

Chapter 1: An Overview of Ethics

Student: _____

1. Pretexting involves the use of false pretenses to gain access to the personal records of individuals.
True False

2. The stock price of Hewlett-Packard dropped dramatically as a result of a scandal involving the leaking of information about HP's long term strategy to the news media.
True False

3. Morality refers to social conventions about right and wrong that are so widely shared that they become the basis for an established consensus.
True False

4. There is near universal opposition to the practice of illegally making copies of software or enabling others to access software to which they are not entitled.
True False

5. An individual who exhibits few vices and many virtues is said to be a person of high integrity.
True False

6. Ethics defines one's personal beliefs about right and wrong.
True False

7. The United States has one of the lowest software piracy rates in the world, along with Luxembourg and New Zealand.
True False

8. The risks associated with inappropriate behavior have decreased, both in their likelihood and in their potential negative impact.
True False

9. A stakeholder is someone who stands to gain or lose, depending on how a situation is resolved.

True False

10. Companies that are viewed as harmful to their community may find that negative publicity reduces sales, impedes relationships with some business partners, and attracts unwanted government attention.

True False

11. Multinational and global organizations must not present a consistent face to their shareholders, customers, and suppliers but instead must operate with a different value system in each country they do business in.

True False

12. Employees may suppress their tendency to act in a manner that seems ethical to them and instead act in a manner that will protect them against anticipated punishment.

True False

13. The United States Supreme Court has established that an employer cannot be held responsible for the acts of its employees if the employees act in a manner contrary to corporate policy and their employer's directions.

True False

14. The Department of Justice has established sentencing guidelines that suggest stiffer penalties for convicted executives if their companies have ethics programs.

True False

15. A rapid increase in the appointment of corporate ethics officers typically follows the revelation of a major business scandal.

True False

16. An organization's mission statement highlights its key ethical issues and identifies the overarching values and principles that are important to the organization and its decision making

True False

17. Apple was the highest rated U.S.-based, publicly held IT company by Business Ethics magazine based on its performance between 2000 and 2007.

True False

18. The goal of the Sarbanes-Oxley Act was to renew investor's trust in corporate executives and their firm's financial reports following numerous financial scandals in the early 2000's.

True False

19. Lawrence Kohlberg found that many factors stimulate a person's moral development, but one of the most crucial is monetary reward for good behavior.

True False

20. Well over half of all organizations include ethical conduct as part of an employee's performance appraisal.

True False

21. An individual's manager has very little impact on his/her ethical behavior.

True False

22. Most of us have developed a decision-making process we use almost automatically, without thinking about the steps we go through.

True False

23. The development of a good problem statement is the most critical step in the decision-making process.

True False

24. Problem stakeholders who stand to lose or gain from a situation should be kept out of the decision making process as they will simply introduce their personal biases.

True False

25. The utilitarian approach to ethical decision making treats everyone the same and shows no favoritism or discrimination.

True False

26. The virtue ethics approach to decision making states that you should choose the action or policy that has the best overall consequences for all people who are directly or indirectly affected.

True False

27. If the desired results are not achieved upon implementation of the solution, one should return to the “identify alternatives” step of the decision making process and rework the decision.

True False

28. To the detriment of all concerned, the importance of ethics and human values have been over emphasized in the midst of many IT breakthroughs in recent years.

True False

29. The general public does not understand the critical importance of ethics as they apply to IT, as too much emphasis has been placed on technical issues.

True False

30. In the business world, important IT decisions are too often left to the technical experts; general business managers must assume greater responsibility for these decisions.

True False

31. Each society forms a set of rules that establishes the boundaries of generally accepted behavior. These rules are often expressed in statements about how people should behave, and they fit together to form the ____ by which a society lives.

- A. moral code
- B. ethical code
- C. virtues
- D. laws

32. A set of beliefs about right and wrong behavior within a society is called ____.

- A. laws
- B. moral code
- C. ethics
- D. morals

33. Arthur Andersen, once a major international accounting firm, was indicted for obstruction of justice, lost its auditing license, and eventually closed its U.S. offices based on the actions of a few employees even though they were performing in a manner contrary to corporate policy and their employer's directions. This is an example of the principle called respondeat superior or ____.

- A. "let the buyer beware."
- B. "let the punishment match the crime."
- C. "the die is cast"
- D. "let the master answer."

34. In 2007, ____ of all software in circulation worldwide was pirated.

- A. less than 33%
- B. around 38%
- C. about 54%
- D. over 63%

35. ____ had one of the highest software piracy rates in 2007.

- A. Armenia
- B. United States
- C. United Kingdom
- D. New Zealand

36. Habits that incline people to do what is acceptable are called ____.

- A. ethics
- B. integrity
- C. vices
- D. virtues

37. ____ describes standards or codes of behavior expected of an individual by a group (nation, organization, profession) to which an individual belongs.

- A. Morals
- B. Laws
- C. Virtues
- D. ethics

38. ____ is a system of rules that tells us what we can and cannot do.

- A. Laws
- B. Ethics
- C. Morals
- D. Virtues

39. ____ hired private investigators to identify members of its board of directors who were responsible for leaking confidential company information to the press.
- A. Oracle
 - B. IBM
 - C. Microsoft
 - D. Hewlett-Packard
40. Someone who stands to gain or lose, depending on how a situation is resolved is called a(n) ____.
- A. shareholder
 - B. business partner
 - C. stakeholder
 - D. philanthropist
41. Companies that develop and maintain strong employee relations ____.
- A. avoid costly product recalls
 - B. retain customers
 - C. suffer lower turnover rates
 - D. place a priority on working with companies that operate in an ethical manner
42. A judge found ____ guilty of not providing timely on-site technical support that customers were entitled to and, as a result, lost its place as the world's largest computer manufacturer.
- A. Hewlett-Packard
 - B. Dell
 - C. IBM
 - D. Apple
43. The Department of Justice established sentencing guidelines that suggest more ____ treatment for convicted executives if their companies have ethics programs.
- A. stringent
 - B. intense
 - C. lenient
 - D. fair
44. One characteristic of an organization that has a successful ethics program is that ____.
- A. employees are not prepared to handle situations that could lead to misconduct.
 - B. employees have a negative feeling about their company.
 - C. employees do not seek advice about ethical issues that arise.
 - D. employees are rewarded for ethical behavior.

45. A rapid increase in the appointment of corporate ethics officers typically follows ____.

- A. the acquisition of one company by another.
- B. the revelation of a major business scandal.
- C. the appointment of a new CEO.
- D. a substantial decrease in the stock price of the firm.

46. In a for-profit organization, it is the primary objective of the ____ to oversee the organization's business activities and management for the benefit of shareholders, employees, customers, suppliers, and the community.

- A. Chief Executive Officer
- B. Chief Ethics Officer
- C. Board of Directors
- D. Chief Compliance Officer

47. While nearly half of all employees surveyed saw some form of ethical misconduct in 2007, less than ____ of those employees reported the misconduct to management.

- A. 10%
- B. 25%
- C. 50%
- D. 60%

48. In a(n) ____, an organization reviews how well it is meeting its ethical and social responsibility goals, and communicates its new goals for the upcoming year.

- A. ethics review
- B. performance report
- C. social audit
- D. morals assessment

49. Ethical conduct criteria that could be used in an employee's performance evaluation includes ____.

- A. the employee's overall contribution to moving the business ahead
- B. successful completion of projects and tasks
- C. operating effectively in a multicultural environment
- D. maintenance of good customer relations

50. ____ is a likely cause of employees feeling “No one will ever know the difference, and if they do, so what?”

- A. Management setting and holding people accountable to meet “stretch” goals, quotas, and budgets
- B. Management failing to provide a corporate code of ethics and operating principles to guide decisions
- C. Management failing to act in an ethical manner and instead setting a poor example for others to follow
- D. Management failing to hold people accountable for unethical actions

51. The step in the five-step decision-making process during which the decision maker(s) consider laws, guidelines, policies, and principles that might apply to the decision is the ____ step.

- A. develop problem statement
- B. implement decision
- C. identify alternatives
- D. evaluate and choose alternative

52. The step of the five-step decision process during which those who will be affected by the decision are identified is the ____ step.

- A. develop problem statement
- B. evaluate result
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53. Part of developing a good problem statement includes ____.

- A. involving others, including stakeholders, in brainstorming
- B. identifying and evaluating alternative solutions
- C. providing leadership to overcome resistance to change
- D. determining who is directly affected by the problem

54. An approach to ethical decision making that is based on a vision of society as a community whose members work together to achieve a common set of values and goals is the ____ approach.

- A. virtue ethics
- B. utilitarian approach
- C. fairness
- D. common good

55. An approach to ethical decision making that states you should choose the action or policy that has the best overall consequences for all people who are directly or indirectly affected is the ____ approach.

- A. common good
- B. fairness
- C. utilitarian
- D. virtue ethics

56. Ethics must begin at the top of an organization. It is a leadership issue, and the _____ must set the example.

57. Each society forms a set of rules that establishes the boundaries of generally accepted behavior. These rules are often expressed in statements about how people should behave, and they fit together to form the _____ by which a society lives.

58. The term morality refers to social conventions about _____ that are so widely shared that they become the basis for an established consensus.

59. The practice of illegally making copies of software or enabling others to access software to which they are not entitled is called _____.

60. People develop habits that make it easier to choose between what society considers good or bad. _____ are habits of unacceptable behavior.

61. _____ are one's personal beliefs about right and wrong.

62. A person who acts with _____ acts in accordance with a personal code of principles.

63. The _____ of the law profession demand that defense attorneys defend an accused client to the best of their ability, even if they know that the client is guilty of the most heinous and morally objectionable crime one could imagine.

64. _____ acts conform with what an individual believes to be the right thing to do.

65. The _____ that socially responsible activities create can make it easier for corporations to conduct their business.

66. It is especially important for multinational or global organizations to present a _____ face to their shareholders, customers, and suppliers no matter where those stakeholders live or operate their business.

67. The _____ is an annual quality survey conducted by the University of Michigan.

68. In a 1909 ruling (United States v. New York Central & Hudson River Railroad Co.), the U.S. Supreme Court established that an employer can be held responsible for the acts of its employees even if the employees _____.

69. Fines for criminal violations by the executives of organization can be lowered by up to 80 percent if an organization has implemented an _____ and cooperates with authorities.

70. A _____ provides an organization with vision and leadership in the area of business conduct.

71. The board of directors of an organization must create an environment in which employees feel they can seek _____ about appropriate business conduct, raise issues, and report misconduct through appropriate channels.

72. A _____ is a statement that highlights an organization's key ethical issues and identifies the overarching values and principles that are important to the organization and its decision making.

73. _____ states that annual reports must contain a statement signed by the CEO and CFO attesting that the information contained in all of the firm's Securities and Exchange Commission filings is accurate.

74. In a(n) _____, an organization reviews how well it is meeting its ethical and social responsibility goals, and communicates its new goals for the upcoming year.

75. The existence of a formal ethics training program can _____ a company's liability in the event of legal action.

76. Employees must have a _____ with whom they can discuss perceived unethical practices.

77. A _____ is a clear, concise statement of the issue that needs to be addressed.

78. Development of a _____ is the most crucial step in the decision-making process.

79. During the problem definition process, you must be extremely careful that you do not make _____ about the situation.

80. _____ is the key to helping people accept change.

81. Briefly describe the difference between morals, ethics, and laws.

82. Identify several trends that have increased the likelihood of unethical behavior.

83. Discuss the role of the board of directors in creating an ethical organization.

84. Provide a description of a good problem statement.

85. Discuss the importance of communication in implementing a course of action.

Chapter 1: An Overview of Ethics **Key**

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TRUE

2. The stock price of Hewlett-Packard dropped dramatically as a result of a scandal involving the leaking of information about HP's long term strategy to the news media.

FALSE

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5. An individual who exhibits few vices and many virtues is said to be a person of high integrity.

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chief executive

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moral code

58. The term morality refers to social conventions about _____ that are so widely shared that they become the basis for an established consensus.

right and wrong

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software piracy

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Vices

61. _____ are one's personal beliefs about right and wrong.

Morals

62. A person who acts with _____ acts in accordance with a personal code of principles.

integrity

63. The _____ of the law profession demand that defense attorneys defend an accused client to the best of their ability, even if they know that the client is guilty of the most heinous and morally objectionable crime one could imagine.

ethics

64. _____ acts conform with what an individual believes to be the right thing to do.

Moral

65. The _____ that socially responsible activities create can make it easier for corporations to conduct their business.

goodwill *or*

good will

66. It is especially important for multinational or global organizations to present a _____ face to their shareholders, customers, and suppliers no matter where those stakeholders live or operate their business.

consistent

67. The _____ is an annual quality survey conducted by the University of Michigan.

American Consumer Satisfaction Index

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ethics management program

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chief ethics officer or corporate compliance officer

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advice

72. A _____ is a statement that highlights an organization's key ethical issues and identifies the overarching values and principles that are important to the organization and its decision making.
code of ethics

73. _____ states that annual reports must contain a statement signed by the CEO and CFO attesting that the information contained in all of the firm's Securities and Exchange Commission filings is accurate.
Section 404 of the Sarbanes-Oxley Act

74. In a(n) _____, an organization reviews how well it is meeting its ethical and social responsibility goals, and communicates its new goals for the upcoming year.
social audit

75. The existence of a formal ethics training program can _____ a company's liability in the event of legal action.
reduce

76. Employees must have a _____ with whom they can discuss perceived unethical practices.
knowledgeable resource

77. A _____ is a clear, concise statement of the issue that needs to be addressed.
problem statement

78. Development of a _____ is the most crucial step in the decision-making process.
problem statement

79. During the problem definition process, you must be extremely careful that you do not make _____ about the situation.

assumptions

80. _____ is the key to helping people accept change.

Communication

81. Briefly describe the difference between morals, ethics, and laws.

Morals define one's own personal beliefs about right and wrong, while ethics describe standards or codes of behavior expected of an individual by a group (e.g., nation, organization, profession) to which an individual belongs. For example, the ethics of the law profession demand that a defense attorney defend an accused client to the best of his ability even if he knows that the client is guilty of the most heinous and morally objectionable crime one can imagine.

Law is a system of rules that tell us what we can and cannot do and that are enforced by a set of institutions (e.g., the police, courts, law making bodies). Legal acts are acts that conform to the law. Moral acts conform with what an individual believes to be the 'right thing to do.' Laws can proclaim an act is legal, although many people may consider the act immoral, for example abortion.

82. Identify several trends that have increased the likelihood of unethical behavior.

Several trends have increased the likelihood of unethical behavior. First, for many organizations, greater globalization has created a much more complex work environment that spans diverse cultures and societies, making it much more difficult to apply principles and codes of ethics consistently. For example, numerous U.S. companies have garnered negative publicity for moving operations to third-world countries where employees work in conditions that would not be acceptable in most developed parts of the world.

Second, in today's extremely recessionary economic clients, organizations are extremely challenged to maintain revenue and profits. Some organizations are sorely tempted to resort to unethical behavior to maintain profits. For example, the Peanut Corp. of America knowingly shipped tainted products from its plant in Georgia which led to a salmonella outbreak in later 2008 that killed at least eight people and sickened over 550 people in forty-three states.

Employees, shareholders, and regulatory agencies are increasingly sensitive to violations of accounting standards, failures to disclose substantial changes in business conditions, nonconformance with required health and safety practices, and production of unsafe or substandard products. Such heightened vigilance raises the risk of financial loss for businesses that do not foster ethical practices or run afoul of required standards. There is also risk of criminal and civil lawsuits resulting in fines and/or incarceration.

83. Discuss the role of the board of directors in creating an ethical organization.

Directors of the company are expected to conduct themselves according to the highest standards for personal and professional integrity. Directors are also expected to set the standard for company-wide ethical conduct and ensure compliance with laws and regulations. Employees will “get the message” if the directors set an example of high level of ethical behavior. If they don’t set a good example, employees will get that message as well. Importantly, directors must create an environment where employees feel they can seek advice about appropriate business conduct, raise issues, and report misconduct through appropriate channels. Unfortunately, while nearly half of all employees surveyed saw some form of ethical misconduct in 2007, less than 60% of these employees reported the misconduct to management, primarily because they feared retaliation of some kind or felt no action will be taken so why bother.

84. Provide a description of a good problem statement.

A problem statement is a clear, concise description of the issue that needs to be addressed. A good problem statement answers the following questions: What do people observe that causes them to think there is a problem? Who is directly affected by the problem? Is there anyone else affected? How often does it occur? What is the impact of the problem? How serious is the problem? Development of a problem statement is the most critical step in the decision making process. Without a clear statement of the problem or the decision to be made, it is useless to proceed. Obviously, if the problem is stated incorrectly, the decision will not solve the problem.

85. Discuss the importance of communication in implementing a course of action.

Once the alternative is selected, it should be implemented in an efficient, effective, and timely manner. This is much easier said than done as people tend to resist change. The bigger the change, the more the resistance. Communication is the key in helping people accept a change. It is key that someone whom the stakeholders trust and respect explain: Why are we doing this? What is wrong with the current way we do things? What are the benefits of the new way for you? A transition plan must be defined to tell folks how they will move from the old way of doing things to the new way. It is essential that the transition be seen as relatively easy and pain free.