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***M: Business, 6e* (Ferrell)**
Chapter 2 Business Ethics and Social Responsibility

1) Social responsibility and ethics are essentially the same thing.

Answer: FALSE
Explanation: Although many people use the terms *social responsibility* and *ethics* interchangeably, they do not mean the same thing. Business ethics relates to an *individual's* or a *work group's* decisions that society evaluates as right or wrong, whereas social responsibility is a broader concept that concerns the impact of the *entire business's* activities on society.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

2) Corporate regulation refers to the laws and regulations that govern the conduct of business.

Answer: FALSE
Explanation: Business law refers to the laws and regulations that govern the conduct of business. Many problems and conflicts in business could be avoided if owners, managers, and employees knew more about business law and the legal system.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
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3) The Sarbanes-Oxley Act is an example of how basic ethical and social responsibility concerns have been codified by laws and regulations.

Answer: TRUE
Explanation: The most basic ethical and social responsibility concerns have been codified by laws and regulations that encourage businesses to conform to society's standards, values, and attitudes. To help restore confidence in corporations and markets, Congress passed the Sarbanes-Oxley Act, which criminalized securities fraud and stiffened penalties for corporate fraud.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
Bloom's: Remember
AACSB: Ethics
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4) The public often gets the impression that misconduct is more widespread than it is in reality.

Answer: TRUE
Explanation: The mass media frequently report about firms that engage in misconduct related to bribery, fraud, and unsafe products. However, the good ethical conduct of the vast majority of firms is not reported as often. Therefore, the public often gets the impression that misconduct is more widespread than it is in reality.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
Bloom's: Remember
AACSB: Ethics
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5) An ethical issue is an identifiable problem, situation, or opportunity that requires a person or organization to choose from among several actions that may be evaluated as ethical or unethical.

Answer: TRUE
Explanation: An ethical issue is an identifiable problem, situation, or opportunity that requires a person to choose from among several actions that may be evaluated as right or wrong, ethical or unethical. In business, this choice usually involves weighing monetary gain against what a person considers appropriate conduct.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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6) In the United States, the Dodd-Frank Act imposes heavy penalties on companies found guilty of bribery.

Answer: FALSE
Explanation: In the United States, the Foreign Corrupt Practices Act imposes heavy penalties on companies found guilty of bribery.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
AACSB: Ethics
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7) The Global Business Ethics Survey found that workers who witness instances of ethical misconduct in their organizations don't feel pressured to compromise standards themselves.

Answer: FALSE
Explanation: The Global Business Ethics Survey found that workers witness many instances of ethical misconduct in their organizations and sometimes feel pressured to compromise standards.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
AACSB: Ethics
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8) Janie's boss constantly criticized her work and belittled her. It got so frequent that she began having stomach trouble when she had to go to work. This is an example of a hostile environment.

Answer: TRUE
Explanation: Bullying is associated with a hostile workplace when a person or group is targeted and is threatened, harassed, belittled, verbally abused, or overly criticized. Bullying may create what some consider a hostile environment.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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9) Taking credit for others' work or ideas may be considered bullying.

Answer: TRUE
Explanation: This is an action associated with bullying.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

10) The most common way that employees abuse resources is by taking supplies home from work.

Answer: FALSE
Explanation: The most common way that employees abuse resources is by using company computers for personal use.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
AACSB: Ethics
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11) Insider trading is considered a conflict of interest.

Answer: TRUE
Explanation: A conflict of interest, one of the most common ethical issues identified by employees, exists when a person must choose whether to advance his or her own personal interests or those of others. Insider trading is a conflict of interest.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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12) Plagiarism is considered an ethical issue.

Answer: TRUE
Explanation: Plagiarism—taking someone else's work and presenting it as your own without mentioning the source—is an ethical issue. In business, an ethical issue arises when an employee copies reports or takes the work or ideas of others and presents it as his or her own. A manager attempting to take credit for a subordinate's ideas is engaging in another type of plagiarism.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
AACSB: Ethics
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13) Co-workers and superiors exert significant control over your choices at work through authority and example.

Answer: TRUE
Explanation: While you have great control over your personal ethics outside the workplace, your co-workers and superiors exert significant control over your choices at work through authority and example. In fact, the activities and examples set by co-workers, along with the rules and policies established by the firm, are critical in gaining consistent ethical compliance in an organization.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Remember
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14) Jana was in her first job, and she had a boss who sometimes withheld some facts about products in order to make a sale. Before long, Jana was also withholding facts from customers. This demonstrates how individual moral standards and values influence ethical decision making.

Answer: FALSE
Explanation: This demonstrates how the influence of managers and co-workers influence ethical decision making.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
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15) Codes of ethics should be extremely detailed in order to take into consideration most situations that could result in an ethical problem for an employee or company.

Answer: FALSE
Explanation: Codes of ethics do not have to be so detailed that they take into account every situation, but they should provide guidelines and principles that can help employees achieve organizational objectives and address risks in an acceptable and ethical way.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Remember
AACSB: Ethics
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16) Employees of companies with written codes of ethics are more likely to report misconduct when they see it.

Answer: TRUE
Explanation: According to the National Business Ethics Survey (NBES), employees in organizations that have written codes of conduct and ethics training, ethics offices or hotlines, and systems for reporting are more likely to report misconduct when they observe it.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Remember
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17) Ghalib knew his company was dumping toxic waste on public land. He reported it to the EPA. Ghalib's actions were unethical.

Answer: FALSE
Explanation: Ghalib was a whistleblower, which is when an employee exposes an employer's wrongdoing to outsiders. His actions were ethical.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
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18) The four stages of social responsibility are financial, legal, management, and ethics.

Answer: FALSE
Explanation: The four stages of social responsibility are financial, legal compliance, ethics, and philanthropy.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

19) Social responsibility is the extent to which businesses meet the legal, ethical, economic, and voluntary responsibilities placed on them by their various stakeholders.

Answer: FALSE
Explanation: Corporate citizenship is the extent to which businesses meet the legal, ethical, economic, and voluntary responsibilities placed on them by their various stakeholders. It involves the activities and organizational processes adopted by businesses to meet their social responsibilities.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

20) The concept of social responsibility is now universally accepted.

Answer: FALSE
Explanation: Although the concept of social responsibility is receiving more and more attention, it is still not universally accepted.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
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21) The department that enforces laws regulating safety in the workplace is the Occupational Safety and Health Administration.

Answer: TRUE
Explanation: Congress has passed several laws regulating safety in the workplace, many of which are enforced by the Occupational Safety and Health Administration (OSHA).
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Remember
AACSB: Ethics
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22) A business's obligations to its owners and investors include maintaining proper accounting procedures.

Answer: TRUE
Explanation: A business's obligations to its owners and investors, as well as to the financial community at large, include maintaining proper accounting procedures, providing all relevant information to investors about the current and projected performance of the firm, and protecting the owners' rights and investments.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

23) Labor unions create a barrier to achieving safety in the workplace.

Answer: FALSE
Explanation: Labor unions have made significant contributions to achieving safety in the workplace and improving wages and benefits.
Difficulty: 1 Easy
Topic: The History of Organized Labor
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
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24) The consumer bill of rights includes the right to be informed, which means that a business must not knowingly sell anything that could result in personal injury or harm to consumers.

Answer: FALSE
Explanation: The *right to safety* means that a business must not knowingly sell anything that could result in personal injury or harm to consumers.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
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25) Many citizens called and wrote their congressmen and woman about the health care legislation that was being considered. This relates to the understanding that they had the right to be heard.

Answer: TRUE
Explanation: The *right to be heard* assures consumers that their interests will receive full and sympathetic consideration when the government formulates policy. It also ensures the fair treatment of consumers who voice complaints about a purchased product.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
AACSB: Knowledge Application
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26) The principles and standards that determine acceptable conduct in business organizations are referred to as
A) social responsibility.
B) business strategies.
C) business ethics.
D) business stances.
E) corporate citizenship.

Answer: C
Explanation: Business ethics is defined as the principles and standards that determine acceptable conduct in business organizations.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
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27) Sarah is a manager who supports ethics and compliance at her company by clearly communicating company expectations for ethical behavior to all employees. This exemplifies
A) tone at the top.
B) tone throughout the company.
C) tone at the bottom.
D) social responsibility.
E) business regulation.

Answer: A
Explanation: This scenario exemplifies "tone at the top," which requires managers to acknowledge their own role in supporting ethics and compliance, create strong relationships with the general counsel and the ethics and compliance department, clearly communicate company expectations for ethical behavior to all employees, educate all managers and supervisors in the business about the company's ethics policies, and train managers and employees on what to do if an ethics crisis occurs.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
Bloom's: Apply
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28) Which of the following statements is true regarding business ethics and social responsibility?
A) All actions deemed unethical by society are also illegal.
B) The concerns of what is legal and ethical do not change over time.
C) The terms social responsibility and ethics should be used interchangeably.
D) Companies can be both profitable and socially responsible.
E) Businesses whose sole objective is to earn profit may not consider their social responsibility.

Answer: D
Explanation: Many consumers and social advocates believe that businesses should not only make a profit but also consider the social implications of their activities. Socially responsible businesses win the trust and respect of their employees, customers, and society and, in the long run, increase profits.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
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29) A local pet store, Pals with Paws, donates a portion of every sale to pet rescues in its community. This exhibits the company's
A) business ethics.
B) profitability.
C) business responsibility.
D) irresponsibility.
E) social responsibility.

Answer: E
Explanation: Donating a portion of its proceeds to pet rescues in its community shows this company's social responsibility. Businesses should not only make a profit but also consider the social implications of their activities.
Difficulty: 3 Hard
Topic: Corporate Social Responsibility
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
Bloom's: Apply
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30) The term _____ refers to a business's obligation to maximize its positive impact and minimize its negative impact on society.
A) social citizenship
B) social strategy
C) social ethics
D) social responsibility
E) social rule

Answer: D
Explanation: Social responsibility refers to a business's obligation to maximize its positive impact and minimize its negative impact on society.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
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31) How do the terms business ethics and social responsibility differ from each other?
A) Business ethics concerns the impact of the entire business's activities on society, whereas social responsibility relates to an individual's decisions that society evaluates as right or wrong.
B) Business ethics concerns the impact of the entire business's activities on society, whereas social responsibility relates to a work group's decisions that society evaluates as right or wrong.
C) Business ethics relates to an individual's or a work group's decisions that society evaluates as right or wrong, whereas social responsibility concerns the impact of the entire business's activities on society.
D) Business ethics and social responsibility can be used interchangeably because they mean the same thing.
E) Business ethics is a broader concept, whereas social responsibility is narrower.

Answer: C
Explanation: Although many people use the terms social responsibility and ethics interchangeably, they do not mean the same thing. Business ethics relates to an individual's or a work group's decisions that society evaluates as right or wrong, whereas social responsibility is a broader concept that concerns the impact of the entire business's activities on society.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

32) The _____ Act criminalized securities fraud and toughened penalties for corporate fraud.
A) Dodd-Frank
B) Federal Trade Commission
C) Foreign Corrupt Practices
D) Sarbanes-Oxley
E) Sherman Antitrust

Answer: D
Explanation: Congress passed the Sarbanes-Oxley Act in response to several prominent accounting scandals. The law criminalized securities fraud and stiffened penalties for corporate fraud.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
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33) Which of the following laws reformed the financial industry and offered consumers protection against complex and/or deceptive financial products?
A) the Glass-Steagall Legislation
B) the Dodd-Frank Act
C) the Sarbanes-Oxley Act
D) the Clayton Act
E) the Celler-Kefauver Act

Answer: B
Explanation: After the financial crisis occurred in the most recent recession, the Dodd-Frank Act was passed to reform the financial industry and offer consumers protection against complex and/or deceptive financial products.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
Bloom's: Remember
AACSB: Ethics
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34) Recently, _____ became the number-one consumer complaint with the Federal Trade Commission.
A) accounting scandals
B) securities fraud
C) corporate fraud
D) deceptive financial products
E) identity theft

Answer: E
Explanation: Recently, identity theft has become the number-one consumer complaint with the Federal Trade Commission, and companies have an ethical responsibility to protect consumer data.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
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35) Which of the following is true of how the mass media reports on the ethical conduct of businesses?
A) The mass media focuses equally on misconduct and good ethical conduct.
B) The mass media focuses more on misconduct than good ethical conduct.
C) The mass media focuses more on good ethical conduct than misconduct.
D) The mass media rarely reports on the ethical conduct of businesses.
E) The mass media supports businesses by giving the public the impression that misconduct is not widespread.

Answer: B
Explanation: The mass media frequently reports about firms that engage in misconduct related to bribery, fraud, and unsafe products. However, the good ethical conduct of the vast majority of firms is not reported as often. Therefore, the public often gets the impression that misconduct is more widespread than it is in reality.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
Bloom's: Understand
AACSB: Ethics
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36) Which of the following statements is true of business ethics?
A) Ethical issues are not limited to for-profit organizations.
B) Business ethics does not go beyond legal issues.
C) Ethical conduct does not have any impact on business relationships.
D) Ethical conflicts do not evolve into legal disputes.
E) Ethical issues are not affected by social perceptions.

Answer: A
Explanation: Ethical issues are not limited to for-profit organizations; they include all areas of organizational activities. Whether made in science, politics, sports, or business, most decisions are judged as right or wrong, ethical or unethical.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
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37) After a major horse race, it was discovered that the winner had drugged his horse to make it run faster. As a result, the horse's owner, trainer, and jockey were banned from the racing industry. This exemplifies how
A) negative judgment directly affects an organization's ability to achieve its business goals.
B) unfair society can be in making ethical judgments.
C) ethics can be blown out of proportion.
D) important social responsibility is.
E) easily ethical issues can be resolved.

Answer: A
Explanation: This example shows how negative judgment directly affects an organization's ability to achieve its business goals. Whether made in science, politics, sports, or business, most decisions are judged as right or wrong, ethical or unethical.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
Bloom's: Apply
AACSB: Knowledge Application
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38) Which of the following is a key step in evaluating ethical decisions in business?
A) assuming that ethical issues do not include all areas of organizational activities
B) recognizing that social responsibility and ethics are inversely related to each other
C) understanding that business ethics does not go beyond legal issues
D) identifying that ethics is not culture-specific
E) learning how to recognize and resolve ethical issues

Answer: E
Explanation: Learning how to recognize and resolve ethical issues is a key step in evaluating ethical decisions in business.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
Bloom's: Understand
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39) Dinar noticed that one of his colleagues arrives late and leaves early from work every day. In deciding whether or not to report this behavior, what must he do first?
A) Confront the colleague about the situation
B) Discuss the situation with other colleagues
C) Ask his wife what she thinks
D) Evaluate the ethics of his choice and decide whether to ask for guidance
E) Discuss the situation hypothetically with his manager

Answer: D
Explanation: The question of whether or not to report his colleague requires Dinar to evaluate the ethics of his choice and decide whether to ask for guidance.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
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40) _____ are payments, gifts, or special favors intended to influence the outcome of a decision.
A) Bribes
B) Emoluments
C) Stipends
D) Grants
E) Recompenses

Answer: A
Explanation: Bribes are payments, gifts, or special favors intended to influence the outcome of a decision. A bribe benefits an individual or a company at the expense of other stakeholders.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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41) Jancy and Kevin are competing for a promotion. Hoping to sway her manager to promote her over Kevin, Jasmine gives her manager an expensive watch. This is an example of
A) misuse of company resources.
B) bribery.
C) dishonesty.
D) conflict of interest.
E) an acceptable gift.

Answer: B
Explanation: This is an example of bribery. Bribes are payments, gifts, or special favors intended to influence the outcome of a decision.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
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Accessibility: Keyboard Navigation

42) Abusive behavior is difficult to assess and manage because of
A) the debate surrounding the acceptability.
B) ethical issues that often emerge from conflict.
C) different rating companies.
D) diversity in culture and lifestyle.
E) the fact that it leads to higher levels of unemployment.

Answer: D
Explanation: Abusive behavior is difficult to assess and manage because of diversity in culture and lifestyle.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
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43) Carlos speaks fluent Spanish, and English is his second language. When communicating with his colleagues, Jennifer and Kim, he uses words that are normal in his language, but they consider them to be profanity. What does this exhibit?
A) Colleagues can often be oversensitive.
B) Profanity has a universal definition.
C) Abusive behavior is difficult to assess and manage.
D) Profanity is not considered to be an abusive behavior.
E) Regardless of intent, abusive behavior is never a mistake.

Answer: C
Explanation: Abusive behavior is difficult to assess and manage because of diversity in culture and lifestyle. If you are using words that are normal in your language but that others consider to be profanity, intent can determine whether you've insulted, abused, or disrespected them or if it was simply a mistake.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
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44) Which of the following acts is associated with bullying?
A) buying or selling of stocks by insiders
B) discrediting others' ideas and opinions
C) lobbying for or against someone
D) mediating as a third party
E) offering bribes

Answer: B
Explanation: Actions associated with bullies include spreading rumors to damage others and discrediting others' ideas and opinions.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
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45) Marsha needs Stefen's help to resolve an urgent work issue. She has emailed and called him several times, but Stefen doesn't respond to any of her communications. Stefen's behavior is an example of
A) conflict of interest.
B) misuse of company time.
C) bullying.
D) misuse of company resources.
E) dishonesty.

Answer: C
Explanation: Failing to communicate or return communication is an example of bullying.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
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46) _____ is the buying or selling of stocks by insiders who possess material that is still not public.
A) Gatekeeping
B) Whistleblowing
C) Downcycling
D) Insider trading
E) Plagiarizing

Answer: D
Explanation: Insider trading is an example of a conflict of interest. Insider trading is the buying or selling of stocks by insiders who possess material that is still not public. The Justice Department has taken an aggressive stance toward insider trading.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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47) All of the following are examples of misusing company resources EXCEPT
A) spending an excessive amount of time on personal e-mails.
B) submitting personal expenses on company expense reports.
C) using the company copier for personal use.
D) using company phones for occasional personal calls.
E) using a company computer to shop on the Internet.

Answer: D
Explanation: Because misuse of company resources is such a widespread problem, many companies have implemented policies delineating acceptable use of company resources. For instance, it is acceptable for employees to make occasional personal phone calls or e-mails, but they should use common sense to know when these activities become excessive.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

48) When Gina used her company credit card to buy $50,000 worth of new furniture for her house, she was fired. Which type of misconduct does this exemplify?
A) conflict of interest
B) misuse of company resources
C) misuse of company time
D) abusive behavior
E) bribery

Answer: B
Explanation: Using a company credit card for personal expenses is an example of misuse of company resources. Serious resource abuse can result in firing or legal repercussions.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
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49) Which of the following has developed a Corruption Perceptions Index?
A) Financial Executives International
B) Texas Instruments
C) National Business Ethics International
D) ORC International
E) Transparency International

Answer: E
Explanation: Transparency International has developed a Corruption Perceptions Index.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

50) Which of the following is true of misuse of company time?
A) Theft of time is not a common area of misconduct observed in the workplace.
B) Time theft costs can be difficult to measure but are estimated to cost companies hundreds of billions of dollars annually.
C) The average employee steals 10 hours a week with late arrivals, leaving early, and long lunch breaks.
D) The average employee doesn't misuse company time often enough to negatively affect productivity.
E) Time theft costs are easy to measure and cost companies millions of dollars annually.

Answer: B
Explanation: Theft of time is a common area of misconduct observed in the workplace. Time theft costs can be difficult to measure but are estimated to cost companies hundreds of billions of dollars annually. The average employee steals 4.5 hours a week with late arrivals, leaving early, long lunch breaks, inappropriate sick days, excessive socializing, and engaging in personal activities. These activities add up to lost productivity and profits.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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51) Which of the following countries is included in the list of least corrupt countries?
A) Denmark
B) Somalia
C) North Korea
D) Sudan
E) Afghanistan

Answer: A
Explanation: Denmark is one of the least corrupt countries, while Transparency International rated South Sudan, Sudan, Afghanistan, North Korea, and Somalia as the most corrupt countries.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
AACSB: Ethics
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52) Lydia, a manager, makes decisions that benefit her financially at the expense of her firm. Which of the following ethical issues in business is addressed in this example?
A) bullying
B) bribery
C) conflict of interest
D) intimidating behavior
E) misuse of company time

Answer: C
Explanation: A conflict of interest occurs when an employee must choose whether to advance his or her own interests or those of the firm. If managers make decisions that give them more power or money but do not help the company, then they have a conflict of interest.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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53) Which of the following is associated with a hostile workplace when a person or group is targeted and is threatened, harassed, belittled, verbally abused, or overly criticized?
A) conflict of interest
B) bribery
C) treachery
D) treason
E) bullying

Answer: E
Explanation: Bullying is associated with a hostile workplace when a person or group is targeted and is threatened, harassed, belittled, verbally abused, or overly criticized. Bullying may create what some consider a hostile environment, a term generally associated with sexual harassment.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Understand
AACSB: Ethics
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54) Which of the following is true of bullying?
A) Surveys reveal that bullying in the workplace is on the decline.
B) Bullying cannot occur in all types of businesses.
C) Flaunting status or authority to take advantage of others does not amount to the act of bullying.
D) Although sexual harassment has legal recourse, bullying has little legal recourse at this time.
E) Insider trading is an example of bullying.

Answer: D
Explanation: Although sexual harassment has legal recourse, bullying has little legal recourse at this time. Bullying is a widespread problem in the United States, and it can cause psychological damage that can result in health-endangering consequences to the target.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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55) The fact that businesspeople are expected not to harm customers, clients, and competitors knowingly through deception, misrepresentation, coercion, or discrimination is part of the practice of
A) business relationships.
B) communications.
C) conflict of interest.
D) fairness and honesty.
E) consumerism.

Answer: D
Explanation: Fairness and honesty are at the heart of business ethics and relate to values of decision makers. Businesspersons obeying the law are expected not to harm customers, employees, clients, or competitors knowingly through deception, misrepresentation, coercion, or discrimination.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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56) A hair dryer manufacturer produced a new model that could dry a person's hair in under five minutes. When customers used this hair dryer and experienced scalp and hand burns, the manufacturer was required to create and enforce detailed plans to prevent future burns. This example relates to
A) fairness and honesty.
B) competition.
C) obeying laws and regulations.
D) communications.
E) business relationships.

Answer: A
Explanation: This example relates to fairness and honesty. Companies are expected to disclose potential harm caused by product use.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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57) The European Commission investigated Google to determine whether it promoted its own search results over those of other search engines in spite of their relevance. The aspect of fairness at issue here is
A) conflict of interest.
B) communications.
C) competition.
D) dishonesty.
E) disclosure of potential harm.

Answer: C
Explanation: One aspect of fairness relates to competition. Companies sometimes attempt to gain control over markets by using questionable practices that harm competition. The European Commission investigated Google to determine whether it was promoting its own search results over those of competitors in spite of their relevance.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
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58) All of the following are associated with dishonesty EXCEPT
A) lack of integrity.
B) competition.
C) lack of disclosure.
D) lying.
E) stealing.

Answer: B
Explanation: Dishonesty is usually associated with a lack of integrity, lack of disclosure, and lying. Stealing and cheating are other examples of dishonesty.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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59) In the realm of business ethics, when automobile companies fail to issue recalls in a timely manner, this is an issue related to
A) conflict of interest.
B) communications.
C) product design.
D) business relationships.
E) financing.

Answer: B
Explanation: Truthfulness about product quality and effectiveness is important to consumers. General Motors, Toyota, and Honda all faced fines for product quality issues and for not issuing recalls in a timely manner.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
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60) People in the entertainment industry claim that requiring warning labels on movies and video games violates their _____ right.
A) Sixth Amendment
B) Thirteenth Amendment
C) Tenth Amendment
D) First Amendment
E) Second Amendment

Answer: D
Explanation: People in the entertainment industry claim that requiring warning labels on movies and video games violates their First Amendment right to freedom of expression. Other consumers believe that labeling is needed to protect children from harmful influences.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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61) The National Business Ethics Survey found that employees who feel pressured to compromise ethical standards view _____ as the greatest source of such pressure.
A) CEOs
B) shareholders and stakeholders
C) clients
D) top and middle managers
E) co-workers

Answer: D
Explanation: Managers, because of the inherent authority of their position, have the opportunity to influence employees' actions. The National Business Ethics Survey found that employees who feel pressured to compromise ethical standards view top and middle managers as the greatest source of such pressure.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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62) With respect to ethics, managers are responsible for
A) creating a work environment that helps the organization achieve its objectives and fulfill its responsibilities.
B) encouraging employees to engage in activities that they might otherwise view as unethical.
C) providing vague supervision on ethical issues to avoid overly influencing employees.
D) offering no ethical direction to employees to create opportunities for individual ethics.
E) influencing employees' actions to save costs.

Answer: A
Explanation: Managers are responsible for creating a work environment that helps the organization achieve its objectives and fulfill its responsibilities. Influencing employees' actions to save money, compromising employee rights, providing vague supervision, and offering no ethical direction can have negative consequences.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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63) _____ involves taking someone else's work and presenting it as your own.
A) Conflict of interest
B) Bullying
C) Inspiration
D) Bribery
E) Plagiarism

Answer: E
Explanation: In business, the ethical issue of plagiarism arises when an employee copies reports or takes the work or ideas of others and presents it as his or her own without mentioning the source.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
AACSB: Ethics
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64) The warning on cigarette packages about the health implications of smoking is an example of which element of fairness and honesty?
A) conflict of interest
B) fairness and honesty
C) communications
D) relationships within a business
E) environmental issues

Answer: C
Explanation: An important aspect of communications regarding an ethical issue is product labeling such as the Surgeon General's warning on cigarette packages.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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65) Which of the following behaviors is the best example of ethical consideration within the purview of business relationships?
A) keeping company secrets
B) communicating about safety and quality
C) whistleblowing
D) obeying environmental laws
E) donating to local charities

Answer: A
Explanation: Ethical behavior within a business involves keeping company secrets, meeting obligations and responsibilities, and avoiding undue pressure that may force others to act unethically.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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66) If a manager pressures a subordinate to engage in activities that he or she may otherwise view as unethical, such as engaging in accounting fraud or stealing a competitor's secrets, this would be an ethical issue related to
A) plagiarism.
B) business relationships.
C) communications.
D) social responsibility.
E) conflicts of interest.

Answer: B
Explanation: Ethical behavior within a business involves keeping company secrets, meeting obligations and responsibilities, and avoiding undue pressure that may force others to act unethically. Thus, a manager pressuring a subordinate to engage in activities that he or she may otherwise view as unethical, such as engaging in accounting fraud or stealing a competitor's secrets, would be an ethical issue related to business relationships.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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67) If a manager attempts to take credit for a subordinate's ideas, he or she is engaging in
A) keeping a secret.
B) misuse of resources.
C) plagiarism.
D) bullying.
E) bribery.

Answer: C
Explanation: When a manager attempts to take credit for a subordinate's ideas, he or she is engaging in a type of plagiarism.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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68) Which of the following indicates that a person has begun the process of resolving an ethical issue?
A) deciding not to discuss what he or she is doing with co-workers or superiors
B) recognizing the ethical issue and openly discussing it with others
C) ignoring the ethical issue until it goes away
D) making decisions without recognizing the embedded ethical issue
E) recognizing the ethical issue and keeping it secret

Answer: B
Explanation: Once a person has recognized an ethical issue and can openly discuss it with others, he or she has begun the process of resolving the issue.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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69) Which of the following is NOT a question to consider in determining whether an action is ethical?
A) Are there any potential legal restrictions or violations that could result from the action?
B) Does your company have a specific code of ethics or policy on the action?
C) How does this activity fit with your own beliefs and values?
D) Would this activity be accepted by your co-workers?
E) Is this activity customary across all industries in your country?

Answer: E
Explanation: The questions to consider in determining whether an action is ethical are: Are there any potential legal restrictions or violations that could result from the action? Does your company have a specific code of ethics or policy on the action? Is this activity customary in your industry? Would this activity be accepted by your co-workers? How does this activity fit with your own beliefs and values?
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
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70) Ethical decisions in an organization are influenced by individual moral standards, the influence of managers and co-workers, and
A) individual religious values.
B) informal ethical policies or rules.
C) the opportunity to engage in misconduct.
D) family influence.
E) ethical values of clients.

Answer: C
Explanation: Ethical decisions in an organization are influenced by three key factors: individual moral standards, the influence of managers and co-workers, and the opportunity to engage in misconduct.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
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71) Jim's boss often goes on Facebook at work. As a result, the rest of his team goes on Facebook as well. This is an example of
A) individual moral standards.
B) opportunity for misconduct.
C) the influence of co-workers.
D) the influence of managers.
E) personal ethics.

Answer: D
Explanation: This is an example of the influence of managers. If your boss goes on Facebook at work, you and your co-workers are more likely to do so as well.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

72) Kim's company, Globotech, does not have established rules and policies on ethics. It is a small, independent company that depends on its employees to use their own judgment. This structure can lead to
A) opportunity for misconduct.
B) conflicts of interest.
C) temptation to be influenced by managers.
D) blaming others for personal conduct.
E) pressure to act unethically.

Answer: A
Explanation: If a company fails to provide good examples and direction for appropriate conduct, confusion and conflict will develop and result in the opportunity for misconduct.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
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73) Which of the following is true of professional codes of ethics?
A) They are informal rules of ethics followed by employees.
B) They do not have to provide any guidelines and principles.
C) They do not have to be too detailed.
D) They should only be developed by the board of directors of a firm.
E) They should take into account every ethical situation possible.

Answer: C
Explanation: Professional codes of ethics do not have to be so detailed that they take into account every situation, but they should provide guidelines and principles that can help employees achieve organizational objectives and address risks in an acceptable and ethical way. The development of a code of ethics should include not only a firm's executives and board of directors, but also legal staff and employees from all areas of a firm.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

74) Hwan was responsible for writing a document that provided guidelines and principles to help employees act in an acceptable, ethical manner. This document is called
A) an employee contract.
B) an HR manual.
C) a company credo.
D) a mission statement.
E) a code of ethics.

Answer: E
Explanation: Codes of ethics should provide guidelines and principles that can help employees achieve organizational objectives and address risks in an acceptable and ethical way.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
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75) A set of formalized rules and standards that describes what a company expects of its employees is called a
A) contractual capacity.
B) consumerist code.
C) moral philosophy.
D) social responsibility.
E) code of ethics.

Answer: E
Explanation: Codes of ethics are formalized rules and standards that describe what the company expects of its employees.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

76) Codes of ethics, policies on ethics, and ethics training programs advance ethical behavior because they
A) do not limit the opportunity for misconduct.
B) result in expensive litigation.
C) infringe on consumers' rights to be informed.
D) prescribe which activities are acceptable and which are not.
E) are strictly voluntary in nature.

Answer: D
Explanation: Codes of ethics, policies on ethics, and ethics training programs advance ethical behavior because they prescribe which activities are acceptable and which are not, and they limit the opportunity for misconduct by providing punishments for violations of the rules and standards.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
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77) According to the National Business Ethics Survey, employees in organizations that have written codes of conduct and ethics training, ethics offices or hotlines, and systems for reporting are more likely to
A) ignore misconduct when they see it.
B) find clever ways to hide their misconduct.
C) report misconduct when they observe it.
D) deal with misconduct on their own.
E) assume that no misconduct exists in their organizations.

Answer: C
Explanation: According to the National Business Ethics Survey, employees in organizations that have written codes of conduct and ethics training, ethics offices or hotlines, and systems for reporting are more likely to report misconduct when they observe it. The survey found that a company's ethical culture is the greatest determinant of future misconduct.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

78) Codes of ethics foster ethical behavior by
A) highlighting the religious implications of behaving in an unethical manner.
B) limiting the opportunity to behave unethically by providing punishments for violations of the rules and standards.
C) making the employees understand that they should use their own judgment to determine if an action is ethical.
D) pointing out to the employees that ethical behaviors are subjective and are dependent on social perceptions.
E) encouraging employees to be more competitive and profit-oriented.

Answer: B
Explanation: Codes of ethics, policies on ethics, and ethics training programs advance ethical behavior because they prescribe which activities are acceptable and which are not, and they limit the opportunity for misconduct by providing punishments for violations of the rules and standards.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
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79) A large number of _____ cases result in retaliation against the employee, even though the government has tried to take steps to protect workers and to encourage reporting of misconduct.
A) executive
B) civil
C) whistleblowing
D) petty theft
E) federal

Answer: C
Explanation: The government seeks to reward firms that report misconduct; however, many whistleblowers still suffer retaliation. Congress has taken steps to close a legislative loophole that resulted in the dismissal of many whistleblowers.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

80) Which of the following is a reason why a code of ethics is important?
A) It alerts employees about important issues and risks to address.
B) It provides an individual approach to dealing with ethical decisions.
C) It serves as an internal document, which is not shared with the public, suppliers, or regulatory authorities.
D) It negates the need to have systems for reporting or places to go for advice when facing an ethical issue.
E) It negates the need to evaluate and improve ethical decision making.

Answer: A
Explanation: A code of ethics is important because it alerts employees about important issues and risks to address. It also provides values such as integrity, transparency, honesty, and fairness; gives guidance to employees when facing gray or ambiguous situations; alerts employees to systems for reporting; establishes uniform ethical conduct; serves as an important document for communicating to the public, suppliers, and regulatory authorities; and provides the foundation for evaluation and improvement of ethical decision making.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Understand
AACSB: Ethics
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81) According to the National Business Ethics Survey (NBES), _____ is (are) the greatest determinant of future misconduct.
A) a company's workforce
B) the external environment
C) the universal business overview
D) a company's ethical culture
E) a company's stakeholders

Answer: D
Explanation: According to the National Business Ethics Survey (NBES), employees in organizations that have written codes of conduct and ethics training, ethics offices or hotlines, and systems for reporting are more likely to report misconduct when they observe it. The survey found that a company's ethical culture is the greatest determinant of future misconduct.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

82) _____ is the act of an employee exposing an employer's wrongdoing to outsiders.
A) Fraud
B) Whistleblowing
C) Plagiarism
D) Bullying
E) Gatekeeping

Answer: B
Explanation: Whistleblowing occurs when there is a lack of anonymous reporting mechanisms in a company and an employee therefore finds it necessary to expose the firm's wrongdoing to the government or media.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Remember
AACSB: Ethics
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83) Which of the following is true of the Dodd-Frank Act passed by the U.S. Congress in 2010?
A) It is an act that rewards organizations that follow high standards of business ethics.
B) It rewards business organizations that are found to be involved in unethical practices.
C) It protects the rights of foreign businesses operating in the United States.
D) It provides monetary rewards to those organizations that take action against employees involved in professional misconduct.
E) It encourages whistleblowers to provide information about corporate misconduct through monetary rewards.

Answer: E
Explanation: In 2010, Congress passed the Dodd-Frank Act, which includes a 'whistleblower bounty program.' The Securities and Exchange Commission can now award whistleblowers between 10 and 30 percent of monetary sanctions over $1 million.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

84) All of the following are true of current trends in ethics programs EXCEPT
A) organizations are moving away from legally-based ethical initiatives.
B) organizations are moving toward cultural- or integrity-based initiatives.
C) organizations recognize that effective business ethics programs are good for business performance.
D) firms that develop higher levels of trust function more efficiently and effectively and avoid damaged company reputations and product images.
E) lack of organizational ethics initiatives do not impact organizational objectives but do impact employee retention.

Answer: E
Explanation: The current trend is to move away from legally based ethical initiatives and toward cultural- or integrity-based initiatives that make ethics a part of core organizational values. Organizations recognize that effective business ethics programs are good for business performance. Firms that develop higher levels of trust function more efficiently and effectively and avoid damaged company reputations and product images. Lack of organizational ethics initiatives and the absence of workplace values such as honesty, trust, and integrity can have a negative impact on organizational objectives and employee retention
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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85) Which of the following is one of the most common factors that executives give for an increase in turnover?
A) a lack of transparency among company leaders
B) an absence of unfair employee treatment
C) a decrease in attrition rate in a company
D) an increase in employee engagement
E) an absence of employee dissatisfaction

Answer: A
Explanation: Three of the most common factors that executives give for why turnover increases are employee loss of trust in the company, a lack of transparency among company leaders, and unfair employee treatment.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

86) Being profitable relates to the _____ dimension of social responsibility.
A) corporate citizenship
B) voluntary
C) ethical
D) legal
E) economic

Answer: E
Explanation: There are four dimensions of social responsibility: economic, legal, ethical, and voluntary. Economic responsibility refers to earning a profit, which is the foundation of the social responsibility pyramid.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

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87) Obeying the law is a business's
A) right.
B) choice.
C) economic responsibility.
D) legal responsibility.
E) ethical responsibility.

Answer: D
Explanation: Businesses, like all organizations, have a legal responsibility to obey the law.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

88) _____ is the extent to which businesses meet the legal, ethical, economic, and voluntary responsibilities placed on them by their various stakeholders.
A) Ethical well-being
B) Economic status quo
C) Virtual sustainability
D) Unaccountable consumerism
E) Corporate citizenship

Answer: E
Explanation: Corporate citizenship is the extent to which businesses meet the legal, ethical, economic, and voluntary responsibilities placed on them by their various stakeholders.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Understand
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89) Which of the following involves the activities and organizational processes adopted by businesses to meet their social responsibilities?
A) carbon neutrality
B) corporate citizenship
C) hierarchical clustering
D) social dominance
E) organizational ethics

Answer: B
Explanation: Corporate citizenship involves the activities and organizational processes adopted by businesses to meet their social responsibilities.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

90) ABCD Corp takes great pains to make sure it meets the legal, ethical, economic, and voluntary responsibilities expected from its stakeholders. This company is demonstrating
A) carbon neutrality.
B) corporate citizenship.
C) stakeholder sensitivity.
D) social dominance.
E) organizational ethics.

Answer: B
Explanation: Corporate citizenship is the extent to which businesses meet the legal, ethical, economic, and voluntary responsibilities placed on them by their various stakeholders. It involves the activities and organizational processes adopted by businesses to meet their social responsibilities.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
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91) Which of the following is a dimension of social responsibility?
A) political
B) philosophical
C) mechanical
D) rational
E) ethical

Answer: E
Explanation: The four dimensions of social responsibility are legal, economic, voluntary, and ethical.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

92) Globotech created its own continuing education program that offers eligible employees full tuition to pursue continuing education related to their roles at the company. It also created a scholarship program to help employees send their children to college. These programs exemplify the company's
A) ethics, principles, and values.
B) financial viability.
C) compliance with legal and regulatory requirements.
D) corporate citizenship.
E) philanthropic activities.

Answer: E
Explanation: These programs exemplify the company's philanthropic activities. These additional activities may not be required, but they promote human welfare or goodwill.
Difficulty: 3 Hard
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Apply
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93) All of the following are alternative energy sources EXCEPT
A) solar.
B) fossil fuel.
C) wind.
D) biofuel.
E) hydro.

Answer: E
Explanation: Part of the answer to climate change issues is alternative energy such as solar, wind, biofuels, and hydro applications.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Knowledge
AACSB: Ethics
Accessibility: Keyboard Navigation

94) Philanthropic contributions made by a business to a charitable organization represent the _____ dimension of social responsibility.
A) corporate citizenship
B) economic
C) legal
D) ethical
E) voluntary

Answer: E
Explanation: Voluntary responsibilities include philanthropic donations.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Remember
AACSB: Ethics
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95) Which of the following is an argument that supports social responsibility?
A) Business may not have the expertise needed to assess and make decisions about social and economic issues.
B) The responsibility of business to society is to earn profits and create jobs.
C) As members of society, businesses and their employees should support society through taxes and contributions to social causes.
D) Participation in social programs gives businesses greater power, perhaps at the expense of concerned stakeholders.
E) Social problems are the responsibility of the government agencies and officials who can be held accountable by voters.

Answer: C
Explanation: As members of society, businesses and their employees should support society through taxes and contributions to social causes.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

96) Studies have found a direct relationship between social responsibility and _____ in business.
A) profitability
B) ethics
C) declining stock prices
D) happiness of stakeholders
E) global warming

Answer: A
Explanation: Studies have found a direct relationship between social responsibility and profitability in business, as well as a link that exists between employee commitment and customer loyalty.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
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97) Businesses must first be responsible to their_____, who are primarily concerned with earning a profit.
A) clients
B) vendors
C) top managers
D) owners
E) employees

Answer: D
Explanation: Businesses must first be responsible to their owners, who are primarily concerned with earning a profit or a return on their investment in a company.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

98) Social responsibility is an area of business with issues that
A) stay constant due to consistent societal demands.
B) change occasionally in response to society's demands.
C) are easy to resolve.
D) change constantly in response to society's demands.
E) will eventually be completely resolved.

Answer: D
Explanation: Social responsibility is a dynamic area with issues changing constantly in response to society's demands.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
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99) _____ is defined as the activities that individuals, groups, and organizations undertake to protect their rights as customers.
A) Consumerism
B) Civil rights
C) Protectionism
D) Conspicuous consumption
E) The right to choose

Answer: A
Explanation: Consumerism is defined as the activities that individuals, groups, and organizations undertake to protect their rights as consumers.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
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100) Lucia always tells her friends and co-workers to lobby government agencies and boycott companies whose actions are irresponsible or harmful. This is called
A) consumerism.
B) civil rights.
C) protectionism.
D) conspicuous consumption.
E) the right to choose.

Answer: A
Explanation: Consumerism is defined as the activities that individuals, groups, and organizations undertake to protect their rights as consumers.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
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101) Laws regarding workplace safety are enforced by the
A) Federal Trade Commission.
B) Occupational Safety and Health Administration.
C) Environmental Protection Agency.
D) Consumer Bill of Rights.
E) Corrupt Practices Act.

Answer: B
Explanation: Many laws regarding safety in the workplace are enforced by the Occupational Safety and Health Administration (OSHA).
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
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102) The right to _____ means that a business must not knowingly sell anything that could result in personal injury or harm to consumers.
A) choose
B) information
C) safety
D) selection
E) be heard

Answer: C
Explanation: The right to safety means that a business must not knowingly sell anything that could result in personal injury or harm to consumers.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
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103) The right to choose ensures that
A) consumers' interests will receive full and sympathetic consideration when the government formulates policy.
B) consumers do not have to pay service taxes.
C) consumers enjoy fair treatment if they voice complaints about a purchased product.
D) consumers enjoy freedom to review complete information about a product before they buy it.
E) consumers have access to a variety of goods and services at competitive prices.

Answer: E
Explanation: The right to choose ensures that consumers have access to a variety of goods and services at competitive prices. The assurance of both satisfactory quality and service at a fair price is also a part of the consumer's right to choose.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
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104) The assurance of both satisfactory quality and service at a fair price is a part of the consumer's right to
A) choose.
B) be heard.
C) be informed.
D) safety.
E) consider.

Answer: A
Explanation: The right to choose ensures that consumers have access to a variety of goods and services at competitive prices. The assurance of both satisfactory quality and service at a fair price is also a part of the consumer's right to choose.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
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105) The right to _____ assures consumers that their interests will receive full and sympathetic consideration when the government formulates policy.
A) choose
B) be informed
C) consider
D) safety
E) be heard

Answer: E
Explanation: The right to be heard assures consumers that their interests will receive full and sympathetic consideration when the government formulates policy.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
AACSB: Analytical Thinking
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106) A major social responsibility for businesses is providing _____ for all employees.
A) higher wages
B) equal opportunities
C) more free time
D) better health care
E) equal holiday pay

Answer: B
Explanation: A major social responsibility for all business is providing equal opportunities to all employees regardless of sex, age, race, religion, or nationality.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
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107) John F. Kennedy's 1962 consumer bill of rights outlined four rights: the right to be informed, the right to choose, the right to be heard, and the right to
A) regulations.
B) service.
C) nondiscrimination.
D) fix prices.
E) safety.

Answer: E
Explanation: John F. Kennedy's 1962 consumer bill included the right to be informed, the right to choose, the right to be heard, and the right to safety.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

108) The right to _____ gives consumers the freedom to review all details about the products they wish to buy.
A) be informed
B) be heard
C) purchase
D) choose
E) speak out

Answer: A
Explanation: The right to be informed provides consumers access to information about the products they wish to buy and ensures vital information is contained on product packages and labels.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
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109) Healthy Foods, Inc. started using a new experimental sugar substitute in its products. However, it didn't include that this sugar substitute could cause dizziness and nausea anywhere on its packaging. This is a violation of the consumers' right to
A) be heard.
B) choose.
C) be informed.
D) safety.
E) be healthy.

Answer: C
Explanation: This example violates the consumers' right to be informed. This right means that detailed information about ingredients, risks, and instructions for use are to be printed on labels and packages.
Difficulty: 3 Hard
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

110) Which of the following is true about the role of the Federal Trade Commission's Bureau of Consumer Protection?
A) It protects consumers against unfair, deceptive, or fraudulent practices.
B) It is divided into three divisions.
C) It protects companies from unfair consumer demands.
D) The Division of Enforcement investigates consumer violations of laws.
E) It doesn't investigate unfulfilled holiday delivery promises by online shopping sites or scholarship scams.

Answer: A
Explanation: The role of the Federal Trade Commission's Bureau of Consumer Protection exists to protect consumers against unfair, deceptive, or fraudulent practices.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
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111) Employees expect businesses to
A) move completely to telecommuting.
B) respect their rights as consumers.
C) protect their investments.
D) keep them informed of what is happening in the company.
E) run the company without their input.

Answer: D
Explanation: Employees expect businesses to provide a safe workplace, pay them adequately for their work, and keep them informed of what is happening in their company. They want employers to listen to their grievances and treat them fairly.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
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112) Which social responsibility issue is affected when a company provides parental leave to employees?
A) employee relations
B) relations with owners and stockholders
C) consumer relations
D) sustainability issues
E) environmental issues

Answer: A
Explanation: Employees expect businesses to provide a safe workplace, pay them adequately for their work, and keep them informed of what is happening in their company. They want employers to listen to their grievances and treat them fairly. Many firms have begun implementing extended parental leave for families with new babies.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
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113) _____ involves the interaction among nature and individuals, organizations, and business strategies and includes the assessment and improvement of business strategies, economic sectors, work practices, technologies, and lifestyles, so that they maintain the health of the natural environment.
A) Philanthropy
B) Consumerism
C) Sustainability
D) Biodiversity
E) Dualism

Answer: C
Explanation: Sustainability refers to the process of conducting activities in such a way as to provide for the long-term well-being of the natural environment, including all biological entities. Hence, it involves the interaction among nature and individuals, organizations, and business strategies and includes the assessment and improvement of business strategies, economic sectors, work practices, technologies, and lifestyles, so that they maintain the health of the natural environment.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
AACSB: Ethics
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114) Pollution of water and soil from activities such as oil and gas drilling is primarily related to
A) consumer relations.
B) sustainability issues.
C) community relations.
D) employee relations.
E) relations with stockholders.

Answer: B
Explanation: One area of environmental concern is pollution of water and soil from business activities. Sustainability refers to conducting activities in such a way as to provide for the long-term well-being of the natural environment, including all biological entities.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
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115) The fact that environmental responsibility requires trade-offs means that it
A) instigates trade relations.
B) facilitates international competition.
C) helps in generating profits.
D) imposes costs on both business and the public.
E) promotes the practice of fair trade.

Answer: D
Explanation: With current technology, environmental responsibility requires trade-offs. Society must weigh the huge costs of limiting or eliminating pollution against the health threat posed by the pollution. Environmental responsibility imposes costs on both business and the public.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
AACSB: Ethics
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116) The most common way that businesses exercise community responsibility is through
A) establishing codes of ethics.
B) submission of environmental reports.
C) obeying the law.
D) recycling.
E) donations to charitable organizations.

Answer: E
Explanation: The most common way that businesses demonstrate their community responsibility is through donations to local and national charitable organizations and causes.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
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117) _____ refers to attaching a positive environmental association on an unsuitable product, service, or practice.
A) Greenwashing
B) Whitewashing
C) Green marketing
D) Astroturfing
E) Conspicuous conservation

Answer: A
Explanation: Environmentalists are concerned that some companies are merely greenwashing, or 'creating a positive association with environmental issues for an unsuitable product, service, or practice.'
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

118) _____ emerged as a major issue in the 20th century in the face of increasing evidence that pollution, uncontrolled use of natural resources, and population growth were putting increasing pressure on the long-term sustainability of these resources.
A) Ethnic cleansing
B) Environmental protection
C) Genocide
D) Homicide
E) Whistleblowing

Answer: B
Explanation: Environmental protection emerged as a major issue in the 20th century in the face of increasing evidence that pollution, uncontrolled use of natural resources, and population growth were putting increasing pressure on the long-term sustainability of these resources.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
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119) A survey of employers conducted in Indiana revealed that _____ percent reported leaving positions unfilled because the applicants were not qualified.
A) 3
B) 11
C) 66
D) 51
E) 39

Answer: E
Explanation: A survey of employers conducted in Indiana revealed that 39 percent reported leaving positions unfilled because the applicants were not qualified.
Difficulty: 1 Easy
Topic: Recruitment and Hiring
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

120) Which of the following organizations funds programs to train the hard-core unemployed so that they can find jobs and support themselves?
A) Transparency International
B) Boston Consulting Group
C) National Alliance of Businessmen
D) National Business Ethics Organization
E) British Financial Services

Answer: C
Explanation: Organizations such as the National Alliance of Businessmen fund programs to train the hard-core unemployed so that they can find jobs and support themselves.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Debate an organization's social responsibilities to owners, employees, consumers, the environment, and the community.
Bloom's: Remember
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121) Choose an issue facing a company that has been prominently featured in the news and discuss the ethical implications of this issue. Define any key terms that you use in your response.

Answer: Students' answers will vary, but they should aim to use and define key terms such as business ethics and social responsibility. They may also want to define and discuss the term ethical issue.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Define business ethics and social responsibility and examine their importance.
Bloom's: Apply
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

122) Malik, an employee at Shield Corp., constantly yells at new employees in the workplace. In this context, discuss the kind of misconduct that Malik engages in and what the consequences are likely to be.

Answer: In this scenario, Malik engages in bullying, which belongs to the abusive and intimidating category of behaviors in the workplace. Bullying is a kind of misconduct that is often associated with a hostile workplace when a person or group is targeted and is threatened, harassed, belittled, verbally abused, or overly criticized. In the context of the National Business Ethics Survey, bullying is a widespread problem in the United States, and can cause psychological damage that can result in health-endangering consequences to the target. Other surveys indicate that approximately one in three adults have experienced bullying in the workplace, and one in seven workers witness bullying, most of them, from their supervisors or others in the management.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
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123) Nadia, a human resource executive with Enigma Corp., bought a pair of sunglasses online on a company computer during office hours. In this scenario, discuss the kind of misconduct that Nadia engaged in and other kinds of misconduct that belong to the same category as per the National Business Ethics Survey.

Answer: In this scenario, Nadia's online shopping act is categorized as the misuse of company resources as per the National Business Ethics Survey. Misuse of company resources has been identified by the Ethics Resource Center as a leading issue in observed misconduct in organizations. Other kinds of misconduct that are similar to Nadia's act include downloading music, doing personal banking, surfing the Internet for entertainment purposes, or visiting Facebook. Other issues include spending an excessive amount of time on personal e-mails, submitting personal expenses on company expense reports, or using the company copier for personal use. While serious resource abuse can result in firing, some abuse can have legal repercussions.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

124) Kabal, an assistant pharmacist at Medusa Inc., stole money from the cash counter to purchase cocaine. In this scenario, discuss the ethics that Kabal has violated in his workplace.

Answer: According to this scenario, Kabal has violated the ethics of fairness and honesty in his workplace. Fairness and honesty are related to the general values of decision makers. At the basic level, business persons are expected to obey the law and not to harm customers, employees, clients, or competitors knowingly through deception, misrepresentation, coercion, or discrimination. In addition, these ethics are also associated with the manner in which employers and employees use the resources of the organization.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
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125) Discuss four reasons why it is important for companies to have codes of ethics.

Answer: Having a code of ethics is important because it alerts employees about important issues and risks to address and provides values such as integrity, transparency, honesty, and fairness that gives the foundation for building an ethical culture. Further, it guides employees when facing gray or ambiguous situations or ethical issues that they have never faced before and alerts employees to systems for reporting or places to go for advice when facing an ethical issue. It also helps establish uniform ethical conduct and values that provides a shared approach to dealing with ethical decisions and serves as an important document for communicating to the public, suppliers, and regulatory authorities about the company's values and compliance. Lastly, it provides the foundation for evaluation and improvement of ethical decision making.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Apply
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

126) What are the arguments for and against social responsibility?

Answer: The arguments for social responsibility are that it rests on stakeholder engagement and results in benefits to society and improved firm performance; businesses have financial and technical resources to address sustainability, health, and education; businesses and their employees should support society through taxes and contributions to social causes; socially responsible decision making can prevent increased government regulation; and social responsibility is necessary to ensure economic survival. The arguments against social responsibility are that it sidetracks managers from earning profit; it gives them greater power, perhaps at the expense of concerned stakeholders; business may not have the expertise needed to assess and make decisions about social and economic issues; social problems are the government's responsibility; and creation of nonprofits and contributions to them are the best ways to implement social responsibility.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Understand
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