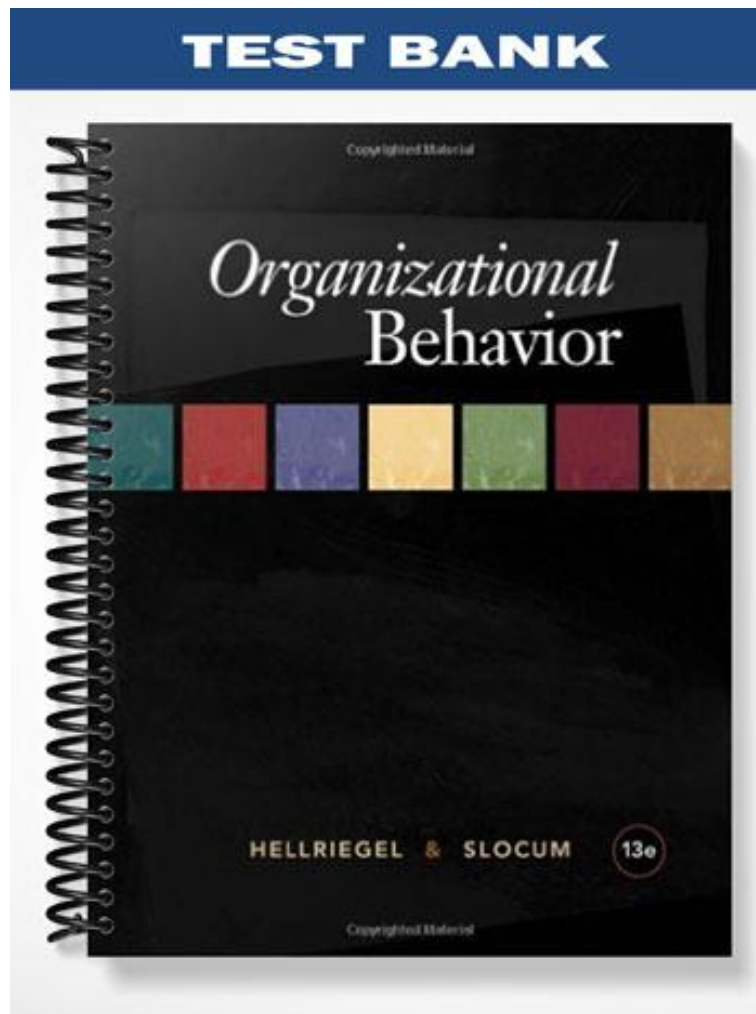


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## Chapter 2: Individual and Organizational Ethics

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### TRUE/FALSE

1. In Learning from Experience: Anne Mulcahy, Chairman and Former CEO of Xerox, Commits to Business Ethics: Xerox fired CEO Richard Thoman, who was charged with, but not convicted of, accounting fraud, and promoted Mulcahy to chief operating officer (COO).

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 33  
NAT: AACSB Analytic | Creation of Value                      MSC: Recall

2. In Learning from Experience: Anne Mulcahy, Chairman and Former CEO of Xerox, Commits to Business Ethics: Mulcahy says that it is best for Xerox to only release certain information, and to present Xerox in the best image possible.

ANS: F  
Mulcahy believes in transparency and on October 3, 2000, she candidly told analysts, “Xerox’s business model is unsustainable.”

PTS: 1                      DIF: Moderate                      REF: p. 33  
NAT: AACSB Analytic | Creation of Value                      MSC: Recall

3. The ethics competency involves the knowledge, skills, and abilities needed by individuals, teams, and organizations to incorporate values and principles that distinguish right from wrong when making decisions and choosing behaviors.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 34  
OBJ: 2-1                      NAT: AACSB Analytic | Creation of Value  
MSC: Recall

4. Most, if not all, ethical issues are very clear in regards to what is the right and wrong response.

ANS: F  
Some ethical issues involve factors that blur individual perceptions between “right” and “wrong.” As a result, some employees may differ in their opinions about what is ethical or unethical in various situations.

PTS: 1                      DIF: Moderate                      REF: p. 34                      OBJ: 2-1  
NAT: AACSB Analytic | Individual Dynamics                      MSC: Comprehension

5. Lawrence Kohlberg probably is the best known scholar in the field of the psychology of ethical decision making and behavior.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 34  
OBJ: 2-1                      NAT: AACSB Analytic | Individual Dynamics  
MSC: Recall

6. According to Kohlberg, people have a set ethical level at childhood, and this level rarely changes as people go through adulthood.

ANS: F

Kohlberg held that people develop morally, much as they do physically, from early childhood to adulthood. As they develop, their ethical criteria and patterns of moral reasoning go through stages.

PTS: 1                    DIF: Moderate        REF: p. 34                    OBJ: 2-1  
NAT: AACSB Analytic | Individual Dynamics                    MSC: Recall

7. Stages of moral development are stages through which individuals evolve, ranging from the lowest stage (obedience and punishment orientation) to the highest stage (universal ethical principles).

ANS: T                    PTS: 1                    DIF: Difficult        REF: p. 34  
OBJ: 2-1                    NAT: AACSB Analytic | Individual Dynamics  
MSC: Comprehension

8. Kohlberg contended that what defines a person's stage of moral development is not the specific ethical choice, but the person's ethical reasoning used to justify that choice.

ANS: T                    PTS: 1                    DIF: Difficult        REF: p. 34  
OBJ: 2-1                    NAT: AACSB Analytic | Individual Dynamics  
MSC: Recall

9. Stages of moral development are stages through which individuals evolve, with the highest stage being the social contract stage.

ANS: T  
The highest stage of moral development is universal ethical principles.

PTS: 1                    DIF: Easy                    REF: p. 34                    OBJ: 2-1  
NAT: AACSB Analytic | Leadership Principles                    MSC: Recall

10. An individual at the instrumental stage of moral development does the right thing mainly to avoid punishment or to obtain approval.

ANS: F  
This describes the obedience and punishment stage.

PTS: 1                    DIF: Moderate        REF: p. 35                    OBJ: 2-1  
NAT: AACSB Analytic | Leadership Principles                    MSC: Recall

11. An individual at the instrumental stage of moral development becomes aware that others also have needs and begins to defer to them to get what the individual wants.

ANS: T                    PTS: 1                    DIF: Moderate        REF: p. 35  
OBJ: 2-1                    NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

12. An employee at the law and order stage of moral development might focus on the importance of being a loyal employee and colleague who is always friendly and who avoids or remains calm during conflict.

ANS: F  
This describes the interpersonal stage.

PTS: 1                    DIF: Moderate        REF: p. 35                    OBJ: 2-1  
NAT: AACSB Analytic | Leadership Principles                    MSC: Recall

13. An individual at the law and order stage of moral development recognizes that ethical behavior consists of doing a person's duty, showing respect for authority, and maintaining the social order for its own sake.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 35  
OBJ: 2-1                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

14. An individual at the social contract stage of moral development is aware that others hold a variety of conflicting personal views that go beyond the letter of the law.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 36  
OBJ: 2-1                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

15. "The greatest good for the greatest number" is a key characteristic at the universal principles stage.

ANS: F  
This is a key characteristic of the social contract stage.

PTS: 1                      DIF: Difficult                      REF: p. 35                      OBJ: 2-1  
NAT: AACSB Analytic | Leadership Principles                      MSC: Comprehension

16. An individual at the universal principles stage of moral development views appropriate conduct as determined by a person's conscience, based on universal ethical principles.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 36  
OBJ: 2-1                      NAT: AACSB Analytic | Leadership Principles  
MSC: Comprehension

17. Moral intelligence is the mental capacity to determine how universal human principles that cut across the globe should be applied to personal values, goals, and actions.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 36  
OBJ: 2-1                      NAT: AACSB Analytic | Individual Dynamics  
MSC: Recall

18. The moral principles in moral intelligence include selflessness, responsibility, compassion, and competition.

ANS: F  
Competition and selflessness are not included. Instead, forgiveness and integrity should be included.

PTS: 1                      DIF: Moderate                      REF: p. 36                      OBJ: 2-1  
NAT: AACSB Analytic | Individual Dynamics                      MSC: Recall

19. Compassion means actively caring about others.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 36  
OBJ: 2-1                      NAT: AACSB Analytic | Individual Dynamics  
MSC: Recall

20. According to the Ethics Competency: Anne Mulcahy's Ethical Leadership: Each year, Anne Mulcahy distributes a letter to all Xerox employees on business ethics.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 36  
OBJ: 2-1                      NAT: AACSB Ethics | Leadership Principles  
MSC: Recall

21. Moral intelligence is the mental capacity to determine how law and order principles apply across the globe to personal values, goals and actions.

ANS: F  
The law and order stage focuses on doing a person's duty and showing respect.

PTS: 1                      DIF: Easy                      REF: p. 36                      OBJ: 2-2  
NAT: AACSB Ethics | Leadership Principles                      MSC: Recall

22. According to the Ethics Competency: Anne Mulcahy's Ethical Leadership: In one of her letters, Mulcahy states, "For a Xerox manager, regardless of the division or the location, compliance with our policies and code of conduct is a non-negotiable requirement."

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 37  
OBJ: 2-1                      NAT: AACSB Ethics | Leadership Principles  
MSC: Recall

23. Studies show that an organization's formal ethics and compliance programs have a stronger impact on the amount of ethical misconduct than an organization's culture.

ANS: F  
Actually the opposite is true. Studies show that culture has a stronger impact on the amount of ethical misconduct than an organization's formal ethics and compliance programs.

PTS: 1                      DIF: Moderate                      REF: p. 37                      OBJ: 2-2  
NAT: AACSB Ethics | Leadership Principles                      MSC: Recall

24. Studies show that an organization's culture has a stronger impact on the amount of ethical misconduct than an organization's formal ethics and compliance programs.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 37  
OBJ: 2-2                      NAT: AACSB Ethics | Leadership Principles  
MSC: Recall

25. In some situations, there are no simple rules for making ethical decisions.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 37  
OBJ: 2-2                      NAT: AACSB Ethics | Leadership Principles  
MSC: Recall

26. The five key components that comprise the basics of ethical decision making include ethical intensity, ethics-based principles, concern for affected individuals, benefits and costs, and determination of rights.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 37  
OBJ: 2-2                      NAT: AACSB Ethics | Leadership Principles  
MSC: Recall

27. Magnitude of consequences is the degree of moral importance given to an issue.

ANS: F

Ethical intensity is the degree of moral importance given to an issue.

PTS: 1                      DIF: Moderate              REF: p. 38                      OBJ: 2-2  
NAT: AACSB Ethics | Leadership Principles                      MSC: Recall

28. Magnitude of consequences is the harm or benefits accruing to individuals affected by a decision or behavior.

ANS: T                      PTS: 1                      DIF: Moderate              REF: p. 38  
OBJ: 2-2                      NAT: AACSB Ethics | Leadership Principles  
MSC: Recall

29. Probability of effect is the likelihood that if a decision is implemented it will lead to the harm or benefit predicted.

ANS: T                      PTS: 1                      DIF: Moderate              REF: p. 38  
OBJ: 2-2                      NAT: AACSB Ethics | Leadership Principles  
MSC: Recall

30. Open opinion is the amount of public agreement that a proposed decision is bad or good.

ANS: F

Social consensus is the amount of public agreement that a proposed decision is bad or good.

PTS: 1                      DIF: Moderate              REF: p. 38                      OBJ: 2-2  
NAT: AACSB Ethics | Leadership Principles                      MSC: Recall

31. Temporal immediacy is the length of time that elapses between making a decision and when the consequences of that decision are known.

ANS: T                      PTS: 1                      DIF: Moderate              REF: p. 39  
OBJ: 2-2                      NAT: AACSB Ethics | Leadership Principles  
MSC: Recall

32. Temporal immediacy is the sense of closeness (social, cultural, psychological, or physical) that the decision maker has for victims or beneficiaries of the decision.

ANS: F

Proximity is the sense of closeness (social, cultural, psychological, or physical) that the decision maker has for victims or beneficiaries of the decision.

PTS: 1                      DIF: Moderate              REF: p. 39                      OBJ: 2-2  
NAT: AACSB Ethics | Leadership Principles                      MSC: Recall

33. Concentration of effect is the direct function of the number of people affected by a decision.

ANS: F

Concentration of effect is the inverse function of the number of people affected by a decision.

PTS: 1                      DIF: Difficult              REF: p. 39                      OBJ: 2-2

NAT: AACSB Ethics | Leadership Principles

MSC: Recall

34. One person may rate the ethical intensity of the same decision differently than another person because the first person may place different values on the principles and rules of ethics in decision making.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 39  
OBJ: 2-2                      NAT: AACSB Ethics | Leadership Principles  
MSC: Recall

35. Ethical justifications range from those that justify self-serving decisions to those that require careful consideration of others' rights and costs.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 39  
OBJ: 2-2                      NAT: AACSB Ethics | Leadership Principles  
MSC: Recall

36. The three principles used to justify self-serving decisions are the Hedonist principle, the I-am-always-right principle, and the Organization interests principle.

ANS: F  
The three principles used to justify self-serving decisions are the Hedonist principle, the Might-equals-right principle, and the Organization interests principle.

PTS: 1                      DIF: Moderate                      REF: p. 40                      OBJ: 2-2  
NAT: AACSB Ethics | Leadership Principles                      MSC: Recall

37. The distributive justice principle means that treating individuals differently should be based on arbitrarily defined characteristics according to ones personal preference.

ANS: F  
The distributive justice principle means that treating individuals differently should not be based on arbitrarily defined characteristics.

PTS: 1                      DIF: Easy                      REF: p. 41                      OBJ: 2-2  
NAT: AACSB Ethics | Leadership Principles                      MSC: Comprehension

38. The three "concern for harmony" principles are often required in certain categories of decision making as a result of regulations, laws, and court rulings.

ANS: F  
The three "concern for others" principles are often required in certain categories of decision making as a result of regulations, laws, and court rulings.

PTS: 1                      DIF: Moderate                      REF: p. 41                      OBJ: 2-2  
NAT: AACSB Ethics | Leadership Principles                      MSC: Comprehension

39. There is no single deciding factor that influences the degree to which decisions and behaviors by leaders and employees are likely to be ethical or unethical.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 43  
OBJ: 2-2                      NAT: AACSB Ethics | Leadership Principles  
MSC: Comprehension

40. Balancing interests principles tend to justify decisions and actions by attempting to balance multiple interests.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 40-41  
OBJ: 2-2                      NAT: AACSB Ethics | Leadership Principles  
MSC: Comprehension

41. The highest form of ethical decision making involves a careful determination of who will receive benefits or incur costs as the consequence of a decision.

ANS: T                      PTS: 1                      DIF: Difficult                      REF: p. 43  
OBJ: 2-2                      NAT: AACSB Ethics | Leadership Principles  
MSC: Comprehension

42. When making a determination of who will receive benefits or incur costs as the consequence of a decision, it is best to only consider issues that will affect one directly.

ANS: F  
When making a determination of who will receive benefits or incur costs as the consequence of a decision, the assessment needs to comprise multiple stakeholders.

PTS: 1                      DIF: Easy                      REF: p. 43                      OBJ: 2-2  
NAT: AACSB Ethics | Leadership Principles                      MSC: Recall

43. An assessment of the benefits and costs of a decision requires a determination of the interests and values of those affected.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 43  
OBJ: 2-2                      NAT: AACSB Ethics | Leadership Principles  
MSC: Comprehension

44. The UN Global Compact is the only “corporate citizenship” initiative in the world.

ANS: F  
The UN Global Compact is the largest “corporate citizenship” initiative in the world.

PTS: 1                      DIF: Easy                      REF: p. 44                      OBJ: 2-2  
NAT: AACSB Ethics | Ethical Responsibilities                      MSC: Recall

45. The UN Global Compact works to advance 10 universal principles.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 44  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

46. The UN Global Compact is not a regulatory agency; in that it does not police, enforce or measure the behavior of organizations.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 44  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall



47. Interactional justice is an employment relationship in which either party can terminate the employment relationship at will with no liability if there was not an express contract for a definite term governing the employment relationship.

ANS: F

Employment at will is an employment relationship in which either party can terminate the employment relationship at will with no liability if there was not an express contract for a definite term governing the employment relationship.

PTS: 1                      DIF: Easy                      REF: p. 44                      OBJ: 2-2  
NAT: AACSB Analytic | HRM                      MSC: Recall

48. It should not be assumed that stakeholders attach the same importance and ethical principles to the costs versus benefits of particular decisions.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 45  
OBJ: 2-2                      NAT: AACSB Analytic | Ethical Responsibilities  
MSC: Recall

49. Greenpeace and others claim that managers in U.S. organizations should enhance their use of utilitarianism for short-term gain.

ANS: F

Greenpeace and other critics claim that managers in U.S. organizations misuse utilitarianism for short-term gain.

PTS: 1                      DIF: Easy                      REF: p. 45                      OBJ: 2-2  
NAT: AACSB Analytic | Ethical Responsibilities                      MSC: Recall

50. The notion of rights is complex and continually changing.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 46  
OBJ: 2-2                      NAT: AACSB Ethics | Leadership Principles  
MSC: Comprehension

51. According to the UN Global Compact, the responsibility for human rights rests with government or nation-states as well as with individuals and the organizations they create.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 44  
OBJ: 2-2                      NAT: AACSB Analytic | Ethical Responsibilities  
MSC: Recall

52. Adverse selection is the harm or benefit accruing to individuals affected as a result of a particular decision or behavior.

ANS: F

This describes the magnitude of consequences.

PTS: 1                      DIF: Moderate                      REF: p. 38                      OBJ: 2-2  
NAT: AACSB Ethics | Leadership Principles                      MSC: Comprehension

53. Social consensus is the amount of public agreement that a decision is bad or good.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 38

OBJ: 2-2                    NAT: AACSB Ethics | Leadership Principles  
MSC: Recall

54. Concentration of effect is the inverse function of the number of people affected by a decision.

ANS: T                    PTS: 1                    DIF: Moderate            REF: p. 39  
OBJ: 2-2                    NAT: AACSB Ethics | Leadership Principles  
MSC: Recall

55. Merrill Lynch's financial crisis and losses tied to massive bonuses given to executives in times of recession are an example of the CEO implementing the hedonistic principle.

ANS: T                    PTS: 1                    DIF: Easy                    REF: p. 40  
OBJ: 2-2                    NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

56. Procedural justice refers to the perceived fairness of the rules guidelines and processes for making decisions.

ANS: T                    PTS: 1                    DIF: Moderate            REF: p. 46  
OBJ: 2-2                    NAT: AACSB Ethics | Leadership Principles  
MSC: Comprehension

57. Procedural justice refers to the quality of interpersonal treatment individuals receive during the use of organizational procedures.

ANS: F  
This is the definition of interactional justice.

PTS: 1                    DIF: Moderate            REF: p. 46                    OBJ: 2-2  
NAT: AACSB Ethics | Leadership Principles                    MSC: Comprehension

58. In the Change Competency, James McNerny, CEO of Boeing: McNerny states that Boeing was involved in some significant ethical lapses in past years.

ANS: T                    PTS: 1                    DIF: Moderate            REF: p. 47  
OBJ: 2-2                    NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

59. In the Change Competency, James McNerny, CEO of Boeing: McNerny created a plan to strength the ethics of the organization.

ANS: T                    PTS: 1                    DIF: Moderate            REF: p. 47  
OBJ: 2-2                    NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

60. Organizational culture reflects the shared and learned values, beliefs and attitudes of it's members.

ANS: T                    PTS: 1                    DIF: Moderate            REF: p. 49  
OBJ: 2-3                    NAT: AACSB Ethics | Leadership Principles  
MSC: Comprehension

61. It is very easy to answer to the challenges of fostering a culturally diverse work force.

ANS: F

There are no easy answers the challenges of fostering a culturally diverse work force.

PTS: 1                    DIF: Easy                    REF: p. 50                    OBJ: 2-3  
NAT: AACSB Ethics | Leadership Principles                    MSC: Comprehension

62. Small number bias refers to the tendency to view a few incidents, cases or experiences with individuals as representative of a larger population.

ANS: T                    PTS: 1                    DIF: Easy                    REF: p. 51  
OBJ: 2-3                    NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

63. Stakeholder responsibility results when an employee is subjected to comments of a sexual nature, offensive sexual material, or unwelcome physical contact as a regular part of the work environment.

ANS: F  
A hostile work environment results when an employee is subjected to comments of a sexual nature, offensive sexual material, or unwelcome physical contact as a regular part of the work environment,

PTS: 1                    DIF: Easy                    REF: p. 52                    OBJ: 2-3  
NAT: AACSB Analytic | Leadership Principles                    MSC: Recall

64. Clique type behavior refers to the verbal or physical conduct that denigrates or shows hostility or aversion toward an individual because of race, skin color, religion, gender, national origin, age or disability.

ANS: F  
Harassment refers to the verbal or physical conduct that denigrates or shows hostility or aversion toward an individual because of race, skin color, religion, gender, national origin, age or disability.

PTS: 1                    DIF: Moderate                    REF: p. 52                    OBJ: 2-3  
NAT: AACSB Analytic | Leadership Principles                    MSC: Recall

65. A harassment policy need not include a description of disciplinary measures for harassment because each situation will be different..

ANS: F  
A harassment policy needs include a description of disciplinary measures for harassment.

PTS: 1                    DIF: Moderate                    REF: p. 53                    OBJ: 2-3  
NAT: AACSB Analytic | Leadership Principles                    MSC: Recall

66. In the Diversity Competency, Verizon Workplace Diversity: Diversity is viewed as an integral part of Verizon's business.

ANS: T                    PTS: 1                    DIF: Easy                    REF: p. 54-55  
OBJ: 2-3                    NAT: AACSB Ethics | Leadership Principles  
MSC: Recall

67. In the Diversity Competency, Verizon Workplace Diversity: A three component strategy to promote diversity is used. The three components are inclusion index, diversity performance incentive and supplier diversity.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 55  
OBJ: 2-3                      NAT: AACSB Analytic | Strategy                      MSC: Recall

68. In the Diversity Competency, Verizon Workplace Diversity: The inclusion index is defined as a measure derived from the procurement of opportunities and developing and advocating a diversified supplier base.

ANS: F  
That is the definition of supplier diversity.

PTS: 1                      DIF: Easy                      REF: p. 55                      OBJ: 2-3  
NAT: AACSB Analytic | Strategy                      MSC: Recall

69. In the Diversity Competency, Verizon Workplace Diversity: The inclusion index is defined as a something that measures employees' sense of belonging through an index developed by our research team based on responses to employee surveys.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 55  
OBJ: 2-3                      NAT: AACSB Analytic | Strategy                      MSC: Recall

70. Stakeholders are individuals or groups that have interests, rights, or ownership in an organization and it's activities.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 55  
OBJ: 2-4                      NAT: AACSB Analytic | Strategy                      MSC: Recall

71. Stakeholder groups can be harmed by an organization's mistakes.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 55  
OBJ: 2-4                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

72. All stakeholder groups have the same expectations of a given organization.

ANS: F  
All stakeholder groups have different expectations of a given organization.

PTS: 1                      DIF: Moderate                      REF: p. 56                      OBJ: 2-4  
NAT: AACSB Analytic | Leadership Principles                      MSC: Recall

73. Sustainable development is a pattern of resource use that strives to meet current human needs without compromising the ability of future generations to meet their own needs.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 58  
OBJ: 2-4                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

74. Xerox is a company that believes conducting business with integrity and transparency builds credibility and attracts investors.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 61  
OBJ: 2-4                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

75. In the Ethics Competency, Johnson and Johnson Stakeholder Ethics and Principles: The company's credo states that their first responsibility is to their customer.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 57  
OBJ: 2-4                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

76. In Ethics Competency Johnson and Johnson Stakeholder Ethics and Principles: The company's credo states that their final responsibility is to their stockholders.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 62  
OBJ: 2-4                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

77. Stakeholder responsibility holds that leaders and other employees have obligations to identifiable groups that are affected or can affect the achievement of an organization's goals.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 55  
OBJ: 2-4                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

78. The idea of rights is complex and continually changing.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 46  
OBJ: 2-2                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

79. Managers typically do not need to be trained in how to administer a performance review.

ANS: F  
Managers need to be trained in how to administer a performance review.

PTS: 1                      DIF: Moderate                      REF: p. 47                      OBJ: 2-2  
NAT: AACSB Analytic | Leadership Principles                      MSC: Recall

80. Managers should be given specific and clear instructions on procedures for conducting performance reviews.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 47  
OBJ: 2-2                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

81. Procedural and interactional justice has been found not to have an effect on the attitudes of workers who survive a layoff.

ANS: F  
Procedural and interactional justice has been found to have an effect on the attitudes of workers who survive a layoff. That will depend on how they perceive the treatment of laid off employees.

PTS: 1                      DIF: Moderate                      REF: p. 47                      OBJ: 2-2  
NAT: AACSB Analytic | Leadership Principles                      MSC: Recall

82. Ethics and diversity are independent of organizational culture.

ANS: F

Organizational culture is affected by both of these aspects in many ways.

PTS: 1                      DIF: Moderate              REF: p. 49                      OBJ: 2-3  
NAT: AACSB Analytic | Leadership Principles                      MSC: Recall

83. A large majority of generation Y high school respondents admit that their personal behaviors do not match their ethical ideals and aspirations.

ANS: F

In a recent study, a large majority of Gen Y high school respondents admitted that their personal behaviors do match their ethical attitudes and aspirations.

PTS: 1                      DIF: Moderate              REF: p. 51                      OBJ: 2-3  
NAT: AACSB Analytic | Leadership Principles                      MSC: Recall

84. If an employee voluntarily has sex with a manager, it clearly shows that the employee was not sexually harassed.

ANS: F

This is not always true; especially if the employee was unreceptive to initial advances.

PTS: 1                      DIF: Moderate              REF: p. 52                      OBJ: 2-3  
NAT: AACSB Analytic | Leadership Principles                      MSC: Recall

## MULTIPLE CHOICE

1. In Learning from Experience: Anne Mulcahy, Chairman and Former CEO of Xerox Commits to Business Ethics: Which of the following are services that Xerox provides?
- Xerox makes printers, copiers and fax machines
  - Xerox sells document software
  - Xerox provides consulting and document outsourcing
  - All of these are services offered by Xerox

ANS: D                      PTS: 1                      DIF: Moderate              REF: p. 33  
NAT: AACSB Ethics | Ethical Responsibilities                      MSC: Comprehension

2. In Learning from Experience: Anne Mulcahy, Chairman and Former CEO of Xerox Commits to Business Ethics: Which of the following is not true regarding Anne Mulcalby?
- She was appointed CEO at the pinnacle of the Xerox company's success.
  - She believes that the lack of transparency was responsible for Xerox's financial difficulties.
  - She was the first woman CEO chosen as Chief Executive of the year by *Chief Executive* magazine.
  - None of these are true.

ANS: A                      PTS: 1                      DIF: Moderate              REF: p. 33  
NAT: AACSB Ethics | Ethical Responsibilities                      MSC: Comprehension

3. The personal phases of moral development focus on\_\_\_\_\_.
- organizational synergy
  - the vertical thinking method in decision making
  - ethical reasoning used to justify choices in decision making
  - organizational right-sizing

ANS: C                    PTS: 1                    DIF: Moderate            REF: p. 34  
OBJ: 2-1                   NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

4. According to Ethics Competency, Anne Mulcahy's Ethical Leadership: Which of the following is false regarding Anne Mulcahy's leadership practices?
- Each year, Anne Mulcahy distributes a letter to all Xerox employees on business ethics.
  - Mulcahy believes results are important but, equally important is the means we use to achieve results.
  - For a Xerox manager, compliance with policies and code of conduct is strongly recommended.
  - Mulcahy has made available a Xerox Code of Conduct, available to all employees in multiple languages

ANS: C                    PTS: 1                    DIF: Difficult            REF: p. 36-37  
OBJ: 2-1                   NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

5. According to the Ethics Competency, Anne Mulcahy's Ethical Leadership: What does Mulcahy has a zero-tolerance policy for:
- collaboration.
  - violation of ethics policies.
  - competition.
  - none of these

ANS: B                    PTS: 1                    DIF: Easy                    REF: p. 37  
OBJ: 2-1                   NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

6. The key foundations of ethical decision making are:
- ethical intensity and decision-making procedures and rules
  - magnitude of consequences, probability of affect, and determination of goals
  - ethical intensity, decision-making procedures and rules, probability of affect, and determination of parties.
  - ethical intensity, decision-making procedures and rules, affected individuals, benefits and costs, and determination of rights

ANS: D                    PTS: 1                    DIF: Moderate            REF: p. 37  
OBJ: 2-1                   NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

7. A key foundations of ethical decision making is:
- decision-making principles and procedures
  - determination of parties
  - both of these would be considered among the key foundations of ethical decision making
  - neither of these would be considered among the key foundations of ethical decision making

ANS: D                    PTS: 1                    DIF: Easy                    REF: p. 37  
OBJ: 2-1                   NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

8. All of the following statements about ethical decision are true except:
- Five key foundations of ethical decision making are: ethical intensity, decision-making

- principles and rules, affected individuals, benefits and costs, and determination of rights.
- b. Most decision making and behaviors in organizations have an underlying foundation of ethical concepts, principles, and rules.
  - c. Employees may experience ethical dilemmas when ethical issues involve factors that blur the distinction between "right" and "wrong."
  - d. Ethics is defined in terms of the legality or illegality of the decisions and behaviors of individuals and the organizations of which they are a part.

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 38  
OBJ: 2-1                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

9. \_\_\_\_ refers to the degree of importance given to an issue-related moral imperative.
- a. Social disclosure
  - b. Risk propensity
  - c. Problem framing
  - d. Ethical intensity

ANS: D                      PTS: 1                      DIF: Easy                      REF: p. 38  
OBJ: 2-1                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

10. Ethical intensity is determined by the combined impact of \_\_\_\_ factors.
- a. six
  - b. four
  - c. three
  - d. eight

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 38  
OBJ: 2-1                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

11. The factors whose combined impact determine ethical intensity include all of the following except:
- a. confirmation bias
  - b. temporal immediacy
  - c. social consensus
  - d. proximity

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 38  
OBJ: 2-1                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

12. The \_\_\_\_ of the ethical issue is the total of the harm or benefits accruing to individuals affected by a decision or behavior.
- a. probability of effect
  - b. social consensus
  - c. proximity
  - d. magnitude of consequences

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 38  
OBJ: 2-1                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

13. All of the following are factors of significance in determining the ethical intensity of a Congressional decision to dramatically cut Social Security benefits in the year 2050 except:



- a. probability of effect
- b. magnitude of consequences
- c. temporal immediacy
- d. none of these would be factors of significance

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 38  
OBJ: 2-1                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

14. The likelihood that if a decision is implemented it will lead to the harm or benefit predicted is referred to as \_\_\_\_\_.
- a. concentration of effort
  - b. probability of effect
  - c. proximity
  - d. temporal immediacy

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 38  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

15. Assuming that all other conditions remain constant, ethical intensity will \_\_\_\_\_ with increases or decreases in one or more of its factors.
- a. remain constant
  - b. vary inversely
  - c. vary directly
  - d. change unpredictably

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 38  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

16. \_\_\_\_\_ is probably the most important factor relating to disagreements on the ethical intensity of passing a federal law protecting homosexuals from discrimination.
- a. Proximity
  - b. Probability of effect
  - c. Social consensus
  - d. Temporal immediacy

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 38  
OBJ: 2-1                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

17. \_\_\_\_\_ is the amount of public agreement that a proposed decision is bad or good.
- a. Proximity
  - b. Temporal immediacy
  - c. Social consensus
  - d. Concentration of effort

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 38  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

18. Ethical intensity is determined by the combined impact of:
- a. benefits and costs and determination of results
  - b. social discourse, decision-making principles and rules, probability of affect, and

- magnitude of consequences
- c. decision-making procedures and rules, social discourse, determination of impacts, and benefits and costs
- d. magnitude of consequences, probability of effect, social consensus, temporal immediacy, proximity, and concentration of effect

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 38-39  
OBJ: 2-1                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

19. The sense of closeness (social, cultural, psychological, or physical) that the decision maker has for victims or beneficiaries of the decision is the \_\_\_\_ of the ethical issue.
- a. concentration of effect
  - b. social consensus
  - c. probability of effect
  - d. proximity

ANS: D                      PTS: 1                      DIF: Easy                      REF: p. 39  
OBJ: 2-1                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

20. Concentration of effect is a(n) \_\_\_\_ function of the number of people affected by a decision.
- a. indirect
  - b. exponential
  - c. direct
  - d. inverse

ANS: D                      PTS: 1                      DIF: Difficult                      REF: p. 39  
OBJ: 2-1                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

21. \_\_\_\_ is the length of time that elapses from making a decision to experiencing the consequences of that decision.
- a. Probability of effect
  - b. Proximity
  - c. Temporal immediacy
  - d. Concentration of effort

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 39  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

22. \_\_\_\_ is the sense of closeness (social, cultural, psychological, or physical) that the decision maker has for victims or beneficiaries of the decision.
- a. Probability of effect
  - b. Temporal immediacy
  - c. Concentration of effort
  - d. None of these

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 39  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

23. \_\_\_\_ is the inverse function of the number of people affected by a decision.
- a. Probability of effect

- b. Temporal immediacy
- c. Proximity
- d. None of these

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 39  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

24. Which of the following is a general category of ethical principles used to justify decisions and actions?
- a. self-sacrifice principles
  - b. situational-effect principles
  - c. equitable outcome principles
  - d. balancing interests principles

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 40-41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

25. The \_\_\_\_ principle is used to justify self-serving decisions, as opposed to those that require a careful consideration of others' rights and costs.
- a. golden rule
  - b. distributive justice
  - c. hedonist
  - d. utilitarian

ANS: C                      PTS: 1                      DIF: Easy                      REF: p. 40  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

26. The \_\_\_\_ principle is used to promote what is good for the organization.
- a. golden rule
  - b. distributive justice
  - c. organization interest principle
  - d. hedonist

ANS: C                      PTS: 1                      DIF: Easy                      REF: p. 40  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

27. The \_\_\_\_ principle is used to justify self-serving decisions in which you do whatever you are powerful enough to impose on others without respect to socially acceptable behaviors.
- a. might-equals-right
  - b. golden rule
  - c. utilitarian
  - d. hedonist

ANS: A                      PTS: 1                      DIF: Easy                      REF: p. 40  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

28. The \_\_\_\_ principle is used to justify self-serving decisions in which you act on the basis of what is good for the organization.
- a. golden rule
  - b. distributive justice
  - c. hedonist

d. none of these

ANS: D                      PTS: 1                      DIF: Easy                      REF: p. 40  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

29. The \_\_\_\_ principle is used to justify self-serving decisions, as opposed to those that attempt to balance multiple interests or require a careful consideration of others' rights and costs.
- hedonist
  - might-equals-right
  - both of these would be used to justify self-serving decisions
  - neither of these would be used to justify self-serving decisions

ANS: C                      PTS: 1                      DIF: Easy                      REF: p. 40  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

30. Which of the following principles is probably the most appropriate for justifying the decisions and actions of an executive who is defending his multimillion dollar bonuses with a firm that has major financial losses.
- golden rule principle
  - means-end principle
  - disclosure principle
  - hedonist principle

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 40  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Application

31. All of the following are statements or thoughts that might reflect self-serving principles except:
- This act really won't hurt anybody.
  - My boss told me to do this, so I have no choice but to comply.
  - I would feel comfortable describing this action in front of my peers.
  - Everybody else does it, so why shouldn't I?

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 40  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Application

32. All of the following are general categories of ethical principles used to justify decisions and actions except:
- self-serving principles
  - concern for others principles
  - balancing interests principles
  - means-adverse principles

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 40-41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

33. All of the following are general categories of ethical principles used to justify decisions and actions except:
- principles that justify self-serving decisions and behaviors
  - principles that attempt to balance multiple interests
  - both of these are general categories of ethical principles

d. neither of these are general categories of ethical principles

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 40-41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

34. The \_\_\_\_ principles are the set of three ethical principles that are often imposed on certain categories of decisions and behaviors through laws, regulations, and court rulings.
- balancing interests
  - self-serving
  - concern for others
  - all of these are often imposed in this way

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 40  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

35. Which of the following is a general category of ethical principles often implied on certain categories of decisions and actions?
- situational-effect principles
  - concern-for-others principles
  - balancing means principles
  - self-effacing principles

ANS: B                      PTS: 1                      DIF: Easy                      REF: p. 39-41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

36. The disclosure, distributive justice, and golden rule principles are all examples of \_\_\_\_ principles that may be used to provide an ethical justification for a person's decisions and behaviors.
- self-serving
  - balancing interests
  - situational effects
  - concern for others

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 39-41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

37. Under the \_\_\_\_ principle, you act on the basis of whether the harm from the decision is outweighed by the good in it.
- distributive justice
  - organization interests
  - utilitarian
  - disclosure

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

38. The \_\_\_\_ principle is used to justify decisions that attempt to balance multiple interests when you act on the basis of whether some overall good justifies a moral transgression.
- distributive justice
  - utilitarian
  - organization interests

d. means-ends

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

39. The \_\_\_\_ principle is used to justify decisions that attempt to balance multiple interests when you act on the basis of whether the decision can be explained before a group of your peers.
- professional standards
  - utilitarian
  - disclosure
  - distributive justice

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

40. The Food and Drug Administration has just approved a new vaccine for the prevention of a widespread childhood disease. They considered the potentially serious side effects of the vaccine, which can include brain damage and mental retardation. However, less than 1 in 100,000 of the children receiving the vaccine will experience these side effects. Most children will experience nothing more than some local soreness, and possibly a mild fever. The vaccine will dramatically reduce the incidence of a childhood disease that is fatal in 29% of the cases. The ethical principle underlying this decision was probably the:
- hedonist principle
  - distributive justice principle
  - golden rule principle
  - utilitarian principle

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

41. The \_\_\_\_ principle is used to justify decisions when you act on the basis of how the general public is likely to respond to the disclosure of the rationale and facts related to the decision.
- distributive justice
  - utilitarian
  - organization interests
  - disclosure

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

42. The \_\_\_\_ principle is used to justify decisions when you act on the basis of treating an individual or group equitably rather than on arbitrarily defined characteristics such as gender or age.
- utilitarian
  - distributive justice
  - disclosure
  - organization interests

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

43. The \_\_\_\_ principle is used to justify decisions when you act on the basis of placing yourself in the position of someone affected by the decision and try to determine how that person would feel.
- distributive justice
  - utilitarian
  - organization interests
  - golden rule

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

44. When it comes to employee privacy, all of the following are true except:
- most employers claim to want to ensure a reasonable degree of employee privacy
  - employers must protect themselves against the illegal actions of employees
  - new technologies make it possible for employers to monitor many aspects of their employees' jobs
  - monitoring of employees by employers is tightly regulated by the government

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

45. The means-end, utilitarian, and professional standards principles are all examples of \_\_\_\_ principles that may be used to provide an ethical justification for a person's decisions and behaviors.
- balancing interests
  - self-serving
  - concern for others
  - situational effects

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 41  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

46. Women and men can be paid differently by an organization without violating the Equal Pay Act of 1963 if the difference is due to any of the following except:
- working conditions
  - a seniority system
  - a difference in training
  - affiliation with executives

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 42  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Application

47. All of the following actions have been suggested for integrating ethical decision making into the day-to-day life of the organization except:
- establish a whistle-blowing procedure and follow it
  - include ethical decision making in the performance appraisal process
  - involve employees in the identification of ethical problems
  - publicize the names of individuals who violate the ethics policy

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 43  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

48. The more \_\_\_\_ a decision maker can be about who may experience benefits or costs from a particular decision, the more likely it is that ethical decisions will be made.
- tentative
  - general
  - specific
  - inclusive

ANS: C                      PTS: 1                      DIF: Easy                      REF: p. 43  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

49. Which of the following are principles of the UN Global Compact?
- Businesses should uphold the elimination of all forms of forced and compulsory labor.
  - Businesses should uphold the effective abolition of child labor.
  - Businesses should make sure that they are not complicit in human rights abuses
  - All of these are principles of the UN Global Compact.

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 44  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

50. Judging the benefits and costs of a proposed decision requires determination of the \_\_\_\_ of those affected.
- interests and values
  - income level
  - relationships
  - organization level

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 44  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

51. \_\_\_\_ is an employment relationship in which either party can terminate the employment relationship at will with no liability if there was not an express contract for a definite term governing the employment relationship.
- Individual employment
  - Non-contract employment
  - Direct employment
  - Employment at will

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 44  
OBJ: 2-2                      NAT: AACSB Analytic | HRM                      MSC: Recall

52. Under employment at will, if there is not an express contract, an employee can be fired:
- at any time
  - with no liability
  - both of these are true of employment at will
  - neither of these are true of employment at will

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 44  
OBJ: 2-2                      NAT: AACSB Analytic | HRM                      MSC: Application

53. The employment-at-will doctrine increasingly has been \_\_\_\_ in alleged wrongful termination cases in the courts.
- withdrawn



- b. challenged successfully
- c. ignored
- d. adopted

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 44  
OBJ: 2-2                      NAT: AACSB Analytic | HRM                      MSC: Application

54. The exception to employment-at-will doctrine recognized by all 50 states is:
- a. discharge without cause
  - b. discharge immediately after hiring
  - c. discharge for cause
  - d. retaliatory discharge

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 44  
OBJ: 2-2                      NAT: AACSB Analytic | HRM                      MSC: Application

55. According to the Ethics Competency, UN Global Compact: some ideas for bringing human rights into company policy include which of the following::
- a. developing a company policy to support human rights
  - b. developing a health and safety management system
  - c. both of these are ideas for bringing human rights into company policy
  - d. neither of these are ideas for bringing human rights into company policy

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 44  
OBJ: 2-2                      NAT: AACSB Analytic | Ethical Responsibilities  
MSC: Recall

56. The factor that is most likely to lead to disagreements between decision makers regarding the ethical intensity of any given issue is:
- a. the decision maker's interpretation of the combined impact of relevant factors
  - b. concentration of effect
  - c. proven illegality of actions
  - d. magnitude of consequences

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 45  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

57. The hedonist, might-equals-right, and organizational interests principles are all examples of \_\_\_\_ principles that may be used to provide an ethical justification for a person's decisions and behaviors.
- a. concern for others
  - b. balancing interests
  - c. situational effects
  - d. self-serving

ANS: D                      PTS: 1                      DIF: Easy                      REF: p. 45  
OBJ: 2-2                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

58. \_\_\_\_ suggests that leaders should consider desires or demands of different stakeholders for the good of the organization.
- a. Organization interest principle
  - b. Organization creativity principle
  - c. Organizational innovation principle
  - d. None of these

ANS: A                    PTS: 1                    DIF: Moderate            REF: p. 45  
OBJ: 2-4                   NAT: AACSB Analytic | Leadership Principles  
MSC: Comprehension

59. Who is entitled to benefits or participation in decisions to change the mix of benefits and costs is a dimension of
- determination of rights
  - hedonism
  - concern for others
  - balancing interests

ANS: A                    PTS: 1                    DIF: Moderate            REF: p. 46  
OBJ: 2-2                   NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

60. According to some experts, the attention to \_\_\_\_ is the most critical internal issue facing organizations today.
- workplace rights
  - individuals endorsement of organizational decisions
  - benefits and results of executive decisions
  - testing issues

ANS: A                    PTS: 1                    DIF: Difficult            REF: p. 46  
OBJ: 2-2                   NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Recall

61. According to the Change Competency, James McNerney, CEO of Boeing: Which of the following is true of the Boeing's ethical breeches?
- There was an ad hoc problem in the organization.
  - Weaknesses within the corporation's culture permitted some employees to look the other way.
  - There were too many 'whistle-blowers' in the company.
  - None of these

ANS: B                    PTS: 1                    DIF: Easy                    REF: p. 47-48  
OBJ: 2-2                   NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

62. According to the Change Competency, James McNerney, CEO of Boeing: Which of the following is not true of how Boeing is changing its ethical culture?
- Every employee, each year, *personally* recommits to ethical and compliant behavior.
  - Boeing established a new organization—the Office of Internal Governance (OIG)—which reports directly to me and has regular, and routine, visibility with our board of directors.
  - Boeing is driving ethics and compliance through a core leadership development model.
  - Boeing's managers and executives must comply to higher standards of ethics than other employees.

ANS: D                    PTS: 1                    DIF: Easy                    REF: p. 47-48  
OBJ: 2-2                   NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

63. \_\_\_\_ reflects the shared and learned values, beliefs and attitudes of its members.
- Organizational culture
  - Organizational structure
  - Hedonistic principle

d. None of these

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 49  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Comprehension

64. Organizations have become increasingly diverse in terms of \_\_\_\_\_.  
a. gender  
b. race  
c. nationality  
d. all of these

ANS: D                      PTS: 1                      DIF: Difficult                      REF: p. 49  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Comprehension

65. Diversity must be accompanied by an \_\_\_\_\_ to be meaningful  
a. inspiration  
b. ethical foundation  
c. organizational culture  
d. none of these

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 49  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

66. \_\_\_\_\_ refers to an identifiable group that share years of birth and significant historical and social life events at critical stages of their development.  
a. Generation  
b. Culture group  
c. Age group  
d. Squamata family

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 50  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

67. Ethical misconduct can occur at the following levels of an organization:  
a. lower entry levels  
b. mid-level employees  
c. executives  
d. all of these

ANS: D                      PTS: 1                      DIF: Difficult                      REF: p. 50  
OBJ: 2-2                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

68. \_\_\_\_\_ refers to the tendency to view experiences with individuals as representative of a larger population.  
a. Small numbers bias  
b. Large numbers bias  
c. Population bias  
d. Evidence-based assessment

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 51  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles

MSC: Comprehension

69. In a recent survey of U.S. high school students, \_\_\_\_\_ percent of people said that people should play by the rules even if they lose.
- a. 91
  - b. 50
  - c. 100
  - d. 13

ANS: A                      PTS: 1                      DIF: Easy                      REF: p. 51  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

70. Harassment reflects \_\_\_\_\_.
- a. the obedience punishment stage
  - b. the lack of moral intelligence
  - c. the absence ethical intensity
  - d. all of these

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 52  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

71. Harassment refers to verbal or physical contact that conveys hostility toward \_\_\_\_\_.
- a. a person
  - b. a person's relatives
  - c. a person's friends
  - d. all of these

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 52  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

72. \_\_\_\_\_ generally refers to unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature.
- a. Sexual harassment
  - b. Harassment
  - c. Sexual pressure
  - d. Pressure

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 52  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Application

73. In the United States, sexual harassment includes the following:
- a. quid pro quo
  - b. hostile environment
  - c. both of these
  - d. neither of these

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 52  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Application

74. A hostile work environment occurs when an employee is subjected to

- a. comments of a sexual nature
- b. offensive sexual material
- c. unwelcome physical contact in the work environment
- d. all of these

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 52  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Application

75. \_\_\_\_\_ can be responsible for creating a hostile environment.
- a. Managers and coworkers
  - b. Customers
  - c. both of these
  - d. neither of these

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 52  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Application

76. \_\_\_\_\_ is defined by epithets, derogatory comments or slurs.
- a. Verbal harassment
  - b. Physical harassment
  - c. Visual harassment
  - d. Sexual favors

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 53  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Comprehension

77. \_\_\_\_\_ includes assault or blocking movement in the workplace.
- a. Verbal harassment
  - b. Physical harassment
  - c. Visual harassment
  - d. Sexual favors

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 53  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Comprehension

78. \_\_\_\_\_ is defined by derogatory posters, cartoons or drawings.
- a. Verbal harassment
  - b. Physical harassment
  - c. Visual harassment
  - d. Sexual favors

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 53  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Comprehension

79. \_\_\_\_\_ is defined by unwanted sexual advances that make an employment benefit contingent on willingness in the act.
- a. Verbal harassment
  - b. Physical harassment
  - c. Visual harassment
  - d. Sexual favors

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 53  
OBJ: 2-3                      NAT: AACSB Analytic | Leadership Principles  
MSC: Comprehension

80. According to the Diversity Competency, Verizon's Workplace Diversity: Which of the following is not one of Verizon's core values?
- Put profit first.
  - Act with integrity.
  - Treat people with respect.
  - Raise the standard of performance.

ANS: A                      PTS: 1                      DIF: Easy                      REF: p. 54-55  
OBJ: 2-3                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

81. According to the Diversity Competency, Verizon's Workplace Diversity: Which of the following is not one of the component's of the Verizon diversity strategy?
- The Inclusion Index
  - The Consumer Index
  - Diversity Performance Incentive
  - Supplier Diversity

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 54-55  
OBJ: 2-3                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

82. At colleges, stakeholders include:
- students
  - parents
  - faculty and staff
  - all of these

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 55  
OBJ: 2-4                      NAT: AACSB Analytic | Leadership Principles  
MSC: Recall

83. According to the Ethics Competency, Johnson & Johnson's Stakeholder Ethics and Principles: Who is Johnson & Johnson responsible to?
- Employees
  - Shareholders
  - Customers
  - All of these

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 57-58  
OBJ: 2-4                      NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

84. According to the Ethics Competency, Johnson & Johnson's Stakeholder Ethics and Principles: Johnson & Johnson believe employees\_\_\_\_\_.
- must be considered as individuals, and should be respected and recognized for their merit
  - must have a sense of security in their jobs
  - should be compensated fair and adequately
  - all of these are true

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 57-58

OBJ: 2-4                    NAT: AACSB Ethics | Ethical Responsibilities  
MSC: Comprehension

85. \_\_\_\_\_ is a pattern of resource use that strives to maintain human needs without compromising the ability of future generations to meet their needs.
- Visionary development
  - Perceptual development
  - Cultural development
  - Sustainable development

ANS: D                    PTS: 1                    DIF: Difficult                    REF: p. 58  
OBJ: 2-4                    NAT: AACSB Analytic | Leadership Principles  
MSC: Comprehension

## SHORT ANSWER

1. Identify and briefly describe the six stages of moral development developed by Lawrence Kohlberg.

ANS:

The six stages of moral development are: obedience and punishment stage, instrumental stage, interpersonal stage, law and order stage, social contract stage, and universal principles stage. In the obedience and punishment stage, an individual does the right thing mainly to avoid punishment or to obtain approval. In the instrumental stage, an individual becomes aware that others also have needs and begins to defer to them to get what the individual wants. An individual at the interpersonal stage considers appropriate behavior as that which pleases or is approved by friends or family. Proper behavior exhibits conformity to conventional expectations, often of the majority. In the law and order stage, an individual recognizes that ethical behavior consists of doing a person's duty, showing respect for authority, and maintaining the social order for its own sake. An individual at the social contract stage is aware that others hold a variety of conflicting personal views that go beyond the letter of the law. An individual at this stage understands that, although rules and laws may be agreed on and for the most part must be followed, they can be changed if necessary. Finally, an individual at the universal principles stage views appropriate conduct as determined by a person's conscience, based on universal ethical principles.

PTS: 1                    DIF: Easy                    REF: p. 34-36                    OBJ: 2-1  
NAT: AACSB Technology | Group Dynamics                    MSC: Comprehension

2. What is Ethical Intensity? Explain any of the six factors that determine ethical intensity.

ANS:

Ethical intensity is the degree of moral importance given to an issue. This six factors that influence ethical intensity are: magnitude of consequences( the harm or benefits accruing to individuals affected by a decision or behavior); probability of effect (the likelihood that if a decision is implemented it will lead to the harm or benefit predicted); social consensus i(the amount of public agreement that a proposed decision is bad or good); temporal immediacy (the length of time that elapses between making a decision and when the consequences of that decision are known); proximity (the sense of closeness (social, cultural, psychological, or physical) that the decision maker has for victims or beneficiaries of the decision) and concentration of effect (the inverse function of the number of people affected by a decision)

PTS: 1                    DIF: Easy                    REF: p. 38-39                    OBJ: 2-1  
NAT: AACSB Technology | Group Dynamics                    MSC: Comprehension

3. Briefly describe The UN Global Impact. What is its function?

ANS:

The UN Global Compact is the largest “corporate citizenship” initiative in the world.<sup>24</sup> This voluntary initiative includes more than 4,700 corporate participants from 130 countries as well as 700 civil societies, labor organizations, and academic institutions. This compact represents a partnership between the private sector and other sectors to promote responsible corporate citizenship as one means of encouraging business to be part of the solution to a more sustainable and inclusive global economy. The UN Global Compact works to advance 10 universal principles in the areas of human rights, labor standards, the environment, and anticorruption. However, it is not a regulatory agency and, therefore, does not enforce or measure the behavior or actions of companies. Rather, it relies on public accountability, transparency, and the enlightened self-interest of companies to initiate and share the actions they take in pursuing the principles on which the UN Global Compact is based.

PTS: 1                      DIF: Easy                      REF: p. 44                      OBJ: 2-2  
NAT: AACSB Technology | Group Dynamics                      MSC: Comprehension

4. What are the differences between benefits and costs? Explain two of the four potential tensions with ethical implications that may arise when considering the benefits and costs of a decision.

ANS:

Benefits refer to whatever a party considers desirable. Costs refer to whatever a party considers undesirable. Benefits and costs can refer to monetary or nonmonetary effects. The four potential tensions with ethical implications that may arise when considering the benefits and costs of a decision are: (1) Greater profits for shareholders versus higher wages for employees, (2) Increased production of electrical energy with lower per unit costs versus the need for lower levels of pollution, (3) Higher prices needed by suppliers to pay better wages, provide a safer work environment, and pollute less versus providing lower prices to consumers and (4) Survival of the business through layoffs and reduced compensation versus the desires of employees for greater job security and increased pay.

PTS: 1                      DIF: Easy                      REF: p. 44-45                      OBJ: 2-2  
NAT: AACSB Technology | Group Dynamics                      MSC: Comprehension

5. Identify any of the ways that organizational culture affect ethical behavior and diversity.

ANS:

Organizational culture reflects the shared and learned values, beliefs, and attitudes of its members. Organizational culture is considered the personality of the organization; most employees in the organization sense it and know it because it guides their day-to-day behaviors and decisions. Organizational culture appears to affect ethical behavior and diversity in several ways. An organizational culture that emphasizes ethical norms provides support for ethical behavior. Top leadership plays a key role in fostering ethical behavior by exhibiting the correct behavior. Top leaders can nurture a culture that rewards ethical priorities and influences how employees behave. If lower level managers observe top-level leaders engaging in unethical behaviors, (i.e. sexually harassing others, falsifying expense reports, diverting shipments to preferred customers, misrepresenting the organization’s financial position, etc.) they assume that these behaviors will be acceptable, ignored, or possibly rewarded. Thus, the presence or absence of ethical behavior in leaders’ actions both influences and reflects the culture. The organizational culture may promote taking responsibility for the consequences of actions, thereby increasing the probability that employees will behave ethically. Alternatively, the culture may diffuse responsibility for the consequences of unethical behavior, thereby making such behavior more likely.

PTS: 1                      DIF: Moderate                      REF: p. 49                      OBJ: 2-3  
NAT: AACSB Technology | Group Dynamics                      MSC: Comprehension



6. Briefly describe the term harassment and what it has the purpose of doing.

ANS:

Harassment refers to verbal or physical conduct that denigrates or shows hostility or aversion toward an individual because of that person's race, skin color, religion, gender, national origin, age, or disability. Harassment can also occur if conduct is directed toward a person's relatives, friends, or associates. Harassment has the purpose or effect of creating an intimidating, hostile, or offensive work environment, unreasonably interfering with an individual's work performance or otherwise adversely affects an individual's employment opportunities.

PTS: 1                      DIF: Moderate      REF: p. 52                      OBJ: 2-3  
NAT: AACSB Technology | Group Dynamics                      MSC: Comprehension

7. Name and describe any four of the groups of people that create stakeholder pressures. What are the concerns pertaining to each group?

ANS:

Four of the groups of people that represent stakeholder pressures are employees, shareholders, customers and suppliers. Pressures pertaining to employees include pay and benefits, safety and health, rights at work/global labor standards, and fair/ethical treatment in hiring, reviews, promotion, and related areas. Pressures pertaining to shareholders include demands for efficiency/profitability, viability (sustainability), growth of investment, and ethical disclosure of financial information. Pressures pertaining to customers include competitive prices, quality and safe products, respect for customers' privacy, concern for environment and truthful/ethical advertising and sales practices. Pressures pertaining to suppliers are meeting commitments, repeating business and fair trade practices/ethical treatment

PTS: 1                      DIF: Moderate      REF: p. 55                      OBJ: 2-3  
NAT: AACSB Technology | Group Dynamics                      MSC: Comprehension

8. What is sustainable development? What are some of the initiatives taken by McDonalds to address energy management?

ANS:

Sustainable development is a pattern of resource use that strives to meet current human needs without compromising the ability of future generations to meet their own needs. Some of the themes addressed under the umbrella of sustainable development include atmosphere, consumption and production patterns, land, freshwater, oceans, seas, and coasts, economic development, and natural hazards. Sustainable development is an area of major interest and increasing commitment by organizations. The sustainability initiatives taken by McDonald's include pilot projects with a handful of recently built green restaurants, providing employee education and operates an Energy All-Star recognition program that showcases innovations, best practices and outstanding efforts on the part of workers, and requiring its suppliers to join McDonald's in working to improve any aspect of their business operation that affects the environment. The company requires suppliers to provide annual measurements to McDonald's in four environmental areas: energy use, water consumption, waste and recycling, and air pollution.

PTS: 1                      DIF: Moderate      REF: p. 58-59                      OBJ: 2-4  
NAT: AACSB Technology | Group Dynamics                      MSC: Comprehension

9. What are three of the ways in which an organization can create shareholder value through stakeholder responsibility?

ANS:

An organization views stakeholder responsibility as central to its long-term efforts to create shareholder value, as shareholder value can affect sales, costs, and reputation. An organization can create shareholder value through creating diverse workforces, managers, and boards to relate to the increasing diversity of its consumer base. An organization can also increase shareholder value through recognition that its customers, suppliers, employees, and others would rather do business with a company that is mindful of its power and its ability to affect people's lives.

PTS: 1                      DIF: Difficult              REF: p. 61                      OBJ: 2-4  
NAT: AACSB Technology | Group Dynamics                      MSC: Comprehension

10. Name any of the themes that capture the sense of the citizenship efforts by Xerox.

ANS:

The five themes demonstrated by the Xerox company are: (1) Conducting business with integrity and transparency builds credibility and attracts investors; (2) Aligning resources around customer need provides the revenue stream that enables investment in innovation and future growth.; (3) Nurturing a greener world through sustainable innovation and development saves money, creates value and helps develop new markets; (4) Creating a great workplace for our people strengthens our competitiveness; and (5) Leveraging our resources to make our world better improves the quality of life for our people and the economic climate for our customers.

PTS: 1                      DIF: Moderate              REF: p. 61                      OBJ: 2-4  
NAT: AACSB Technology | Group Dynamics                      MSC: Comprehension

## ESSAY

1. Describe any three of the six stages of moral development, and the key behaviors that might be demonstrated by a person at each of these stages.

ANS:

Kohlberg's six stages of moral development are: obedience and punishment, instrumental, interpersonal, law and order, social contract and universal.

An individual at the obedience and punishment stage does the right thing mainly to avoid punishment or to obtain approval. An employee stuck at this stage might think that the only reason not to steal money from an employer is the certainty of getting caught and then fired or even arrested. An individual at the instrumental stage becomes aware that others also have needs and begins to defer to them to get what the individual wants. An employee at this stage might be willing to defer to the needs of the employer to reduce absenteeism, but only if the employer gives something in return. An individual at the interpersonal stage considers appropriate behavior as that which pleases or is approved by friends or family. Proper behavior exhibits conformity to conventional expectations, often of the majority. At this stage, being seen as a “good person” with basically good motives is important. An employee at this stage might focus on the importance of being a loyal employee and colleague who is always friendly and who avoids or remains calm during conflict. An individual at the law and order stage recognizes that ethical behavior consists of doing a person’s duty, showing respect for authority, and maintaining the social order for its own sake. The person sees other people as individuals and also as parts of the larger social system that gives them their roles and obligations. An employee at this stage might rigidly adhere to organizational rules and regulations and legitimate orders from superiors. The employee is likely to resist or criticize the efforts of coworkers or superiors to bend or break the rules. At this stage of moral reasoning, rules are considered to be necessary for the effective functioning of the entire organization, and they should be followed even when it requires some self-sacrifices or resisting pressures from peers. An individual at the social contract stage is aware that others hold a variety of conflicting personal views that go beyond the letter of the law. An individual at this stage understands that, although rules and laws may be agreed on and for the most part must be followed, they can be changed if necessary. The individual at this stage recognizes that employees are expected to follow the rules but also accepts the idea of breaking the rules when those rules conflict with accepted social values. They accept the organization permitting employees to be absent for only a specified number of days. But if the employee believes that the absentee rules unduly restrict freedom, he or she might also feel justified in breaking the rule or working to make it less restrictive. Finally, an individual at the universal principles stage views appropriate conduct as determined by a person’s conscience, based on universal ethical principles. Kohlberg felt that universal principles are founded in justice, the public welfare, the equality of human rights, and respect for the dignity of individual human beings. In his model, people at the most advanced stage of ethical reasoning recognize these universal principles and act in accordance with them rather than rules or laws.

PTS: 1

DIF: Difficult

REF: p. 34-36

OBJ: 2-1

NAT: AACSB Analytic | Group Dynamics

MSC: Recall

2. Describe any four of the six factors influencing ethical intensity and give an example of behaviors or actions within each stage.

ANS:

Ethical intensity is the degree of moral importance given to an issue. It is influenced by six factors. The first factor is magnitude of consequences—the harm or benefits accruing to individuals affected by a decision or behavior. An action that causes 1,000 people to suffer a particular injury has greater consequences than an action that causes 20 people to suffer the same injury. The second factor is probability of effect - the likelihood that if a decision is implemented it will lead to the harm or benefit predicted. The production of an automobile that would be dangerous to occupants during normal driving has greater probability of harm than the production of a NASCAR race car that endangers the driver when curves are taken at high speed. The third factor is social consensus is the amount of public agreement that a proposed decision is bad or good. Actively discriminating against minority job candidates is worse than not actively seeking out minority job candidates. The fourth factor is temporal immediacy - the length of time that elapses between making a decision and when the consequences of that decision are known. A shorter length of time implies greater immediacy. An example of this is if Merck releases a drug that causes 1 percent of the people who take it to have acute nervous reactions within one week. This has greater temporal immediacy than releasing a drug that will cause 1 percent of those who take it to develop nervous disorders after 25 years of use. The fifth factor is proximity is the sense of closeness (social, cultural, psychological, or physical) that the decision maker has for victims or beneficiaries of the decision. Recently, Citigroup cut 53,000 jobs. This reduced its labor force to 300,000 employees with more layoffs anticipated. This action had a greater impact on the remaining employees than the personal impact the news reporters feel when announcing this layoff. The sixth factor is concentration of effect -the inverse function of the number of people affected by a decision. A change in an insurance policy denying coverage to 40 people with claims of \$50,000 each has a more concentrated effect than a change denying coverage to 4,000 people with claims of \$500 each.

PTS: 1                      DIF: Moderate      REF: p. 38-39                      OBJ: 2-2  
 NAT: AACSB Analytic | Group Dynamics                      MSC: Recall

3. What are the three categories of ethics-based principles? Describe one principle within each stage.

ANS:

The three types of ethics-based principles are: self-serving principles, balancing-interest principles and concern-for-others principles.

The three self serving principles are the hedonist principle: *You do whatever is in your own self-interest*; the might-equals-right principle: *You do whatever you are powerful enough to impose on others without respect to socially acceptable behaviors*; and the organization interests principle: *You act on the basis of what is good for the organization*.

The three balancing-interest principles are the means–end principle: *You act on the basis of whether some overall good justifies a moral transgression*; the utilitarian principle: *You act on the basis of whether the harm from the decision is outweighed by the good in it—that is, the greatest good for the greatest number*; and the professional standards principle: *You act on the basis of whether the decision can be explained before a group of your peers*.

The three concern-for-others principles are the disclosure principle: *You act on the basis of how the general public would likely respond to the disclosure of the rationale and facts related to the decision*; the distributive justice principle: *You act on the basis of treating an individual or group equitably rather than on arbitrarily defined characteristics (e.g., gender, race, age)*; and the Golden rule principle: *You act on the basis of placing yourself in the position of someone affected by the decision and try to determine how that person would feel*.

PTS: 1                      DIF: Moderate      REF: p. 38-39                      OBJ: 2-2  
 NAT: AACSB Analytic | Group Dynamics                      MSC: Recall

4. Name three ways in which leaders can help integrate ethical decision making into the day-to-day culture of an organization

ANS:

Answers will vary; however suggestions that were provided in the text include leaders demonstrating their own commitment to ethical behaviors and decisions made by other managers and employees; a clear code of ethics should be promulgated and followed; a whistle-blowing policy to forbid retaliation against those who report wrongdoing or other ethical procedures should be established and followed; managers and employees alike should be involved in the identification of ethical problems and efforts to solve them; the performance appraisal process should include consideration of ethical issues; and the organizational priorities and efforts related to ethical issues should be widely publicized.

PTS: 1                    DIF: Moderate            REF: p. 43                    OBJ: 2-2  
NAT: AACSB Analytic | Group Dynamics                    MSC: Recall

5. Briefly describe procedural justice and interactional justice. What are three of the guidelines in performance reviews that are intended to achieve both procedural and interactional justice.

ANS:

Procedural justice refers to the perceived fairness of the rules, guidelines, and processes for making decisions. Interactional justice refers to the quality of interpersonal treatment individuals receive during the use of organizational procedures. Four criteria that typify the presence or absence of interactional justice include (1) respect (whether decision makers treat individuals politely), (2) propriety (whether decision makers are free of bias), (3) truthfulness (whether decision makers are engaged in deceptions), and (4) justification (whether decision makers adequately explain procedures to individuals). To achieve both procedural and interactional justice in performance reviews, some guidelines that should be followed are (1) Managers should be given specific and clear instructions on procedures, (2) Managers should be trained in how to administer the review, (3) Results should be discussed with employees, (4) Employee participation should be allowed in the review process (e.g., setting goals, providing input on performance), and (5) The review should be developmental (e.g., indicate how to improve).

PTS: 1                    DIF: Moderate            REF: p. 46-47                    OBJ: 2-2  
NAT: AACSB Analytic | Group Dynamics                    MSC: Recall

6. List the four broad categories of generations. What are three of the six similarities shared between the generations?

ANS:

The four broad categories of generations are *Mature*: born from 1925 through 1944; *Baby boomers*: born from 1945 through 1964; *Generation X*: born from 1965 through 1981; and *Generation Y*: born from 1982 through 2000.

Six of the commonalities shared between generations are:

1) All generations have similar values. In fact, they all value family the most. They also attach importance to integrity, achievement, love, and competence. 2) Everyone wants respect; they just define it differently. 3) Trust matters. Distrust of the organization and in upper management is prevalent among all age groups. 4) All generations want leaders who are credible and trustworthy. They also want them to listen, be farsighted and encouraging. 5) Organizational politics are a problem. Employees of all ages know that political savvy is a critical component in career advancement and upper-level management. 6) No one really likes change. Resistance to change has nothing to do with age; it is all about how much one has to gain or lose with the change.

PTS: 1                    DIF: Difficult            REF: p. 50-51                    OBJ: 2-3  
NAT: AACSB Analytic | Group Dynamics                    MSC: Recall

7. Identify and define the two types of sexual harassment. What are any three of the components of a harassment policy?

ANS:

Sexual harassment generally refers to unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature. The two types of sexual harassment in the United States are: (1) quid pro quo—in which submission to harassment is used as the basis for employment decisions, and (2) hostile environment—in which harassment creates an offensive working environment. A sexual harassment policy should contain (1) a definition of the harassment, (2) a harassment prohibition statement, (3) a description of the organization's complaint procedure, (4) a description of disciplinary measures for such harassment, and (5) a statement of protection against retaliation.

PTS: 1                      DIF: Moderate              REF: p. 53-54              OBJ: 2-3  
NAT: AACSB Analytic | Group Dynamics                      MSC: Recall

8. Define stakeholder and stakeholder responsibility. Explain any two of the four themes found in firms with a proactive commitment to assessing its stakeholder ethics

ANS:

Stakeholders are individuals or groups that have interests, rights, or ownership in an organization and its activities. Stakeholder responsibility holds that leaders and other employees have obligations to identifiable groups that are affected by or can affect the achievement of an organization's goals. There are four different themes found in firms with a proactive commitment to assessing its stakeholder ethics: disclosure, communication and engagement, proactive management and creating shareholder value. In disclosure, the firm is transparent, providing comprehensive stakeholder environmental information to the public. The firm produces reports annually that review its stakeholder and environmental policies, goals, and achievements as well as financial performance. In communication and engagement the firm actively seeks to communicate with various groups about its environmental performance. This allows the organization to present progress made and to learn from the groups about what future expectations may be. In proactive management, the firm is committed to going beyond minimum compliance requirements and integrating stakeholder responsibility into board governance, executive compensation, and management policies. The leaders integrate stakeholder and environmental issues into both day-to-day operations and into its managerial, executive, and fiduciary governance. And finally, in creating shareholder value, the organization views stakeholder responsibility as central to its long-term efforts to create shareholder value. It looks at how stakeholder and environmental issues can affect sales, costs, and reputation. recognizes the need for diverse workforces, managers, and boards to relate to the increasing diversity of its consumer base. The firm recognizes that proactive leadership of environmental and stakeholder risks can substantially lessen the uncertainties and liabilities created by changing regulatory requirements and new knowledge of emerging risks.

PTS: 1                      DIF: Difficult              REF: p. 55| p. 60-61  
OBJ: 2-4                      NAT: AACSB Analytic | Group Dynamics  
MSC: Recall