ch02

Student: ____

1. Business ethics refers to principles and standards that define acceptable conduct in business organizations.
   True False

2. Ethics and social responsibility mean the same thing.
   True False

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

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

5. Business ethics are the same as legal issues.
   True False

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

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

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

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

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

11. Codes of ethics foster ethical behavior because they expand the opportunity to behave unethically.
    True False

12. Ethical decisions in an organization are influenced by three key factors.
    True False

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

14. The concept of social responsibility is universally accepted.
    True False

15. The dimensions of social responsibility include economic, legal, ethical, and voluntary responsibilities.
    True False

16. Increasingly, consumers are choosing not to patronize businesses that receive negative publicity concerning misconduct.
True False

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

18. Voluntary responsibilities are optional activities that promote human welfare or goodwill.
True False

19. Managers consider social responsibility on an annual basis.
True False

20. Recycling is a business response to employee issues.
True False

21. The right to safety requires that businesses provide a safe place for consumers to shop.
True False

22. A major social responsibility for business is providing equal opportunities for all employees.
True False

23. One way companies are helping consumers contribute to social causes is through offering some products at higher prices, the extra money going to global charities.
True False

24. The size of the transaction, the history of personal relationships within the particular company, and many other factors may determine whether a customer gift will be judged as ethical.
True False

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

26. Ethics is related to the culture in which a business operates.
True False

27. Workplace bullying is an increasing problem.
True False

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

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

30. Ethical violations destroy
    A. nothing.
    B. jobs.
    C. confidence/trust.
    D. profits.
    E. morale.

31. The Sarbanes-Oxley Act and Ontario's Bill C-198 were both passed to
    A. punish those who committed accounting fraud in the late 1990s.
    B. improve corporate profits.
    C. help laid-off employees get their jobs back.
    D. help investors recoup their losses.
    E. help restore confidence in Corporate America and Canada.

32. Which of the following have been cited as incidents of unethical business activity recently?
    A. Unfair competitive practices in the computer industry
    B. Deceptive advertising of medicines and toys
    C. Accounting fraud
    D. Deceptive advertising of food products
    E. All of the answers are correct

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

34. Which of the following is *not* considered unethical behavior in the workplace?
    A. Taking notebooks and pens home for personal use
    B. Using on the job time to write emails to your friends and family
    C. Using your cell phone to make a doctor's appointment during your lunch break
    D. Looking the other way when you notice a superior doing something that is against company policy
    E. Shopping for clothes online while at work

35. In Canada, if a businessperson brought an elaborately wrapped gift to a prospective client on their first meeting, it might be viewed as
    A. appropriate.
    B. expected.
    C. a bribe.
    D. a gift.
    E. normal.

36. If a corporate manager makes a decision that results in personal financial benefit while the company's owners lose financially, this is an ethical issue related to
    A. conflicts of interest.
    B. communication problems.
    C. illegal actions.
    D. dishonesty.
    E. inequality.

37. If the owner of a toy store seeking a price reduction gives the manager of a toy manufacturing company a new personal computer, the toy-store owner is using which approach to influence the manufacturer's decision making?
A. High technology
B. Computer impacting
C. Discounting
D. Bribery
E. Tipping

38. A supplier of a component part has offered Karen's family a free two-week cruise if his firm gets a very large order from Karen's company. The most ethical course of action for Karen to take would be to
A. politely turn it down and discuss the offer with her boss.
B. accept it if the part in question meets quality standards.
C. ask around and see how her boss handled such offers previously.
D. accept the offer.
E. call the police.

39. That businesspeople are expected not to harm customers, clients, and competitors knowingly through deception, misrepresentation, coercion, or discrimination is part of
A. fairness and honesty.
B. communications.
C. conflict of interest.
D. business relationships.
E. consumerism.

40. When Forzani and Suzy Shier ended up on the receiving end of a number of consumer complaints due to overstating regular prices to make the sales look more attractive, this was an ethical issue concerned primarily with
A. conflict of interest.
B. communications.
C. fairness and honesty.
D. cost control.
E. game rules.

41. When CBC Marketplace investigated Herbal Magic for questionable weight loss claims, the primary area of ethical concern in this case was questionable
A. conflict of interest.
B. communications.
C. product design.
D. business relationships.
E. financing.

42. Canadian anti-tobacco legislation and the U.S Surgeon General's warning on cigarette packages about the health implications of smoking is an example of which of the following ethical issues?
A. Conflict of interest
B. Fairness and honesty
C. Communications
D. Relationships within a business
E. Environmental issues

43. The following behavior is an example of ethical consideration within business relationships:
A. keeping company secrets.
B. avoiding obligations.
C. shirking responsibilities.
D. setting a poor example for others.
E. offering a bribe.

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

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

46. A set of formalized rules and standards that describe what a company expects of its employees is called a(n)
A. code of ethics.
B. opportunity.
C. moral philosophy.
D. guideline.
E. law.

47. What occurs when an employee exposes an employer's wrongdoing to outsiders?
A. Fraud
B. Whistleblowing
C. Plagiarism
D. Mayhem
E. A criminal lawsuit

48. Codes of ethics foster ethical behavior by
A. expanding the opportunity to behave ethically by providing rewards for following the rules.
B. limiting the opportunity to behave unethically by providing punishments for violations of the rules and standards.
C. limiting the opportunity to behave unethically by providing rewards for violations of the rules and standards.
D. expanding the opportunity to behave ethically by providing punishments for following the rules.
E. all of the answers are correct.

49. Unethical behavior in business can be reduced if management does all of the following *except*
A. establish clear policies on unethical behavior.
B. limit opportunities for unethical behavior.
C. establish formal rules and procedures.
D. punish unethical behavior firmly.
E. depend totally on employees' personal ethics.

50. According to the text, ethical decisions in an organization are influenced by (1) individual moral standards, (2) the influence of managers and co-workers, and (3)
A. religious values.
B. informal ethical policies or rules.
C. opportunity codes and compliance requirements.
D. family influence.
E. the founder's values.

51. Which of the following should help reduce the incidence of unethical behavior in an organization?
A. Understanding that individual moral standards, the influence of managers and coworkers, and opportunity influence ethical behavior
B. Maximizing ethical conflict in work groups
C. Expanding opportunity by providing punishments for violations of the rules
D. Overlooking violations of codes of ethics
E. All of the answers are correct

52. Being profitable relates to which social responsibility dimension?
A. Economic
B. Voluntary
C. Ethical
D. Legal
E. Corporate citizenship

53. Which of the following is *not* one of the dimensions of social responsibility?
A. Voluntary
B. Economic
C. Legal
D. Ethical
E. Altruistic

54. Philanthropic contributions made by a business to a charitable organization represent which dimension of social responsibility?
A. Corporate citizenship
B. Economic
C. Legal
D. Ethical
E. Voluntary

55. Consumers vote against firms they view as socially irresponsible by not
A. boycotting the company's products.
B. expressing dissatisfaction by protesting.
C. writing their representatives in Congress.
D. buying the company's products.
E. filing complaints with the company.

56. Studies have found a direct link between social responsibility and __________ in business.
A. Profitability
B. Ethics
C. Declining stock prices
D. Happiness of stakeholders
E. Global Warming

57. In addressing social responsibility, managers must consider their firms' relations with
A. employees.
B. owners.
C. customers.
D. the community.
E. all of the answers are correct.

58. Managers consider social responsibility
A. on a weekly basis.
B. on a daily basis.
C. at annual planning meetings.
D. during budget planning sessions.
E. infrequently.

59. All of the following are arguments against social responsibility *except*
A. it sidetracks managers from their primary objective.
B. it gives businesses more power.
C. businesses may not have the necessary expertise.
D. the government should bear the responsibility.
E. businesses have the financial resources to help society.

60. All of the following are arguments in favor of social responsibility *except*
A. businesses created many of the problems, so they should participate in finding solutions.
B. businesses may lose their focus on profit-making.
C. businesses that are socially responsible prevent more government regulation.
D. the survival of a healthy economy depends on businesses being socially responsible.
E. as members of society, businesses should do their fair share.

61. Businesses must first be responsible to
A. employees.
B. customers.
C. owners.
D. bankers.
E. managers.

62. A business's responsibilities to its owners and investors include
A. protecting the owners' rights and investments.
B. maintaining proper accounting procedures.
C. providing all relevant information about current and projected performance of the firm.
D. maximizing their investment in the firm.
E. all of the answers are correct.

63. Many of the laws regulating safety in the workplace are enforced by
A. the Canadian safety and security association.
B. the RCMP.
C. NAFTA.
D. The Canadian government.
E. None of these answers is correct.

64. The activities that independent individuals, groups, and organizations undertake to protect their rights as consumers are known as
A. social responsibility.
B. consumerism.
C. ethics.
D. welfare.
E. morals.

65. Writing letters to companies, making public service announcements, lobbying government agencies, and boycotting irresponsible companies are activities involved with which social responsibility issue?
A. Employee relations
B. Environmental issues
C. Community relations
D. Consumer relations
E. Relations with owners

66. Which right assures the fair treatment of consumers who voice complaints about a purchased product?

A. The right to choose
B. The right to safety
C. The right to be heard
D. The right to be informed
E. The right to complain

67. The assurance of satisfactory quality and service at a fair price is part of a consumer's right to
A. choose.
B. be heard.
C. be informed.
D. safety.
E. freedom of speech.

68. Whose role is it to protect consumers against unfair, deceptive or fraudulent practices?
A. the Ministry of Law
B. the Department of Marketing
C. Canada's Office of Consumer Affairs
D. all of the answers are correct
E. none of these answers is correct

69. One of the most important things companies can do to curb global warming is reduce greenhouse gas emissions. Of the options below, which is NOT a good way to reduce daily carbon and greenhouse gas output?
A. Riding a bike to work
B. Recycling bottles, cans, and paper products
C. Taking measures to streamline operations and reduce waste
D. Keeping the air conditioner running all summer long
E. Buying a more fuel-efficient car

70. Cosmetic and drug testing on animals is a primary concern under which social responsibility issue?
A. Consumer relations
B. Environmental issues
C. Community relations
D. Employee relations
E. Relations with stockholders

71. Which of the following is *not* an area of environmental concern in society today?
A. Animal rights
B. Land pollution
C. Waste disposal
D. The hard-core unemployed
E. Business practices that harm endangered wildlife

72. What is business ethics?

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

74. How can an organization improve ethical behavior?

75. What are the four dimensions of social responsibility?

76. Discuss the environmental issues managers must confront in dealing with social responsibility issues.

ch02 Key

1. *(p. 32)* TRUE

2. *(p. 33)* FALSE

3. *(p. 33)* TRUE

4. *(p. 34)* TRUE

5. *(p. 35)* FALSE

6. *(p. 35-36)* FALSE

7. *(p. 36)* TRUE

8. *(p. 36)* FALSE

9. *(p. 44)* TRUE

10. *(p. 44-45)* TRUE

11. *(p. 44)* FALSE

12. *(p. 44)* TRUE

13. *(p. 44)* TRUE

14. *(p. 46)* FALSE

15. *(p. 45)* TRUE

16. *(p. 46)* TRUE

17. *(p. 45-46)* FALSE

18. *(p. 45)* TRUE

19. *(p. 46)* FALSE

20. *(p. 50)* FALSE

21. *(p. 48)* TRUE

22. *(p. 48)* TRUE

23. *(p. 48)* TRUE

24. *(p. 36)* TRUE

25. *(p. 38-39)* FALSE

26. *(p. 36-37)* TRUE

27. *(p. 38)* TRUE

28. *(p. 33)* A

29. *(p. 36)* E

30. *(p. 25)* C

31. *(p. 24)* E

32. *(p. 35)* E

33. *(p. 35-36)* A

34. *(p. 39-40)* C

35. *(p. 36-37)* C

36. *(p. 38-39)* A

37. *(p. 39)* D

38. *(p. 39)* A

39. *(p. 39)* A

40. *(p. 39)* C

41. *(p. 41)* B

42. *(p. 42)* C

43. *(p. 42)* A

44. *(p. 42-43)* B

45. *(p. 43)* C

46. *(p. 44)* A

47. *(p. 45)* B

48. *(p. 44)* B

49. *(p. 44)* E

50. *(p. 44)* C

51. *(p. 44)* A

52. *(p. 45)* A

53. *(p. 45)* E

54. *(p. 46)* E

55. *(p. 46)* D

56. *(p. 46)* A

57. *(p. 46)* E

58. *(p. 46)* B

59. *(p. 47)* E

60. *(p. 47)* B

61. *(p. 46)* C

62. *(p. 46)* E

63. *(p. 48)* D

64. *(p. 48)* B

65. *(p. 48)* D

66. *(p. 48)* C

67. *(p. 48)* A

68. *(p. 48)* C

69. *(p. 49)* D

70. *(p. 48-49)* B

71. *(p. 48-50)* D

Feedback: Business ethics refers to principles and standards that define acceptable behavior in business organizations. Within the context of an organization, ethics relates to an individual's or work group's decisions that society evaluates as right or wrong.
72. *(p. 32)* Answers will vary

Feedback: General ethical issues include conflicts of interest that exist when people must choose whether to advance their own interest or those of others. Fairness and honesty relate to the general values of decision makers. Communication is another area in which ethical concerns may arise. Businesspeople's behavior toward customers, suppliers, and others in their workplaces may also generate ethical concerns.

73. *(p. 38-43)* Answers will vary

Feedback: Understanding how people choose their ethical standards and what prompts them to engage in unethical behavior may reverse the current trend toward unethical behavior in business. Establishing and enforcing ethical standards and policies within a business can reduce unethical behavior by describing which activities are acceptable and which are not and removing the opportunity to act unethically. Codes of ethics and training programs can help the business create a corporate culture that encourages ethical behavior.

74. *(p. 44-45)* Answers will vary

Feedback: Economic, legal, ethical, and voluntary concerns represent the four dimensions of social responsibility. Earning profits is the foundation of these dimensions and complying with the law is the next step. A business whose sole objective is to maximize profits is not likely to consider its social responsibility, although its activities will probably be legal. Voluntary responsibilities are additional activities that may not be required, but they promote human welfare or goodwill.

75. *(p. 45-46)* Answers will vary

Feedback: Managers today must consider the consequences of their actions on the environment as a part of their social responsibility. One area of concern is the controversial business practice of animal testing for cosmetics and drugs. Business practices that harm endangered wildlife and their habitats are another environmental issue. Businesses must also be concerned with their contributions to air, water, and land pollution as a result of their operations. In response to these concerns, many firms are trying to eliminate wasteful practices, the emission of pollutants, and/or the use of harmful chemicals from their manufacturing processes.

76. *(p. 48-51)* Answers will vary

ch02 Summary

Category	*# of Questions*
AACSB: Ethics	76
Blooms Taxonomy: Comprehension	9
Blooms Taxonomy: Knowledge	67
Difficulty: Easy	40
Difficulty: Hard	8
Difficulty: Medium	28
Ferrell - Chapter 02	76
Learning Objective: 1	12
Learning Objective: 2	20
Learning Objective: 3	12
Learning Objective: 4	11
Learning Objective: 5	21
Topic: Business Ethics and Social Responsibility	1
Topic: The Nature of Social Responsibility	1
Topic: The Role of Ethics in Business	3