Chapter 002 Defining Business Ethics

True / False Questions

1. Business ethics involve the application of standards of moral behavior to business situations.
True False

2. You can approach business ethics from two distinct perspectives: what is happening or what should be happening.
True False

3. You can approach business ethics from two distinct perspectives: a descriptive summation of the customs, attitudes, and rules that are observed within a business or a normative evaluation of the degree to which the observed customs, attitudes, and rules can be said to be ethical.
True False

4. Business ethics should be applied as a set of moral standards or ethical concepts separate from general ethics.
True False

5. Shareholders are anyone with a share or interest in a business enterprise.
True False

6. Stakeholders are anyone with a share or interest in a company.
True False

7. Stakeholders include stockholders, employees, and the federal government.
True False

8. Unethical corporate behavior could negatively impact a community due to an economic decline.
True False

9. Unethical corporate behavior could negatively impact suppliers because of false and misleading financial information.
True False

10. An organization's unethical behavior can affect creditors by leading to a failure to repay debt according to an agreed schedule.
True False

11. A negative impact from unethical corporate behavior for creditors could be the loss of employment.
True False

12. The standard of corporate governance is the extent to which the officers of a corporation are fulfilling the duties and responsibilities of their offices to the relevant stakeholders.
True False

13. The standard of corporate governance appears to be at the highest level in business history.
True False

14. An oxymoron is the combination of two contradictory terms, such as "deafening silence" or "jumbo shrimp."
True False

15. Government efficiency could be considered an oxymoron.
True False

16. "Government efficiency" and "Central Intelligence Agency" can be considered an oxymoron.
True False

17. A code of ethics is a company's written standards of ethical behavior that are designed to guide managers and employees in making the decisions and choices they face every day.
True False

18. A code of ethics is a company's unwritten standards of ethical behavior that are designed to guide managers and employees in making the decisions and choices they face every day.
True False

19. The positive outcome of unethical behavior in the business world has been increased attention to the need for third-party guarantees of ethical conduct and active commitments from the rest of the business world.
True False

20. The Ethics Resource Center defines a code of ethics as a central guide to support day-to-day decision making at work.
True False

21. The code of ethics serves as a message to the organization's stakeholders and should represent a clear corporate commitment to the highest standards of ethical behavior.
True False

22. Written standards of ethical behavior designed to guide a company's managers and employees make daily decisions refer to a Corporate Social Responsibility Statement.
True False

23. Typically, a company's code of ethics is a public document.
True False

24. The code of ethics should represent a clear guide to managers and employees in making the decisions and choices they face every day.
True False

25. A code of ethics usually cannot be easily sidestepped or ignored.
True False

26. The issue of corporate social responsibility has advanced from an abstract debate to a core performance assessment issue with clearly established legal liabilities.
True False

27. Over the last four decades, corporate ethics has remained in the organizational mainstream.
True False

28. Codes of ethics are still typically cosmetic public relations documents, and very few organizations are attempting to share them with all their stakeholders.
True False

29. The 2002 Sarbanes-Oxley Act introduced greater accountability for chief executive officers and boards of directors by requiring them to sign off on the financial performance records of the organizations they represent.
True False

30. Because of the Sarbanes-Oxley Act, today, when employees are asked to do something that conflicts with their own personal values, seldom is the guidance from companies a series of clichés.
True False

31. "Do what's legal" is an ethical cliché.
True False

32. "Do what I d" is an ethical cliché.
True False

33. In resolving a truth versus loyalty dilemma, you must decide whether the decision will have short-term or long-term consequences.
True False

34. In resolving a justice versus mercy dilemma, you must answer whether you perceive the issue as a question of dispensing justice or mercy.
True False

35. An ethical dilemma is a situation in which there is a "right" versus "right" answer.
True False

36. Once you have reached a decision as to the type of conflict you are facing, the three resolution principles are: ends-based, rules-based, and the Golden Rule.
True False

37. If you utilize the *rules-based* resolution principle, you would consider which decision would provide the greatest good for the greatest number of people.
True False

38. If you utilize the *Golden Rule* resolution principle, you would utilize the principle: do unto others as you would have them do unto you.
True False

39. Andrew Young's statement, "Nothing is illegal if a hundred businessmen decide to do it" is one of the commonly held rationalizations that can lead to misconduct.
True False

40. A belief that the activity is safe because it will never be found out or publicized is one of the commonly held rationalizations that can lead to misconduct.
True False

41. The Golden Rule resolution principle considers what would happen if everyone made the same decision as you.
True False

Multiple Choice Questions

42. _______ is the application of ethical standards to business behavior.
A. Corporate social responsibility
B. Philanthropy
C. Business ethics
D. Corporate culture

43. Business ethics can be approached using the _______ and _______ perspectives.
A. classical, modern
B. descriptive, normative
C. philosophical, realist
D. actual, hypothetical

44. A _______ perspective is a summation of the customs, attitudes, and rules that are observed within a business.
A. descriptive
B. normative
C. prescriptive
D. philosophical

45. _______ is someone with a share or interest in a business enterprise.
A. Shareholders
B. Board of directors
C. Stakeholders
D. Employees

46. All of the following are stakeholders except _____.
A. customers
B. federal government
C. competitors
D. community

47. Unethical corporate behavior could negatively impact customers due to _______.
A. poor service quality
B. loss of employment
C. loss of stock value
D. loss of principle and interest payments

48. Unethical corporate behavior could negatively impact employees due to_______.
A. loss of stock value
B. loss of employment
C. poor service quality
D. loss of principle and interest payments

49. Unethical corporate behavior could negatively impact the federal government due to _____.
A. false and misleading financial information used to make investment decisions
B. loss of employment
C. economic uptick
D. the loss of tax code

50. _______ is the system that directs and controls business corporations.
A. Local governance
B. State governance
C. Federal governance
D. Corporate governance

51. A(n) _______ is the combination of two contradictory terms.
A. oxymoron
B. synonym
C. antonym
D. metaphor

52. All of the following are oxymorons except:
A. government efficiency
B. authentic reproduction
C. Central Intelligence Agency
D. lifetime warranty

53. A(n) _______ is the written standards of ethical behavior designed to guide a company's managers and employees as they make daily decisions.
A. code of ethics
B. code of morality
C. code of conduct
D. employee handbook

54. The ______ introduced greater accountability for chief executive officers and boards of directors by requiring them to signing off on the financial performance records of the organizations they represent.
A. Global Sullivan Principals
B. Federal Corrupt Practices Act
C. 2002 Sarbanes-Oxley Act
D. False Claims Act

55. The issue of ______ has advanced from an abstract debate to a core performance assessment issue with clearly established legal liabilities.
A. corporate ethics
B. corporate social responsibility
C. corporate donations
D. corporate community involvement

56. _______ have matured from cosmetic public relations documents into performance-measurement documents which an increasing number of organizations are now committing to share with all their stakeholders.
A. Code of ethics
B. 2002 Sarbanes-Oxley Act
C. Federal Corrupt Practices Act
D. Global Sullivan Principles

57. According to the text, which of the following is not an ethical cliché?
A. Do what's legal
B. Consult the company code of ethics
C. Do what I do
D. Do what you think is best

58. A situation in which there is no obvious "right" or "wrong" decision, but rather a "right" or "right" answer, refers to which of the following:
A. ethical dilemma
B. moral manifestation
C. absolute ethics
D. unethical dilemma

59. During the 1960s, a major ethical dilemma was _______.
A. deceptive advertising
B. cyber crime
C. human rights issues
D. honesty

60. _______ was/were a major ethical dilemma in the 1980s.
A. Drug use escalation
B. A changing work ethic
C. Bribes and illegal contracting practices
D. International corruption

61. _______ was/were a business ethics development in the 1990s.
A. Class action lawsuits
B. The Federal Corrupt Practices Act
C. The establishment of the Defense Industry Initiative
D. The growth of anticorruption efforts

62. In which type of conflict would you face the following question: Do you tell the truth or remain loyal to the person or organization asking you not to reveal the truth?
A. Short-term versus long-term
B. Justice versus mercy
C. Truth versus loyalty
D. Individual versus community

63. Which of the following is not a resolution principle?
A. Rules-based
B. The Golden Rule
C. Rationalization-endured
D. Ends-based

64. The _______ resolution considers what would happen if everyone made the same decision as you.
A. rules-based
B. ends-based
C. Golden Rule
D. similarity-based

Fill in the Blank Questions

65. ________________________ is the application of ethical standards to business behavior.
____

66. A ____________________ perspective is a summation of the customs, attitudes, and rules that are observed within a business.

____

67. A ___________________ is someone with a share or interest in a business enterprise.

____

68. Corporate ___________________ is the system that directs and controls business corporations.

____

69. An ___________________ is the combination of two contradictory terms.

____

70. A ______________________ is the written standards of ethical behavior designed to guide a company's managers and employees as they make daily decisions.

____

71. The ______________________________ introduced greater accountability for chief executive officers and boards of directors by requiring them to signing off on the financial performance records of the organizations they represent.

____

72. A _____________________________ is a situation in which there is no obvious "right" or "wrong" decision, but rather a "right" or "right" answer.

____

Essay Questions

73. Name and discuss three stakeholders' interests in an organization.

74. Do you agree that the standard for corporate governance appears to be at the lowest level in business history? Explain.

75. Define an oxymoron. Give an example of an oxymoron, and explain why it is an oxymoron.

76. What is the purpose of a code of ethics for an organization?

77. Describe and discuss dramatic changes that have taken place in the business environment over the last four decades.

78. Define ethical dilemma. Give an example of an ethical dilemma. Discuss the *type of conflict* you are dealing with. Discuss the *resolution principle* you would use to resolve the ethical dilemma.

79. Discuss one of the four commonly held rationalizations, identified by Saul Gellerman, that can lead to misconduct.

80. Discuss two of the four commonly held rationalizations, identified by Saul Gellerman, that can lead to misconduct.

True / False Questions

1. *(p. 22)* Business ethics involve the application of standards of moral behavior to business situations.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.1

2. *(p. 22)* You can approach business ethics from two distinct perspectives: what is happening or what should be happening.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.1

3. *(p. 22)* You can approach business ethics from two distinct perspectives: a descriptive summation of the customs, attitudes, and rules that are observed within a business or a normative evaluation of the degree to which the observed customs, attitudes, and rules can be said to be ethical.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.1

4. *(p. 22)* Business ethics should be applied as a set of moral standards or ethical concepts separate from general ethics.
FALSE

Business ethics *should not* be applied as a separate set of moral standards or ethical concepts from general ethics.

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.1

5. *(p. 22)* Shareholders are anyone with a share or interest in a business enterprise.
FALSE

Stakeholders are anyone with a share or interest in a business enterprise.

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.2

6. *(p. 22)* Stakeholders are anyone with a share or interest in a company.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.2

7. *(p. 22)* Stakeholders include stockholders, employees, and the federal government.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.2

8. *(p. 22)* Unethical corporate behavior could negatively impact a community due to an economic decline.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.2

9. *(p. 22-23)* Unethical corporate behavior could negatively impact suppliers because of false and misleading financial information.
FALSE

Unethical corporate behavior could negatively impact *stockholders or shareholders* because of false and misleading financial information on which to base investment decisions.

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.2

10. *(p. 22)* An organization's unethical behavior can affect creditors by leading to a failure to repay debt according to an agreed schedule.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.2

11. *(p. 22)* A negative impact from unethical corporate behavior for creditors could be the loss of employment.
FALSE

A negative impact from unethical corporate behavior for creditors could be *principal and interest payments* and *repayment of debt according to the agreed schedule.*

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.2

12. *(p. 23)* The standard of corporate governance is the extent to which the officers of a corporation are fulfilling the duties and responsibilities of their offices to the relevant stakeholders.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

13. *(p. 23)* The standard of corporate governance appears to be at the highest level in business history.
FALSE

The standard of corporate governance appears to be at the lowest level in business history.

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

14. *(p. 24)* An oxymoron is the combination of two contradictory terms, such as "deafening silence" or "jumbo shrimp."
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

15. *(p. 25)* Government efficiency could be considered an oxymoron.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

16. *(p. 25)* "Government efficiency" and "Central Intelligence Agency" can be considered an oxymoron.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

17. *(p. 25)* A code of ethics is a company's written standards of ethical behavior that are designed to guide managers and employees in making the decisions and choices they face every day.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

18. *(p. 25)* A code of ethics is a company's unwritten standards of ethical behavior that are designed to guide managers and employees in making the decisions and choices they face every day.
FALSE

A code of ethics is a company's *written standards* of ethical behavior.

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.3

19. *(p. 24)* The positive outcome of unethical behavior in the business world has been increased attention to the need for third-party guarantees of ethical conduct and active commitments from the rest of the business world.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

20. *(p. 24)* The Ethics Resource Center defines a code of ethics as a central guide to support day-to-day decision making at work.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

21. *(p. 25)* The code of ethics serves as a message to the organization's stakeholders and should represent a clear corporate commitment to the highest standards of ethical behavior.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

22. *(p. 25)* Written standards of ethical behavior designed to guide a company's managers and employees make daily decisions refer to a Corporate Social Responsibility Statement.
FALSE

The company's written standards of ethical behavior is a *code of ethics*.

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

23. *(p. 26)* Typically, a company's code of ethics is a public document.
FALSE

The code of ethics typically is an *internal* document.

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.3

24. *(p. 26)* The code of ethics should represent a clear guide to managers and employees in making the decisions and choices they face every day.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

25. *(p. 26)* A code of ethics usually cannot be easily sidestepped or ignored.
FALSE

As seen in many of the case studies and discussion exercises in the textbook, a code of ethics *can be* easily sidestepped or ignored by any organization.

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.3

26. *(p. 26)* The issue of corporate social responsibility has advanced from an abstract debate to a core performance assessment issue with clearly established legal liabilities.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.4

27. *(p. 26)* Over the last four decades, corporate ethics has remained in the organizational mainstream.
FALSE

Corporate ethics has *moved from the domain of legal and human resource departments into the organizational mainstream*.

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.4

28. *(p. 26)* Codes of ethics are still typically cosmetic public relations documents, and very few organizations are attempting to share them with all their stakeholders.
FALSE

Codes of ethics have matured from cosmetic public relations documents into performance measurement documents that an increasing number of organizations are now committing to share with all their stakeholders.

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.4

29. *(p. 26)* The 2002 Sarbanes-Oxley Act introduced greater accountability for chief executive officers and boards of directors by requiring them to sign off on the financial performance records of the organizations they represent.
TRUE

Bloom's: Remembering
Difficulty: Easy

30. *(p. 26)* Because of the Sarbanes-Oxley Act, today, when employees are asked to do something that conflicts with their own personal values, seldom is the guidance from companies a series of clichés.
FALSE

Today when employees observe unethical behavior or are asked to do something that conflicts with their own personal values, the extent of the guidance available to them *still is often* nothing more than a series of clichés.

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.4

31. *(p. 28)* "Do what's legal" is an ethical cliché.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.4

32. *(p. 28)* "Do what I d" is an ethical cliché.
FALSE

"Do what you think is best," "use your best judgment," or "do the right thing" would be clichés.

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.4

33. *(p. 28)* In resolving a truth versus loyalty dilemma, you must decide whether the decision will have short-term or long-term consequences.
FALSE

In resolving a truth versus loyalty dilemma, you must decide if you tell the truth or remain loyal to the person or organization that is asking you not to reveal that truth.

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.5

34. *(p. 28)* In resolving a justice versus mercy dilemma, you must answer whether you perceive the issue as a question of dispensing justice or mercy.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.5

35. *(p. 28)* An ethical dilemma is a situation in which there is a "right" versus "right" answer.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.5

36. *(p. 29)* Once you have reached a decision as to the type of conflict you are facing, the three resolution principles are: ends-based, rules-based, and the Golden Rule.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.5

37. *(p. 29)* If you utilize the *rules-based* resolution principle, you would consider which decision would provide the greatest good for the greatest number of people.
FALSE

If you utilize the *rules-based* resolution principle, you would ask *what would happen if everyone made the same decision as you?*

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.5

38. *(p. 29)* If you utilize the *Golden Rule* resolution principle, you would utilize the principle: do unto others as you would have them do unto you.
TRUE

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.5

39. *(p. 30)* Andrew Young's statement, "Nothing is illegal if a hundred businessmen decide to do it" is one of the commonly held rationalizations that can lead to misconduct.
TRUE

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.6

40. *(p. 30)* A belief that the activity is safe because it will never be found out or publicized is one of the commonly held rationalizations that can lead to misconduct.
TRUE

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.6

41. *(p. 30)* The Golden Rule resolution principle considers what would happen if everyone made the same decision as you.
FALSE

The Golden Rule resolution principle considers *do unto others as you would have them do unto you*.

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.6

Multiple Choice Questions

42. *(p. 22)* _______ is the application of ethical standards to business behavior.
A. Corporate social responsibility
B. Philanthropy
C. Business ethics
D. Corporate culture

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.1

43. *(p. 22)* Business ethics can be approached using the _______ and _______ perspectives.
A. classical, modern
B. descriptive, normative
C. philosophical, realist
D. actual, hypothetical

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.1

44. *(p. 22)* A _______ perspective is a summation of the customs, attitudes, and rules that are observed within a business.
A. descriptive
B. normative
C. prescriptive
D. philosophical

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.1

45. *(p. 22)* _______ is someone with a share or interest in a business enterprise.
A. Shareholders
B. Board of directors
C. Stakeholders
D. Employees

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.2

46. *(p. 22)* All of the following are stakeholders except _____.
A. customers
B. federal government
C. competitors
D. community

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.2

47. *(p. 22)* Unethical corporate behavior could negatively impact customers due to _______.
A. poor service quality
B. loss of employment
C. loss of stock value
D. loss of principle and interest payments

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.2

48. *(p. 23)* Unethical corporate behavior could negatively impact employees due to_______.
A. loss of stock value
B. loss of employment
C. poor service quality
D. loss of principle and interest payments

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.2

49. *(p. 23)* Unethical corporate behavior could negatively impact the federal government due to _____.

A. false and misleading financial information used to make investment decisions
B. loss of employment
C. economic uptick
D. the loss of tax code

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.2

50. *(p. 23)* _______ is the system that directs and controls business corporations.

A. Local governance
B. State governance
C. Federal governance
D. Corporate governance

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

51. *(p. 23)* A(n) _______ is the combination of two contradictory terms.

A. oxymoron
B. synonym
C. antonym
D. metaphor

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

52. *(p. 23-24)* All of the following are oxymorons except:
A. government efficiency
B. authentic reproduction
C. Central Intelligence Agency
D. lifetime warranty

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.3

53. *(p. 24)* A(n) _______ is the written standards of ethical behavior designed to guide a company's managers and employees as they make daily decisions.
A. code of ethics
B. code of morality
C. code of conduct
D. employee handbook

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.3

54. *(p. 26)* The ______ introduced greater accountability for chief executive officers and boards of directors by requiring them to signing off on the financial performance records of the organizations they represent.
A. Global Sullivan Principals
B. Federal Corrupt Practices Act
C. 2002 Sarbanes-Oxley Act
D. False Claims Act

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.3

55. *(p. 26)* The issue of ______ has advanced from an abstract debate to a core performance assessment issue with clearly established legal liabilities.
A. corporate ethics
B. corporate social responsibility
C. corporate donations
D. corporate community involvement

Bloom's: Understanding
Difficulty: Easy
Learning Outcome: 2.4

56. *(p. 26)* _______ have matured from cosmetic public relations documents into performance-measurement documents which an increasing number of organizations are now committing to share with all their stakeholders.
A. Code of ethics
B. 2002 Sarbanes-Oxley Act
C. Federal Corrupt Practices Act
D. Global Sullivan Principles

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.4

57. *(p. 28)* According to the text, which of the following is not an ethical cliché?
A. Do what's legal
B. Consult the company code of ethics
C. Do what I do
D. Do what you think is best

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.5

58. *(p. 28)* A situation in which there is no obvious "right" or "wrong" decision, but rather a "right" or "right" answer, refers to which of the following:
A. ethical dilemma
B. moral manifestation
C. absolute ethics
D. unethical dilemma

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.5

59. *(p. 27)* During the 1960s, a major ethical dilemma was _______.
A. deceptive advertising
B. cyber crime
C. human rights issues
D. honesty

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.5

60. *(p. 27)* _______ was/were a major ethical dilemma in the 1980s.
A. Drug use escalation
B. A changing work ethic
C. Bribes and illegal contracting practices
D. International corruption

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.5

61. *(p. 27)* ________ was/were a business ethics development in the 1990s.
A. Class action lawsuits
B. The Federal Corrupt Practices Act
C. The establishment of the Defense Industry Initiative
D. The growth of anticorruption efforts

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.5

62. *(p. 28)* In which type of conflict would you face the following question: Do you tell the truth or remain loyal to the person or organization asking you not to reveal the truth?
A. Short-term versus long-term
B. Justice versus mercy
C. Truth versus loyalty
D. Individual versus community

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.5

63. *(p. 29)* Which of the following is not a resolution principle?
A. Rules-based
B. The Golden Rule
C. Rationalization-endured
D. Ends-based

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.5

64. *(p. 29)* The ________ resolution considers what would happen if everyone made the same decision as you.
A. rules-based
B. ends-based
C. Golden Rule
D. similarity-based

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.5

Fill in the Blank Questions

65. *(p. 22)* ___________________________ is the application of ethical standards to business behavior.
Business ethics

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.1

66. *(p. 22)* A ________________________ perspective is a summation of the customs, attitudes, and rules that are observed within a business.
descriptive

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.1

67. *(p. 22)* A _______________________ is someone with a share or interest in a business enterprise.
Stakeholder

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.2

68. *(p. 23)* Corporate ____________________ is the system that directs and controls business corporations.
governance

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

69. *(p. 23)* An ____________________ is the combination of two contradictory terms.
oxymoron

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

70. *(p. 24)* A _______________________ is the written standards of ethical behavior designed to guide a company's managers and employees as they make daily decisions.
code of ethics

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.3

71. *(p. 26)* The _______________________________ introduced greater accountability for chief executive officers and boards of directors by requiring them to signing off on the financial performance records of the organizations they represent.
2002 Sarbanes-Oxley Act

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.3

72. *(p. 28)* A ______________________________ is a situation in which there is no obvious "right" or "wrong" decision, but rather a "right" or "right" answer.
ethical dilemma

Bloom's: Remembering
Difficulty: Easy
Learning Outcome: 2.5

Essay Questions

73. *(p. 22)* Name and discuss three stakeholders' interests in an organization.

Answers will vary, based upon which of the three stakeholder groups the student chooses. See Figure 2.1, Stakeholder Interests, on page 22 for possible answers.

Bloom's: Remembering
Difficulty: Medium
Learning Outcome: 2.2

74. *(p. 23)* Do you agree that the standard for corporate governance appears to be at the lowest level in business history? Explain.

The standard of corporate governance does appear to be at the lowest in business history. There are numerous examples that support this claim. CEO salary increases far exceed those of employees they lead. In addition, products rushed to the market have later been recalled due to safety problems.

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.2

75. *(p. 24)* Define an oxymoron. Give an example of an oxymoron, and explain why it is an oxymoron.

An oxymoron is the combination of two contradictory terms, such as "deafening silence" or "jumbo shrimp."

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.3

76. *(p. 24-25)* What is the purpose of a code of ethics for an organization?

A code of ethics serves dual functions. As a message to the organization's stakeholders, the code should represent a clear corporate commitment to the highest standards of ethical behavior. As an internal document, the code should represent a clear guide to managers and employees in making the decisions they face daily.

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.4

77. *(p. 26)* Describe and discuss dramatic changes that have taken place in the business environment over the last four decades.

1) The increased presence of an employee voice has made individual employees feel more comfortable speaking out against actions of their employers that they feel to be irresponsible or unethical. They are also more willing to seek legal resolution for such issues as unsafe working conditions, harassment, discrimination, and invasion of privacy; 2) The issue of corporate social responsibility has advanced from an abstract debate to a core performance-assessment issue with clearly established legal liabilities; 3) Corporate ethics has moved from the domain of legal and human resource departments into the organizational mainstream with the appointment of corporate ethics officers with clear mandates. Codes of ethics have matured from cosmetic public relations documents into performance measurement documents that an increasing number of organizations are now committing to share with all their stakeholders. 4) The 2002 Sarbanes-Oxley Act has introduced greater accountability for chief executive officers and boards of directors in signing off on the financial performance records of the organizations they represent.

Bloom's: Understanding
Difficulty: Medium
Learning Outcome: 2.4

78. *(p. 26-29)* Define ethical dilemma. Give an example of an ethical dilemma. Discuss the *type of conflict* you are dealing with. Discuss the *resolution principle* you would use to resolve the ethical dilemma.

Ethical dilemma - a situation in which there is no obvious right or wrong decision, but rather a right or right answer. Examples and explanations of the *type of conflict* and *resolution principle* will vary.

Bloom's: Applying
Difficulty: Difficult
Learning Outcome: 2.5

79. *(p. 30-31)* Discuss one of the four commonly held rationalizations, identified by Saul Gellerman, that can lead to misconduct.

1) A *belief that the activity is within reasonable ethical and legal limits—that is, that it is not "really" illegal or immoral.* Andrew Young is quoted as having said, "Nothing is illegal if a hundred businessmen decide to do it." 2) *A belief that the activity is in the individual's or the corporation's best interests—that the individual would somehow be expected to undertake the activity.* In a highly competitive environment, working on short-term targets, it can be easy to find justification for any act as being "in the company's best interest." 3)*A belief that the activity is safe because it will never be found out or publicized—the classic crime-and punishment issue of discovery.* Every unethical act that goes undiscovered reinforces this belief. 4) *A belief that because the activity helps the company, the company will condone it and even protect the person who engages in it.*

Bloom's: Understanding
Difficulty: Difficult
Learning Outcome: 2.6

80. *(p. 30-31)* Discuss two of the four commonly held rationalizations, identified by Saul Gellerman, that can lead to misconduct.

1) A *belief that the activity is within reasonable ethical and legal limits—that is, that it is not "really" illegal or immoral.* Andrew Young is quoted as having said, "Nothing is illegal if a hundred businessmen decide to do it." 2) *A belief that the activity is in the individual's or the corporation's best interests—that the individual would somehow be expected to undertake the activity.* In a highly competitive environment, working on short-term targets, it can be easy to find justification for any act as being "in the company's best interest." 3)*A belief that the activity is safe because it will never be found out or publicized—the classic crime-and punishment issue of discovery.* Every unethical act that goes undiscovered reinforces this belief. 4) *A belief that because the activity helps the company, the company will condone it and even protect the person who engages in it.*

Bloom's: Understanding
Difficulty: Difficult
Learning Outcome: 2.6