

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

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

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

## Essay Questions

17. What is business ethics?

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

### True / False Questions

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

True   False

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

True False

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

True False

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

True False

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

True False

24. Workplace bullying is an increasing problem.

True False

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

True False

## Multiple Choice Questions

26. If a manager chooses to act so that she benefits financially or otherwise at the expense of her firm, then she

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

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

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

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

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

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

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

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

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

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

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

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



35. If an employee learned of a significant cost-saving idea from a coworker and then informed management of the idea without revealing its true source, then the employee would be involved in
- A. keeping a secret.
  - B. career advancement.
  - C. plagiarism.
  - D. bullying.
  - E. bribery.

### Essay Questions

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

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

### True / False Questions

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

True False

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

True False

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

True False

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

True False

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

True False

### Multiple Choice Questions

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

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

44. A large number of \_\_\_\_ cases result in retaliation against the employee, even though the government has tried to take steps to protect workers and to encourage reporting of misconduct.

- A. executive
- B. white collar crime
- C. whistleblower
- D. petty theft
- E. federal

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

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

46. \_\_\_\_ is the act of an employee exposing an employer's wrongdoing to outsiders.

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

47. Codes of ethics foster ethical behavior by

- A. expanding the opportunity to behave unethically by providing rewards for following the rules.
- B. limiting the opportunity to behave unethically by providing punishments for violations of the rules and standards.
- C. limiting the opportunity to behave unethically by providing rewards for violations of the rules and standards.
- D. expanding the opportunity to behave ethically by providing punishments for following the rules.
- E. encouraging employees to bend the rules.

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

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

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

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

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

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

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

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

### Essay Questions

52. How can an organization improve ethical behavior?

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

### True / False Questions

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

True False

55. The concept of social responsibility is universally accepted.

True False

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

True False

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

True False

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

True False

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

True False

### Multiple Choice Questions

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

- A. A code of conduct
- B. A code of ethics
- C. Fairness
- D. Corporate citizenship
- E. Whistleblowing

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

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



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

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

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

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

64. Being profitable relates to which social responsibility dimension?

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

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

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

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

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

67. Studies have found a direct link between social responsibility and \_\_\_\_\_ in business.

- A. profitability
- B. ethics
- C. declining stock prices
- D. happiness of stakeholders
- E. global warming

## Essay Questions

68. What are the four dimensions of social responsibility?

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

### True / False Questions

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

True   False

71. Recycling is a business response to employee issues.

True False

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

True False

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

True False

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

True False

75. Managers consider social responsibility on an annual basis.

True False

## Multiple Choice Questions

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

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

77. John F. Kennedy's consumer bill of rights outlined four rights: the right to be informed, the right to choose, the right to be heard, and the right to

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

### Essay Questions

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

90. Discuss the community relations issues that concern businesses.

### Multiple Choice Questions

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

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

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

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

### Essay Questions

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

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

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

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

### True / False Questions

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

#### TRUE

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: Business Ethics and Social Responsibility*

2. Ethics and social responsibility mean the same thing.

#### FALSE

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

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

**TRUE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

**TRUE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: Business Ethics and Social Responsibility*

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

**FALSE**

Business ethics goes beyond legal issues by building trust among individuals and in business relationships which validates and promotes confidence among those relationships.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

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

**FALSE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

## Multiple Choice Questions

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

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: Business Ethics and Social Responsibility*

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

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

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

*AACSB: Reflective Thinking*

*Blooms: Remember*

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



*Level of Difficulty: 1 Easy*

*Topic: Business Ethics and Social Responsibility*

9. The \_\_\_\_\_ Act criminalized securities fraud and toughened penalties for corporate fraud.
- A. Dodd-Frank
  - B. Federal Trade Commission
  - C. Foreign Corrupt Practices
  - D. Sarbanes-Oxley**
  - E. Sherman Antitrust

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: Business Ethics and Social Responsibility*

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

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

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

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: Business Ethics and Social Responsibility*

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 3 Hard*

*Topic: The Role of Ethics in Business*

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

The Sarbanes-Oxley Act was passed in 2002 by Congress to criminalize securities fraud as well as stiffen penalties for corporate fraud. This was a response to public outcry regarding accounting scandals in the early 2000s and to restore confidence in Corporate America.

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: Business Ethics and Social Responsibility*

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

## Essay Questions

17. What is business ethics?

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: Business Ethics and Social Responsibility*

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 3 Hard*

*Topic: Business Ethics and Social Responsibility*

## True / False Questions

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

**TRUE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

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

**FALSE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*



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

**TRUE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

**FALSE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

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

**TRUE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

24. Workplace bullying is an increasing problem.

**TRUE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

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

**FALSE**

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*

## Multiple Choice Questions

26. If a manager chooses to act so that she benefits financially or otherwise at the expense of her firm, then she
- A. is bullying.
  - B. is engaging in bribery.
  - C. has a conflict of interest.
  - D. is cheating.
  - E. has broken the law.

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

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

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

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

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

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

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

In business, the ethical issue of plagiarism arises when an employee copies reports or takes the work or ideas of others and presents it as his or her own.

*AACSB: Ethics*

*Blooms: Remember*

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

29. That businesspeople are expected not to harm customers, clients, and competitors knowingly through deception, misrepresentation, coercion, or discrimination is part of

- A. fairness and honesty.
- B. communications.
- C. conflict of interest.
- D. business relationships.
- E. consumerism.

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

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

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

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

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 3 Hard*

*Topic: The Role of Ethics in Business*

31. Making claims about dietary supplements or the health benefits of certain unproven ingredients is an issue related to

- A. conflict of interest.
- B.** communications.
- C. product design.
- D. business relationships.
- E. financing.

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

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 3 Hard*

*Topic: The Role of Ethics in Business*

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

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

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

*AACSB: Ethics*

*Blooms: Remember*

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

*Level of Difficulty: 3 Hard*

*Topic: The Role of Ethics in Business*

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

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

Ethical behavior within a business involves keeping company secrets, meeting obligations and responsibilities, and avoiding undue pressure that may force others to act unethically.

*AACSB: Ethics*

*Blooms: Remember*



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

*Level of Difficulty: 2 Medium*

*Topic: The Role of Ethics in Business*

34. If a manager pressures a subordinate to engage in activities that he or she may otherwise view as unethical, such as engaging in accounting fraud or stealing a competitor's secrets, there exists an ethical issue related to
- A. plagiarism.
  - B.** business relationships.
  - C. communications.
  - D. fairness and honesty.
  - E. conflicts of interest.

Ethical issues related to business relationships include the responsibility of managers to help an organization achieve its goals without compromising employee rights.

*AACSB: Ethics*

*Blooms: Understand*

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

*Level of Difficulty: 1 Easy*

*Topic: The Role of Ethics in Business*