ch02

Student: ____

1. Social responsibility is management's obligation to make choices and take actions that contribute to the welfare and interests of society as well as that of the organization.
   True False

2. Most people agree on which actions a business should take to improve society's welfare.
   True False

3. The cultural institution is, above all, the basic economic unit of society.
   True False

4. Businesses do have a responsibility to make a profit in order to serve society.
   True False

5. Ethical responsibility defines what society deems important with respect to appropriate corporate behavior.
   True False

6. Self-actualizing responsibility is the highest criterion of social responsibility.
   True False

7. Simply put, morals refer to people's adherence to right or wrong behavior and right or wrong thinking.
   True False

8. At the preconventional moral development level, an individual conforms to the expectations of others and upholds legal laws.
   True False

9. The majority of sales personnel operate at the principled moral development level.
   True False

10. The Golden Rule of Selling requires people whose personal character is at level 2.
    True False

11. A fixed point of reference must be separate from you.
    True False

12. Many people of the world make basic right and wrong decisions based upon their religious principles.
    True False

13. Ethical behavior refers to conducting yourself in the proper manner.
    True False

14. An ethical dilemma arises in a situation when each alternative choice has some undesirable elements due to potentially negative ethical consequences.
    True False

15. An ethical sales manager should set realistic and obtainable goals.
    True False

16. If management decides to increase the number of territories in a state, there is a possibility the earnings of the salespeople working that state will decrease.
    True False

17. Josh Damon sells industrial-sized heating and cooling systems. His territory includes Illinois, Iowa, and Missouri. Management at Damon's firm has decided to increase the number of territories in each sales region. Damon should be excited about the opportunity this presents for him to earn more money.
True False

18. If a salesperson has a drug or alcohol problem that is bad enough to require professional help, the appropriate action of the sales manager is to remove the individual from his/her territory.
True False

19. Today employers have the right to terminate salespeople for poor performance, excessive absenteeism, unsafe conduct, and poor organizational citizenship.
True False

20. Cooperative acceptance means not only that employees cannot be discriminated against in employment practices, but that they also have the right to be free of sexual and racial harassment.
True False

21. Although several federal laws influence record keeping, they are primarily directed at private employers.
True False

22. Although discrimination on the basis of a person's sex is illegal, there are no laws against sexual harassment.
True False

23. To prevent sexual harassment, companies rely on top management support, training for all employees, and performance appraisals and compensation policies that reward persons who practice antiharassment behavior and punish persons who do not.
True False

24. The most often misused company assets are automobiles, expense accounts, samples, and damaged-merchandise credits.
True False

25. It is easy to distinguish between a gift and a bribe.
True False

26. A salesperson who exaggerates about product capabilities may be guilty of misrepresentation.
True False

27. Generally, the more knowledgeable the customer, the greater the chances the court will interpret an incorrect statement by a salesperson as an actionable misrepresentation rather than as sales puffery.
True False

28. Salespeople must thoroughly educate all customers before making a sale.
True False

29. Regardless of whether a buyer is knowledgeable about a product or not, he/she does not have a duty to look beyond the assertions of a salesperson and investigate the product individually.
True False

30. Durham Building Supplies requires anyone who wants to use its product to purchase only from it; this contractual arrangement is called an exclusive dealership.
True False

31. Reciprocity occurs when Martinez trades a load of firewood for an oil change for his Toyota Tacoma.
True False

32. A cooling-off law gives the buyer three weeks to cancel the contract, return any merchandise, and obtain a full refund.
True False

33. A salesperson competing in a foreign country may find himself/herself competing with foreign companies who are allowed to do things considered unethical by U.S. standards.
True False

34. A code of ethics states those values that are expected and those that are not tolerated.
True False

35. The single most important factor in improving the climate for ethical behavior in a sales force is the existence of a detailed code of ethics.
True False

36. A strong level of ethical awareness can be achieved when contacting customers while working with salespeople.
True False

37. A person with integrity is honest without compromise or corruption.
True False

38. You can separate personal life from business life.
True False

39. Social responsibility:
A. is one of the easiest concepts marketers have to deal with.
B. has a misleadingly complex definition.
C. covers a wide range of areas that are clearly understood as ethically right.
D. means being a good corporate citizen.
E. means being aware of one's stakeholders.

40. Social responsibility is the management's obligation to:
A. make choices and take actions that contribute to the welfare of society and the organization.
B. serve its customers in a profitable and lawful manner.
C. serve its customers and employees in an ethical and lawful manner.
D. encourage managers to monitor the off-duty behavior of employees.
E. pursue profits only as a short-run objective.

41. Strate's Shows is a company that owns and operates amusement rides at many fairs in the southeastern United States. Each year the company must provide new and more exciting rides for fair attendees. It must meet strict government safety guidelines. It must find suppliers that can provide repair equipment quickly at affordable prices. Fair attendees, government regulatory agencies, and its suppliers are examples of Strate's:
A. stakeholders.
B. bystanders.
C. proxies.
D. communal representatives.
E. purveyors.

42. Any group within or outside an organization that has a stake in the organization's performance is called a(n):
A. investor.
B. stakeholder.
C. proxy.
D. legal representative.
E. input provider.

43. Lloyd sells ad time on KRBX radio station. In order to act socially responsible, Lloyd needs to realize that the radio's owner, people who buy ads, people who listen to the ads on the station, and members of the local government are all:
A. communication audiences.
B. station ombudsmen.
C. stakeholders.
D. stockholders.
E. markets for Lloyd.

44. The acronym CCC GOMES is used to:
A. help students remember the levels of moral development.
B. help students remember the eight types of stakeholders.
C. help salespeople remember the steps in preparing an effective sales presentation.
D. represent the eight different types of sales approaches discussed in the text.
E. remind salespeople to adapt their sales presentation to the personalities of the buyers.

45. Joe Campbell, a hospital administrator in California, lodged a complaint against the hospital owners when he was asked to keep two sets of accounting records so that the hospital could reduce its tax liability. The hospital that Campbell worked for was most likely emphasizing its _____ responsibilities to its stakeholders.
A. economic
B. discretionary
C. ethical
D. legal
E. environmental

46. Mega Stores has become one of the world's leading names in retail business. Its success is mainly owed to the fact that it cuts out middlemen and sells goods at the lowest possible prices. Though faced with lots of bad press for its undercut ways, Mega Stores can be said to be taking care of which of its social responsibilities?
A. Ethical
B. Legal
C. Economic
D. Discretionary
E. Environmental

47. Identify the correct statement about an organization's social responsibilities.
A. Ethical responsibilities are imposed by local town councils, state government, and federal regulatory agencies.
B. Discretionary responsibilities include responsibilities that are usually codified into law.
C. Legal responsibilities are guided by a company's desire to make social contributions to the community.
D. A business has an economic responsibility to stay in business and make a profit.
E. Economic responsibility is the highest criterion of social responsibility.

48. Classic Ways is a popular worldwide garment retail chain. Recently the company committed half of its profits from its GOLD-branded product line to the Global Fund, exemplifying this business model for generating sustainable funds for addressing the issues related to victims of natural calamities. The company could be said to be addressing its:
A. ethical responsibilities.
B. legal responsibilities.
C. economic responsibilities.
D. discretionary responsibilities.
E. environmental responsibilities.

49. Aqua Busters, Inc., a beverage company, has established rainwater harvesting programs at most of their company plants and has initiated partnerships to set up rainwater harvesting projects in communities across the country. Identify the social responsibility the company is addressing.
A. Ethical
B. Legal
C. Economic
D. Discretionary
E. Environmental

50. B&W chain of fast food restaurants is famous for its unique grilled chicken. Its main rival, Mighty Kreme fast food chain, was approached by two employees of B&W with the famous secret chicken recipe. The company not only refused its rival's trade secrets but contacted its rival and tipped them off. Mighty Kreme can be commended for taking care of its:
A. ethical responsibilities.
B. legal responsibilities.
C. economic responsibilities.
D. discretionary responsibilities.
E. environmental responsibilities.

51. ABC Inc., a beverage company, has been sued by the community for polluting the water resources around the area of its manufacturing plant. The company was cutting off waste management costs by dumping all the slush into the surrounding areas. The court found it in contempt of industrial waste management laws and guidelines. The company has failed to take care of its:
A. ethical responsibilities.
B. legal responsibilities.
C. economic responsibilities.
D. discretionary responsibilities.
E. environmental responsibilities.

52. Identify the correct statement about an organization's social responsibilities.
A. A business has no economic responsibility to stay in business and make a profit.
B. Discretionary responsibilities are involuntary.
C. Local town councils, state government, and federal regulatory agencies impose ethical responsibilities.
D. Legal responsibility defines what society deems as important with respect to appropriate corporate behavior.
E. Discretionary responsibility is the lowest criterion of social responsibility.

53. Many people believe that businesses should go beyond the social responsibilities mandated by economics, law, or ethics. They believe firms should contribute to the community's welfare. These people want firms to exercise _____ social responsibility.
A. voluntary
B. ecological
C. de facto
D. discretionary
E. ethical

54. Because it goes beyond societal expectations to contribute to the community's welfare, _____ responsibility is the highest criterion of social responsibility.
A. self-disciplined
B. ecological
C. de facto
D. discretionary
E. de jure

55. Salespeople who join and actively participate in community service-oriented organizations such as the American Red Cross, the Jaycees, and the Rotary Club are:
A. displaying discretionary responsibility.
B. acting as company representatives.
C. minimizing competitors' retaliation.
D. adhering to legal requirements.
E. displaying economic responsibility.

56. To demonstrate social responsibility, an organization can do all of the following EXCEPT:
A. strive to make profits on an ongoing basis.
B. admit mistakes.
C. take public stands on social issues.
D. monitor the social environment.
E. avoid corrective action unless required.

57. Which of the following is an action a corporation can take to demonstrate social responsibility?
A. Avoid taking corrective action before it is required.
B. Evade taking public stands on social issues.
C. Strive to make profits on an ongoing basis.
D. Shun publicity concerning any socially damaging mistakes.
E. Avoid working with constituents to resolve mutual problems.

58. Two major influences on the ethical behavior of sales personnel are:
A. the organization's employees and the organization itself.
B. the organization's production and finance departments.
C. internal and external organizational environments.
D. national and international policies.
E. the organization's customers and stockholders.

59. On the job, Gary acts purely in his own best interests. He follows the company's rules because if he does not he may be fired. At what level of moral development is Gary functioning?
A. Principled
B. Consensual
C. Conventional
D. Discretionary
E. Preconventional

60. In Turkey, a salesperson wants to sell a block of 75 symphony tickets to an Armenian senior citizen center to hand out to its members. If he can sell these remaining tickets, he will receive a $500 bonus. When the center director asks him if there will be adequate security at the event, the Turk assures her the arena has doubled its security force for the event even though no special security arrangements have been made in spite of recent threats made against Armenians. The Turkish salesperson is most likely functioning at the ______ stage of moral development.
A. postconventional
B. principled
C. conventional
D. discretionary
E. preconventional

61. Glenn perceives herself to be a responsible person because she does not misuse company assets, she is always truthful, and she treats others fairly. She upholds moral and legal laws and conforms to the expectations of others. At which level of moral development is Glenn operating?
A. Consensual
B. Principled
C. Conventional
D. Discretionary
E. Preconventional

62. A salesperson asks, "What am I legally required to do with this?" when deciding whether to return competitive intelligence that was gathered by stealing company records. At which level of moral development is this salesperson operating?
A. Economically
B. Principled
C. Conventional
D. Restricted
E. Preconventional

63. Courtney Lee works for a travel agency. The company has spent several hundred dollars promoting a trip to a country that is undergoing a great deal of political unrest. Lee has been told that if she wants to keep her job, she needs to get at least three couples to sign up for this trip. Instead, Lee handed in her letter of resignation because she refused to sell a potentially dangerous trip to her customers. Lee is functioning at the _____ level of moral development.
A. biblical
B. principled
C. conventional
D. discretionary
E. preconventional

64. "I don't care what the boss said. It's wrong and I'm not going to do it. If I get fired, then that's just the way it'll have to be." The salesperson who just made this statement to a co-worker is apparently working at the _____ level of moral development.
A. nondiscriminatory
B. principled
C. conventional
D. consensual
E. preconventional

65. Most salespeople operate at what level of moral development?
A. Consensual
B. Principled
C. Conventional
D. Discretionary
E. Responsive

66. The Golden Rule of Selling requires people whose personal character is at level:
A. 0.
B. 1.
C. 2.
D. 3.
E. 4.

67. According to the text, a(n) _____ refers to something that provides the correct action to take in any situation and never gets tailored to fit a situation.
A. ethical continuum
B. situational compass
C. ethical talisman
D. fixed point of reference
E. situational barometer

68. According to the text, a _____ would tell Rob Loughton he should return the stolen competitive information to its owner without examining it even though the information would more than likely result in a large commission for Loughton.
A. fixed point of reference
B. frame of conventional reference
C. compass point
D. moral sextant
E. directional code of ethics

69. According to the text, businesses use the _____ to serve as a universal, practical, and helpful standard for businesspeople.
A. Hindu Mahabharata
B. sayings of Confucius
C. Golden Rule
D. Beatitudes
E. Torah

70. _____ are the codes of moral principles and values that govern the behaviors of a person or a group with respect to what is wrong.
A. Legal codes
B. Ethics
C. Principled heuristics
D. Sociocultural norms
E. Governing norms

71. Ethical behavior:
A. assumes that an economic level of social responsibility exists in the organization.
B. assumes that the individual is operating at an unrestricted moral level.
C. refers to following the rules and treating others fairly.
D. assumes that human interaction is reciprocal.
E. refers to adhering to a generic religious principle.

72. Which of the following statements about ethical dilemmas is true?
A. Ethical dilemmas occur because many ethical standards are not classified.
B. Friends are never the cause of an ethical dilemma.
C. Cultural differences between different parts of the world are never the source of ethical dilemmas.
D. Ethical dilemmas do not occur when right and wrong cannot be clearly identified.
E. Ethical dilemmas do not occur when a person must choose among alternative choices-all of which have unethical elements.

73. Your brother Craig sells art collectibles. He knows that your boss collects early 20th century baseball memorabilia and he has asked that you introduce him to your boss and to endorse his background as an ethical antiques dealer. You know that in the past Craig has sold some items that were not what he claimed they were and you suspect that some of his baseball memorabilia might be forgeries. Your mother is pressuring you to help your brother make this sale. This is an example of a(n):
A. social impasse.
B. discretionary responsibility.
C. ethical dilemma.
D. policy-based moral development.
E. sales dilemma.

74. Which of the following is not an ethical consideration sales managers face regarding the level of sales pressure to place on a salesperson?
A. Managers are responsible for group goals.
B. Managers have a natural tendency to place pressure on salespeople to reach goals.
C. Managers should set tacit and hard-to-obtain goals.
D. Managers must consider individual territory situations.
E. Some managers motivate their people to produce at high levels without applying pressure.

75. Linda Moore is a commission salesperson whose territory for the last nine years has been the Atlantic states north of Virginia. Through hard work she has greatly increased her company's business in the region. Now her manager has decided to split the state into two territories. Moore can expect:
A. to be given several new "key accounts" to sell to.
B. an increase in her earnings.
C. a decrease in her earnings.
D. to keep all the customers she had before this management decision.
E. to be fired for her poor past performance.

76. All of the following statements about employee termination are true EXCEPT:
A. in the early 20th century, many courts were adamant in their strict application of the common law rule to terminate-at-will.
B. recent court decisions dealing with employee termination have been concerned with the rights of the individual.
C. employers have the right to terminate sales personnel for poor performance.
D. before they can terminate an employee, employers must now maintain accurate records of excessive absenteeism, unsafe conduct, etc., and inform employees on where they stand.
E. managers can immediately terminate employees who are alcohol- or drug-addicted.

77. In the early 1980s, court decisions and legislative rulings limited the power of the employer to terminate-at-will. Under the new limited power, ____ would not be an acceptable reason to terminate a salesperson.
A. excessive absenteeism
B. generally poor organizational citizenship
C. poor performance
D. unsafe conduct
E. union activities

78. Termination-at-will:
A. is a judicial term used more today than in earlier decades.
B. refers to an organization's inability to terminate an employee without just cause.
C. was designed to protect the rights of the employees.
D. was designed to protect the rights of the employers.
E. supports the strategy of downsizing that is so commonplace today.

79. Which of the following statements about employee rights is true?
A. They are rights protected by law and are based on what the employer deems is fair and equitable
B. The terminate-at-will rule is as strictly applied today as it was in the early part of the 20th century
C. Cooperative acceptance is an employee right
D. Privacy is only an employee right when the employee works for a public employer
E. Reciprocity is an employee right

80. _____ refers to the right of employees to be treated fairly and with respect regardless of race, sex, national origin, physical disability, age, or religion while on the job.
A. Discretionary approval
B. Hire-at-will
C. Discrimination
D. Cooperative acceptance
E. Terminate-at-will

81. Which of the following is NOT an action companies can take to prevent racial and sexual harassment?

A. Getting the active support of their top management
B. Establishing compensation policies that reward people who practice antiharassment behavior
C. Establishing grievance procedures
D. Training all employees
E. Eliminating cooperative acceptance

82. All of the following are the ways how a company benefits when it takes proactive measures to ensure employees are not discriminated against EXCEPT:
A. an image as a good employer.
B. reduced legal fees.
C. attracting good employees.
D. less frequent need for recruitment.
E. convincing employees to resign from unions.

83. Which of the following would be an example of a salesperson who is moonlighting unethically?
A. A retail sales clerk who works Monday through Friday and is taking a weekend MBA program.
B. A building supply salesperson who also sells vacation real estate to some of his present customers.
C. A travel agent who sells antiques on the Internet during the weekends.
D. A fire equipment salesperson who demonstrates her equipment to prospects by setting real fires.
E. A retail ad salesperson who tells his wife when store sales are scheduled before they are announced to the public.

84. Clark is a soft drink salesperson who is enrolled in a vocational technology program that meets at night. From time to time, he takes off most of the day before his night class meets in order to prepare assignments that are due that evening. From an ethical standpoint, it is correct to say that Clark is:
A. guilty of misrepresentation.
B. misusing company assets.
C. cheating.
D. moonlighting.
E. acting quite ethically.

85. Which of the following sales personnel activities is considered acceptable ethical behavior?
A. Splitting commissions with fellow employees to win a contest
B. Taking the family to Disneyworld and writing it off on the expense account
C. Attending college on company time
D. Attending college in the evening but taking an afternoon off to prepare for class
E. Giving a $10 dollar gift to a $10,000 customer

86. Which of the following statements about bribery is true?
A. Bribes always involve money
B. The U.S. Chamber of Commerce estimates that bribery is the largest white-collar crime
C. Commission salespeople cannot be placed in a position where they might be tempted to pay a bribe
D. The difference between a business gift and a bribe is quite clear
E. Bar bills, meals, and entertainment are always considered bribes

87. While buying some land, Mike asked the seller's solicitor if there were any restrictive covenants on the land; the solicitor said he did not know of any. What the solicitor failed to mention was that he had not bothered to read the documents. This failure on the part of the solicitor to disclose the state of affairs to Mike amounts to:
A. misuse of relationship marketing.
B. sales puffery.
C. misrepresentation.
D. a warranty of fact.
E. a statement of fact.

88. A computer dealer induced a finance company to enter into a hire-purchase agreement by contributing false information about the amount of deposit paid by the customer unknowingly, who later defaulted and sold the computer to a third party. This is an example of:
A. misuse of relationship marketing.
B. sales puffery.
C. a warranty of fact.
D. misrepresentation.
E. a statement of fact.

89. The salesperson promised the radio station manager that the new $30,000 computer system would be compatible with the equipment already used by the station. When the new computer system proved not to be compatible even after an additional $10,000 worth of new software, the station manager sued the salesperson and his company for:
A. misrepresentation and breach of warranty.
B. misuse of relationship marketing.
C. violation of Title VII.
D. violation of the Robinson-Patman Act.
E. failure to adhere to the rules of full disclosure.

90. Which of the following pricing tactics is LEAST likely to be a source of an ethical dilemma?
A. Tie-in sales
B. Reciprocity
C. Price discrimination
D. Seasonal discounts
E. Exclusive dealership

91. When the salesperson says to the new prospective customer, "I believe my company sells the best mattresses and that you can't find any better," it is an example of:
A. sales puffery.
B. an illegal act.
C. a statement of fact.
D. a warranty of fact.
E. a breach of warranty.

92. Which of the following statements about misrepresentation is true?
A. When salespeople loosely describe their product or service in glowing terms, those statements can be relied upon by the potential buyer.
B. Generally, the more knowledgeable the customer, the greater the chances the court will interpret an incorrect statement by a salesperson as an actionable misrepresentation.
C. When a salesperson makes claims of a "factual nature" regarding a service's inherent capabilities, the law does not treat these comments as statements of fact and warranties.
D. A salesperson's opinion as the quality of the product being sold is known as sales puffery and is legally actionable.
E. Even if the salesperson misrepresentation statement is made innocently, most courts will award damages to the customer.

93. Which of the following statements about sales puffery is true?
A. The difference between sales puffery and statements of fact is easy to distinguish.
B. Each incident can be analyzed according to a predetermined set of explicit rules.
C. Generally, the less knowledgeable the customer, the greater the chances the court will interpret a statement as actionable.
D. Statements of puffery should be taken at face value.
E. Puffery typically occurs when a salesperson deliberately makes erroneous statements.

94. Which of the following statements about misrepresentation is false?
A. When salespeople loosely describe their goods or services in glowing terms, those statements cannot be relied upon by the potential buyer.
B. Generally, the less knowledgeable the customer, the greater the chances the court will interpret an incorrect statement by a salesperson as an actionable misrepresentation.
C. When a salesperson makes claims of a "factual nature" regarding a service's inherent capabilities, the law treats these comments as statements of fact and warranties.
D. A salesperson's opinion of the quality of the product being sold is known as sales puffery and is not legally actionable.
E. To "stay legal" a salesperson needs to understand the difference between general statements of praise and statements of fact.

95. All of the following statements, if made by a salesperson, could have legally actionable consequences if the statement were incorrect EXCEPT:
A. "this refrigerator will preserve foods in the warmest weather."
B. "this is a safe, dependable helicopter."
C. "feel free to prescribe this drug to your patients, doctor. It's nonaddicting."
D. "this mace pen is capable of instantaneous incapacitation for a period of 15 to 20 minutes."
E. "this offer is valid only till the end of this month."

96. A salesperson can minimize exposure to costly misrepresentation and breach of warranty lawsuits if he/she:
A. never negotiates.
B. avoids win-win sales situations.
C. never sells the customer more than he/she wants.
D. thoroughly educates customers before making a sale.
E. should offer opinions when the customer asks what result a product will accomplish.

97. Which of the following statements, if false and made by a salesperson to an individual who bought the product(s) being sold, would be most likely to have legal consequences?
A. "You're going to love this new mattress!"
B. "We are the metropolitan area's low price leader."
C. "We offer a 100 percent order-fill rate; you'll never experience a back-order."
D. "Our employees have extensive training in how to pamper our customers."
E. "Your own mother can't care for you as well as our staff!"

98. Edna Wallace is a little worried concerning all the talk she has heard recently about lawsuits due to misrepresentation and breach of warranty. To help her "stay legal," her sales manager should advise her to do all of the following EXCEPT:
A. be accurate when describing her product's capabilities.
B. thoroughly educate all customers before making a sale.
C. avoid making exaggerated claims about product safety.
D. know the technical specifications of the products she sells.
E. make claims or promises of a factual nature.

99. Under some circumstances, a supplier may be in violation of the Robinson-Patman Act if engaged in _____ and gives some customers promotional allowances and support while not making other customers aware of the existence of these opportunities.
A. customer discrimination
B. selective discounting
C. price discrimination
D. exclusive dealing
E. functional discounting

100. Sheridan decides to buy his first car. The car salesperson promises to arrange a car loan for him if he also purchases the auto insurance. This is a classic example of:
A. misrepresentation.
B. reciprocal selling.
C. a Green River dealership.
D. discriminatory selling.
E. a tie-in sale.

101. Which of the following marketing tactics is most likely to be a source of an ethical dilemma?
A. Prospecting
B. Reciprocity
C. Cooperative acceptance
D. Seasonal discounts
E. Exclusive distribution

102. If a video game manufacturer required its resellers to stock a line of games based on the financially-disappointing movie *War of the Worlds* in order to carry games based on the very popular *Survivors* television series, it would be an example of:
A. misrepresentation.
B. a tie-in sale.
C. reciprocal selling.
D. a Green River dealership.
E. discriminatory selling.

103. "I'll let you sell the Harley-Davidson designer clothes only if you'll also sell a new line of clothes designed by Paula Abdul, too." This statement made by a salesperson to a specialty retailer is potentially an example of _____ and may be in violation of the Clayton Act prohibition if the action substantially lessens competition.
A. misrepresentation
B. tie-in sales
C. an unwanted goods requirement
D. a Green River dealership
E. kickbacks

104. The Clayton Act:
A. prohibits sexual harassment.
B. allows some customers to receive price reductions while others do not.
C. defines sales puffery.
D. prohibits tie-in sales and exclusive agreements but only if they substantially lessen competition.
E. removed the employer's ability to terminate-at-will without justification.

105. If a manufacturer requires that its wholesalers and retailers buy merchandise only from it, the contract is a(n) _____ contract and if the contract tends to lessen competition, it is prohibited under the Clayton Act.
A. exclusive dealership
B. reciprocity
C. product discrimination
D. deceptive slotting
E. price discrimination

106. "I'll tell you what," said Tim. "I'll buy all my building supplies from your company if you'll make sure your people rent generators from my firm." Tim is proposing:
A. receivership.
B. reciprocity.
C. a tie-in sale.
D. price bartering.
E. discriminatory selling.

107. NewShine Floor Co. manufactures floor mats. It has agreed to buy all of its light bulbs and fixtures from Luminous Lighting if Luminous will agree to buy and use NewShine safety mats in its factory. This is an example of:
A. reciprocity.
B. tie-in sales.
C. an unsought product dilemma.
D. a Green River dealership.
E. a kickback.

108. What is reciprocity?
A. Obeying the Golden Rule
B. Buying a product from someone if that person agrees to buy from you
C. Sharing competitive intelligence
D. Creating win-win buying situations
E. A mutually-beneficial buying situation that does not lessen competition

109. Cooling-off laws apply only to:

A. sales made in out-of-town offices, regardless of value.
B. sales for which verbal guarantees are given.
C. sales over $25, made door-to-door.
D. sales over $50, made in hometown offices.
E. sales made in hometown offices over the value of $100.

110. A cooling-off law:

A. gives the buyer three weeks to cancel the contract, return any merchandise, and obtain a full refund.
B. covers items sold through wholesale outlets.
C. deals with purchases between $25.00 and $50.00.
D. is in effect in all states.
E. covers some door-to-door transactions.

111. A Green River ordinance states that:

A. door-to-door sales are illegal unless being made for nonprofit organizations like schools and the Girl Scouts.
B. if they are not residents, persons selling directly to consumers must be licensed by the city where the sales will take place and pay a license fee.
C. all persons selling directly to consumers must pay a bond.
D. only door-to-door salespeople are required to be licensed.
E. all salespeople in a city need to be licensed.

112. Green River ordinances:

A. hold salespeople legally responsible if the items they sell damage the environment.
B. allow car dealers to charge different prices to different consumers provided they advertise "make your own best deal."
C. require persons selling directly to consumers to pay a license fee and be licensed by the city unless the sellers are also residents of the city in which they are doing business.
D. state that if asked by a consumer, a door-to-door salesperson must show the documented laboratory evidence to support product performance claims.
E. were first passed in response to a drought in the Green River area of Wyoming and allow cities to pass laws against the sale of products which are damaging to the public well-being by doing such things as depleting the water supply.

113. Which of the following statements about the international side of ethics is true?

A. A salesperson competing in a foreign country will not find himself/herself competing with foreign companies who are allowed to do things considered unethical by U.S. standards.
B. Those parts of the world that do not conform to U.S. ethical standards are limited to just three geographic areas.
C. The vast majority of international companies do not have high ethical standards.
D. Ethics related to employees and communities are never difficult to understand when doing business in another country.
E. Every employee of a U.S. company is subject to U.S. law regardless of the country in which business is conducted.

114. Which of the following statements about the international side of ethics is false?

A. A salesperson competing in a foreign country may find himself/herself competing with foreign companies who are allowed to do things considered unethical by U.S. standards.
B. Those parts of the world that do not conform to U.S. ethical standards are limited to just three geographic areas.
C. Ethics related to employees and community are often more difficult to understand when doing business in another country.
D. Every employee of a U.S. company is subject to U.S. law regardless of the country in which business is conducted.
E. The vast majority of international companies have high ethical standards.

115. Which of the following statements about how managers view sales ethics is true?
A. Sales goals force managers to act even more ethically than they ordinarily would
B. Some sales managers lower their ethical standards to meet job goals
C. Not all managers face ethical problems
D. Most managers are unaware of any unethical behavior in their industry
E. Most managers feel that they and their employees are operating as ethically as possible

116. A(n) _____ is a formal statement of a company's values concerning ethics and social issues.
A. social covenant
B. tying agreement
C. law of fairness
D. code of ethics
E. ethics ombudsperson

117. A code of ethics that _____ would be classified as a principle-based statement.
A. communicated how to handle proprietary information
B. affirmed equal opportunities
C. defined conflict of interest
D. stated that employees were expected to obey laws
E. defined fundamental values

118. A(n) _____ code of ethics generally outlines the procedures to be used in specific ethical situations, such as how to handle a key customer that suggests that the sale might be made sooner if he or she were to receive a kickback.
A. operational
B. tactical
C. policy-based
D. credo-based
E. principle-based

119. To foster a climate that encourages ethical behavior by the sales force, management can do all of the following EXCEPT:
A. establish an ethics committee.
B. make sure that members of top management behave ethically.
C. discipline wrongdoers.
D. formally discourage "whistle-blowing."
E. establish control systems.

120. According to the text, what is the single most important factor in improving the climate for ethical behavior in a sales force?
A. The actions taken by top management
B. The establishment of a procedure for "whistle-blowing"
C. Effective goal-setting programs
D. Quick disciplinary action against offenders
E. The development of training seminars on ethical practices and procedures

121. An ethical committee:
A. is composed of employees from all functional areas and managerial levels.
B. is typically a nonessential organization in multinational corporations.
C. is like a focus group on ethics.
D. assumes responsibility for disciplining the wrongdoer.
E. is charged with eliminating situations that may result in ethical dilemmas.

122. An ethics ombudsperson:
A. interacts with the organizational stakeholders on a daily basis.
B. writes the company's code of ethics.
C. is also called a whistle-blower.
D. handles all negative publicity for an organization.
E. is an official who assumes the role of corporate conscience.

123. All employees who observe or become aware of criminal practices or unethical behavior should be encouraged to report the incident to their superiors, to a higher level of management, or to an appropriate unit of the organization. This reporting process is called:
A. a breach of trust.
B. tattling.
C. internal competitive intelligence gathering.
D. whistle-blowing.
E. fact-finding.

124. Jason Montgomery, a hospital administrator in Montana, lodged a complaint against the hospital owners when he was asked to keep two sets of accounting records so that the hospital could reduce its tax liability. Montgomery was engaged in:
A. reciprocity.
B. preconventional moral development.
C. whistle-blowing.
D. consensual reporting.
E. ethical declarations of wrongdoing.

125. Harold Williams was the Managing Director of Web Power, which was being merged with another company. He raised concerns that false invoices were being used to support the merger proposal. He was dismissed from the company unfairly for indulging in:
A. breach of trust.
B. internal competitive intelligence gathering.
C. tattling.
D. whistle-blowing.
E. fact-finding.

126. Which of the following statements about the Tree of Business Life is false?
A. The best facts are those that do not change.
B. The truth refers to the facts needed to make ethical decisions.
C. The best facts are fixed standards.
D. The best facts are absolute truths by which to measure all other facts needed to make any moral decision.
E. You can separate personal life from business life.

127. According to the Tree of Business Life model, _____ is being honest without compromise or corruption.
A. empathy
B. integrity
C. synergy
D. character
E. veracity

128. According to the Tree of Business Life model, integrity and trust form the attributes often referred to as:
A. character.
B. personality.
C. self-concept.
D. ego.
E. persona.

129. According to the Tree of Business Life model, _____ provides the facts needed to make ethical and moral decisions and is represented on the tree by the letter T.
A. targeting
B. top-down planning
C. task orientation
D. truth
E. transactions

130. Define social responsibility.

131. You are the owner/operator of a small printing business. Use the acronym CCC GOMES to identify your business's stakeholders.

132. Why is discretionary responsibility defined as the highest criterion of social responsibility?

133. List the three levels of moral development. At what level do most salespeople operate?

134. From the perspective of the world's religions, define the Golden Rule. What is the Golden Rule of Personal Selling?

135. If the concept of ethics is so easy to understand, why do ethical dilemmas occur so frequently?

136. Imagine you sell automobiles. Develop a statement that is clearly an example of puffery. Develop a statement that could be interpreted as misrepresentation. What conditions would make this assignment easier?

137. What is price discrimination? What law protects customers from price discrimination?

138. What is an ethics ombudsperson?

139. List the two major influences on the ethical behavior of sales personnel.

140. At what level of moral development do most people operate?

141. What complaint could be lodged against a salesperson who claimed that if you bought the mattress she was selling, you would never have any more backaches?

142. What law protects customers from price discrimination?

143. Under what condition(s) is it illegal for a manufacturer to offer a reseller an exclusive dealership?

144. What are the two types of codes of ethics?

145. What is the single most important factor in improving the climate for ethical behavior in a sales force?

California-based Innovative Installers provides a variety of services related to office space and relocations including installation services for modular office furniture, space planning and layout consultation, office moving and set-ups as well as furniture repairs and replacements based on an ergonomic evaluation. Mierzett Evans and Glenda Heldris are two of Innovative Installers' best salespeople. The company was founded in 1992 and initially depended on the growth of dot.com companies for its early success. Innovative Installers has experienced cash flow problems since the recent failure of so many dot.com companies and wants to attract new customers.

146. All of the following are stakeholders of Innovative Installers EXCEPT:
   A. the California state government.
   B. its receptionist.
   C. its clients.
   D. Mierzett Evans and Glenda Heldris.
   E. the people of Tijuana.

147. Innovative Installers' concerns about attracting new customers address the company's _____ responsibility to its stakeholders.
   A. legal
   B. profit
   C. economic
   D. discretionary
   E. cultural

148. A concern about whether a client's restrooms were handicap-accessible would indicate Innovative Installers' concerns that its customers meet their ______ responsibilities.

A. legal
B. profit
C. economic
D. discretionary
E. cultural

149. Concern about the company's solvency could result in the sale of unneeded services to make Innovative Installers. The issue of whether the company should be more concerned about maintaining its existence or providing the best possible service to its customers produces a(n):

A. social impasse.
B. discretionary responsibility.
C. ethical dilemma.
D. policy-based moral development.
E. sales dilemma.

150. An Innovative Installer salesperson who promised a customer that the new office arrangement would increase productivity by 50 percent without having any hard data to prove that productivity would be affected by the changes is potentially guilty of:

A. misrepresentation.
B. misuse of relationship marketing.
C. violation of Title VII.
D. violation of the Robinson-Patman Act.
E. failure to adhere to the rules of full disclosure.

ch02 Key

1. *(p. 47-48)* TRUE

2. *(p. 48)* FALSE

3. *(p. 49)* FALSE

4. *(p. 50)* TRUE

5. *(p. 50)* FALSE

6. *(p. 50)* FALSE

7. *(p. 51)* TRUE

8. *(p. 52)* FALSE

9. *(p. 52)* FALSE

10. *(p. 53)* FALSE

11. *(p. 54)* TRUE

12. *(p. 55)* TRUE

13. *(p. 56)* TRUE

14. *(p. 56)* TRUE

15. *(p. 56)* TRUE

16. *(p. 58)* TRUE

17. *(p. 58)* FALSE

18. *(p. 59)* FALSE

19. *(p. 60)* TRUE

20. *(p. 60)* TRUE

21. *(p. 60)* FALSE

22. *(p. 61)* FALSE

23. *(p. 61)* TRUE

24. *(p. 62)* TRUE

25. *(p. 63)* FALSE

26. *(p. 63)* TRUE

27. *(p. 64-65)* FALSE

28. *(p. 66)* TRUE

29. *(p. 67)* FALSE

30. *(p. 68)* TRUE

31. *(p. 68)* FALSE

32. *(p. 68-69)* FALSE

33. *(p. 69)* TRUE

34. *(p. 70)* TRUE

35. *(p. 71)* FALSE

36. *(p. 72)* TRUE

37. *(p. 73)* TRUE

38. *(p. 75)* FALSE

39. *(p. 47)* D

40. *(p. 47-48)* A

41. *(p. 48)* A

42. *(p. 48)* B

43. *(p. 48)* C

44. *(p. 48)* B

45. *(p. 49-50)* A

46. *(p. 49-50)* C

47. *(p. 49-50)* D

48. *(p. 50)* D

49. *(p. 50)* D

50. *(p. 50)* A

51. *(p. 50)* B

52. *(p. 50)* D

53. *(p. 50)* D

54. *(p. 50)* D

55. *(p. 50)* A

56. *(p. 50)* E

57. *(p. 50)* C

58. *(p. 51)* A

59. *(p. 52)* E

60. *(p. 52)* E

61. *(p. 52)* C

62. *(p. 52)* C

63. *(p. 52)* B

64. *(p. 52)* B

65. *(p. 52)* C

66. *(p. 53)* D

67. *(p. 54)* D

68. *(p. 54)* A

69. *(p. 55)* C

70. *(p. 56)* B

71. *(p. 56)* C

72. *(p. 56)* A

73. *(p. 56)* C

74. *(p. 57)* C

75. *(p. 58)* C

76. *(p. 59-60)* E

77. *(p. 60)* E

78. *(p. 60)* D

79. *(p. 60)* C

80. *(p. 60)* D

81. *(p. 61)* E

82. *(p. 61-62)* E

83. *(p. 62)* B

84. *(p. 62)* D

85. *(p. 63)* E

86. *(p. 63)* B

87. *(p. 63)* C

88. *(p. 63)* D

89. *(p. 63)* A

90. *(p. 63)* D

91. *(p. 64)* A

92. *(p. 64-65)* E

93. *(p. 64-65)* C

94. *(p. 64-66)* B

95. *(p. 66)* E

96. *(p. 66)* D

97. *(p. 66-67)* C

98. *(p. 66-67)* E

99. *(p. 68)* C

100. *(p. 68)* E

101. *(p. 68)* B

102. *(p. 68)* B

103. *(p. 68)* B

104. *(p. 68)* D

105. *(p. 68)* A

106. *(p. 68)* B

107. *(p. 68)* A

108. *(p. 68)* B

109. *(p. 69)* C

110. *(p. 69)* E

111. *(p. 69)* B

112. *(p. 69)* C

113. *(p. 69)* E

114. *(p. 69)* B

115. *(p. 70)* B

116. *(p. 70)* D

117. *(p. 70)* E

118. *(p. 70)* C

119. *(p. 70-71)* D

120. *(p. 71)* A

121. *(p. 71)* D

122. *(p. 71)* E

123. *(p. 71)* D

124. *(p. 71)* C

125. *(p. 71)* D

126. *(p. 75)* E

127. *(p. 76 Exhibit 2.11)* B

128. *(p. 76, Exhibit 2.11)* A

129. *(p. 76, Exhibit 2.11)* D

130. *(p. 47-48)* Social responsibility is defined as management's obligation to make choices and take actions that contribute to the welfare and interests of society as well as to those of the organization.

131. *(p. 48-49)* A stakeholder is any group within or outside the organization that has a stake in the organization's performance. The acronym CCC GOMES represents customers, community, creditors, government, owners, managers, employees, and suppliers. Students' answers would be correct if they identified more specific representatives of the acronym.

132. *(p. 50)* Discretionary responsibility is defined is defined as the highest criterion of social responsibility because it goes beyond social expectations to contribute to the community's welfare.

133. *(p. 51-52)* The three levels of moral development are (1) preconventional, (2) conventional, and (3) principled. The majority of sales personnel operate at the conventional level.

134. *(p. 53-55)* From a religions perspective, it is important to understand the Golden Rule does not involve reciprocity. The Golden Rule of Personal Selling requires people who are at the principled moral development level to have caring attitudes and recognize the rights of others and to act based on personal, independently defined principles of justice and values and not to act on the basis of how others treat them.

135. *(p. 56)* Ethics set standards as to what is good or bad in conduct and decision making. Because these ethical standards are not classified, disagreements about proper behavior often occur. An ethical dilemma arises in a situation when each alternative choice or behavior has some undesirable elements due to potentially negative ethical or personal consequences. Right or wrong cannot be clearly identified.

136. *(p. 63-65)* Puffery is probably most easily defined as an opinion. Students should provide something similar to the following for their examples of puffery: "I think you look great sitting in the driver's seat." "I wish I could buy this car." "I think this car looks hot." A misrepresentation occurs when a salesperson makes claims or promises of a factual nature regarding a product's inherent capabilities. Examples should be similar to the following: "You can depend on this car for the next 20 years." "You don't have to worry about maintenance with a well-made car like this one." "Don't worry about that oil on the pavement. All cars leak some." This assignment would be easier if the student knew how knowledgeable the customer was.

137. *(p. 68)* Price discrimination refers to selling the same quantity of the same product to different buyers at different prices. The Robinson-Patman Act protects customers from price discrimination.

138. *(p. 71)* An ethics ombudsperson is an official given the responsibility of corporate conscience who hears and investigates ethical complaints and informs top managers of potential ethical issues.

139. *(p. 51)* Employees and the organization itself

140. *(p. 52)* The conventional level

141. *(p. 63)* Misrepresentation and breach of warranty

142. *(p. 68)* The Robinson-Patman Act

143. *(p. 68)* When the exclusive dealership lessens competition

144. *(p. 70)* Principle-based statements and policy-based statements

145. *(p. 71)* The action taken by top-level managers

146. *(p. 46)* E

147. *(p. 49)* C

148. *(p. 50)* A

149. *(p. 56)* C

150. *(p. 63)* A

ch02 Summary

Category	*# of Questions*
Difficulty: Easy	44
Difficulty: Hard	10
Difficulty: Medium	96
Futrell - Chapter 02	151