of factors is *most likely* to influence Ed's ethical behavior?
- individual
 - social
 - moral
 - circumstantial
 - opportunity

ANS: E PTS: 1 DIF: Difficult REF: p. 38
OBJ: 2-3 NAT: AACSB: Ethics
TOP: Factors Affecting Ethical Behavior

59. All of the following are factors that affect the level of ethical behavior in an organization *except* _____.
- individual factors
 - social factors
 - opportunity
 - demographic factors
 - moral values

ANS: D PTS: 1 DIF: Easy REF: p. 38-39
OBJ: 2-3 NAT: AACSB: Ethics
TOP: Factors Affecting Ethical Behavior

60. If a company deals with violations of its ethical codes _____, the opportunity to be unethical will be reduced.
- leisurely and lightly

- b. firmly and consistently
- c. on a case-by-case basis
- d. quietly and erratically
- e. frequently and severely

ANS: B PTS: 1 DIF: Moderate REF: p. 39
OBJ: 2-3 NAT: AACSB: Ethics
TOP: Factors Affecting Ethical Behavior

61. What is probably the *most* effective way for a company to encourage ethical behavior?
- a. hire employees who are ethical and in agreement with the company's views
 - b. have ethics training sessions for interested employees
 - c. threaten employees with immediate termination for unethical behavior
 - d. post signs discouraging sexual harassment and discrimination
 - e. develop and enforce a written code of ethics for the organization

ANS: E PTS: 1 DIF: Moderate REF: p. 39
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

62. The American Apparel Manufacturers Association exerts pressure on its members to comply with the ethical standards of the industry and provides information and benefits for textile companies. This company is an example of a(n) _____.
- a. regulatory agency
 - b. government agency
 - c. trade association
 - d. industry organization
 - e. membership club

ANS: C PTS: 1 DIF: Difficult REF: p. 39
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

63. Wal-Mart expects its code of ethics to provide all of the following benefits *except*
- a. creating an outline for ethical policies and standards.
 - b. encouraging employees to behave ethically.
 - c. communicating the company's expectations to the employees.
 - d. describing what to do in every ethical situation.
 - e. detailing the punishment that will be given for an ethical breach.

ANS: D PTS: 1 DIF: Easy REF: p. 39
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

64. The human resources manager at Swingline, Inc., a manufacturer of office staplers, wants to encourage a more ethical climate in the organization. A likely way for Swingline to do this is to
- a. make certain that Swingline has a company code of ethics that is enforced.
 - b. add an ethics department whose job is to constantly watch employees to be certain they behave.
 - c. develop a system of security cameras, telephone monitoring, and one-way mirrors to be certain that employees behave appropriately.
 - d. avoid any mention of ethics to employees so that they will not think unethical thoughts.
 - e. do none of the above. All of these practices are illegal because they take away an employee's constitutional right of free choice.

ANS: A PTS: 1 DIF: Difficult REF: p. 39
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

65. Which of the following is the most effective way to encourage ethical business behavior?
- pass government regulations
 - provide guidelines from trade associations
 - include an ethics clause in a labor contract
 - establish and enforce a code of ethics
 - rely on employees to blow the whistle

ANS: D PTS: 1 DIF: Easy REF: p. 39
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

66. Rose Martinez walked into her office and found a large, extravagant bouquet on her desk. Before she had time to read the card, her secretary said it was from Mr. Tanner at Zero Corporation. The secretary knew Mr. Tanner was trying to negotiate a sales deal with the company. Thus, she remarked that the beautiful flowers should help Ms. Martinez make her decision. Although Ms. Martinez did not know how to respond to Mr. Tanner's gift, she thought an answer might be in her company's ____.
- sales procedures
 - sales manual
 - employee handbook
 - code of ethics
 - sales training tapes

ANS: D PTS: 1 DIF: Difficult REF: p. 39-40
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

67. As a result of the Bhopal incident, in which a toxic gas leak killed thousands of people, officials at Union Carbide have dedicated themselves to operating their business ethically. Ways in which the company can encourage ethical behavior include all of the following *except*
- formalizing a corporate code of ethics.
 - encouraging whistle-blowing.
 - holding ethics training sessions.
 - requiring that ethical behavior be profitable.
 - promoting open decision making.

ANS: D PTS: 1 DIF: Difficult REF: p. 39-42
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

68. Some Enron executives were aware of the financial problems the company was facing and yet failed to reveal this information to the public. These actions taken by Enron executives were
- moral.
 - normal.
 - in the best interests of the shareholders.
 - unethical.
 - in the best interests of the employees.

ANS: D PTS: 1 DIF: Moderate REF: p. 40
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

69. Megan Miller is an ethics officer at a large financial institution. She likely performs all of the following duties *except*
- coordinating ethical conduct.
 - providing advice to employees when they are uncertain.
 - giving top management advice about their decisions.
 - encouraging all employees to be whistle-blowers.
 - determining the punishment for ethical violations.

ANS: D PTS: 1 DIF: Moderate REF: p. 40
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

70. Tom stormed into the office, exclaiming, "That's the last straw! I've experienced unethical behavior at this company one time too many. I'll be calling the press immediately." It appears that Tom is about to engage in _____.
- an unethical practice
 - corporate ethics
 - whistling
 - trumpeting
 - whistle-blowing

ANS: E PTS: 1 DIF: Moderate REF: p. 40
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

71. A whistle-blower is a person who
- announces the beginning and end of a work shift.
 - praises his or her own accomplishments.
 - does public relations work for a company.
 - accepts responsibility when a company is in trouble with the government.
 - reports illegal or unethical conduct within his or her organization.

ANS: E PTS: 1 DIF: Easy REF: p. 40
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

72. Which of the following scenarios provides the *best* example of whistle-blowing?
- Jonathon fails to meet his sales quota for the month and is reported to the regional manager for special review.
 - Christine tells her husband about illegal environmental dumping she suspects her company is doing.
 - William gives an interview on NBC's *Dateline* about the opportunities available at his company.
 - Geena speaks to her boss about how uncomfortable she is with the sexual jokes one of her coworkers frequently tells at the office.
 - Marie has grown tired of her company's unsafe practices and reports them to OSHA, a governmental agency that regulates safety.

ANS: E PTS: 1 DIF: Difficult REF: p. 40
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

73. Certain executives were aware of the financial difficulties of WorldCom. What action might they have taken to help the owners, employees, and communities involved?
- whistle-blowing

- b. selling their shares of WorldCom
- c. leaving the company
- d. transferring to a more ethical division
- e. denying their knowledge of the company's problems

ANS: A PTS: 1 DIF: Moderate REF: p. 40
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

74. After consulting his company's code of ethics, Mark is still unsure of whether or not the decision he is about to make is ethical. Which of the following actions would be *most* appropriate?
- a. ask his wife what she would do in this situation
 - b. calculate the decision's bottom-line impact and do whatever increases profit the most
 - c. determine whether coworkers, suppliers, and customers would approve of the action
 - d. go with his gut feeling because Mark considers himself to be an ethical individual
 - e. avoid making the decision and any other decision with ethical implications

ANS: C PTS: 1 DIF: Difficult REF: p. 42
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

75. The recognition that business activities affect society and the consideration of that impact when making business decisions is referred to as _____.
- a. business ethics
 - b. corporate ethics
 - c. code of ethics
 - d. community responsibility
 - e. social responsibility

ANS: E PTS: 1 DIF: Easy REF: p. 42
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

76. Which of the following holds true in the case of social responsibility?
- a. It has little or no associated costs.
 - b. It can be extremely expensive and provides very little benefit to a company.
 - c. It has become less important as businesses become more competitive.
 - d. It is generally a crafty scheme to put competitors out of business.
 - e. It is costly but provides tremendous benefits to society and the business.

ANS: E PTS: 1 DIF: Easy REF: p. 42
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

77. Which of the following examples *least* represents the definition of social responsibility?
- a. Home Depot provides resources and volunteers for Habitat for Humanity.
 - b. GE supports food banks and helps renovate homeless shelters.
 - c. Military members pledge a portion of their salary to the United Way.
 - d. Avon donates a portion of its profits to breast cancer research.
 - e. AT&T supports education, health, and the environment through donations and volunteers.

ANS: C PTS: 1 DIF: Moderate REF: p. 42
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

78. Kenneth worked in the steel industry in the early 1900s. Which *most likely* describes the amount of time Kenneth worked per week?
- He was lucky to have the job at all and probably only worked twenty hours per week.
 - He shared his job with another individual and worked thirty hours per week.
 - He worked a standard week of forty hours.
 - He worked over sixty hours a week.
 - He spent about sixteen hours a day, six days a week at the factory.

ANS: D PTS: 1 DIF: Moderate REF: p. 47
OBJ: 2-5 NAT: AACSB: Ethics
TOP: The Evolution of Social Responsibility in Business

79. Six of the most important federal laws passed between 1887 and 1914 supported which of the following?
- foreign trade
 - increased production
 - competition
 - elimination of unions
 - more social responsibility

ANS: C PTS: 1 DIF: Moderate REF: p. 47
OBJ: 2-5 NAT: AACSB: Ethics
TOP: The Evolution of Social Responsibility in Business

80. Which of the following best defines the term *Caveat emptor*?
- It is a French term that implies laissez faire.
 - It implies disagreements over peer evaluations.
 - It is a Latin phrase meaning "let the buyer beware."
 - It is a Latin phrase meaning "let the seller beware."
 - It is a Latin phrase meaning "the cave is empty."

ANS: C PTS: 1 DIF: Easy REF: p. 47
OBJ: 2-5 NAT: AACSB: Analytic
TOP: The Evolution of Social Responsibility in Business

81. Before the 1930s, most government involvement in day-to-day business was aimed at
- nonpayment of income taxes.
 - discrimination.
 - protection of the free-market system.
 - consumer rights.
 - employment practices of factories.

ANS: C PTS: 1 DIF: Easy REF: p. 47
OBJ: 2-5 NAT: AACSB: Ethics
TOP: The Evolution of Social Responsibility in Business

82. In the first three decades of the twentieth century, working conditions were horrible and dangerous, and abuses were common. Most people of the time believed these abuses would be rectified by
- strict government action to punish the offenders.
 - a shift to a communist economy.
 - consumer advocacy groups who promoted social responsibility.
 - competition and action of the marketplace.
 - returning to a less industrialized society.

ANS: D PTS: 1 DIF: Difficult REF: p. 47

OBJ: 2-5 NAT: AACSB: Ethics
TOP: The Evolution of Social Responsibility in Business

83. Harold Finn III and his son, father, and grandfather gathered last week to compare notes on their business. Harold's grandfather started the business in 1928. His father became active in 1947, Harold in 1965, and his son in 1983. During their conversations, they discovered that many things about the past were similar to conditions today, although others were quite different. For example, after the 1930s
- government protection of workers and consumers increased.
 - working conditions were often deplorable by today's standards.
 - there was a period of laissez-faire business conditions.
 - the average work week under the law once exceeded fifty hours.
 - businesses were free to operate pretty much as they chose.

ANS: A PTS: 1 DIF: Difficult REF: p. 47-48
OBJ: 2-5 NAT: AACSB: Ethics
TOP: The Evolution of Social Responsibility in Business

84. Early government regulations that affected American business include all of the following *except* the
- Interstate Commerce Act.
 - Sherman Antitrust Act.
 - Federal Trade Commission Act.
 - Clayton Antitrust Act.
 - Americans with Disabilities Act.

ANS: E PTS: 1 DIF: Moderate REF: p. 48
OBJ: 2-5 NAT: AACSB: Ethics
TOP: The Evolution of Social Responsibility in Business

85. Which president led the way in creating programs to improve the working and social conditions in the United States in the 1930s?
- Teddy Roosevelt
 - Calvin Coolidge
 - Franklin Roosevelt
 - Woodrow Wilson
 - Herbert Hoover

ANS: C PTS: 1 DIF: Easy REF: p. 48
OBJ: 2-5 NAT: AACSB: Analytic
TOP: The Evolution of Social Responsibility in Business

86. What led most directly to increased government involvement with regulating business and its dealings with society?
- the Industrial Revolution
 - president Kennedy's consumer bill of rights
 - the collapse of the oil industry
 - the Great Depression
 - the end of World War I

ANS: D PTS: 1 DIF: Easy REF: p. 48
OBJ: 2-5 NAT: AACSB: Ethics
TOP: The Evolution of Social Responsibility in Business

87. With who does social responsibility of business have to begin?
- government

- b. management
- c. consumers
- d. consumer protection groups
- e. society

ANS: B PTS: 1 DIF: Easy REF: p. 48
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

88. The economic model of social responsibility was developed in a period when the primary concern of firms was
- a. long-term success and profitability.
 - b. improving the quality of life.
 - c. short-run profits and survival.
 - d. complete customer satisfaction and expansion.
 - e. having safe and satisfied employees.

ANS: C PTS: 1 DIF: Moderate REF: p. 48
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

89. The manager of a large chain recently spoke to a group of college students about making it in the business world. He focused particularly on the importance of fulfilling the purpose of the business organization: that is, to produce and market profitable products needed by society. In doing so, he indicated that a stockholder, not the society as a whole, invests in a corporation to earn a return on his or her investment and that a firm is legally obligated to act in stockholders' interests. What concept do the manager's comments reveal?
- a. the socioeconomic model of social responsibility
 - b. the economic model of social responsibility
 - c. the strictest model of social responsibility
 - d. consumerism
 - e. the rights of employees

ANS: B PTS: 1 DIF: Difficult REF: p. 48-49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

90. The manager of a successful local restaurant believes his responsibilities are to provide delicious meals and excellent service, provide jobs, comply with laws and the IRS, and earn a respectable profit on the restaurant. These are the manager's only concerns. What concept does this indicate?
- a. Socialism
 - b. the economic model of social responsibility
 - c. the socioeconomic model of social responsibility
 - d. consumer protectionism
 - e. a lack of social responsibility

ANS: B PTS: 1 DIF: Difficult REF: p. 48-49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

91. "We are busy producing and marketing profitable products for society to enjoy! Now you want us to provide legal services, day-care centers, and counseling for AIDS victims and alcohol and drug abusers. If we do all these things, what role will the government, church, and family play?" exclaimed the vice president of Milam Corporation. This manager's comments reveal what concept?
- a. the socioeconomic model of social responsibility

- b. the economic model of social responsibility
- c. the strictest model of social responsibility
- d. the need to preserve management rights
- e. consumerism

ANS: B PTS: 1 DIF: Difficult REF: p. 48-49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

92. By establishing Ronald McDonald Houses, temporary lodging for individuals with seriously ill family members, McDonald's has committed itself to more than just shareholder wealth maximization. The corporation's active role in improving societal conditions suggests that it is responsive to which of the following arguments?
- a. Corporate resources should be devoted to maximizing profits, not to solving society's problems.
 - b. Individual businesses should not be responsible for solving problems that affect all of society.
 - c. Socially responsible actions by business firms increase the role of government in business.
 - d. Businesses are ill-equipped to handle today's complex social issues.
 - e. Social responsibility promotes environmental stability and long-run profitability.

ANS: E PTS: 1 DIF: Difficult REF: p. 49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

93. Roger, a bank manager, holds the economic model of social responsibility view. What is he *most likely* to say about the connection between taxes and social responsibility?
- a. Because he is a responsible man, he pays his taxes and does not try to cheat the IRS.
 - b. Although taxes contribute to social welfare, it is only the beginning of his bank's responsibility to society.
 - c. Taxes are a required evil from which he sees very little benefit in his community.
 - d. By making a profit and paying taxes that meet the needs of society, Roger has fulfilled his social responsibility.
 - e. It is better to make a small profit and therefore pay less taxes than to contribute to social responsibility.

ANS: D PTS: 1 DIF: Difficult REF: p. 49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

94. Joe, a restaurant supplies and equipment business manager, believes in the economic model of social responsibility. Which of the following would *most likely* be a quote from Joe in relation to social responsibility?
- a. "What a waste of time for everyone!"
 - b. "I fully support it."
 - c. "That is someone else's job."
 - d. "It's expensive, but worth it."
 - e. "Not in my line of work."

ANS: C PTS: 1 DIF: Difficult REF: p. 49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

95. Long-distance providers are becoming increasingly concerned about certain activities within their industry. Various companies come together voluntarily to implement new standards of social responsibility that members must abide by. What seems to be the primary motivation in this case for an increased interest in social responsibility?
- Because corporations are creations of society, they are responsible for giving back to the communities in which they operate.
 - These companies have realized it is in their best interest to increase their social responsibility before they are once again subject to stricter regulations.
 - These companies are using social responsibility as a means to increase their profitability, both in the short term and long term.
 - Long-distance providers have started taking pride in their industry and its record for social responsibility.
 - They feel a responsibility to their stockholders, employees, the government, investors, and society as a whole.

ANS: B PTS: 1 DIF: Difficult REF: p. 49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

96. Which of the following is an argument for increased social responsibilities?
- Because business is part of our society, it cannot ignore social issues.
 - Management must be concerned with providing a return on owners' investments.
 - Corporate time and money should be used to maximize profits.
 - Individual businesses should not be expected to solve society's problems.
 - Social issues are the responsibility of government officials.

ANS: A PTS: 1 DIF: Easy REF: p. 49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

97. "We are busy producing and marketing profitable products for society to enjoy! Now you want us to provide legal services, day-care centers, and counseling for AIDS victims and alcohol and drug abusers. If we do all these things, what role will the government, church, and family play?" exclaimed the vice president of Milam Corporation. What persuasive argument would you use to influence this manager to become more socially responsive?
- Business has the technical, financial, and managerial resources needed to tackle today's complex economic issues.
 - Social problems affect society in general, so individual businesses probably should not be expected to solve these problems.
 - By helping to solve social issues, business can create a more stable environment for long-term profitability.
 - Socially responsible decision making by business firms will not prevent increased government intervention, which only forces businesses to do what they fail to do voluntarily.
 - Corporate time, money, and talent should be used to maximize profits, not to solve society's problems.

ANS: C PTS: 1 DIF: Difficult REF: p. 49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

98. The socioeconomic model of social responsibility
- holds that society will benefit most when business is left alone to produce and market profitable products.
 - emphasizes that social responsibility is someone else's responsibility.

- c. holds that a firm is legally obligated to act in the economic interests of its stockholders.
- d. states that managers who concentrate on profit indirectly fulfill their social responsibilities.
- e. emphasizes profits as well as the effect of business decisions on society.

ANS: E PTS: 1 DIF: Easy REF: p. 49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

99. All of the following are arguments against increased social responsibility *except*
- a. “social issues are the responsibility of government officials elected for that purpose.”
 - b. “companies should maximize profits, not solve society's problems, with their time, money, and talent.”
 - c. “because social problems affect society in general, businesses should not be expected to solve these problems.”
 - d. “social responsibility by firms can prevent increased government intervention.”
 - e. “business managers are primarily responsible to stockholders for providing them a good return.”

ANS: D PTS: 1 DIF: Moderate REF: p. 49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

100. The economic model of social responsibility places primary emphasis on
- a. quality of life.
 - b. active government involvement.
 - c. conservation of natural resources.
 - d. economic return.
 - e. the balance of economic return and social return.

ANS: D PTS: 1 DIF: Moderate REF: p. 50
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

101. Which of the following *best* describes the trend in social responsibility models used by companies?
- a. Most companies are changing from a socioeconomic approach, to an economic approach, to social responsibility.
 - b. There has really been no pattern of change over the last century because most companies take a socioeconomic approach.
 - c. There has been a sporadic shift back and forth between the economic and socioeconomic model as the best business solution.
 - d. Relatively little transformation has left the economic model as the philosophy for most businesses.
 - e. More companies have been bypassing the economic model in favor of the socioeconomic model in recent years.

ANS: E PTS: 1 DIF: Difficult REF: p. 50
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

102. The socioeconomic model of social responsibility places primary emphasis on _____.
- a. quality of life
 - b. production
 - c. economic return
 - d. exploitation of natural resources

e. profit

ANS: A PTS: 1 DIF: Easy REF: p. 50
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

103. Which of the following is an argument against social responsibility?
- Business has resources needed to tackle today's complex social issues.
 - Because business is a part of our society, it cannot ignore social issues.
 - Corporate time, money, and talent should be used to maximize profits.
 - By helping resolve social issues, business can create a more stable environment.
 - Socially responsible decision making by firms can prevent increased government intervention.

ANS: C PTS: 1 DIF: Easy REF: p. 50
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

104. Primary emphasis in the economic model of social responsibility is on
- quality of life.
 - conservation of resources.
 - market-based decisions.
 - production.
 - the firm's and community's interests.

ANS: D PTS: 1 DIF: Easy REF: p. 50
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

105. Karen is the assistant manager of a midsized logistics firm. She believes her manager, Michael, has become carried away with supporting nonprofit organizations and encouraging employees to do community service. What argument would Karen *most likely* use to turn Michael to her point of view?
- Socially responsible decision making by firms can prevent increased government regulation.
 - Social problems affect society in general, so it is important to protect our society.
 - The company's time and money should be spent maximizing the owner's wealth, not solving society's problems.
 - By contributing to social issues, business will decrease its opportunity for long-run profitability.
 - The logistics business has unique resources that could be used to address serious social issues.

ANS: C PTS: 1 DIF: Difficult REF: p. 50
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

106. By ensuring that products are safe and reliable, the Food and Drug Administration and the Consumer Product Safety Commission are taking part in a movement known as _____.
- protectionism
 - consumerism
 - product activism
 - socialism
 - product liability management

ANS: B PTS: 1 DIF: Moderate REF: p. 51

OBJ: 2-7

NAT: AACSB: Ethics

TOP: Consumerism

107. Which president stated that consumers have the right to safety, to be informed, to choose, and to be heard?
- Franklin D. Roosevelt
 - Dwight D. Eisenhower
 - Lyndon B. Johnson
 - John F. Kennedy
 - George H. Bush

ANS: D

PTS: 1

DIF: Easy

REF: p. 51

OBJ: 2-7

NAT: AACSB: Ethics

TOP: Consumerism

108. ____ consists of all activities undertaken to protect the rights of consumers.
- Consumerism
 - Bill of rights
 - Lobbying
 - Caveat emptor
 - Protectionism

ANS: A

PTS: 1

DIF: Easy

REF: p. 51

OBJ: 2-7

NAT: AACSB: Ethics

TOP: Consumerism

109. The Audi 5000S was investigated because of reported instances of unintended acceleration. The investigating body concluded that the acceleration was not a result of a system malfunction but was instead due to driver error. However, they also said that the awkward placement of the brake and accelerator pedals was the primary contributor to these driver errors. By designing this part of the 5000S in an ergonomically inefficient manner, Audi ignored which of the four basic rights of consumers?
- the right to be informed
 - the right to choose
 - the right to safety
 - the right to be heard
 - the right to comfort

ANS: C

PTS: 1

DIF: Difficult

REF: p. 51

OBJ: 2-7

NAT: AACSB: Ethics

TOP: Consumerism

110. Whirlpool fails to provide an instruction manual with a certain type of new washing machine. Which basic consumer right does Whirlpool's action violate?
- the right to convenience
 - the right to choose
 - the right to be heard
 - the right to safety
 - the right to courteous service

ANS: D

PTS: 1

DIF: Moderate

REF: p. 51

OBJ: 2-7

NAT: AACSB: Ethics

TOP: Consumerism

111. Erin decides to try out her new iron on the pesky wrinkles she has on her legs. She suffers rather severe burns and is infuriated with the manufacturer because she feels her right to safety has been violated. Is Erin correct?
- Yes, the right to safety implies that a customer will never be injured by a product.
 - Yes, the iron should have been recalled when this defect was first discovered.
 - No, products must be safe for their intended use, and Erin's experiment was clearly beyond

the intended use.

- d. No, as long as the instructions mentioned that when ironing skin burns sometimes occur, they are not to blame.
- e. No, the company instead violated her right to choose.

ANS: C PTS: 1 DIF: Difficult REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

112. MasterCard sends a customer a memo that discloses the true cost of borrowing with each billing statement. It does this because it realizes that the customer has the right to
- a. choose.
 - b. obtain credit.
 - c. be heard.
 - d. be informed.
 - e. safety.

ANS: D PTS: 1 DIF: Moderate REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

113. The motion picture industry uses a rating system to describe the content of its movies. Movies are accompanied by ratings such as PG (parental guidance suggested) or R (not suitable for those under 17). This rating system satisfies consumers' right to
- a. be heard.
 - b. safety.
 - c. be informed.
 - d. censorship.
 - e. watch what they want to watch.

ANS: C PTS: 1 DIF: Difficult REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

114. One reason American business must be concerned about product safety is that
- a. labor unions will demand better contracts.
 - b. the government will increase its requirements for disclosure.
 - c. consumers demand safe products.
 - d. companies will be banned from competing.
 - e. limitations will be placed on the sale of products.

ANS: C PTS: 1 DIF: Moderate REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

115. Product labels on detergent that indicate ingredients and laundering methods are examples of which provision of Kennedy's consumer bill of rights?
- a. the right to be heard
 - b. the right to choose
 - c. the right to purchase
 - d. the right to be informed
 - e. the right to safety

ANS: D PTS: 1 DIF: Moderate REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

116. Wonder Bread advertised that its bread "builds strong bodies." This claim was considered deceptive and thus a violation of the consumer's right to _____. The claim was a violation not because it was untrue but because the same claim was true of other breads, and people seeing the advertisement might have thought that Wonder Bread was unique.
- safety
 - be heard
 - be informed
 - choose
 - life

ANS: C PTS: 1 DIF: Difficult REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

117. An instruction pamphlet detailing steps for the care and use of a new electric appliance would fulfill which provisions of Kennedy's consumer bill of rights?
- the right to safety and the right to be informed
 - the right to be instructed and the right to safety
 - the right to be aware and the right to choose
 - the right to choose and the right to vote
 - the right to be heard and the right to sue

ANS: A PTS: 1 DIF: Difficult REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

118. The statement "Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health" supports the consumers' rights to
- safety and to be informed.
 - life and to be informed.
 - choose and to safety.
 - work and to be informed.
 - safety and to be heard.

ANS: A PTS: 1 DIF: Moderate REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

119. In the 1970s, the Pinto, a subcompact car manufactured by Ford, was known to catch fire when rear-ended, even at inner-city speeds. This stripped consumers of their right to
- choose.
 - be informed.
 - be protected.
 - be heard.
 - safety.

ANS: E PTS: 1 DIF: Moderate REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

120. When Ford discovered the fault with its Pinto model that caused the car to explode easily when hit from the rear, what action should it have taken to preserve basic consumer rights?
- Ford should have performed a cost benefit analysis to determine whether it would save more money by doing nothing or by rectifying the problem.
 - Ford should have launched a campaign warning consumers of the defect so they would avoid getting in accidents.
 - Ford should have warned consumers of the explosions, recalled all of the defective automobiles, and corrected the problem.
 - Ford should have quietly ignored the problem and phased the Pinto out of its automobile

lineup.

- e. Ford should have redesigned the automobile to make it safer for consumers in the future.

ANS: C PTS: 1 DIF: Difficult REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

121. Lisa buys a new pillow and rips off the manufacturer's tag. She then reads the tag and is amused at its warning that, under penalty of law, the tag should not be removed and the pillow could cause suffocation. What consumer right is the manufacturer guarding against?
- a. the right to consumer education
 - b. the right to choose
 - c. the right to be informed
 - d. the right to be heard
 - e. the right to courteous service

ANS: C PTS: 1 DIF: Difficult REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

122. What does the government encourage in order to protect the consumer's right to choose?
- a. competition
 - b. monopolies
 - c. trust laws
 - d. divestitures
 - e. cooperation

ANS: A PTS: 1 DIF: Easy REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

123. What two additional rights have been added to Kennedy's original consumer bill of rights?
- a. right to choose and right to satisfaction
 - b. right to listen and right to education
 - c. right to consumer education and right to service
 - d. right to service and right to privacy
 - e. right to reparation and right to privacy

ANS: C PTS: 1 DIF: Moderate REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

124. Steve had a problem with a coffee maker he purchased recently. He has been trying for days to speak with the company by calling its toll-free number, but it rings forever or sends him through a long menu with no opportunity to speak to an individual or to leave a message. Steve feels his basic consumer right to ____ has been violated.
- a. safety
 - b. be informed
 - c. be heard
 - d. choose
 - e. privacy

ANS: C PTS: 1 DIF: Difficult REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

125. Citizens have a right to demonstrate against unfair rate increases and safety violations as well as other issues. In doing so, they exercise their right to
- a. be heard.
 - b. be informed.

- c. safety.
- d. choose.
- e. vote.

ANS: A PTS: 1 DIF: Moderate REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

126. If Casio were to buy out all other calculator manufacturers, what consumer right would be at stake?
- a. the right to choose
 - b. the right to be heard
 - c. the right to safety
 - d. the right to service
 - e. the right to be informed

ANS: A PTS: 1 DIF: Moderate REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

127. The right to be heard implies that companies should listen to consumer complaints and
- a. thank them for their time.
 - b. give them a full refund.
 - c. do whatever the consumer requests.
 - d. do nothing—just listening is enough.
 - e. take appropriate action.

ANS: E PTS: 1 DIF: Moderate REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

128. Anne's new necklace breaks the day after she purchases it. She tries to get it fixed or replaced and feels that she has been given the runaround by both the retailer and the manufacturer of the necklace. She is treated rudely and finally told she will have to drive two hours to a company-approved repair center to have the necklace fixed. Anne is certain that her consumer right to ____ has been ignored by both companies.
- a. be heard
 - b. safety
 - c. be informed
 - d. service
 - e. consumer education

ANS: D PTS: 1 DIF: Difficult REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

129. When DVD players were first introduced, the price was very high, thereby preventing the average consumer from purchasing one. Today, however, as a result of increased competition in the market, most consumers can afford one because they are significantly cheaper. By reducing the price of these products and ensuring a large number of product offerings, competition has promoted consumers' right to
- a. inexpensive products.
 - b. be informed.
 - c. be heard.
 - d. quality products.
 - e. choose.

ANS: E PTS: 1 DIF: Difficult REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

130. Which president stated that consumers have the right to consumer education?

- a. Franklin D. Roosevelt
- b. John F. Kennedy
- c. Lyndon B. Johnson
- d. Gerald R. Ford
- e. Bill Clinton

ANS: D PTS: 1 DIF: Easy REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

131. Which president stated that consumers have the right to service?

- a. Franklin D. Roosevelt
- b. John F. Kennedy
- c. Lyndon B. Johnson
- d. Gerald R. Ford
- e. Bill Clinton

ANS: E PTS: 1 DIF: Easy REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

132. The major forces in consumerism are

- a. individual consumer advocates
- b. consumer organizations
- c. consumer education programs
- d. consumer laws
- e. All of the above are correct.

ANS: E PTS: 1 DIF: Easy REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

133. Louise registers for a consumer education course at her high school. She is likely to learn about all of the following topics *except*

- a. how to prepare for a successful job interview.
- b. what to consider when purchasing a car.
- c. the provisions of consumer protection laws.
- d. the available sources of consumer information.
- e. Kennedy's consumer bill of rights.

ANS: A PTS: 1 DIF: Easy REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

134. Major advances in consumerism have come through

- a. federal legislation.
- b. state legislation.
- c. local legislation.
- d. business firms.
- e. trade organizations.

ANS: A PTS: 1 DIF: Easy REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

135. You were hired as a television anchorwoman this year. After a few months your supervisor demoted you because you were said to be too old, unattractive, and not deferential enough to be a man. You believe this supervisor has violated your right to

- a. safety and security.

- b. be heard.
- c. be informed.
- d. life.
- e. equal treatment in the workplace.

ANS: E PTS: 1 DIF: Moderate REF: p. 54
OBJ: 2-8 NAT: AACSB: Ethics TOP: Employment Practices

136. A plan designed to increase the number of minority employees within an organization is known as
- a. the Fair Labor Standards Act.
 - b. the Equal Employment Opportunity Commission.
 - c. the Better Business Bureau.
 - d. an affirmative action program.
 - e. the Clayton Act.

ANS: D PTS: 1 DIF: Easy REF: p. 54
OBJ: 2-8 NAT: AACSB: Ethics TOP: Employment Practices

137. In 2001, Susan Scholz was fired from her sales clerk's job at the Walgreens store in North Mall after refusing to work on Sundays. The Christian Reformed Church, of which she was a member, prohibited working on Sunday. Therefore, she did not go to work on those days even though she was scheduled to do so. Ms. Scholz filed a lawsuit against the company because she felt her rights had been violated. Which right(s) was/were violated?
- a. the rights to be heard and to work
 - b. the rights to safety and to be informed
 - c. the rights to be informed and to be heard
 - d. the rights to life and to work
 - e. the right to equal treatment in the workplace

ANS: E PTS: 1 DIF: Difficult REF: p. 54
OBJ: 2-8 NAT: AACSB: Ethics TOP: Employment Practices

138. Which of the following accurately describes the objective of affirmative action?
- a. If 30 percent of the local population is Hispanic, then 30 percent of a company's engineers should be Hispanic.
 - b. If 55 percent of the local population is female, then 55 percent of all companies' employees should be female throughout all levels of the organizations.
 - c. If 20 percent of the engineers in the local area are African American, then a company should have about 20 percent African American employees on its engineering staff.
 - d. If 40 percent of the engineers available locally are African American, then a company should have about 1 out of 10 African American engineers.
 - e. If 40 percent of the local population is Hispanic, the school systems should have 40 percent Hispanic teachers.

ANS: C PTS: 1 DIF: Difficult REF: p. 54
OBJ: 2-8 NAT: AACSB: Ethics TOP: Employment Practices

139. One problem affirmative action programs have encountered is
- a. that not all businesspeople favor such programs.
 - b. the identification of minority groups.
 - c. the government's reclassification of groups.
 - d. the completion of the required paperwork.
 - e. training the hard-core unemployed.

ANS: A PTS: 1 DIF: Moderate REF: p. 55

OBJ: 2-8

NAT: AACSB: Ethics

TOP: Employment Practices

140. A government agency with the power to investigate complaints of discrimination and to sue firms practicing employment discrimination is known as the
- Better Business Bureau.
 - National Alliance of Business.
 - Civil Service Commission.
 - Equal Employment Opportunity Commission.
 - Interstate Commerce Commission.

ANS: D

PTS: 1

DIF: Easy

REF: p. 55

OBJ: 2-8

NAT: AACSB: Ethics

TOP: Employment Practices

141. What have the courts ruled about quotas as a part of affirmative action programs?
- Courts have confirmed their usefulness in correcting past failures.
 - Courts have restricted the use of quotas to certain occupations with severe obstacles to overcome.
 - Courts have ruled the quotas unconstitutional and condemned companies for using them.
 - Courts have supported the use of quotas on a wide basis throughout the United States.
 - Courts have ruled quotas unconstitutional but commended their purpose.

ANS: E

PTS: 1

DIF: Difficult

REF: p. 55

OBJ: 2-8

NAT: AACSB: Ethics

TOP: Employment Practices

142. Historically a discrepancy exists between the pay for women and men of equal qualifications. Which statement *most* accurately describes this inequality?
- Although the pay discrepancy between men and women used to be quite large, it is nonexistent today.
 - Despite threats of legal action, women still make significantly less than men of equal background.
 - So much has been done to correct this discrepancy that women, on average, earn more than men of equal qualifications.
 - The discrepancy in pay has shifted back and forth the last three decades; that is, sometimes women are paid more and sometimes men are paid more.
 - Women and men of equal qualifications have, for the past two decades, made approximately the same amount of money from similar occupations.

ANS: B

PTS: 1

DIF: Difficult

REF: p. 55

OBJ: 2-8

NAT: AACSB: Ethics

TOP: Employment Practices

143. What are the two major problems that affirmative action programs have faced?
- quotas and lack of acceptance by some businesspeople
 - unrealistic expectations and strict enforcement
 - lack of enforcement and lack of acceptance
 - reverse discrimination and lawsuits
 - quotas and the EEOC

ANS: A

PTS: 1

DIF: Moderate

REF: p. 55

OBJ: 2-8

NAT: AACSB: Ethics

TOP: Employment Practices

144. Elizabeth believes her company has discriminated against her because her minority coworkers, who are less qualified, have been promoted ahead of her. Which agency should Elizabeth contact?
- National Alliance of Business
 - Affirmative Action Council
 - Equal Employment Opportunity Commission

- d. Federal Trade Commission
- e. Fair Employment Practices Agency

ANS: C PTS: 1 DIF: Moderate REF: p. 55
OBJ: 2-8 NAT: AACSB: Ethics TOP: Employment Practices

145. Which organization was established to train the hard-core unemployed?
- a. Better Business Bureau
 - b. Equal Employment Opportunity Commission
 - c. Environmental Protection Agency
 - d. Affirmative Action Committee
 - e. National Alliance of Business

ANS: E PTS: 1 DIF: Easy REF: p. 56
OBJ: 2-8 NAT: AACSB: Ethics TOP: Employment Practices

146. The National Alliance of Business is a combined effort between
- a. the EEOC and local government.
 - b. businesses and community leaders.
 - c. government and all businesses.
 - d. businesses and the EEOC.
 - e. instructors and students.

ANS: B PTS: 1 DIF: Easy REF: p. 56
OBJ: 2-8 NAT: AACSB: Ethics TOP: Employment Practices

147. Bob Johnson has a tenth-grade education and has been employed only once, for a very short period of time, since quitting school five years ago. His poor education and chronic history of unemployment suggest that he could be helped greatly by contacting the
- a. National Alliance of Business.
 - b. Equal Employment Opportunity Commission.
 - c. local Chamber of Commerce.
 - d. American Federation of Labor.
 - e. Affirmative Action Bureau.

ANS: A PTS: 1 DIF: Moderate REF: p. 56
OBJ: 2-8 NAT: AACSB: Ethics TOP: Employment Practices

148. _____ is the contamination of water, air, or land through the actions of people in an industrialized society.
- a. Wasteful
 - b. Recycling
 - c. Redesign
 - d. Disposal
 - e. Pollution

ANS: E PTS: 1 DIF: Easy REF: p. 56
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

149. The agency charged with protecting our environment is the
- a. National Alliance of Business.
 - b. Interstate Commerce Commission.
 - c. National Recovery Administration.
 - d. Environmental Protection Agency.

e. Civilian Conservation Corps.

ANS: D PTS: 1 DIF: Easy REF: p. 56
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

150. Over the past several decades, concern for the environment has
- been relatively steady because people expect to live in a clean and safe environment.
 - increased significantly because pollution became a threat to life and health.
 - been carefully handled by businesses because they are the primary source of pollutants.
 - become stronger in the United States but not yet in the rest of the world.
 - decreased because today's industrialized processes are naturally more environmentally friendly.

ANS: B PTS: 1 DIF: Moderate REF: p. 56
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

151. Jennifer, a recent college graduate, has always been concerned about protecting the environment and now hopes to play a major role in seeing that legislation for protecting the environment is enforced. With whom should Jennifer seek employment?
- a large, environmentally friendly corporation
 - the Equal Employment Opportunity Commission
 - the Environmental Protection Agency
 - a recycling center
 - the Commission for Cleaner Air

ANS: C PTS: 1 DIF: Moderate REF: p. 56
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

152. HGR Chemical Company believes the environmental regulations for its industry are much more stringent than necessary, which likely means
- they are impossible to comply with.
 - they will not improve the quality of the drinking water.
 - they are unfair to chemical plants.
 - they are too expensive to comply with.
 - HGR is not concerned with the environment.

ANS: D PTS: 1 DIF: Difficult REF: p. 56
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

153. Residents around Lake Gunter have been warned not to drink their water because it contains some unknown chemical contaminant that could be harmful. What is this called?
- pollution
 - negligence
 - carelessness
 - recovery
 - biological disaster

ANS: A PTS: 1 DIF: Easy REF: p. 56
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

154. Which of the following is the *most* important legislation in improving the condition of U.S. waters?
- National Environmental Policy Act
 - Clean Water Act
 - Water Quality Improvement Act
 - Water Pollution Control Act
 - Resource Conservation and Recovery Act

ANS: B PTS: 1 DIF: Easy REF: p. 56
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

155. The governments of the United States and Canada have recently signed an agreement to cooperate in eliminating acid rain. Their efforts are primarily an attempt to reduce
- water pollution.
 - hazardous waste.
 - noise pollution.
 - land pollution.
 - northern precipitation.

ANS: A PTS: 1 DIF: Moderate REF: p. 57
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

156. The law that established the Environmental Protection Agency was the
- National Environmental Policy Act of 1970.
 - Clean Air Amendment of 1970.
 - Resource Recovery Act of 1970.
 - Resource Conservation and Recovery Act of 1984.
 - Clean Air Act Amendment of 1977.

ANS: A PTS: 1 DIF: Easy REF: p. 57
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

157. When sulfur emitted by smokestacks combines with moisture in the atmosphere to form acids that are spread by the wind, _____ results.
- air pollution
 - fire
 - acid rain
 - emissions
 - wet pollution

ANS: C PTS: 1 DIF: Moderate REF: p. 57
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

158. What is the major source of human emissions of air pollution in the upper atmosphere?
- aircraft
 - automobiles
 - acid rain
 - volcanoes
 - factories

ANS: A PTS: 1 DIF: Moderate REF: p. 58
OBJ: 2-9 NAT: AACSB: Analytic

TOP: Concern for the Environment

159. What specific gas is internationally considered a top concern for air pollution?
- carbon monoxide
 - nitrogen dioxide
 - carbon dioxide
 - greenhouse gas
 - hydrogen monoxide

ANS: C PTS: 1 DIF: Moderate REF: p. 58
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

160. Which type of pollution has seen the *least* improvement since environmental issues became important?
- land
 - air
 - ocean
 - water
 - factory

ANS: A PTS: 1 DIF: Easy REF: p. 58
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

161. Congress created the ____ in 1980 to help pay for cleaning up land polluted with chemicals and toxic wastes.
- Environmental Protection Agency
 - Land Pollution Act
 - Clean-Up Fund
 - Landfill Recovery Fund
 - Superfund

ANS: E PTS: 1 DIF: Easy REF: p. 59
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

162. Kathy has noticed that the airport in her city is away from where most people live and work, and it takes a while to get there. This location was probably strategically designed to reduce ____.
- air pollution
 - noise pollution
 - highway traffic
 - air traffic
 - land pollution

ANS: B PTS: 1 DIF: Moderate REF: p. 59
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

163. Dinesh lives in Phoenix where he hears almost daily reports about the high levels of ozone along with suggestions on when individuals should purchase gasoline. As he views the hazy condition in the sky, he decides the government is basically ignoring environmental problems. Which statement *best* describes the government's involvement?
- The government relies mostly on businesses to control various types of pollution and expects them to cover the costs.
 - Although the government has established several environmental agencies, actual spending

- on reducing pollution is only about \$100 million per year.
- c. The government is delegating most of the responsibility for a cleaner environment to individuals and nonprofit organizations.
 - d. The government is encouraging technology that will eliminate pollution but not supporting this research financially.
 - e. The government is spending several billions of dollars a year to reduce various types of pollution.

ANS: E PTS: 1 DIF: Difficult REF: p. 59
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

164. Noise pollution can be reduced by
- a. cleaning up land polluted with chemicals and industrial waste.
 - b. modifying machinery and equipment.
 - c. banning strip-mining of coal.
 - d. nonselective cutting of forests.
 - e. the development of agricultural land for housing and industry.

ANS: B PTS: 1 DIF: Easy REF: p. 59
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

165. Residents living near Los Angeles International Airport complained to the city that the airport was guilty of ____ pollution.
- a. land
 - b. noise
 - c. air
 - d. water
 - e. business

ANS: B PTS: 1 DIF: Easy REF: p. 59
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

166. The Noise Control Act of 1972 established noise emission standards for all of the following *except* _____.
- a. aircraft
 - b. airports
 - c. railroads
 - d. intracity cab services
 - e. interstate motor carriers

ANS: D PTS: 1 DIF: Moderate REF: p. 59
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

167. Gabriel is an environmentalist with very strong beliefs about who should pay for environmental cleanup. What is *most likely* to be Gabriel's view?
- a. He believes that tax money should be used for environmental cleanup because everyone contributes to pollution.
 - b. He feels that there should be a governmental tax imposed on every item to cover the cost of its pollution.
 - c. He feels that individuals, not businesses, should foot the bill for environmental cleanup because individuals are the ones who benefit.

- d. He feels environmental costs are a part of doing business, which should be paid by businesses.
- e. He believes those who are concerned about the environment and pollution should pay the costs.

ANS: D PTS: 1 DIF: Difficult REF: p. 59
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

168. A program to implement social responsibility in business begins with
- a. total commitment of the firm.
 - b. careful planning.
 - c. appointment of a director.
 - d. a board of directors meeting.
 - e. conducting a social audit.

ANS: A PTS: 1 DIF: Easy REF: p. 59
OBJ: 2-10 NAT: AACSB: Ethics
TOP: Implementing a Program of Social Responsibility

169. Babkok Corporation set up an effective program for social responsibility. Its top managers developed a policy statement outlining key areas of concern. This statement will serve as a guide for other employees as they become involved in the program. Now,
- a. a committee of managers should be appointed to plan the program.
 - b. employees should be appointed to submit suggestions to management.
 - c. a top-level executive should be appointed to direct implementation of the program.
 - d. employees should evaluate the program.
 - e. the program director should prepare a social audit for the firm at specified intervals.

ANS: A PTS: 1 DIF: Difficult REF: p. 60
OBJ: 2-10 NAT: AACSB: Ethics
TOP: Implementing a Program of Social Responsibility

170. Which of the following is *not* one of the steps in developing and implementing a program of social responsibility?
- a. planning
 - b. the social audit
 - c. commitment of employees
 - d. appointment of a director
 - e. commitment of top executives

ANS: C PTS: 1 DIF: Moderate REF: p. 60
OBJ: 2-10 NAT: AACSB: Ethics
TOP: Implementing a Program of Social Responsibility

171. Travis is in charge of writing a report for his company that talks about the quality and safety of his company's products, business practices, involvement in the community, human resources, and efforts to reduce pollution. This is called a(n) _____.
- a. ethics report
 - b. social audit
 - c. compliance review
 - d. responsibility policy
 - e. citizenship report

ANS: B PTS: 1 DIF: Difficult REF: p. 60

OBJ: 2-10 NAT: AACSB: Ethics
TOP: Implementing a Program of Social Responsibility

172. A social audit is a
- review of the costs of operating a social program.
 - report of what a business has done and is doing about social issues.
 - review of a tax statement by the Internal Revenue Service.
 - review of management's social activity for the year.
 - report filed by social sector accountants.

ANS: B PTS: 1 DIF: Easy REF: p. 60
OBJ: 2-10 NAT: AACSB: Ethics
TOP: Implementing a Program of Social Responsibility

173. The company you work for recently has committed itself to implementing a program of social responsibility. After the company has gotten the commitment of top executives, planned the program, and appointed a program director, you suggest that a(n) _____ be prepared periodically to evaluate the success of the program.
- research report
 - social audit
 - ethics evaluation
 - departmental memorandum
 - social actions report

ANS: B PTS: 1 DIF: Difficult REF: p. 60
OBJ: 2-10 NAT: AACSB: Ethics
TOP: Implementing a Program of Social Responsibility

TRUE/FALSE

174. Ethics is the study of right and wrong and of the morality of the choices we make.

ANS: T PTS: 1 DIF: Easy REF: p. 35
OBJ: 2-1 NAT: AACSB: Ethics TOP: Business Ethics Defined

175. An ethical decision or action is one that is right according to some standard of behavior.

ANS: T PTS: 1 DIF: Easy REF: p. 35
OBJ: 2-1 NAT: AACSB: Ethics TOP: Business Ethics Defined

176. The field of business ethics applies moral standards to business situations.

ANS: T PTS: 1 DIF: Easy REF: p. 35
OBJ: 2-1 NAT: AACSB: Ethics TOP: Business Ethics Defined

177. Ethical issues often arise out of business's relationships with investors, customers, employees, creditors, or competitors.

ANS: T PTS: 1 DIF: Moderate REF: p. 35
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

178. Businesspeople face ethical issues every day, and some of these issues can be difficult to assess.

ANS: T PTS: 1 DIF: Easy REF: p. 35

OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

179. Fairness and honesty in business are two important ethical concerns.

ANS: T PTS: 1 DIF: Easy REF: p. 35
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

180. Relationships with customers and coworkers rarely create ethical problems.

ANS: F PTS: 1 DIF: Easy REF: p. 36
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

181. False and misleading advertising is illegal and unethical.

ANS: T PTS: 1 DIF: Easy REF: p. 37
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

182. All bribes are unethical.

ANS: T PTS: 1 DIF: Moderate REF: p. 37
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

183. Customers are so used to misleading advertising that it no longer infuriates them.

ANS: F PTS: 1 DIF: Easy REF: p. 37
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

184. Sponsors of advertisements aimed at children must be especially careful to avoid misleading messages.

ANS: T PTS: 1 DIF: Easy REF: p. 37
OBJ: 2-2 NAT: AACSB: Ethics TOP: Ethical Issues

185. An individual's moral values and central, value-related attitudes clearly influence one's business behavior.

ANS: T PTS: 1 DIF: Easy REF: p. 38
OBJ: 2-3 NAT: AACSB: Ethics
TOP: Factors Affecting Ethical Behavior

186. Most authorities agree that business ethics should be improved.

ANS: T PTS: 1 DIF: Easy REF: p. 39
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

187. Employees have an easier time determining what is acceptable behavior if their company provides them with a code of ethics.

ANS: T PTS: 1 DIF: Moderate REF: p. 39
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

188. A code of ethics is a written guide to acceptable and ethical behavior as defined by an organization.

ANS: T PTS: 1 DIF: Easy REF: p. 39
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

189. The Sarbanes-Oxley Act of 2002 deals with corporate responsibility, conflicts of interest, and corporate accountability.

ANS: T PTS: 1 DIF: Easy REF: p. 39
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

190. The Sarbanes-Oxley Act of 2002 gives those who report corporate misconduct sweeping new legal protection.

ANS: T PTS: 1 DIF: Easy REF: p. 39
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

191. It is easy for an organization to develop ethics codes, policies, and procedures to deal with all relationships and every situation.

ANS: F PTS: 1 DIF: Easy REF: p. 39
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

192. During the 1980s, very few organizations created and implemented ethics codes.

ANS: F PTS: 1 DIF: Easy REF: p. 40
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

193. A corporate code of ethics officer informs the press about unethical practices within the organization.

ANS: F PTS: 1 DIF: Difficult REF: p. 40
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

194. Whistle-blowing is informing the press or government officials about unethical practices within one's organization.

ANS: T PTS: 1 DIF: Easy REF: p. 40
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

195. Those who "blow whistles" sometimes lose their jobs.

ANS: T PTS: 1 DIF: Easy REF: p. 40-41
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

196. A businessperson can take some comfort when faced with an ethical dilemma by talking openly about it with management because ethical decisions will always withstand scrutiny.

ANS: T PTS: 1 DIF: Difficult REF: p. 42

OBJ: 2-4 NAT: AACSB: Analytic
TOP: Encouraging Ethical Behavior

197. Social responsibility does not cost money.

ANS: F PTS: 1 DIF: Easy REF: p. 42
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

198. Customers can't find out which firms are acting responsibly and which are not.

ANS: F PTS: 1 DIF: Moderate REF: p. 42
OBJ: 2-4 NAT: AACSB: Ethics
TOP: Encouraging Ethical Behavior

199. Businesses' record of social responsibility today is much better than in past decades.

ANS: T PTS: 1 DIF: Easy REF: p. 47
OBJ: 2-5 NAT: AACSB: Ethics
TOP: The Evolution of Social Responsibility in Business

200. During the first quarter of the twentieth century, working conditions were deplorable by today's standards.

ANS: T PTS: 1 DIF: Easy REF: p. 47
OBJ: 2-5 NAT: AACSB: Ethics
TOP: The Evolution of Social Responsibility in Business

201. When translated, *caveat emptor* means "let the buyer beware."

ANS: T PTS: 1 DIF: Easy REF: p. 47
OBJ: 2-5 NAT: AACSB: Ethics
TOP: The Evolution of Social Responsibility in Business

202. President Franklin D. Roosevelt's program for restoring the economy and improving social conditions became the foundation for increased government involvement in business.

ANS: T PTS: 1 DIF: Moderate REF: p. 48
OBJ: 2-5 NAT: AACSB: Ethics
TOP: The Evolution of Social Responsibility in Business

203. Awareness of businesses' social responsibilities has increased along with government involvement.

ANS: T PTS: 1 DIF: Easy REF: p. 48
OBJ: 2-5 NAT: AACSB: Ethics
TOP: The Evolution of Social Responsibility in Business

204. Within a firm, social responsibility begins with management's attitude.

ANS: T PTS: 1 DIF: Easy REF: p. 48
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

205. The economic model of social responsibility emphasizes profits.

ANS: T PTS: 1 DIF: Easy REF: p. 48-49
OBJ: 2-6 NAT: AACSB: Analytic
TOP: Two Views of Social Responsibility

206. The socioeconomic model of social responsibility emphasizes the effect of business decisions on society.

ANS: T PTS: 1 DIF: Easy REF: p. 49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

207. Increasing numbers of managers have adopted the socioeconomic model of social responsibility.

ANS: T PTS: 1 DIF: Moderate REF: p. 49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

208. There are many more socially responsible businesses today than there were ten years ago.

ANS: T PTS: 1 DIF: Easy REF: p. 49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

209. In support of their position, proponents of the socioeconomic model argue that businesses should be allowed to ignore social issues.

ANS: F PTS: 1 DIF: Moderate REF: p. 49
OBJ: 2-6 NAT: AACSB: Ethics
TOP: Two Views of Social Responsibility

210. Much consumer-oriented legislation has grown out of the statement of six rights, which became known as the consumer bill of rights.

ANS: T PTS: 1 DIF: Easy REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

211. President Franklin D. Roosevelt declared that consumers are entitled to safety, to be informed, to choose, and to be heard.

ANS: T PTS: 1 DIF: Moderate REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

212. Consumerism consists of all activities undertaken to protect the rights of consumers.

ANS: T PTS: 1 DIF: Easy REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

213. The Food and Drug Administration's ability to force businesses making or selling defective products to recall them is most closely related to consumers' right to choose.

ANS: F PTS: 1 DIF: Moderate REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

214. Recently, consumers and the government have been losing an increasing number of product liability lawsuits against sellers of defective products.
- ANS: F PTS: 1 DIF: Difficult REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism
215. One major reason for improving product safety is the consumer's demand for safe products.
- ANS: T PTS: 1 DIF: Easy REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism
216. Manufacturers are not required by law to inform consumers about the potential dangers of using their products.
- ANS: F PTS: 1 DIF: Moderate REF: p. 51
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism
217. The right to consumer education entitles people to be fully informed about their rights as consumers.
- ANS: T PTS: 1 DIF: Easy REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism
218. The right to service entitles consumers to convenience, courtesy, and responsiveness from manufacturers and sellers of consumer products.
- ANS: T PTS: 1 DIF: Moderate REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism
219. Two additional rights added in the last decade are the right to consumer education and the right to courteous service.
- ANS: T PTS: 1 DIF: Easy REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism
220. The right to choose means that consumers must have a choice of products offered by different manufacturers and sellers.
- ANS: T PTS: 1 DIF: Moderate REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism
221. The lesser the competition, the greater the choice available to consumers.
- ANS: F PTS: 1 DIF: Easy REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism
222. Consumer advocates, such as Ralph Nader, take it upon themselves to protect the rights of consumers.
- ANS: T PTS: 1 DIF: Easy REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism
223. Increasingly, consumer education is becoming a part of high school and college curricula and adult-education programs.
- ANS: T PTS: 1 DIF: Easy REF: p. 52

OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

224. Major advances in consumerism have come through federal legislation.

ANS: T PTS: 1 DIF: Easy REF: p. 52
OBJ: 2-7 NAT: AACSB: Ethics TOP: Consumerism

225. An affirmative action program is designed to ensure that minority employees are represented in about the same proportion as in the surrounding community.

ANS: T PTS: 1 DIF: Moderate REF: p. 54
OBJ: 2-8 NAT: AACSB: Ethics TOP: Employment Practices

226. Affirmative action plans encompass all areas of human resources management, including recruiting, hiring, training, promotion, and pay.

ANS: T PTS: 1 DIF: Moderate REF: p. 54
OBJ: 2-8 NAT: AACSB: Ethics TOP: Employment Practices

227. The hard-core unemployed are made up of mentally ill individuals and those with prior criminal convictions.

ANS: F PTS: 1 DIF: Moderate REF: p. 55
OBJ: 2-8 NAT: AACSB: Ethics TOP: Employment Practices

228. A successful program for training hard-core unemployed people is the National Alliance of Business.

ANS: T PTS: 1 DIF: Easy REF: p. 56
OBJ: 2-8 NAT: AACSB: Ethics TOP: Employment Practices

229. The EPA was created by the government to develop new and improved ways to clean and improve the environment.

ANS: F PTS: 1 DIF: Easy REF: p. 56
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

230. Once they are made aware of the pollution problem, most firms respond rather than waiting to be cited by the EPA.

ANS: T PTS: 1 DIF: Moderate REF: p. 56
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

231. Improved water quality is not only necessary, it is attainable at no cost.

ANS: F PTS: 1 DIF: Easy REF: p. 57
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

232. Fortunately, the acid-rain problem has been solved in recent years.

ANS: F PTS: 1 DIF: Moderate REF: p. 57
OBJ: 2-9 NAT: AACSB: Analytic

TOP: Concern for the Environment

233. Of the three factors mentioned as contributors to air pollution, only the combination of weather and geography cannot be changed.

ANS: T PTS: 1 DIF: Moderate REF: p. 58
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

234. Air and water quality may be improving, but land pollution is still a serious problem in many areas.

ANS: T PTS: 1 DIF: Easy REF: p. 58
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

235. The fundamental issues concerning land pollution are how to restore already contaminated land and how to prevent further contamination.

ANS: T PTS: 1 DIF: Moderate REF: p. 58
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

236. The \$1.6 billion Superfund created in 1980 is to be used to develop successful ways of storing land pollutants.

ANS: F PTS: 1 DIF: Easy REF: p. 59
OBJ: 2-9 NAT: AACSB: Ethics
TOP: Concern for the Environment

237. People exposed to loud noises for a long time can suffer permanent hearing loss.

ANS: T PTS: 1 DIF: Easy REF: p. 59
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

238. Negotiated settlements for cleaning up hazardous wastes became known as sweetheart deals because the EPA helped only those companies friendly to them.

ANS: F PTS: 1 DIF: Difficult REF: p. 59
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

239. Consumers will probably pay in large part for cleaning up our environment through increased taxes or increased product costs.

ANS: T PTS: 1 DIF: Moderate REF: p. 59
OBJ: 2-9 NAT: AACSB: Analytic
TOP: Concern for the Environment

240. A firm's social responsibility program will be ineffective if it has less than the total commitment of the company's top business officials.

ANS: T PTS: 1 DIF: Moderate REF: p. 59
OBJ: 2-10 NAT: AACSB: Ethics

TOP: Implementing a Program of Social Responsibility

241. An effective program for social responsibility takes time, money, and organization.

ANS: T PTS: 1 DIF: Easy REF: p. 59
OBJ: 2-10 NAT: AACSB: Ethics
TOP: Implementing a Program of Social Responsibility

242. The planning stage of a social responsibility program can involve outside consultants to help develop it.

ANS: T PTS: 1 DIF: Moderate REF: p. 60
OBJ: 2-10 NAT: AACSB: Ethics
TOP: Implementing a Program of Social Responsibility

243. The director of a company's social responsibility program should be a consumer advocate who can express the social issues facing the firm to the organization's management.

ANS: F PTS: 1 DIF: Moderate REF: p. 60
OBJ: 2-10 NAT: AACSB: Ethics
TOP: Implementing a Program of Social Responsibility

244. One way a social responsibility program can be funded is by passing on the cost to the consumer in the form of higher prices.

ANS: T PTS: 1 DIF: Moderate REF: p. 60
OBJ: 2-10 NAT: AACSB: Ethics
TOP: Implementing a Program of Social Responsibility

245. A social responsibility program may be funded by the federal government through tax reductions or other incentives.

ANS: T PTS: 1 DIF: Moderate REF: p. 60
OBJ: 2-10 NAT: AACSB: Ethics
TOP: Implementing a Program of Social Responsibility