

Chapter 2 – Organizational Justice, Ethics, and Corporate Social Responsibility

Multiple Choice Questions

1. Perceptions of the fairness of the manner in which they are treated by others is:
 - a. distributive justice.
 - b. informational justice.
 - c. procedural justice.
 - d. interpersonal justice.

Answer d Page 42

2. A form of organizational justice that focuses on people's beliefs that they have received fair amounts of valued work-related outcomes is:
 - a. distributive justice.
 - b. corporate social responsibility.
 - c. procedural justice.
 - d. interpersonal justice.

Answer a Page 44

3. People's perception of the fairness of the procedures used to determine the outcomes they receive is:
 - a. distributive justice.
 - b. corporate social responsibility.
 - c. procedural justice.
 - d. interpersonal justice.

Answer c Page 45

4. Imposing new rules on workers without consulting them is thought to violate:
 - a. distributive justice.
 - b. informational justice.
 - c. procedural justice.
 - d. interpersonal justice.

Answer c Page 45

5. When decisions made on the basis of unfair procedures makes people dissatisfied with the *outcomes* they receive, the dissatisfaction with those *outcomes* alone is about:
 - a. distributive justice.
 - b. informational justice.
 - c. procedural justice.
 - d. interpersonal justice.

Answer a Page 45

6. Charles belittles his employees and makes insensitive comments to them. Charles behavior is likely to reduce:
 - a. distributive justice.
 - b. informational justice.
 - c. procedural justice.
 - d. interpersonal justice.

Answer d Page 46

7. Perceptions of the fairness of the information used as the basis for making a decision is:
- distributive justice.
 - informational justice.
 - procedural justice.
 - interpersonal justice.

Answer b Page 46

8. Steadman provides clear reasons for the decisions he makes. His behavior is likely to increase:
- distributive justice.
 - informational justice.
 - procedural justice.
 - interpersonal justice.

Answer b Page 46

9. Feeling valued by others in the organization provides an explanation for organizational justice effects. This explanation is known as:
- interaction effects.
 - informational justice.
 - group-value explanation.
 - interpersonal justice.

Answer d Page 46

10. Understanding the relationship between favorability of outcomes and fairness of procedures is understood through:
- interaction effects.
 - informational justice.
 - group-value explanation.
 - interpersonal justice.

Answer a Page 46

11. The _____ relationship between interpersonal justice and informational justice shows that effects can be magnified.
- additive.
 - multiplicative.
 - group-value.
 - divisive.

Answer a Page 48

12. The fair process effect is associated with:
- distributive justice.
 - informational justice.
 - procedural justice.
 - interpersonal justice.

Answer c Page 50

13. Letting employees know that you are always available to talk is BEST known as which of the following?
- a. using suggestion systems
 - b. willingness to meet regularly
 - c. conducting employee surveys
 - d. using an open door policy

Answer d Page 50

14. Which should NOT be done for managers who want to promote voice in organization?
- a. invite input
 - b. meet regularly
 - c. avoid suggestions systems
 - d. use an open door policy

Answer c Page 52

15. The results of training to promote justice have shown that managers:
- a. employees of trained managers are less inclined to respond negatively.
 - b. employees of trained managers are more likely to engage in organizational citizenship behaviors.
 - c. employees of trained managers are not impacted at all.
 - d. both a and b.

Answer d Page 53

16. People's fundamental beliefs regarding what is right or wrong, good or bad are known as:
- a. ethics.
 - b. morals.
 - c. business ethics.
 - d. corporate social responsibility.

Answer b Pages 54, 55

17. Standards of conduct that guide people's decisions and behavior are known as:
- a. ethics.
 - b. morals.
 - c. business ethics.
 - d. corporate social responsibility.

Answer a Page 55

18. It is a company's place to teach employees:
- a. morals.
 - b. standards of behavior.
 - c. legal standards as more important than morals.
 - d. both a and b.

Answer a Page 55

19. Which of the following companies had its founder charged with using company funds as personal income?
- a. Adelphia
 - b. Arthur Andersen
 - c. Martha Stewart Omnimedia
 - d. WorldCom

Answer c Page 56

20. Which of the following companies were found guilty of obstructing justice?
- a. Adelphia Communications
 - b. Arthur Andersen
 - c. Enron
 - d. Tyco

Answer b Page 56

21. The CEO of which of the following companies indicted on charges of tax evasion?
- a. Adelphia Communications
 - b. Arthur Andersen
 - c. Enron
 - d. Tyco

Answer d Page 56

22. Which of the following companies was involved in waste regarding war-torn Iraq?
- a. Parmalat
 - b. Arthur Andersen
 - c. Martha Stewart Omnimedia
 - d. Halliburton

Answer d Page 56

23. Which of the following companies had an executive imprisoned after being convicted of conspiring with a stock broker to obstruct a federal investigation?
- a. Parmalat
 - b. Arthur Andersen
 - c. Martha Stewart Omnimedia
 - d. WorldCom

Answer c Page 56

24. Which of the following companies was forced to declare bankruptcy after an accounting fraud that resulted in billions in missing assets?
- a. Parmalat
 - b. Arthur Andersen
 - c. Enron
 - d. WorldCom

Answer a Page 56

25. Who was the individual who created a fraudulent investment scheme promising a 50% profit to investors in 90 days?
- a. Charles Ponzi
 - b. Robert Vesco
 - c. John Rigas
 - d. Bernie Ebbers

Answer a Page 58

26. Who was the “Match King” that defrauded investors and banks?
- a. Charles Keating
 - b. Charles Ponzi
 - c. John Rigas
 - d. Ivar Krueger

Answer d Page 58

27. Who was the convicted for growing and storing non-existent crops of cotton?
- a. Charles Keating
 - b. Charles Ponzi
 - c. Billy Sol Estes
 - d. Ivar Krueger

Answer c Page 58

28. Who was the Lincoln Saving and Loan founder convicted of selling fraudulent junk bonds?
- a. Ivar Krueger
 - b. Charles Ponzi
 - c. Robert Vesco
 - d. Charles Keating

Answer d Page 58

29. Companies whose leaders explicitly express strong ethical commitment returned _____ the value to shareholders.
- a. twice
 - b. three times
 - c. four times
 - d. ten times

Answer a Page 59

30. Companies with reputations for treating people well are:
- a. ignored by prospective employees.
 - b. highly sought by prospective employees.
 - c. unknown by prospective employees.
 - d. none of the above.

Answer b Page 59

Part 1 Introduction to Organizational Behavior

31. Companies that deliver products and services ethically:

- a. do not draw more customers.
- b. do not draw more employees.
- c. draw more customers and employees.
- d. draw only more customers.

Answer c Page 59

32. Which of the following laws was the earliest law enacted bearing on ethical behavior?

- a. Foreign Corrupt Practices Act
- b. False Claims Act
- c. Sarbanes-Oxley
- d. Federal Sentencing Guidelines for Organizations

Answer b Page 61

33. Which of the following laws provides mechanisms for reporting fraudulent behavior against U.S. government agencies?

- a. Foreign Corrupt Practices Act
- b. False Claims Act
- c. Sarbanes-Oxley
- d. Federal Sentencing Guidelines for Organizations

Answer b Page 61

34. Which of the following laws forbids paying bribes to foreign officials?

- a. Foreign Corrupt Practices Act
- b. False Claims Act
- c. Sarbanes-Oxley
- d. Federal Sentencing Guidelines for Organizations

Answer a Page 61

35. Which of the following laws specifies guidelines for judges to follow?

- a. Foreign Corrupt Practices Act
- b. False Claims Act
- c. Sarbanes-Oxley
- d. Federal Sentencing Guidelines for Organizations

Answer d Page 61

36. Which of the following laws was enacted to guard against future accounting scandals?

- a. Foreign Corrupt Practices Act
- b. False Claims Act
- c. Sarbanes-Oxley
- d. Federal Sentencing Guidelines for Organizations

Answer c Page 61

37. Which of the following laws specifies that actions taken by the organization to discourage criminal behavior will be recognized?
- a. Foreign Corrupt Practices Act
 - b. False Claims Act
 - c. Sarbanes-Oxley
 - d. Federal Sentencing Guidelines for Organizations

Answer d Page 61

38. Which of the following laws keeps companies involved in actively monitoring the ethical behavior of its officers?
- a. Foreign Corrupt Practices Act
 - b. False Claims Act
 - c. Sarbanes-Oxley
 - d. Federal Sentencing Guidelines for Organizations

Answer b Page 61

39. Which of the following laws is a revision of a previous law?
- a. Foreign Corrupt Practices Act
 - b. Federal Prosecution of Business Organizations
 - c. Sarbanes-Oxley
 - d. Federal Sentencing Guidelines for Organizations

Answer b Page 61

40. Which of the following laws was the most recent law enacted bearing on ethical behavior?
- a. Foreign Corrupt Practices Act
 - b. Federal Prosecution of Business Organizations
 - c. Sarbanes-Oxley
 - d. Federal Sentencing Guidelines for Organizations

Answer b Page 61

41. In which of the following countries is using pirated software considered acceptable?
- a. Indonesia
 - b. Japan
 - c. Germany
 - d. China

Answer d Page 62

42. In which of the following countries is bribing an official considered an acceptable cost of doing business?
- a. Indonesia
 - b. Japan
 - c. Germany
 - d. China

Answer a Page 62

43. In which of the following countries must you purchase a gift for the other party in order to conduct business?
- a. Indonesia
 - b. Japan
 - c. Germany
 - d. China

Answer b Page 62

44. The idea that no culture's ethics are better than any other is embraced by which of the following:
- a. ethical imperialism.
 - b. ethical relativism.
 - c. Sarbanes-Oxley.
 - d. False Claims Act.

Answer b Page 63

45. The possibility of condoning acts that violate ones own sense of morality can occur in which of the following:
- a. ethical imperialism.
 - b. ethical relativism.
 - c. Sarbanes-Oxley.
 - d. False Claims Act.

Answer b Page 63

46. In which of the following countries allows companies to dispose of toxic chemical waste?
- a. Canada
 - b. Japan
 - c. Nigeria
 - d. China

Answer c Page 63

47. The idea that you should do everywhere that which you consider to be right at home is embraced by which of the following:
- a. ethical imperialism.
 - b. ethical relativism.
 - c. Sarbanes-Oxley.
 - d. False Claims Act.

Answer a Page 63

48. U.S. style of training in avoiding sexual harassment would be questioned in which of the following regions?
- a. South America
 - b. Africa
 - c. Middle East
 - d. Northern Europe

Answer c Page 63

49. The U.S. style of training in avoiding sexual harassment when done abroad would be a problem in terms of:
- a. ethical relativism.
 - b. ethical imperialism.
 - c. organizational justice
 - d. none of the above

Answer b Page 63

50. Hiring ones own relatives would be considered ethical in which of the following countries?
- a. India
 - b. Japan
 - c. Nigeria
 - d. China

Answer a Page 65

51. "I'm not going to behave unethically because I don't want to get into trouble." This is moral thinking at which of the following levels?
- a. preconventional level
 - b. conventional level
 - c. postconventional level
 - d. relativistic level

Answer a Page 66

52. In which of the following stages do two-thirds of adults fall?
- a. preconventional level
 - b. conventional level
 - c. postconventional level
 - d. ethical imperialism

Answer b Page 66

53. "I'm going to do what society thinks is right." This is moral thinking at which of the following levels?
- a. preconventional level
 - b. conventional level
 - c. postconventional level
 - d. relativistic level

Answer b Page 66

54. The belief that financial success is the only thing that matters is known as:
- a. ethical relativism.
 - b. bottom line mentality.
 - c. exploitative mentality.
 - d. Madison Avenue mentality.

Answer b Page 66

55. "I'm not going to do what is right, even if others don't agree." This is moral thinking at which of the following levels?
- a. preconventional level
 - b. conventional level
 - c. postconventional level
 - d. relativistic level

Answer c Page 66

56. Most employees are sensitive to organizational efforts to promote ethical behavior because these represent social standards of right and wrong. This thinking is prevalent at which of the following levels?
- a. preconventional level
 - b. conventional level
 - c. postconventional level
 - d. relativistic level

Answer b Page 66

57. Which of the following situational forces do NOT feature prominently in people's tendency to behave unethically?
- a. organizational norms that encourage unethical behavior
 - b. managerial values that discourage integrity
 - c. impact of unethical behavior by leaders
 - d. national culture

Answer d Page 66

58. Kohlberg's theory of cognitive moral development includes which of the following stages?
- a. preconventional level
 - b. conventional level
 - c. postconventional level
 - d. all of the above

Answer d Page 67

59. In which of the following stages does an individual do whatever keeps her from getting punished?
- a. preconventional level
 - b. conventional level
 - c. postconventional level
 - d. all of the above

Answer a Page 67

60. In which of the following stages does an individual do whatever fulfills the obligations of society?
- a. preconventional level
 - b. conventional level
 - c. postconventional level
 - d. ethical relativism

Answer b Page 67

61. In which of the following stages does an individual do whatever adhere to universal moral principles?
- a. preconventional level
 - b. conventional level
 - c. postconventional level
 - d. ethical relativism

Answer c Page 67

62. The practice of willingly hiding relevant information by being secretive and deceitful is known as:
- a. counternorms.
 - b. ethical relativism.
 - c. stonewalling.
 - d. ethical imperialism.

Answer c Page 67

63. Practices that are accepted within the organization, although they are contrary to the prevailing ethical standards of society at large is known as:
- a. counternorms.
 - b. ethical relativism.
 - c. stonewalling.
 - d. ethical imperialism.

Answer a Page 67

64. The belief that financial success is the only thing that matters is known as:
- a. ethical relativism.
 - b. bottom line mentality.
 - c. exploitative mentality.
 - d. Madison Avenue mentality.

Answer b Page 68

65. The belief that concern for others is less important than ones own immediate interests is known as:
- a. ethical relativism.
 - b. bottom line mentality.
 - c. exploitative mentality.
 - d. Madison Avenue mentality.

Answer c Page 68

66. "What's good for me is good" represents which of the following mentalities?
- a. imperialist mentality.
 - b. bottom line mentality.
 - c. exploitative mentality.
 - d. Madison Avenue mentality.

Answer d Page 68

67. The greater concern for how things appear to others rather than how they are is known as:
- a. ethical relativism.
 - b. bottom line mentality.
 - c. exploitative mentality.
 - d. Madison Avenue mentality.

Answer d Page 68

68. "If it looks ethical, it is ethical" represents which of the following mentalities::
- a. imperialist mentality.
 - b. bottom line mentality.
 - c. exploitative mentality.
 - d. Madison Avenue mentality.

Answer d Page 68

69. What percent of all large U.S.-based companies have codes of ethics in place?
- a. 25
 - b. 55
 - c. 83
 - d. 97

Answer c Page 69

70. What percent of all large U.S.-based companies that have codes of ethics provide training on the requirements and responsibilities they specify?
- a. 27
 - b. 46
 - c. 68
 - d. 100

Answer c Page 69

71. In which of the following do senior-level managers assist the CEO in making ethical decisions?
- a. ethics officers
 - b. ethics hotlines
 - c. ethics audits
 - d. ethics committees

Answer d Page 70

72. Which of the following involves a high-ranking organizational official who is expected to provide strategies for ensuring ethical conduct throughout the organization?
- a. ethics officers
 - b. ethics hotlines
 - c. ethics audits
 - d. ethics committees

Answer a Page 71

73. Which of the following involves special phone numbers that employees can call to ask questions?
- a. ethics officers
 - b. ethics hotlines
 - c. ethics audits
 - d. ethics committees

Answer b Page 71

74. The active investigation and documentation of incidents of dubious ethical value occurs in which of the following?
- a. ethics officers
 - b. ethics hotlines
 - c. ethics audits
 - d. ethics committees

Answer a Page 71

75. Which of the following is NOT one of the responsibilities of corporate social responsibility?
- a. philanthropic
 - b. ethical
 - c. economic
 - d. cultural

Answer d Page 73

76. Donating money to social causes would fall under which of the responsibilities of corporate social responsibility?
- a. philanthropic
 - b. ethical
 - c. economic
 - d. financial

Answer a Page 74

77. Which of the following is at the base of corporate social responsibility?
- a. cultural
 - b. financial
 - c. economic
 - d. legal

Answer b Page 74

78. Adhering to Sarbanes-Oxley would fall under which of the responsibilities of corporate social responsibility?
- a. philanthropic
 - b. ethical
 - c. economic
 - d. financial

Answer d Page 74

True/False Questions

79. Exceeding the prevailing legal and ethical standards and embracing values that promote the greater welfare of society at large is the domain of distributive justice.

Answer F Page 42

80. Organizational justice that focuses on people's beliefs that they have received fair amounts of valued work-related outcomes is known as distributed justice.

Answer T Page 44

81. The perception of the fairness of the procedures used to determine the outcomes they receive is known as procedural justice.

Answer T Page 45

82. The various forms of organizational justice can be understood as separate from each other.

Answer F Page 46

83. The relationship between interpersonal and informational justice can be additive.

Answer T Page 48

84. Departments in which employees felt treated unfairly had significantly higher rates of turnover.

Answer T Page 50

85. Providing employees explanations of why something had to be done will not reduce some of the problems of distributive injustice.

Answer F Page 53

86. Justice training reaps many benefits to managers.

Answer T Page 53

87. Standards are about ethics while beliefs are about moral values.

Answer T Page 55

88. Arthur Andersen was found guilty of creating bogus partnerships.

Answer F Page 56

89. Charles Ponzi developed the original "Ponzi Scheme."

Answer T Page 58

90. The False Claims Act deals with reporting fraudulent behavior against U.S. government agencies.

Answer F Page 61

91. Sarbanes-Oxley is designed to guard against future accounting scandals.

Answer T Page 61

92. The Federal Prosecution of Business Organizations is a revision of the Federal Sentencing Guidelines for Organizations.

Answer T Page 63

93. In Japan, you must give a small gift to conduct business.

Answer T Page 63

94. Ethical relativism involves doing whatever you consider to be right at home.

Answer F Page 63

95. Ethical imperialism suggests that a culture's ethics are superior.

Answer F Page 63

96. Decisions made on conventional levels of moral development are motivated on doing what society thinks is correct.

Answer T Page 67

97. Decisions made on preconventional levels of moral development are motivated on not getting into trouble.

Answer T Page 67

98. An exploitative mentality believes that what looks right is right.

Answer F Page 68

Essay Questions

Major Essay

99. Identify the different factors that people take into consideration when forming judgments of procedural justice.

Answer- In forming judgments, people take into account (1) voice in the making of decisions, (2) consistency in applying rules, (3) accuracy in use of information, (4) opportunity to be heard, and (5) the provision of safeguards against bias.

Page 41

100. Discuss what steps organizations take as a result of the Federal Sentencing Guidelines.

Answer- (1) Create and widely disseminate clear standards for following the law, (2) have a high ranking official, usually an ethics office, oversee adherence, (3) closely monitor and audit behavior to be able to detect unethical acts, and (4) follow a clear policy for disciplining rule violators.

Pages 60, 62

101. Identify the three levels of moral reasoning.

Answer-(1) preconventional level, in which the person does what keeps him/her from being punished, (2) conventional level, in which the person does what fulfills the obligations of society, and (3) postconventional level, in which the person adhere to universal moral principles.

Page 66

102. Identify the three managerial mentalities that discourage ethical behavior.

Answer- (1) Bottom line mentality, in which financial success is thought to be the only thing that matters, (2) exploitative mentality, in which concern for others is less important than ones immediate interests, and (3) Madison Avenue mentality, in which the concern is for how things appear rather than how they really are.

Page 68

103. Identify the four types of corporate social responsibility.

Answer- The most basic type is financial responsibilities, followed by legal responsibilities, ethical responsibilities, and philanthropic responsibilities.

Page 74

Short Essay Questions

104. What does one do to promote voice in organizations?

Answer-(1) Meet regularly and invite input, (2) conduct employee surveys, (3) keep an open door policy, and (4) use suggestion systems.

Pages 50, 52

105. Distinguish between ethical relativism and ethical imperialism.

Answer-Ethical relativism refers to the idea that there are no internationally acceptable standards of right and wrong. Conversely, ethical imperialism is the idea that the ethical standards of ones own country is most appropriate.

Page 63

106. Identify the three guiding principles of global ethics.

Answer- (1) show respect for core human values, (2) demonstrate sensitivity to local traditions, and (3) recognize that context matters when distinguishing between right and wrong.

Page 64

107. Identify those issues that are most commonly addressed in codes of ethics.

Answer-(1) Responsibilities of employees, (2) relationships with people, and (3) prohibitions against inappropriate behavior.

Page 69

108. Identify what happens to employees when companies have ethics programs.

Answer- (1) They are more likely to report ethical misconduct, (2) they are considered more accountable for ethics violations, and (3) they face less pressure to compromise standards of business conduct.

Page 71