1. The difference between what the public thinks it is getting in audited financial statements and what the public is actually getting is known as the

a. credibility gap.
b. expectations gap.
c. audit gap.
d. stewardship gap.
e. None of these are correct.

ANSWER: b
POINTS: 1
REFERENCES: The Ethics Environment for Business: The Battle for Credibility, Reputation, & Competitive Advantage
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Remembering
DATE CREATED: 4/11/2018 12:45 AM
DATE MODIFIED: 4/13/2018 9:16 AM

2. Which of the following is NOT a trend described in Chapter 1 as having an impact on the ethics of business?

a. directors' legal liability
b. management's stated intention to protect reputation
c. auditors' legal liability
d. management's assertions to shareholders on the adequacy of internal controls
e. management's stated intention to manage risk

ANSWER: c
POINTS: 1
REFERENCES: Responses & Developments
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Remembering
DATE CREATED: 4/11/2018 12:49 AM
DATE MODIFIED: 4/11/2018 12:53 AM

3. Which corporate report discusses subjects that include environmental, health and safety, philanthropic and other social impacts?

a. corporate annual report
b. corporate social responsibility report
c. corporate quarterly report
d. corporate stakeholder report
e. corporate ethics committee report

ANSWER: b
POINTS: 1
REFERENCES: The Ethics Environment for Business: The Battle for Credibility, Reputation, & Competitive Advantage
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False

KEYWORDS:	Bloom's: Remembering
DATE CREATED:	4/11/2018 12:51 AM
DATE MODIFIED:	4/11/2018 12:52 AM

4. Professional accountants, in their fiduciary role, owe their primary loyalty to

a. the accounting profession.
b. the client.
c. the general public.
d. government regulations.
e. All of these are correct.

ANSWER:	c
POINTS:	1
REFERENCES:	New Expectations for Business
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
KEYWORDS:	Bloom's: Remembering
DATE CREATED:	4/11/2018 12:56 AM
DATE MODIFIED:	4/11/2018 12:56 AM

5. Ethical corporate behavior is expected to lead to

a. higher profitability in the short-term.
b. higher profitability both in the short-term and long-term.
c. lower profitability in the long-term.
d. higher profitability in the long-term.
e. lower profitability both in the short-term and long-term.

ANSWER:	d
POINTS:	1
REFERENCES:	The Ethics Environment for Business: The Battle for Credibility, Reputation & Competitive Advantage
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
KEYWORDS:	Bloom's: Comprehension
DATE CREATED:	4/11/2018 12:57 AM
DATE MODIFIED:	4/11/2018 12:58 AM

6. Examining the interests of stakeholders is probably required for

a. high short-term profits.
b. optimal medium and longer-term profits.
c. continuing support from stakeholder groups.
d. effective risk management.
e. All of these are correct.

ANSWER:	a
POINTS:	1
REFERENCES:	Responses & Developments

QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Comprehension
DATE CREATED: 4/11/2018 1:13 AM
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7. A value that is almost universally respected by stakeholder groups is a

a. super norm.
b. alfa norm.
c. value norm.
d. hypernorm.
e. general norm.

ANSWER: d
POINTS: 1
REFERENCES: Responses & Developments
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Remembering
DATE CREATED: 4/11/2018 1:15 AM
DATE MODIFIED: 4/11/2018 1:16 AM

8. Since the mid-1990s, both management and auditors have become increasingly

a. profit management oriented.
b. ethics oriented.
c. value management oriented.
d. risk management oriented.
e. ethics oriented and risk management oriented.

ANSWER: e
POINTS: 1
REFERENCES: Responses & Development
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Comprehension
DATE CREATED: 4/11/2018 1:19 AM
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9. Which of the following are determinants of reputation?

a. trustworthiness and responsibility
b. credibility, responsibility and relevance
c. responsibility and impartiality
d. relevance and impartiality
e. relevance, credibility and responsibility

ANSWER: a
POINTS: 1

REFERENCES:	Responses & Development
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
KEYWORDS:	Bloom’s: Comprehension
DATE CREATED:	4/11/2018 1:20 AM
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10. Which of the following would be a key control function of the Board of Directors?

a. to set guidance and boundaries
b. to appoint the CEO
c. to approve the sale of company’s assets
d. to decide on the company’s auditor
e. All of these are correct.

ANSWER:	e
POINTS:	1
REFERENCES:	Responses & Development
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
KEYWORDS:	Bloom’s: Remembering
DATE CREATED:	4/11/2018 1:22 AM
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11. Companies attempt to manage the risk of something happening that will have a negative or positive impact on the company’s objectives, such as

a. credit risks.
b. litigation risk.
c. reputation risk.
d. ethics risks.
e. All of these are correct.

ANSWER:	e
POINTS:	1
REFERENCES:	Responses & Development
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
KEYWORDS:	Bloom’s: Comprehension
DATE CREATED:	4/11/2018 1:23 AM
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12. Most large corporations do not consider which these risks in a broad and comprehensive way?

a. operational risks
b. reputational risks
c. credit risks
d. market risks
e. ethics risks

ANSWER:	e
POINTS:	1
REFERENCES:	Responses & Development
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
KEYWORDS:	Bloom's: Remembering
DATE CREATED:	4/11/2018 1:25 AM
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13. Which of the following are examples of ethics risks faced by employees?

a. honesty and integrity
b. fairness and compassion
c. integrity and responsibility
d. fairness and integrity
e. responsibility and honesty

ANSWER:	b
POINTS:	1
REFERENCES:	Responses & Development
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
KEYWORDS:	Bloom's: Comprehension
DATE CREATED:	4/11/2018 1:26 AM
DATE MODIFIED:	4/11/2018 1:27 AM

14. Not reporting environmental issues is an example of

a. lack of transparency.
b. lack of integrity.
c. lack of accuracy.
d. All of these are correct.
e. None of these are correct.

ANSWER:	b
POINTS:	1
REFERENCES:	Accounting & Auditing Cases
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
KEYWORDS:	Bloom's: Comprehension
DATE CREATED:	4/11/2018 1:27 AM
DATE MODIFIED:	4/11/2018 1:28 AM

15. Incomplete disclosure of the company's revenue recognition policy is an example of

a. lack of transparency.
b. lack of integrity.
c. lack of accuracy.
d. All of these are correct.

e. None of these are correct.

ANSWER: a
POINTS: 1
REFERENCES: The Ethics Environment for Business: The Battle for Credibility, Reputation, & Competitive Advantage
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Comprehension
DATE CREATED: 4/11/2018 1:29 AM
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16. Which philosophical approach requires that an ethical decision depend upon the duty, rights, and justice involved?

a. consequentialism
b. virtue ethics
c. duty ethics
d. righteousness
e. deontology

ANSWER: e
POINTS: 1
REFERENCES: Responses & Development
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Remembering
DATE CREATED: 4/11/2018 1:30 AM
DATE MODIFIED: 4/11/2018 1:31 AM

17. The Modified Moral Standards Approach focuses on which of the following dimensions of the impact of a proposed action?

a. net benefit to society, fair to all stakeholders, whether it is right, and virtues expected
b. net benefit to society and whether it is legal
c. net benefit to society, fair to all stakeholders, and whether it is legal
d. fair to most stakeholders and whether it is right
e. net benefit to society, fair to most stakeholders, and whether it is right

ANSWER: a
POINTS: 1
REFERENCES: Responses & Development
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Comprehension
DATE CREATED: 4/11/2018 1:31 AM
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18. Which organization is developing an international code of conduct for professional accountant?

a. International Accounting Standards Board

b. European Federation of Accountants
c. Financial Accounting Standards Board
d. Public Accounting Oversight Board
e. International Federation of Accountants

ANSWER:	e
POINTS:	1
REFERENCES:	The Ethics Environment for Professional Accountants
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
KEYWORDS:	Bloom's: Remembering
DATE CREATED:	4/11/2018 1:32 AM
DATE MODIFIED:	4/11/2018 1:33 AM

19. Which of the following is a fundamental factor in having an effective ethical corporate culture?
a. tone at the top (i.e., ethical leadership)
b. efficient oversight by the company's Board of Directors
c. workplace ethics
d. code of conduct
e. tone at the top and workplace ethics

ANSWER:	e
POINTS:	1
REFERENCES:	Managing Ethics Risks & Opportunities
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
KEYWORDS:	Bloom's: Comprehension
DATE CREATED:	4/11/2018 1:34 AM
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20. Effective crisis management could represent
a. an opportunity to avoid costs.
b. an opportunity to change employees' perspectives on risk.
c. an opportunity to enhance the company's reputation.
d. All of these are correct.
e. None of these are correct.

ANSWER:	c
POINTS:	1
REFERENCES:	Managing Ethics Risks & Opportunities
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
KEYWORDS:	Bloom's: Comprehension
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