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MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

Social and ethical issues are a bigger concern in smaller companies than larger companies.
A) True
B) False

Answer: B

Organizations wishing to prosper cannot do so without considering business ethics.
A) True
B) False

Answer: A

Fundamentally, a business is responsible only to its customers and investors.
A) True
B) False

Answer: B

Businesses must find a balance between doing what is right and doing what is profitable.
A) True
B) False

Answer: A

Setting appropriate ethical standards is a fairly straightforward task for most managers.
A) True
B) False

Answer: B

James, a final year business student in your school, argues that a company's responsibility to society, and its responsibility to remain profitable, are mutually exclusive. Is this statement true or false?
A) True
B) False

Answer: B

Society's forces, such as minimum working age in a country, could shape the actions that businesses take.
A) True
B) False

Answer: A

The Sarbanes–Oxley Act requires that each member of a firm's Board of Directors certify the truthfulness of financial statements.
A) True
B) False

Answer: B

Teresa discovered unlawful conduct at her company and notified authorities. Under the Sarbanes–Oxley Act of 2002, anyone who retaliates against Teresa can be prosecuted.
A) True
B) False

Answer: A

The legal requirements of the Canadian Sarbanes–Oxley Act vary from province to province.
A) True
B) False

Answer: B

Individual employees have a major influence over ethical expectations and behaviour.
A) True
B) False

Answer: A

An individual employee acting ethically will have little influence on his or her coworkers.
A) True
B) False

Answer: B

Technology has expanded the range and impact of unethical behaviour.
A) True
B) False

Answer: A

Some employees rationalize questionable or unethical behaviour by saying, "Everyone does it."
A) True
B) False

Answer: A

Bill 198 of 2003 is the Canadian version of the Sarbanes–Oxley Act of 2002.
A) True
B) False

Answer: A

Some people engage in activities that are contrary to their personal and moral values because they feel pressured by their jobs.
A) True
B) False

Answer: A

A study found that 41 percent of employees surveyed "witnessed misconduct on the job" in 2009, an increase over 2007.
A) True
B) False

Answer: B

Walmart's survey of its suppliers about their sustainability practices was a first step in developing a "sustainability index."
A) True
B) False

Answer: A

It is NOT always easy to distinguish between right and wrong in many business situations.

A) True
B) False

Answer: A

On–the–job ethical dilemmas are very rare but can be quite significant.

A) True
B) False

Answer: B

An advertising agency representing two companies that compete with one another has an obvious conflict of interest.

A) True
B) False

Answer: A

A conflict of interest exists when a person is faced with a decision in which an action will harm one individual or group while benefiting another.

A) True
B) False

Answer: A

A real estate agent who represents both the buyer and seller most likely faces a conflict of interest.

A) True
B) False

Answer: A

The only safe way to handle a potential conflict of interest is to avoid situations in which one might occur.

A) True
B) False

Answer: B

Integrity goes beyond truthfulness.

A) True
B) False

Answer: A

Adhering to deeply felt ethical principles in business situations is known as loyalty.

A) True
B) False

Answer: B

Employers expect employees to generally act in the best interests of the organization.

A) True
B) False

Answer: A

In the real world of business, loyalty and honesty rarely conflict with one another.

A) True

B) False

Answer: B

Employees should always be loyal, regardless of the situation.

A) True

B) False

Answer: B

An employee who "goes public" with evidence of improper actions by his or her employer is known as a whistle-blower.

A) True

B) False

Answer: A

Whistle-blowers always act out of self-interest.

A) True

B) False

Answer: B

Loyal employees would never be whistle-blowers.

A) True

B) False

Answer: B

In order to be ethical, employees should be loyal to their employers under all circumstances.

A) True

B) False

Answer: B

Business education in colleges and universities plays the primary role in developing the ethical standards of future business leaders.

A) True

B) False

Answer: B

A code of conduct is a formal document that identifies and evaluates all company activities related to social issues, such as conservation, employment practices, environmental protection, and philanthropy.

A) True

B) False

Answer: B

If companies provide a code of conduct and ethical training, there is no need to provide an anonymous employee hotline to report unethical behaviour they have witnessed.

A) True

B) False

Answer: B

One of the first steps in the establishment of sound business ethics is to help employees identify ethical problems when they occur.
A) True
B) False

Answer: A

Formally stating that employees must NOT discriminate on the basis of race, gender, or age in their dealings with customers is something that could be found in a company code of conduct.
A) True
B) False

Answer: A

A code of conduct does not go beyond stating the rules, laws, and regulations employees are expected to follow.
A) True
B) False

Answer: B

A code of conduct is part of the ethical awareness stage of ethical development.
A) True
B) False

Answer: A

Many ethical dilemmas involve gray areas that may require individuals to sort through several courses of actions, each with its own set of consequences.
A) True
B) False

Answer: A

A manager who doubles employee performance goals every quarter most likely will see an increase in the number of ethically questionable actions by employees.
A) True
B) False

Answer: A

If managers and supervisors fail to show ethical leadership, it is unrealistic to expect employees to behave ethically.
A) True
B) False

Answer: A

A company's CEO alone determines the ethical climate of the business.
A) True
B) False

Answer: B

When businesses fail to operate in an acceptable manner, the law must step in to enforce good business practice.
A) True
B) False

Answer: A

A company's ethical training for employees should always be developed and conducted in house.
A) True
B) False

Answer: B

Halting the production and sale of a potentially dangerous product, even if it hurts profits, is an example of ethical behaviour.
A) True
B) False

Answer: A

Starbucks' effort to go green with recyclable cups is an example of social responsibility.
A) True
B) False

Answer: A

Social responsibility is management's acceptance of the obligation to consider societal well-being and consumer satisfaction as being equally important as profit when evaluating the firm's performance.
A) True
B) False

Answer: A

The primary social responsibility of a company is to its customers.
A) True
B) False

Answer: B

Many electric products contain toxins such as lead and mercury and are difficult to reuse or recycle.
A) True
B) False

Answer: A

A social audit is used to measure a company's social responsibility performance.
A) True
B) False

Answer: A

External groups often conduct their own evaluations of businesses, but firms typically ignore these reports in favour of internal evaluations.
A) True
B) False

Answer: B

Social audits conducted internally are of no value because they are always biased in favour of the company.
A) True
B) False

Answer: B

Although social responsibility in a business is commendable, most companies are NOT judged by their interactions within the community.
A) True
B) False

Answer: B

Social audits are informal business surveys that report customer satisfaction with a company's products.
A) True
B) False

Answer: B

Corporate philanthropy is the notion that businesses should give back to the communities where they earn their profits.
A) True
B) False

Answer: A

Helping employees stop smoking is an example of a social responsibility revolving around public health.
A) True
B) False

Answer: A

Environmental issues have become more important concerns of the public in recent years.
A) True
B) False

Answer: A

Hewlett-Packard's use of new and recycled plastics in the manufacture of its scanners is an example of acting responsibly to satisfy societal demands.
A) True
B) False

Answer: A

A "green" product that claims to be environmentally friendly must be substantiated in accordance with guidelines presented by the Competition Bureau of Canada.
A) True
B) False

Answer: A

The gap between what workers with college degrees earn and what those with high school degrees earn has decreased in recent years.
A) True
B) False

Answer: B

Paying corporate taxes is an example of corporate philanthropy.
A) True
B) False

Answer: B

Consumerism is the concept that business must give consideration to employee wants and needs.
A) True
B) False

Answer: B

One goal of consumerism is for consumers to have access to enough education and production information to make responsible purchase decisions.
A) True
B) False

Answer: A

Employers have a responsibility to their employees to provide a safe working environment.
A) True
B) False

Answer: A

Lauren complained to her employer about a sexually explicit calendar hanging on her co–worker's wall. Her employer must ask the co–worker to remove the calendar in order to avoid a claim of sexual harassment.
A) True
B) False

Answer: A

Sexual harassment is divided into two categories: pressure to comply with unwelcome advances for job security and a hostile work environment.
A) True
B) False

Answer: A

Practicing sound business ethics automatically makes a company's operations sustainable.
A) True
B) False

Answer: B

If employees of Patagonia are paid by the company to volunteer their time and skills in community activities, then the company is engaging in corporate philanthropy.
A) True
B) False

Answer: A

All publicly traded companies consistently set and meet high ethical standards.
A) True
B) False

Answer: B

Investors are generally unconcerned with whether a company is behaving ethically; instead, they only focus on whether or not it is making a profit.
A) True
B) False

Answer: B

Companies which fail to follow high ethical standards often see their stock prices drop.
A) True
B) False

Answer: A

When firms fail to be socially responsible, thousands of investors can suffer.
A) True
B) False

Answer: A

Money spent on social responsibility activities belongs to a company's shareholders and should NOT be used as such. This statement is an argument against social responsibility.
A) True
B) False

Answer: A

A company removes a profitable product from the market because it may be dangerous. This company is demonstrating ________.
A) social welfare
B) green marketing
C) conflict of interest
D) ethical behaviour

Answer: D

Business ethics begins with ________.
A) a firm's customers
B) the government
C) the individual employee
D) a firm's investors

Answer: C

When management considers social issues in decision making, the company is practicing ________.
A) social welfare
B) business ethics
C) social responsibility
D) consumerism

Answer: C

Businesses have responsibilities to ________.
A) investors and customers
B) investors, customers, and employees
C) investors, customers, employees, and society
D) investors only

Answer: C

Which of the following statements best justifies why a company should act in an ethical manner?
A) Acting ethically will help a company to prosper in the long run.
B) The government will take action if a firm fails to act ethically.
C) Acting ethically always maximizes profits in the short run.
D) The right thing to do is always the least expensive alternative.

Answer: A

Businesses should ________.

A) find the balance between doing what is right and what is profitable
B) do whatever is in the company's best interests
C) do what is right regardless of profits
D) do whatever is profitable

Answer: A

Which of the following statements is correct?

A) Social and ethical problems affect only a few companies.
B) Doing what is right can sometimes be difficult.
C) Setting ethical standards is always clear-cut.
D) Setting ethical standards is easy.

Answer: B

The primary objective of ________ is to enhance society's well-being through the actions of a company.

A) business ethics
B) company values
C) morals
D) corporate social responsibility

Answer: D

________ refers to the way in which a business tries to balance its commitments to ________.

A) Corporate social responsibility; organizational stakeholders and society as a whole
B) Business ethics; investors
C) Corporate social responsibility; the government
D) Business ethics; organizational stakeholders and society as a whole

Answer: A

According to Maclean's Magazine, Tim Hortons demonstrates exceptional social responsibility by ________.

A) providing financial literacy programs to students
B) sending promotional emails to customers
C) diverting 77% of its waste from landfills
D) giving out free coffee to customers

Answer: C

In today's business environment, who can make the difference in ethical expectations and behaviour?

A) only top-level managers
B) no one
C) only the CEO
D) everyone

Answer: D

Conflicts of interest can be handled ethically by ________.

A) ignoring them
B) hiding them
C) doing what everyone else in the organization does in similar situations
D) disclosing them

Answer: D

________ are responsible for conducting employee training programs that help spot potential fraud and abuse within a firm.

A) Ethics compliance officers
B) Social behaviourists
C) Department supervisors
D) Human Resource managers

Answer: A

Which of the following is NOT an example of unethical or illegal acts in the workplace?

A) safety violations
B) misreporting time on the job
C) Internet abuse
D) whistle-blowing

Answer: D

Technology has ________ ethical issues.

A) made little difference on the range of
B) reduced the range of
C) expanded the range of
D) eliminated most

Answer: C

Which of the following is NOT a factor in determining an individual's ethical development?

A) social audit
B) experiences
C) culture
D) religion

Answer: A

Many people rationalize unethical acts because they ________.

A) know they can get away with it
B) are fundamentally unethical
C) feel pressured on their jobs to meet performance goals
D) have no personal or moral values

Answer: C

Sofia is an investment advisor and wants to recommend a stock she happens to own. How should Sofia best deal with this potential conflict of interest?

A) She should make a positive recommendation and then sell the stock.
B) She should disclose the fact that she owns the stock while making the recommendation.
C) She should make a negative recommendation.
D) She should not make the recommendation.

Answer: B

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 diabetes supplies. Tanisha declined the gift. Which ethical challenge did she face?

A) cultural consequences
B) whistle-blowing
C) honesty and integrity
D) conflict of interest

Answer: D

How should a businessperson deal with a conflict of interest?

A) Ignore it.
B) Send an email to his/her manager.
C) Report it only to close friends.
D) Disclose it or avoid it.

Answer: D

Outside auditors are examining your company's financial records. You know there may be an error and will tell them about it but only if they ask. They do NOT ask. In this scenario, your ________ could be questioned.

A) integrity
B) loyalty
C) truthfulness
D) social responsibility

Answer: A

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) truthfulness
B) honesty
C) loyalty
D) integrity

Answer: D

Bob takes responsibility for an error made by his assistant on a project. Bob has shown ________.

A) integrity
B) loyalty
C) truthfulness
D) honesty

Answer: A

Embellishing your résumé shows a lack of ________.

A) honesty and integrity
B) honesty and loyalty
C) competence and loyalty
D) integrity and loyalty

Answer: A

________ goes beyond truthfulness.
A) Honesty
B) Integrity
C) Loyalty
D) Competence

Answer: B

Harold knows of a defect in a product his company sells. He will disclose the defect but only if the customer specifically asks about it. Harold's ________ could be called into question.
A) whistle-blowing
B) integrity
C) loyalty
D) truthfulness

Answer: B

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

Answer: C

Your supervisor asks you to conceal information from outside auditors examining the company's financial records. What is your ethical challenge?
A) honesty and integrity
B) loyalty versus truth
C) conflict of interest
D) You have no ethical challenge.

Answer: B

Mike was a foreman at Hi-Way Construction and discovered his company was deliberately using faulty materials for a project. Although Mike was worried about his family's financial security if he lost his job, he went to authorities and informed them of the potentially dangerous construction. Mike's action is called ________.
A) ethical compliance
B) ethical allegations
C) whistle-blowing
D) good intentions

Answer: C

________ is a U.S. federal legislation designed to deter and punish corporate and accounting fraud and corruption. It is also meant to protect the interest of workers and shareholders by requiring enhanced financial disclosures.
A) Americans with Disabilities Act
B) Consumer Rights Act
C) Title VII
D) Sarbanes-Oxley Act

Answer: D

C–SOX, which is the Canadian version of the Sarbanes–Oxley Act, is also known as ________.
A) The Ethics Commission of Canada
B) The Canadian Ethics Act
C) Bill 2003
D) Bill 198

Answer: D

Walmart Canada has four categories of social responsibility including environmental sustainability, ethical sourcing, community giving and investment, and ________.
A) local partnerships
B) energy use
C) economic impacts
D) people

Answer: D

The foundation of an ethical climate is ________.
A) ethical action
B) ethical reasoning
C) ethical awareness
D) ethical leadership

Answer: C

A Code of Conduct best contributes to ________.
A) ethical leadership
B) ethical reasoning
C) ethical awareness
D) ethical action

Answer: C

An employee hotline, a telephone number that employees can call anonymously for advice or to report unethical behaviour they have seen, is intended to support ________.
A) ethical awareness
B) ethical leadership
C) ethical action
D) ethical reasoning

Answer: C

Development of a corporate culture to support business ethics occurs on each of the following levels EXCEPT ethical ________.
A) success
B) action
C) awareness
D) leadership

Answer: A

A formal statement that defines how the organization expects and requires employees to resolve ethical questions is ________.

A) an organizational culture
B) a code of conduct
C) social responsibility statement
D) an ethical environmental statement

Answer: B

Which of the following can improve ethical reasoning in a company?

A) practical training sessions
B) mission statement
C) organizational culture
D) whistle-blowing

Answer: A

Macrohard, Inc. provides support for employees faced with ethical dilemmas. An ethics officer is available in the Human Resources office or through an employee hotline. This is an example of ethical ________.

A) reasoning
B) awareness
C) action
D) whistle-blowing

Answer: C

After meeting with employees, a manager realizes she has set performance goals unrealistically high for her department's employees. If she makes employee performance goals more realistic, what will likely happen to the department's ethical climate?

A) It will stay about the same.
B) It will deteriorate.
C) It will improve.
D) Not enough information is provided to determine the effect.

Answer: C

Ethical ________ charges each employee personally to uphold the company's core values and be willing to base their actions on them.

A) action
B) reasoning
C) leadership
D) awareness

Answer: C

The sales manager decides to double each salesperson's monthly quota. What impact is this action likely to have on the company's ethical climate?

A) It will remain the same.
B) It will deteriorate.
C) It will improve.
D) Not enough information is provided to determine the effect.

Answer: B

Jack Welch, former CEO of General Electric, is respected in business circles for focusing his company on the welfare of its customers and investors, and for ensuring GE would thrive in the long run. This type of environment is an example of ethical ________.

A) reasoning
B) awareness
C) action
D) leadership

Answer: D

You're the training manager of a well-established financial institution and would like to intensify ethical education and create more awareness in the organization. Which of the following will be an alternative practical training strategy to use?

A) offering workshops during the annual General Meeting
B) inviting convicted white-collar criminals who are willing to share their stories, to speak to employees during training workshops
C) using business school textbooks for employee workshops
D) posting the company's code of conduct on the notice board

Answer: B

The practice of ________ insists on doing right even if it proves financially costly.

A) moral action
B) moral absolutism
C) ethical leadership
D) ethical conduct

Answer: B

To encourage appropriate ethical behaviour, a company's code of conduct should ________.

A) apply to all levels of employees
B) mainly apply to senior executives who make company decisions
C) be prepared by middle level managers who can combine issues in the upper and lower levels of the organization
D) apply to all levels of employees, both at work in personal lives

Answer: D

Which one of the following is NOT typically considered as a firm's stakeholder?

A) government
B) suppliers
C) shareholders
D) employees

Answer: A

According to Statistics Canada, the diversion of discarded electronic items away from landfill sites has increased by ________ in two years.

A) 115 percent
B) 130 percent
C) 100 percent
D) 50 percent

Answer: A

If a product or package can biodegrade, generating a relatively homogenous and stable humus-like substance, the Competition Bureau of Canada would consider the product to be ________.

A) degradable
B) compostable
C) refillable
D) recyclable

Answer: B

If a product or package is able to be processed and returned to use in the form of raw materials or products, the Competition Bureau of Canada would consider the product to be ________.

A) deplorable
B) degradable
C) compostable
D) recyclable

Answer: D

The Canadian legislation that contains provisions against false or misleading product representations is ________.

A) The Employment Equity Act
B) The Canadian Human Rights Act
C) The Competition Act
D) The Canadian Charter of Human Rights and Freedoms

Answer: C

Which of the following would be LEAST likely to be a factor in evaluating a firm's social performance?

A) respecting the cultural diversity of employees
B) providing a safe, healthy workplace
C) holding company-sponsored social events
D) producing safe, high-quality products

Answer: C

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

A) the company's image is enhanced
B) stakeholders expect it
C) management believes it is the ethical course of action
D) profits are guaranteed

Answer: D

When Target donates 5 percent of its federally taxable income to nonprofit groups, the company is highlighting its ________.

A) social responsibility
B) social audit
C) code of conduct
D) business ethics

Answer: A

A formal procedure that identifies and evaluates all company activities relating to social issues is known as a(n) ________.

A) mission analysis
B) social audit
C) ethical profile
D) social inventory

Answer: B

In addition to financial assessments, Dominic has arranged for his company to conduct a(n) ________ to evaluate activities that relate to social issues, such as employment practices, environmental protection, and philanthropy.

A) social responsibility inventory
B) social audit
C) code of conduct
D) EEOC evaluation

Answer: B

The Wright Tire Co. uses a company-wide team of employees to identify company activities related to social issues, report on how the firm is responding to those issues, and evaluate how effectively the firm has met those issues. The Wright Tire team is conducting a(n) ________.

A) social audit
B) government-mandated audit
C) environmental impact audit
D) internal accounting audit

Answer: A

The ________ of a coffee-growing company include(s) its employees, customers, suppliers, and the community members where the company is located.

A) social responsibility
B) social audit
C) corporate philanthropy
D) stakeholders

Answer: D

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

A) conversion
B) rotation
C) recycling
D) ecology

Answer: C

A marketing strategy that promotes environmentally friendly products and production methods is called ________.

A) ethical awareness
B) consumerism
C) green marketing
D) recycling

Answer: C

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) consumerism
B) whistle-blowing
C) green marketing
D) corporate philanthropy

Answer: D

All of the following are examples of corporate philanthropy EXCEPT ________.
A) giving employees release time to participate in volunteer activities
B) sponsoring a Red Cross blood drive
C) paying local property taxes
D) supporting the local public radio station

Answer: C

During the Olympics, several Nike ads were aired that demonstrated the company's sponsorship of various events. Nike was using ________ to align their marketing efforts with charitable giving.
A) ethical awareness
B) social responsibility
C) business ethics
D) cause-related marketing

Answer: D

The public demand that businesses give proper consideration to consumer wants and needs in making its decisions is known as ________.
A) political activism
B) ethics
C) consumerism
D) conservation

Answer: C

Consumer rights include all of the following EXCEPT the right to ________.
A) be heard
B) be informed
C) choose
D) boycott

Answer: D

The ________ defines the standards for safety and advertising to be followed by makers of drugs, cosmetics, and therapeutic devices.
A) Consumer Compliance
B) Food and Drug Act
C) Securities and Exchange Commission (SEC)
D) Occupational Safety and Health Administration (OSHA)

Answer: B

Which act requires that all ingredients be listed on product labels so consumers are fully informed?
A) FDA
B) CCOHS
C) CHRA
D) EEA

Answer: A

The doctrine of "the right to be heard" would be best reflected by ________.
A) disclosure of true annual interest rates on revolving charge accounts
B) a firm establishing a consumer appeals board
C) product safety
D) disclosure of sodium content on labels of processed foods

Answer: B

All of the following are current social issues related to business's responsibilities to employees EXCEPT ________.
A) quality of life issues
B) discrimination against workers under 40 years of age
C) discrimination against workers over 40 years of age
D) sexual harassment

Answer: B

All of the following groups are specifically identified by the federal Employment Equity Act EXCEPT ________.
A) obese persons
B) members of minority groups
C) women
D) members of religious groups

Answer: A

Employee satisfaction, consumer satisfaction, and societal well-being are ________ indicators of company performance.
A) social
B) ethical
C) quantitative
D) qualitative

Answer: D

Rene's boss has offered him a raise if Rene agrees to spend the night with her. This is an example of ________.
A) sexual harassment
B) whistle-blowing
C) sexism
D) social responsibility

Answer: A

On average, women with a college degree earn less money than men with a college degree. This is an example of ________.
A) social responsibility
B) sexual harassment
C) whistle-blowing
D) sexism

Answer: D

When Canadian Tire uses its Jump Start program to promote sports programs for children from low–income families, the company is practising ________.
A) advocacy
B) cause related marking
C) social audit
D) social responsibility

Answer: D

Your educational institution has increased its effort to reduce the use of paper and get closer to "paperless" operations. All the faculty, staff, and students have responded very well to this campaign and recent advertisement from the school emphasizes this environmentally friendly operation. In this scenario, the advertisement forms part of the school's ________ strategy.
A) social marketing
B) ethical marketing
C) green marketing
D) modern marketing

Answer: C

Which of the following demand that businesses behave ethically and legally?
A) employers
B) investors
C) consumers
D) board of directors

Answer: B

________ investigate suspicions of unethical or illegal behaviours by publicly traded companies in order to protect investors.
A) Stock market regulators
B) Company lawyers
C) Provincial securities regulators
D) Shareholders

Answer: C

Canada's Bill 198 and the Sarbanes–Oxley Act of the United States can both ________.
A) motivate businesses to develop written codes to guide ethical behaviour in the workplace
B) replace a company's code of ethics
C) protect corporate executives who engage in wrongdoings
D) guarantee ethical behaviour

Answer: A

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

Complete the following using the terms listed.

Ontario or Alberta Securities Commission
Workers' Compensation Board of Alberta
corporate philanthropy
integrity
social audit
social responsibility
business ethics
sexual harassment
code of conduct
conflict of interest
product liability
consumerism
Canadian Human Rights Act (CHRA)
whistle-blowing
green marketing

The standards of conduct and moral values governing actions and decisions in the work environment are ________.

Answer: business ethics

A situation where a business decision may be influenced by the potential for personal gain is a(n) ________.

Answer: conflict of interest

Having ________ means adhering to deeply felt ethical principles in all business situations.

Answer: integrity

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

Answer: whistle-blowing

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

Answer: code of conduct

A provincial organization responsible for setting workplace safety and health standards is the ________.

Answer: Workers' Compensation Board of Alberta

Management's acceptance of the obligation to consider profit, consumer satisfaction, and societal well-being of equal value in evaluating the firm's performance is ________.

Answer: social responsibility

Some companies measure social performance by conducting a(n) ________ that identifies and evaluates the company's activities that relate to social issues.

Answer: social audit

Inappropriate actions of a sexual nature in the workplace is ________.

Answer: sexual harassment

The ________ prohibits age discrimination except in very specific cases.

Answer: Canadian Human Rights Act (CHRA)

________ refers to businesses giving back to the communities in which they earn profits.

Answer: corporate philanthropy

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

Answer: product liability

The public demand that a business consider the wants and needs of its customers when making decisions is referred to as ________.

Answer: consumerism

A marketing strategy that promotes a firm's commitment to environmentally safe products and production methods is known as ________.

Answer: green marketing

When a publicly traded firm is suspected of unethical or illegal behaviour, the ________ will conduct an investigation.

Answer: Ontario or Alberta Securities Commission

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

Business ethics is very important in today's society. Yet, the concept of right and wrong can be very complex, and certainly NOT "black and white'.
a) Explain business ethics and identify at least two factors that could influence ethical decisions and actions in a business environment.
b) Explain one strategy which a company could use to enforce ethical standards in the workplace.

Answer: Business ethics is a broad term used to describe the standard of conduct and moral values regarding right or wrong actions in a business environment.

a) Two factors that influence business ethics are:
i) Ethical values of business executives and individuals in the workplace.
ii) Ethical climate within the organization, or within the country in which the company operates.

b) Developing and using an organizational "Code of Conduct" could help to enforce ethical standards within any organization.

a) What does Corporate Social Responsibility mean and why is it important?
b) Identify at least three ways in which your school's operations could have an impact on the community in which it is situated.

Answer: a) Corporate Social Responsibility is a concept used to describe how firms find a balance between doing what is right and doing what is profitable. This means that firms should address the concerns of stakeholders, alongside their profitmaking objective. This balance is very important because firms and institutions impact stakeholders in society, and it is important for them to ensure that the impact remain positive.

b) A school's operations will impact the community in different ways including: conducting research to address issues in the community; training students to work in the community; training students who will graduate and become future leaders in the community; doing business with suppliers in the community; employing people from the community; attracting students from different places to attend the school and patronize business activities in the community.
Since the school can impact the community in so many ways, it is important for the leaders to ensure that they pay attention to the concerns of the community, and take them into consideration when making operational decisions.

Walmart has developed an efficient, cost–effective and more sustainable process of sourcing fresh produce locally to sell to customers.
a) How does this process relate to ethics and social responsibility (at least three points are needed)?
b) How does the organization benefit from the impact of this process?

Answer: a) Sourcing fresh produce locally means lower transportation cost and lower prices to customers.
Sourcing fresh produce locally means reduced transportation–related emissions.
Sourcing fresh produce locally means supporting local farmers and suppliers, and boosting the local economy.

b) The positive impact of this social responsibility process helps Walmart to address concerns which are usually raised about the company's negative impact on small businesses in local communities.

a) Mention and explain at least two scenarios under which conflict of interest may occur in a work environment.
b) Identify two strategies that could be used to handle conflict of interest in an ethical manner.

Answer: a) Two "conflict of interest" scenarios include the following:
– when a person holds similar positions in two competing companies,
– when a hiring manager sits on an interview panel which interviews his/her relative for a position in his/her company,
– when the Mayor of a city awards a city contract to his/her relative.

b) Strategies for handling conflict of interest ethically are:
– avoiding the conflict,
– disclosing it to the stakeholders involved before it happens.

a) A corporate culture that supports business ethics develops on four levels. Mention and explain each of those levels.
b) As the CEO of a company, give at least two examples of behaviour that you would exhibit as an ethical leader, in order to boost the morale of your employees.

Answer: a) The four levels are:
– ethical awareness,
– ethical education,
– ethical action, and
– ethical leadership.

b) Behaviours that exhibit ethical leadership include:
– using clear, explicit language rather than euphemisms for corrupt behaviour,
– encouraging behaviour that generates and fosters ethical values,
– practicing moral absolutism, insisting on doing right even if it proves financially costly,
– charging employees at each level of the organization with the responsibility to be an ethical leader, willing to defend the organization's standards.

Mention and explain at least three ethical actions which managers may use to improve ethics in the workplace.

Answer: Three ethical actions which managers may use to improve ethics in the workplace include:
– providing ethical education to help employees recognize and reason through ethical problems,
setting realistic goals for employee performance, in order to avoid lying and misdeeds among employees who want to protect themselves,
– setting up a hotline which employees may call anonymously for advice, or report unethical behaviour,
– hiring ethics compliance officers who guide employees through difficult ethical issues.

You own a small business in your neighbourhood and despite the size of your operations and your profit level, you've made numerous efforts to remain socially responsible to the community.
a) Mention and explain at least three reasons why business owners like you, endeavour to become socially responsible to society.
b) What strategy could you use to ensure that your revenue and profit increase, in order to offset the costs of your social responsibility activities?

Answer: Answers could vary and may include the following:
a) Businesses may practice social responsibility due to the following reasons:
– may be required by law,
– to enhance the image of the business,
– the owner or management believe that it is the right and ethical thing to do.

b) Answers could vary and may include:
– Conduct a social audit and outline the positive impact of your activities.
– Make the results of the social audit available to the public in order for stakeholders to learn about the positive impact or your social responsibility activities. This will create a positive image for the business and attract more customers.

Explain why "*a sandwich generation of households*" is a problem for workers in today's society and identify at least two strategies which employers could use to help employees who find themselves in that situation.

Answer: A "*sandwich generation of households*" refers to people caring for two generations: their children and their aging parents. This situation creates a problem for workers since it's difficult to combine work and family responsibilities. More time spent working outside the home means less time spent with the family. The opposite is also true. Balancing work and family responsibilities has therefore become an issue of concern for employees and employers.

Two strategies that could be used to address this work–life balance issue are:
– allowing affected employees to work flexible hours,
– allowing qualified employees to work from home.

As a social responsibility consultant working with a global organization, how would you convince the board of directors that social responsibility activities will increase the company's value for shareholders (provide at least three convincing arguments)?

Answer: Answers would vary and may include the following:
– The positive image earned by the company can attract more customers and increase revenue/profit.
– The company can attract top level skilled employees and executives who prefer to work for a socially responsible organization. Highly skilled top workers mean better management and better decision–making for sustainability.
– Enhanced quality of products and services through socially responsible production processes could reduce operational cost in the long run and increase profits.

Corporate scandals usually lead to huge losses for investors and society in general. a) Mention and explain at least two corporate scandals in history, which led to the conviction and imprisonment of top business executives.
b) Identify one strategy which has been used to prevent such unethical business practice, in order to protect investors and society in general.

Answer: a) Answers would vary and may include:
– Enron's 2001 scandal
– WorldCom's 2002 scandal
– Bernie Madoff's 2008 Ponzi scheme
– Livent Inc.'s 2009 scandal
All these scandals together, cost investors/society billions of dollars.

b) One strategy that has been developed and implemented to stop corporate scandals is the use of government legislation such as the Sarbanes–Oxley Act of the United States and Canada's Bill 198, which deter and punish corporate accounting fraud and protect the interest of investors and other stakeholders.

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.

Explain how technology has impacted business ethics. Provide a specific example.

Answer: Technology seems to have expanded the range and impact of unethical behaviour. For instance, technology has made it easier for people to access data from a variety of locations. That, in turn, has increased the potential for someone to steal or manipulate data, or even shut down the system.

Describe the factors that influence business ethics.

Answer: An individual's business ethic 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.

When does a conflict of interest pose an ethical challenge? How should a conflict of interest be handled?

Answer: A conflict of interest exists when a person is faced with a situation in which an action benefiting one person or group has the potential to harm another. A conflict of interest can pose an ethical challenge when it involves the person's own interests and someone to whom he or she has a duty. The best way to handle a potential conflict of interest is to avoid it and/or to disclose it.

How could 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 truthfulness in business relationships.

What is "whistleblowing?" How are whistle–blowers protected in Canada?

Answer: Whistle–blowing is usually an employee's disclosure to company officials, government authorities, or the media of illegal, immoral, or unethical practices. Although no specific law protects whistle–blowers in Canada, many Canadian companies have policies to protect whistle–blowers.

Why is it important for a company to create and communicate a code of conduct?

Answer: A code of conduct defines how an organization expects its employees to resolve ethical issues. It improves ethical awareness among employees, helps them identify ethical problems when they occur, and provides guidance about how they should respond.

The development of a corporate culture to support business ethics happens on four levels. Explain each of the four 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 reasoning involves ethics training programs to provide employees with the tools they need to evaluate ethical dilemmas and arrive at suitable decisions. Ethical action involves the structures and procedures that firms establish to enable their employees to follow ethical behaviour. Companies encourage ethical action by providing support for employees faced with dilemmas, such as an employee hotline. 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.

Why is ethical leadership so important?

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

Explain the social responsibilities of a business and how it must balance qualitative and quantitative standards of measurement.

Answer: Social responsibility is the management's acceptance of the obligation to consider profit, consumer satisfaction, and societal well–being of equal value in evaluating the firm's performance. It is the recognition that a business must be concerned with the qualitative dimensions of consumer, employee, and societal benefits, as well as the quantitative measures of sales and profit.

What is a social audit? Who conducts one?

Answer: A social audit is a formal procedure to identify and evaluate all company activities that relate to social issues such as conservation, employment practices, environmental protection, and philanthropy. The audit informs management about how well the company is performing in these areas. Social audits often are conducted internally by firms. Outside groups, such as environmental organizations and public-interest groups, also conduct social audits.

What is green marketing?

Answer: Green marketing is a marketing strategy that promotes environmentally friendly products and production methods. The Federal Trade Commission (FTC) has issued guidelines for businesses to follow in making environmental claims.

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. U.S. 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.

List the major responsibilities a business has to its workers.

Answer: The major responsibilities to workers are providing a safe work environment; recognizing quality of life issues; ensuring equal employment opportunity; and prohibiting age discrimination, sexual harassment, and sexism.

Explain how the Canadian Charter of Rights and Freedoms addresses discrimination in Canada.

Answer: The Canadian Charter of Rights and Freedoms in Section 15 states: "Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age, or medical or physical disability."

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 without 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.

Explain how a company's unethical behaviour can actually decrease the value of its business.

Answer: Although a fundamental goal of any business is to make a profit for its shareholders, the financial community demands that businesses behave ethically, as well as legally. When a firm fails in this responsibility (as evidenced by several recent corporate scandals), thousands of employees, investors, and consumers can suffer. Shareholders lose confidence in the company and sell shares, which deflate share value and, consequently, company value.

Explain the relationship between business ethics and social responsibility.

Answer: Business ethics are the standards of conduct and moral values that lead to our actions and decisions in the business environment. Social responsibility looks at how decisions will impact the environment, employees, and customers. Business ethics is based on our values and decisions while social responsibility looks at the impact of our decisions on stakeholders.

Compare and contrast honesty and integrity in relation to ethics.

Answer: Honesty means that someone tells the truth. Integrity means that someone behaves according to their ethical principles regardless of the situation they encounter. Therefore, they will always be honest. Honesty and integrity lead to trust and long-term relationships.