

Chapter 2—Business Ethics and Social Responsibility

MATCHING

Complete questions 1–15 using the terms listed in a–o.

- a. Securities and Exchange Commission (SEC)
- b. Occupational Safety and Health Administration (OSHA)
- c. False Claims Act
- d. integrity
- e. corporate philanthropy
- f. social responsibility
- g. business ethics
- h. sexual harassment
- i. code of conduct
- j. conflict of interest
- k. product liability
- l. post-conventional stage
- m. Regulation FD
- n. whistle-blowing
- o. discrimination

1. _____ are the standards of conduct and moral values governing actions and decisions in the work environment.

Answer: g

Section Reference: Ethical Challenges

Difficulty: Easy

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Knowledge

AACSB: Ethics

2. A(n) _____ occurs when a businessperson is faced with a situation in which an action benefiting one person or group has the potential to harm another.

Answer: j

Section Reference: Ethical Challenges

Difficulty: Easy

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Knowledge

AACSB: Ethics

3. Having _____ means adhering to deeply felt ethical principles in business situations.

Answer: d

Section Reference: Ethical Challenges

Difficulty: Easy

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Knowledge

AACSB: Ethics

4. A person in the _____ of ethical development is able to move beyond self-interest and take into account the larger needs of society.

Answer: l

Section Reference: The Contemporary Ethical Environment

Difficulty: Easy

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Knowledge

AACSB: Ethics

5. A formal statement that defines how an organization expects and requires employees to resolve ethical questions is a(n) _____.

Answer: i

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Knowledge

AACSB: Ethics

6. _____ is an employee's disclosure to company officials, government authorities, or the media of illegal, immoral, or unethical practices in his or her company.

Answer: n

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Knowledge

AACSB: Ethics

7. The _____ is a law that protects whistle-blowers who file a lawsuit on behalf of the government if they believe that a company has somehow defrauded the government.

Answer: c

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Knowledge

AACSB: Ethics

8. The main federal regulatory agency in setting workplace safety and health standards is the _____.

Answer: b

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Easy

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Knowledge

AACSB: Ethics

9. The Civil Rights Act (1964) outlaws _____ in the workplace.

Answer: o

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Easy

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Knowledge
AACSB: Ethics

10. _____ refers to unwelcome and inappropriate actions of a sexual nature in the workplace.

Answer: h

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Easy

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Knowledge

AACSB: Ethics

11. _____ is management's acceptance of the role that ethics plays in their business and their obligation to consider consumer satisfaction, and societal well-being of equal value to profit in evaluating a firm's performance.

Answer: f

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Knowledge

AACSB: Ethics

12. _____ refers to the responsibility of manufacturers for injuries and damages caused by their goods.

Answer: k

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Knowledge

AACSB: Ethics

13. Cash contributions, donations of equipment and products, and support of the volunteer efforts of company employees are all examples of _____.

Answer: e

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Knowledge

AACSB: Ethics

14. When a publicly traded firm is suspected of unethical or illegal behavior, the _____ conducts an investigation at the federal level.

Answer: a

Section Reference: Responsibilities to Investors and the Financial Community

Difficulty: Easy

Objective: 2.6

Objective Text: Describe the responsibilities to investors and the financial community.

Bloom's Level: Knowledge

AACSB: Ethics

15. _____ is a rule that requires publicly traded companies to announce major information to the general public, rather than first disclosing the information to selected investors.

Answer: m

Section Reference: Responsibilities to Investors and the Financial Community

Difficulty: Easy

Objective: 2.6

Objective Text: Describe the responsibilities to investors and the financial community.

Bloom's Level: Knowledge

AACSB: Ethics

ESSAY

16. What are business ethics and why are they important?

Answer:

Business ethics are standards of conduct and moral values that govern actions and decisions in the work environment. They are important because a company cannot prosper in the long run without considering ethics.

Section Reference: Ethical Challenges

Difficulty: Easy

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Knowledge

AACSB: Ethics

17. Describe instances of lapses related to honesty and integrity in the workforce.

Answer:

Some people misrepresent their academic credentials and previous work experience on their résumés or job applications. Although it may seem tempting to embellish a résumé in a competitive job market, the act shows a lack of honesty and integrity—and eventually it will catch up with you. A recent news report details how a college football coach resigned after information on his biography was questioned.

Some employees steal from their employers by taking home supplies or products without permission or by carrying out personal business during the time they are being paid to work. For example, Internet misuse during the work day is increasing. Employees use the Internet for personal shopping, sending personal e-mails, gaming, and social networking. This misuse costs U.S. companies an estimated \$85 billion annually in lost productivity.

Section Reference: Ethical Challenges

Difficulty: Easy

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Comprehension

AACSB: Ethics

18. How can loyalty versus truth create an ethical dilemma for a businessperson?

Answer:

Businesses expect their employees to be loyal and to act in the best interests of the company. An ethical conflict can arise when an individual must decide between loyalty to the company and exposing unethical dealings of the company.

Section Reference: Ethical Challenges

Difficulty: Medium

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Analysis

AACSB: Reflective Thinking

19. Describe the factors that influence business ethics.

Answer:

An individual's business ethics is shaped by a huge number of factors. Experiences help shape responses to different situations. A person's family, educational, cultural, and religious backgrounds also can play a role, as can the environment within the firm. Ethical climate of the company also plays a role.

Section Reference: The Contemporary Ethical Environment

Difficulty: Easy

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Comprehension

AACSB: Ethics

20. List and briefly describe the three stages of moral and ethical development.

Answer:

The three stages of moral and ethical development are preconventional, conventional, and post-conventional. In the preconventional stage, individuals primarily consider their own needs and desires in making decisions. They obey rules only because they are afraid of the consequences. The next stage is the conventional stage. Individuals are aware of and act in response to their duties to others (family or an organization, for example). Self-interest still plays a role. The final stage is the postconventional stage. In this stage, the individual is able to move beyond self-interest and take the larger needs of society into account as well.

Section Reference: The Contemporary Ethical Environment

Difficulty: Easy

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Knowledge

AACSB: Ethics

21. What does a company's code of conduct include?

Answer:

At the most basic level, a code of conduct may simply specify ground rules for acceptable behavior, such as identifying the laws and regulations that employees must obey. Companies use their codes of conduct to identify key corporate values and provide frameworks that guide employees

as they resolve moral and ethical dilemmas. Some companies use these to guide employees' on-line behavior.

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Comprehension

AACSB: Ethics

22. The development of a corporate culture to support business ethics happens on three levels. Explain each of the three levels.

Answer:

Ethical awareness is the foundation of an ethical climate. Employees need help in identifying ethical problems and need guidance in how to respond. Ethical education involves ethics training programs to provide employees with the tools they need to evaluate ethical dilemmas and arrive at suitable decisions. Ethical leadership charges each employee at every level with the responsibility for being an ethical leader. This principle requires that all employees be personally committed to the company's core values and be willing to base their actions on them.

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Comprehension

AACSB: Ethics

23. Why is ethical leadership so important?

Answer:

Without supervisors and managers demonstrating ethical behavior, employees are not as likely to follow a set of ethical standards. An important way for business leaders to demonstrate ethical behavior is to admit when they are wrong and correct their organization's mistakes. Companies where managers set good examples have fewer incidences of unethical behavior and employees report higher levels of satisfaction.

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Comprehension

AACSB: Ethics

24. Explain how state and federal laws protect whistle-blowers.

Answer:

With the Sarbanes-Oxley Act, an individual can be prosecuted for retaliating against an employee for taking concerns of unlawful conduct to a public official. In addition, private firms must provide procedures for anonymous reporting of accusations.

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Comprehension

AACSB: Ethics

25. Is a company responsible for the safety of their workers?

Answer:

Yes. A century ago, few businesses paid attention to the safety of their employees. The result was that factory workers, even young children, worked in dangerous conditions. In 1911, a fire at the Triangle Shirtwaist Factory in New York City killed 146 people. This tragedy was the impetus of establishing safer workplaces. Now, workplace safety is regulated by the Occupational Safety and Health Administration (OSHA). OSHA investigates workplace accidents and fines employers who are found liable for deaths on the job.

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Easy

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Comprehension

AACSB: Ethics

26. Who is mostly affected by age discrimination?

Answer:

Age discrimination affects employees who are age 40 or older. Some companies prefer to hire young workers, since they require a lower salary and fewer medical bills than older workers. However, many older workers have training and skills that younger workers lack. In addition,

they often have more enthusiasm for their work. The Age Discrimination in Employment Act of 1967 (ADEA) protects individuals 40 and older from discrimination based on age.

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Easy

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Comprehension

AACSB: Ethics

27. What are the objectives of the consumerism movement?

Answer:

Consumerism refers to the movement calling for businesses to consider the needs of consumers when making decisions. President Kennedy summarized many of the ideals of the consumerism movement in a speech in which he listed four basic consumer rights: the right to safety, the right to be informed, the right to choose, and the right to be heard.

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Knowledge

AACSB: Analytic

28. Explain product liability and briefly describe what this means in terms of social responsibility.

Answer:

Product liability refers to the responsibility of manufacturers for injuries and damages caused by their products. Items that lead to injuries, either directly or indirectly, can have disastrous consequences for their makers.

Many companies put their products through rigorous testing to avoid safety problems. Still, testing alone cannot foresee every eventuality. Companies must try to consider all possibilities and provide adequate warning of potential dangers.

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Comprehension

AACSB: Ethics

29. Explain how the Food and Drug Administration (FDA) promotes the consumers' right to be informed.

Answer:

The Food and Drug Administration (FDA), which sets standards for advertising conducted by drug manufacturers, eased restrictions for prescription drug advertising on television. In print ads, drug makers are required to spell out potential side effects and the proper uses of prescription drugs. Because of the requirement to disclose this information, prescription drug television advertising was limited. Now, however, the FDA says drug ads on radio and television can directly promote a prescription drug's benefits if they provide a quick way for consumers to learn about side effects, such as displaying a toll-free number or Internet address.

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Comprehension

AACSB: Ethics

30. Why do investors expect a firm to act ethically and exhibit social responsibility?

Answer:

Even though the primary purpose of a firm is to make a profit, investors also expect the firm to act ethically, as well as legally, and exhibit social responsibility. Investors know that the failure of a firm to act ethically, legally, or with a sense of social responsibility can result in substantial monetary losses to investors. For instance, ethical or legal problems can cause a sudden and substantial drop in a company's stock price.

Section Reference: Responsibilities to Investors and the Financial Community

Difficulty: Easy

Objective: 2.6

Objective Text: Describe the responsibilities to investors and the financial community.

Bloom's Level: Comprehension

AACSB: Ethics

31. Explain how state and federal agencies carry out their responsibilities of protecting investors from financial misdeeds. Include examples of specific organizations and agencies.

Answer:

At the federal level, the Securities and Exchange Commission (SEC) investigates suspicions of unethical or illegal behavior by publicly traded firms. It investigates accusations about businesses using faulty accounting practices to inaccurately portray their financial resources and profits to investors. Regulation FD (“Fair Disclosure”) is an SEC rule that requires publicly traded companies to announce major information to the general public, rather than first disclosing the information to selected major investors. The agency also operates an Office of Internet Enforcement to target fraud in online trading and online sales of stock by unlicensed sellers.

Section Reference: Responsibilities to Investors and the Financial Community

Difficulty: Easy

Objective: 2.6

Objective Text: Describe the responsibilities to investors and the financial community.

Bloom’s Level: Comprehension

AACSB: Ethics

MULTIPLE CHOICE

32. Why should a company act in an ethical manner?
- a. The government will take action if a firm fails to act ethically.
 - b. Acting ethically always maximizes profits in the short run.
 - c. Acting ethically will help a company to prosper in the long run.
 - d. The right thing to do is always the least expensive alternative.

Answer: c

Section Reference: Ethical Challenges

Difficulty: Easy

Objective: 2.1

Objective Text: Explain society’s concern for ethical issues.

Bloom’s Level: Comprehension

AACSB: Ethics

33. Businesses should _____.
- a. do what is right regardless of profits
 - b. find the balance between doing what is right and what is profitable
 - c. do whatever is profitable
 - d. do whatever is in the company’s best interests

Answer: b

Section Reference: Ethical Challenges

Difficulty: Easy

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Knowledge

AACSB: Ethics

34. Which of the following statements is correct?
- a. Doing what is right can sometimes be difficult.
 - b. Setting ethical standards is always clear-cut.
 - c. Social and ethical problems affect only a few companies.
 - d. Setting ethical standards is easy.

Answer: a

Section Reference: Ethical Challenges

Difficulty: Easy

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Knowledge

AACSB: Ethics

35. A company removes a profitable product from the market because it was suspected to be dangerous. This company is demonstrating _____.
- a. ethical behavior
 - b. green marketing
 - c. a conflict of interest
 - d. a focus on social welfare

Answer: a

Section Reference: Ethical Challenges

Difficulty: Easy

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Knowledge

AACSB: Ethics

36. Which of the following statements is correct?
- a. Ethical conflicts usually arise when trying to serve the needs of separate contradicting parties.
 - b. Setting ethical standards is always a clear-cut process.
 - c. The ethical values of individual employees have no influence on the decisions and actions a business takes.

- d. Setting ethical standards is easy.

Answer: a

Section Reference: Ethical Challenges

Difficulty: Easy

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Knowledge

AACSB: Ethics

37. Sofia is an investment advisor and wants to recommend a stock she owns to one of her clients. How should Sofia deal with this potential conflict of interest?
- a. She should not make the recommendation.
 - b. She should make a negative recommendation.
 - c. She should make a positive recommendation and then sell the stock.
 - d. She should disclose the fact that she owns the stock while making the recommendation.

Answer: d

Section Reference: Ethical Challenges

Difficulty: Medium

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Application

AACSB: Reflective Thinking

38. Tanisha is a diabetes educator at a local clinic. Recently, she was offered a lavish trip by a sales representative who has been pushing the clinic to use his company's medicines for diabetes. Tanisha declined the gift. Which ethical challenge did she face?
- a. The necessity to indulge in whistle-blowing
 - b. The importance of maintaining her integrity
 - c. A fear of cultural consequences
 - d. A conflict of interest

Answer: d

Section Reference: Ethical Challenges

Difficulty: Medium

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Application

AACSB: Reflective Thinking

39. How should a businessperson deal with a conflict of interest?
- a. Ignore it.
 - b. Send an e-mail to his/her manager.
 - c. Disclose it or avoid it.
 - d. Report it only to close friends.

Answer: c

Section Reference: Ethical Challenges

Difficulty: Easy

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Knowledge

AACSB: Ethics

40. A situation where an action benefiting one person has the potential to harm another is called _____.

- a. whistle-blowing
- b. fear mongering
- c. a loyalty dilemma
- d. a conflict of interest

Answer: d

Section Reference: Ethical Challenges

Difficulty: Easy

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Knowledge

AACSB: Ethics

41. Dimitry worked for Parek Inc. while serving on the Board of Directors for Lindrei Corporation, a competing firm. This would be considered a(n) _____.

- a. conflict of interest
- b. insider trading violation
- c. easement
- d. strategic partnership

Answer: a

Section Reference: Ethical Challenges

Difficulty: Medium

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Application
AACSB: Reflective Thinking

42. During a meeting with government regulators, Nicole voluntarily points out a potential problem with a new product her company is testing. Nicole has shown _____.
- a. honesty
 - b. loyalty
 - c. truthfulness
 - d. integrity

Answer: d
Section Reference: Ethical Challenges
Difficulty: Medium
Objective: 2.1
Objective Text: Explain society's concern for ethical issues.
Bloom's Level: Application
AACSB: Reflective Thinking

43. Bob takes responsibility for an error made by his assistant on a project. In this case, Bob has shown _____.
- a. loyalty
 - b. honesty
 - c. integrity
 - d. truthfulness

Answer: c
Section Reference: Ethical Challenges
Difficulty: Medium
Objective: 2.1
Objective Text: Explain society's concern for ethical issues.
Bloom's Level: Application
AACSB: Reflective Thinking

44. Embellishing your résumé shows a lack of _____.
- a. honesty and loyalty
 - b. honesty and integrity
 - c. integrity and loyalty
 - d. competence and loyalty

Answer: b

Section Reference: Ethical Challenges

Difficulty: Easy

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Comprehension

AACSB: Ethics

45. Laurel, the manager at an NGO for the elderly, has been offered a piece of forest area to set up a hospital, catering to the ageing population. However, Laurel is not sure if he should accept the offer, as this plan might harm the environment. Laurel is facing a _____.

- a. test of loyalty
- b. difference of opinion
- c. conflict of interest
- d. do-or-die situation

Answer: c

Section Reference: Ethical Challenges

Difficulty: Medium

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Application

AACSB: Reflective Thinking

46. Harold knows of a defect in a product his company sells. He discloses the defect to customers only when they specifically ask about it. Harold's _____ could be called into question.

- a. dedication
- b. integrity
- c. loyalty
- d. truthfulness

Answer: b

Section Reference: Ethical Challenges

Difficulty: Medium

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Application

AACSB: Reflective Thinking

47. External auditors are examining your company's financial records. You know there is an error in the records and have decided to expose the error only if they ask. They do not ask. In this scenario, your _____ could be questioned.
- a. integrity
 - b. sense of social responsibility
 - c. truthfulness
 - d. loyalty

Answer: a

Section Reference: Ethical Challenges

Difficulty: Medium

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Application

AACSB: Reflective Thinking

48. Your supervisor asks you to conceal information from external auditors who are examining the company's financial records. What is your ethical challenge?
- a. Loyalty versus truth
 - b. Conflict of interest
 - c. Honesty and integrity
 - d. You have no ethical challenge.

Answer: a

Section Reference: Ethical Challenges

Difficulty: Medium

Objective: 2.1

Objective Text: Explain society's concern for ethical issues.

Bloom's Level: Application

AACSB: Reflective Thinking

49. Miguel spends at least an hour a day surfing the Internet at work despite knowing that the code of conduct has strict regulations against such behavior. He justifies his behavior by stating that "everyone's doing it." This type of behavior is:
- a. expected by management, as long as John gets his regular work done.
 - b. appropriate as long as he isn't the only one doing it.
 - c. inappropriate, unprofessional, and probably unethical.
 - d. inappropriate only if he visits certain kinds of websites at work, such as pornography or gambling.

Answer: c

Section Reference: The Contemporary Ethical Environment

Difficulty: Medium

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Application

AACSB: Reflective Thinking

50. In today's business environment, who can make the difference in ethical expectations and behavior?
- a. Everyone
 - b. No one
 - c. Only top-level managers
 - d. Only the CEO

Answer: a

Section Reference: The Contemporary Ethical Environment

Difficulty: Easy

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Knowledge

AACSB: Ethics

51. Despite the recession, the ethical climate seems to be _____.
- a. declining
 - b. stagnant
 - c. improving
 - d. beyond any improvement

Answer: c

Section Reference: The Contemporary Ethical Environment

Difficulty: Easy

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Knowledge

AACSB: Ethics

52. Technology has _____ ethical issues.
- a. expanded the range of
 - b. reduced the range of
 - c. made little difference on the range of
 - d. eliminated most

Answer: a

Section Reference: The Contemporary Ethical Environment

Difficulty: Easy

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Knowledge

AACSB: Ethics

53. Which of the following is NOT a factor that determines an individual's ethical development?
- a. Experiences
 - b. Religion
 - c. Culture
 - d. Social audit

Answer: d

Section Reference: The Contemporary Ethical Environment

Difficulty: Easy

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Knowledge

AACSB: Ethics

54. Many people rationalize unethical acts at work because they ____.
- a. feel pressured to meet performance goals
 - b. know they can always get away with it
 - c. have no personal or moral values
 - d. are fundamentally unethical

Answer: a

Section Reference: The Contemporary Ethical Environment

Difficulty: Easy

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Knowledge

AACSB: Ethics

55. Individuals who focus only on their own interests when making decisions are at the _____ stage of ethical development.
- a. preconventional
 - b. conventional
 - c. postconventional
 - d. concentrations

Answer: a

Section Reference: The Contemporary Ethical Environment

Difficulty: Easy

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Knowledge

AACSB: Ethics

56. At which stage of ethical decision making do groups, such as families, have an influence on what is acceptable and what is not?

- a. Unconventional
- b. Preconventional
- c. Traditional
- d. Conventional

Answer: d

Section Reference: The Contemporary Ethical Environment

Difficulty: Easy

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Knowledge

AACSB: Ethics

57. Hemi is a reckless driver and always jumps the red light in the absence of patrol officers, but he refrains from speeding on highways, as he fears he might have to pay hefty fines to patrol officers. Hemi is most likely to be in the _____ stage of ethical development.

- a. preconventional
- b. postconventional
- c. conventional
- d. unconventional

Answer: a

Section Reference: The Contemporary Ethical Environment

Difficulty: Medium

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.
Bloom's Level: Application
AACSB: Reflective Thinking

58. Roberto decides not to cheat in his exam because he fears he will be caught and disqualified. Roberto is in the _____ stage of ethical development.
- a. postconventional
 - b. preconventional
 - c. traditional
 - d. conventional

Answer: b

Section Reference: The Contemporary Ethical Environment

Difficulty: Medium

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Application

AACSB: Reflective Thinking

59. When an individual moves beyond his or her own needs and desires and takes the needs of society into consideration when making decisions, he or she is in the _____ stage of ethical development.
- a. preconventional
 - b. conventional
 - c. postconventional
 - d. traditional

Answer: c

Section Reference: The Contemporary Ethical Environment

Difficulty: Easy

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Comprehension

AACSB: Ethics

60. Sean avoids using his office computer for personal use, even though his company does not have a specific policy forbidding it. His colleagues follow this policy as well and Sean does not want to be looked down upon by his colleagues. Sean is at the _____ stage of ethical development.
- a. preconventional

- b. concentrations
- c. postconventional
- d. conventional

Answer: d

Section Reference: The Contemporary Ethical Environment

Difficulty: Medium

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Application

AACSB: Reflective Thinking

61. Brianna focuses on her duties toward family and work and bases her actions on the expectations of various groups in her life. Brianna is at the _____ stage of ethical development.
- a. postconventional
 - b. traditional
 - c. conventional
 - d. preconventional

Answer: c

Section Reference: The Contemporary Ethical Environment

Difficulty: Medium

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Application

AACSB: Reflective Thinking

62. Linda does not make personal long-distance phone calls at work because it will cost her employer money and her employer trusts her to be sincere at work. Linda is in the _____ stage of ethical development.
- a. conventional
 - b. traditional
 - c. postconventional
 - d. preconventional

Answer: a

Section Reference: The Contemporary Ethical Environment

Difficulty: Medium

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Application

AACSB: Reflective Thinking

63. Al makes a point of turning off the lights in his office when they are not in use in an attempt to save the company's money and also to save energy. Which stage of ethical development is Al in at this point?
- a. Conventional
 - b. Postconventional
 - c. Preconventional
 - d. Traditional

Answer: b

Section Reference: The Contemporary Ethical Environment

Difficulty: Medium

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Application

AACSB: Reflective Thinking

64. Jeffrey Wigand, a former executive of Brown & Williamson, exposed his company's practice of intentionally manipulating the effect of nicotine in cigarettes on the CBS news program *60 Minutes*. Jeffrey has moved beyond self-interest and company duty to the _____ stage of individual ethics.
- a. preconventional
 - b. postconventional
 - c. conflict of interests
 - d. conventional

Answer: b

Section Reference: The Contemporary Ethical Environment

Difficulty: Medium

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Application

AACSB: Reflective Thinking

65. If an individual follows personal principles for resolving ethical dilemmas and considers personal, group, and societal interests, he or she is at the _____ stage of ethical development.
- a. preconventional
 - b. conventional
 - c. postconventional

- d. concentrations

Answer: c

Section Reference: The Contemporary Ethical Environment

Difficulty: Easy

Objective: 2.2

Objective Text: Describe the contemporary ethical environment.

Bloom's Level: Knowledge

AACSB: Ethics

66. The _____ of a coffee-growing company include its employees, customers, suppliers, and the community members where the company is located.
- a. board of directors
 - b. investors
 - c. shareholders
 - d. stakeholders

Answer: d

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Knowledge

AACSB: Ethics

67. A formal statement that defines how an organization expects and requires employees to resolve ethical questions is a(n) _____.
- a. social responsibility statement
 - b. organizational culture
 - c. code of conduct
 - d. ethical environmental statement

Answer: c

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Knowledge

AACSB: Ethics

68. _____ are responsible for conducting employee training programs that help spot potential fraud and abuse within a firm.
- a. Department supervisors
 - b. Ethics compliance officers
 - c. Human Resource managers
 - d. Social behaviorists

Answer: b

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Knowledge

AACSB: Ethics

69. Development of a corporate culture to support business ethics occurs on each of the following levels EXCEPT ethical _____.
- a. success
 - b. awareness
 - c. education
 - d. leadership

Answer: a

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Knowledge

AACSB: Ethics

70. Ethical _____ charges each employee with the task of personally upholding a company's core values.
- a. leadership
 - b. awareness
 - c. action
 - d. reasoning

Answer: a

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Comprehension
AACSB: Ethics

71. Jack Welch, former CEO of GE, is respected in business circles for focusing his company on the welfare of its customers and investors and for ensuring that GE thrives in the long run. This type of behavior is an example of ethical _____.
- a. action
 - b. reasoning
 - c. awareness
 - d. leadership

Answer: d

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Medium

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Application

AACSB: Reflective Thinking

72. Which of the following is NOT an example of an unethical or illegal act in the workplace?
- a. Misreporting time on the job
 - b. Internet abuse
 - c. Whistle-blowing
 - d. Safety violations

Answer: c

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Knowledge

AACSB: Ethics

73. Mica learns that her company is secretly dumping untreated waste into the city's sewer systems, and she informs the local EPA office. All of the following describe Mica's ethical situation EXCEPT:
- a. she is acting as a whistle-blower.
 - b. she has a conflict of interest.
 - c. she is showing integrity.
 - d. she is showing loyalty.

Answer: d

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Medium

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Application

AACSB: Reflective Thinking

74. Horus is a new employee at an IT firm. Soon he learns of the unethical practices of his superiors and other employees at the firm. He immediately brings the matter to the notice of the upper management and other officials at the firm. This act by Horus is known as _____.

- a. whistle-blowing
- b. scaremongering
- c. auditing
- d. fear mongering

Answer: a

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Medium

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Application

AACSB: Reflective Thinking

75. Mike, a foreman at Hi-Way Construction, discovered that his company was deliberately using faulty materials for a project. Although Mike was worried about his family's financial security, he went to the government authorities and informed them of the potentially dangerous construction materials used onsite. Mike's action is called _____.

- a. ethical compliance
- b. whistle-blowing
- c. ethical allegations
- d. good intentions

Answer: b

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Medium

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Application

AACSB: Reflective Thinking

76. The _____ requires that firms in the private sector provide procedures for anonymous reporting of accusations of fraud.
- a. Americans with Disabilities Act
 - b. Sarbanes-Oxley Act
 - c. Consumer Rights Act
 - d. Title VII

Answer: b

Section Reference: How Organizations Shape Ethical Conduct

Difficulty: Easy

Objective: 2.3

Objective Text: Discuss how organizations shape ethical conduct.

Bloom's Level: Knowledge

AACSB: Ethics

77. Which federal agency is responsible for setting health and safety standards at the workplace?
- a. FCC
 - b. FDA
 - c. FTC
 - d. OSHA

Answer: d

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Easy

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Knowledge

AACSB: Analytic

78. All of the following are current social issues related to business' responsibilities to employees EXCEPT _____.
- a. sexual harassment
 - b. discrimination against workers over 40 years of age
 - c. discrimination against workers under 40 years of age
 - d. quality of life issues

Answer: c

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Easy

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Comprehension

AACSB: Ethics

79. Matt was diagnosed with a serious illness that requires aggressive treatment. Because his company employs 50 or more people, it must allow Matt up to 12 weeks unpaid time off in one year, in accordance with the _____.
- a. Family and Medical Leave Act
 - b. Equal Employment Opportunity Commission
 - c. Occupational Safety and Health Administration
 - d. Vocational Rehabilitation Act

Answer: a

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Medium

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Application

AACSB: Reflective Thinking

80. The Family and Medical Leave Act of 1993:
- a. affects firms with more than 100 employees.
 - b. requires firms with 50 or more employees to provide up to 12 weeks of paid leave for workers who need to attend to family matters.
 - c. requires firms with 50 or more employees to provide up to 12 weeks of unpaid leave for workers who need to attend to family matters.
 - d. excludes a guarantee that employees will be returned to an equivalent job when they come back to work after a sabbatical.

Answer: c

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Easy

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Comprehension

AACSB: Ethics

81. All of the following groups are specifically identified by federal equal employment opportunity laws EXCEPT _____.

- a. women
- b. obese persons
- c. people with disabilities
- d. people over age 40

Answer: b

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Easy

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Knowledge

AACSB: Ethics

82. Which federal agency is charged with ensuring universal access to jobs and ending discrimination in the workplace?

- a. FTC
- b. EEOC
- c. EPA
- d. SEC

Answer: b

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Easy

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Knowledge

AACSB: Ethics

83. An employee at a leading IT firm is subjected to sexual harassment on a regular basis. The employee also learns that there have been other such cases in the firm, and that very few people have reported them to the appropriate authority. Which of the following laws will BEST protect employees from such harassment?

- a. The Civil Rights Act of 1991
- b. The Americans with Disabilities Act of 1990
- c. The Equal Pay Act of 1963
- d. The Vocational Rehabilitation Act of 1973

Answer: a

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Medium

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Application
AACSB: Reflective Thinking

84. Rene's boss has offered him a raise if Rene agrees to spend the night with her. This is an example of:
- a. nepotism.
 - b. sexual harassment.
 - c. sexism.
 - d. whistle-blowing.

Answer: b

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Medium

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Application

AACSB: Reflective Thinking

85. After graduating from trade school, Aria accepted a position as a mechanic in a shop. She learned that she is the only woman worker at the shop. After a few months she complained to her supervisor about lewd jokes and sexually explicit posters in the workplace. Her supervisor should:
- a. tell Aria to relax and try to behave like other boys at the workplace.
 - b. listen to Aria and help her adjust to the environment.
 - c. realize that these occurrences can be construed as sexual harassment and need to be addressed.
 - d. realize that women have no place in a work environment that was previously all male dominated.

Answer: c

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Medium

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Application

AACSB: Reflective Thinking

86. Discrimination based on gender is:
- a. usually a form of sexism.
 - b. beyond the scope of the Civil Rights Act of 1991.

- c. an integral part of a culturally diverse workforce.
- d. usually based only on off-the-job issues.

Answer: a

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Easy

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Comprehension

AACSB: Diversity

87. Generally, women with a college degree earn less money than men with a college degree. This is an example of:
- a. ethnocentrism.
 - b. sexual harassment.
 - c. sexism.
 - d. whistle-blowing.

Answer: c

Section Reference: Acting Responsibly to Satisfy Society

Difficulty: Easy

Objective: 2.4

Objective Text: Describe how businesses can act responsibly to satisfy society.

Bloom's Level: Comprehension

AACSB: Diversity

88. In September 1963, seven people died in the Barinco area after they swallowed a health capsule, Tinetallac, which was tainted with cyanide by a terrorist group, and was replaced in store shelves. Manufacturer Rubindo Inc. maintained that the tampering could not have been foreseen, and was therefore not its fault, but still recalled all the Tinetallac capsules and canceled advertising at an estimated loss of \$100 million. It also developed a capsule-shaped tablet that would be more difficult to tamper with. In doing this, Rubindo Inc:
- a. handled the situation in a socially responsible way.
 - b. denied product liability.
 - c. raised awareness of the dangers of using Tinetallac.
 - d. avoided accepting responsibility and therefore acted unethically.

Answer: a

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Medium

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Application
AACSB: Reflective Thinking

89. Which of the following practices is LEAST likely to contribute to a firm's social performance?
- a. Providing a safe, healthy workplace
 - b. Respecting the cultural diversity of employees
 - c. Holding company-sponsored social events
 - d. Producing safe, high-quality products

Answer: c

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Knowledge

AACSB: Ethics

90. Businesses have responsibilities toward _____.
- a. investors and customers
 - b. investors, customers, employees, and society
 - c. investors, customers, and employees
 - d. only investors

Answer: b

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Knowledge

AACSB: Ethics

91. When the management of a company considers social and economic issues while taking corporate decisions, it can be concluded that the company is focusing on _____.
- a. business ethics
 - b. consumerism
 - c. its social responsibility
 - d. promoting social-welfare schemes

Answer: c

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Comprehension

AACSB: Ethics

92. Businesses exercise social responsibility for all of the following reasons EXCEPT

- _____.
- a. stakeholders expect it
 - b. profits are guaranteed
 - c. the company's image is enhanced
 - d. management believes it is the ethical course of action

Answer: b

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Comprehension

AACSB: Ethics

93. When Target donates 5 percent of its federally taxable income to not-for-profit organizations, the company is highlighting its _____.

- a. social responsibility
- b. code of conduct
- c. social audit
- d. business ethics

Answer: a

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Medium

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Application

AACSB: Reflective Thinking

94. Reprocessing used materials so that they can be reused is known as _____.

- a. rotation
- b. conversation

- c. recycling
- d. reverting

Answer: c

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Knowledge

AACSB: Ethics

95. Timberland Company allows its employees to take paid six-month sabbatical leaves to work for not-for-profit organizations. This is an example of _____.
- a. corporate philanthropy
 - b. green marketing
 - c. whistle-blowing
 - d. consumerism

Answer: a

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Medium

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Application

AACSB: Reflective Thinking

96. Owing to the vast devastation caused by a hurricane in Gyvenopolis, Pandaal Inc., a food company, decided to supply its 1000 cartons of food products for free to the affected region. This is an example of _____.
- a. corporate philanthropy
 - b. cross-selling
 - c. upselling
 - d. corporate disinvestment

Answer: a

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Medium

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Application

AACSB: Reflective Thinking

97. All of the following are examples of corporate philanthropy EXCEPT _____.
a. supporting an NGO working for the underprivileged
b. sponsoring a Red Cross blood drive
c. paying local property taxes
d. giving employees release time to participate in volunteering activities

Answer: c

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Medium

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Application

AACSB: Reflective Thinking

98. Public demand that a business consider the wants and needs of its customers in making decisions is known as _____.
a. conservation
b. political activism
c. ethics
d. consumerism

Answer: d

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Knowledge

AACSB: Ethics

99. The doctrine of "the right to be heard" would be BEST reflected by _____.
a. product safety
b. disclosure of true annual interest rates on revolving charge accounts
c. disclosure of sodium content on labels of processed foods
d. a firm establishing a consumer appeals board

Answer: d

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Knowledge
AACSB: Ethics

100. Consumer Rights include all of the following EXCEPT the right to _____.
- a. boycott
 - b. choose
 - c. be heard
 - d. be informed

Answer: a
Section Reference: Ethical Responsibilities to the General Public
Difficulty: Easy
Objective: 2.5
Objective Text: Explain the ethical responsibilities of businesses to the general public.
Bloom's Level: Knowledge
AACSB: Analytic

101. According to the _____ standards, when a drug company purchases a television ad, the company is required to describe potential side effects of the drug, or at least provide a phone number or website address for additional information.
- a. Occupational Safety and Health Administration (OSHA)
 - b. Food and Drug Administration (FDA)
 - c. Consumer Compliance
 - d. Securities and Exchange Commission (SEC)

Answer: b
Section Reference: Ethical Responsibilities to the General Public
Difficulty: Easy
Objective: 2.5
Objective Text: Explain the ethical responsibilities of businesses to the general public.
Bloom's Level: Knowledge
AACSB: Ethics

102. Which federal agency is responsible for ensuring that ads for prescription drugs do not mislead consumers?
- a. FDA
 - b. FTC
 - c. SEC
 - d. FCC

Answer: a

Section Reference: Ethical Responsibilities to the General Public

Difficulty: Easy

Objective: 2.5

Objective Text: Explain the ethical responsibilities of businesses to the general public.

Bloom's Level: Knowledge

AACSB: Ethics

103. At the federal level, _____ investigates suspicions of unethical or illegal behavior by publicly traded firms.
- a. SEC
 - b. EEOC
 - c. FDA
 - d. OSHA

Answer: a

Section Reference: Responsibilities to Investors and the Financial Community

Difficulty: Easy

Objective: 2.6

Objective Text: Describe the responsibilities to investors and the financial community.

Bloom's Level: Knowledge

AACSB: Ethics

104. Regulation FD ("Fair Disclosure") is an SEC rule that:
- a. requires publicly traded companies to announce major financial information to major investors first.
 - b. requires privately traded companies to announce major financial information to minor investors first.
 - c. requires publicly traded companies to announce major financial information to the general public first.
 - d. penalizes companies for announcing any major financial information.

Answer: c

Section Reference: Responsibilities to Investors and the Financial Community

Difficulty: Easy

Objective: 2.6

Objective Text: Describe the responsibilities to investors and the financial community.

Bloom's Level: Comprehension

AACSB: Ethics

105. Which of the following is a rule set up by the Sarbanes-Oxley Act of 2002?

- a. Companies must fire employees who waste time and resources.
- b. Employees who don't report unethical behavior among co-workers will be fired.
- c. Companies are required to develop a code of ethics.
- d. Companies are required to publish their code of ethics.

Answer: d

Section Reference: Responsibilities to Investors and the Financial Community

Difficulty: Easy

Objective: 2.6

Objective Text: Describe the responsibilities to investors and the financial community.

Bloom's Level: Knowledge

AACSB: Ethics

106. Companies are required to publish their codes of ethics and inform the public of any changes to them because of:

- a. the Ethics Compliance Act.
- b. the Sarbanes-Oxley Act.
- c. a lawsuit filed by the Fair Factories Clearinghouse.
- d. the Public Agenda and the Kettering Foundation study.

Answer: b

Section Reference: Responsibilities to Investors and the Financial Community

Difficulty: Easy

Objective: 2.6

Objective Text: Describe the responsibilities to investors and the financial community.

Bloom's Level: Knowledge

AACSB: Ethics