

Business Essentials, 13e (Ebert/Griffin)

Chapter 2 Understanding Business Ethics and Social Responsibility

1) What are the individual beliefs about what is right and wrong or good and bad referred to as?

- A) Motivators
- B) Rules
- C) Cultures
- D) Ethics
- E) Laws

Answer: D

Difficulty: Easy

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

2) Which of the following should be the first step in assessing ethical behavior in a certain situation?

- A) Seek the advice of managers.
- B) Make a judgment based on the outcome of the activity.
- C) Consider appropriate moral values.
- D) Collect facts related to the situation.
- E) Gather a range of opinions on the effectiveness of the situation.

Answer: D

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Application

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

3) Which of the following is likely the single MOST effective step that a company can take to set ethical standards?

- A) Offer large cash awards for whistle-blowing.
- B) Suggest that employees take ethics training.
- C) Post ethical rules on bulletin boards.
- D) State that the workplace values diversity.
- E) Demonstrate support from top management.

Answer: E

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

4) How do top managers BEST demonstrate a commitment to ethical business practices?

- A) By adopting and enforcing written codes of ethics
- B) By reading employees' e-mails
- C) By decentralized decision-making practices
- D) By cooperating with other companies
- E) By monitoring employees' web searches

Answer: A

Difficulty: Easy

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

5) Which category of ethics relates to matters such as hiring, firing, working conditions, privacy and respect?

- A) Behavior toward economic agents
- B) Behavior toward employees
- C) Behavior toward the organization
- D) Elimination of conflicts of interest
- E) Social responsibility

Answer: B

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

6) When an activity benefits an individual but not the employer, which ethical dilemma has been created?

- A) Lack of social responsibility
- B) Violation of the code of conduct
- C) Conflict of morals
- D) Interaction with primary agents of interest
- E) Conflict of interest

Answer: E

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

7) Which of the following ethical norms ensures an action is consistent with what's fair?

- A) Caring
- B) Morals
- C) Justice
- D) Social responsibility
- E) Economic agents

Answer: C

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

8) Which ethical norm considers whether a particular act optimizes the benefits to those who are affected by it?

- A) Utility
- B) Rights
- C) Justice
- D) Caring
- E) Respect

Answer: A

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

9) When evaluating a decision based on the ethical norm based on individual rights, a manager is MOST likely to consider which of the following questions?

- A) Is the decision consistent with what we regard as fair?
- B) Does the decision respect the all individuals involved?
- C) Is the decision consistent with people's responsibilities to each other?
- D) Does the decision optimize the benefits for those who are affected by it?
- E) Does the decision comply with current legislation?

Answer: B

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Analytical

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

10) Standards that help to shape behaviors towards employees, the organization, and other economic agents are

- A) social responsibilities.
- B) managerial ethics.
- C) whistle-blowing techniques.
- D) values.
- E) morals.

Answer: B

Difficulty: Moderate

AACSB: Analytical thinking

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

11) When a firm significantly increases the price of a good or service because of an increase in demand, what unethical practice are they potentially engaging in?

- A) Consumerism
- B) Collusion
- C) Unfair pricing
- D) Collaboration
- E) Price gouging

Answer: E

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

12) In addition to an individual's values and morals, which of the following will determine whether a behavior is regarded as ethical or unethical?

- A) Laws
- B) Social context
- C) Code of Conduct
- D) Behavior towards the organization
- E) Opinion of stakeholders

Answer: B

Difficulty: Moderate

AACSB: Analytical thinking

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

13) Sally's boss is out of town and she is considering taking an extended lunch to get some shopping done. Although no one will know she is gone, she knows this is not the right things to do, and that her boss has placed trust in her work ethic. Which of the following confirms Sally's belief about what is right and good, and the social norms expected of her?

- A) Social responsibility
- B) Ethical behavior
- C) Laws
- D) Managerial ethics
- E) Social consciousness

Answer: B

Difficulty: Moderate

AACSB: Analytical thinking

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

14) Which of the following is the ethical or unethical behaviors by employees in the context of their jobs?

- A) Justice
- B) Managerial ethics
- C) Business ethics
- D) Individual values
- E) Morals

Answer: C

Difficulty: Moderate

AACSB: Analytical thinking

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

15) Why do ethics vary from person to person, from situation to situation, and from culture to culture?

- A) Ideas of right and wrong must comply with those of the employers in the community.
- B) Laws that support ethics vary by culture.
- C) It is difficult to distinguish ethics from social responsibility.
- D) Ideas of right and wrong are based on beliefs and social context.
- E) Social standards can be narrowly interpreted.

Answer: D

Difficulty: Moderate

AACSB: Analytical thinking

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

16) Which of the following is the basis for formal laws within society?

- A) Standards of behavior of managers toward employees
- B) Codes of conduct
- C) Business opportunity
- D) Individuals values and morals
- E) Prevailing ethics standards

Answer: E

Difficulty: Moderate

AACSB: Analytical thinking

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

17) Ron has an employee who he thinks is acting in a manner that is not in the best interest for the organization. Ron has gathered facts from a variety of vendors, suppliers, and co-workers.

Which of the following is Ron's next step in assessing the ethical behavior of his employee?

- A) Determine the utility of the potentially unethical behavior.
- B) Ask the employee to rationalize their behavior.
- C) Write a policy that addresses the potentially unethical behavior.
- D) Make an ethical judgment based on his standards of right and wrong.
- E) Analyze the facts and determine the most appropriate moral values.

Answer: E

Difficulty: Moderate

AACSB: Analytical thinking

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

18) Which of the following is the ethical norm that measures how consistent an act is in terms of people's responsibility to each other?

- A) Caring
- B) Morals
- C) Utility
- D) Justice
- E) Rights

Answer: A

Difficulty: Moderate

AACSB: Analytical thinking

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

19) ABCo works hard to maintain a positive working relationship with employees, suppliers, and vendors. They have developed clear positions on how the firm and the employees will conduct business. Which of the following should ABCo use to encourage and guide ethical behavior in the workplace?

- A) Statement of rights to privacy
- B) E-mail monitoring
- C) Code of conduct
- D) Monitoring of online searches and other electronic activity
- E) Social responsibility programs

Answer: C

Difficulty: Moderate

AACSB: Analytical thinking

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

20) In addition to adopting formal written codes to ethical business practices, what else is one of the MOST common approaches to formalizing top management's commitment to ethical behavior?

- A) Outlining core principles and values
- B) Revising organizational objectives
- C) Monitoring stakeholder activities
- D) Instituting ethics programs
- E) Tracking employee use of technology

Answer: D

Difficulty: Moderate

AACSB: Analytical thinking

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

21) Woojin is a new employee and wants to ensure he is supporting the organization's core principles and values in all he does. Where can he learn more about the values and principles that are especially important to his organization?

- A) Colleges and universities
- B) Executives who are no longer with the organization
- C) Peers in the organization
- D) Written codes and policies
- E) Small Business Administration

Answer: D

Difficulty: Moderate

AACSB: Analytical thinking

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

22) Ethics are beliefs about what is right and wrong.

Answer: TRUE

Difficulty: Easy

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

23) Business ethics refer to ethical or unethical behaviors by employees in the context of their personal lives.

Answer: FALSE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

24) The standards of behavior that guide managers in their work are called written codes.

Answer: FALSE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Application

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

25) Some ethical and unethical behaviors fall into gray areas, while others are widely agreed upon.

Answer: TRUE

Difficulty: Easy

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

26) A conflict of interest occurs when an activity may benefit the individual to the detriment of his or her employer.

Answer: TRUE

Difficulty: Easy

AACSB: Ethical understanding and reasoning

Question Category: Application

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

27) Ethical values are the same from person to person.

Answer: FALSE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

28) What constitutes ethical behavior is determined entirely by the individual.

Answer: FALSE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

29) An individual's personal code of ethics is shaped by his or her life experiences.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

30) If an action is legal, it will be considered ethical as well.

Answer: FALSE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

31) Though an individual feels that his behavior is ethical, that behavior may still be considered unethical if social norms consider it to be so.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

32) The ethical norm of utility evaluates whether an act respects the rights of all parties.

Answer: FALSE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

33) The most essential element in encouraging ethical behavior in an organization is letting employees dictate ethical norms.

Answer: FALSE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

34) When considering ethical behavior toward primary agents of interest such as customers, competitors, and other stakeholders, there is ethical ambiguity in just about every activity.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

35) Businesses that sincerely stress the importance of ethical behavior tend to have fewer ethical scandals than those that do not.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

36) Discuss the three areas where managerial ethics affect the organization.

Answer: Managerial ethics are the standards of behavior that guide individual managers in their work. Although your ethics can affect your work in any number of ways, it's helpful to classify them in terms of three broad categories. 1.) Behavior toward employees: This category of managerial ethics relates to such matters as hiring and firing, wages and working conditions, and privacy and respect. Ethical guidelines suggest and legal standards require that hiring and firing decisions should be based solely on a person's ability to perform a job. 2.) Behavior toward the organization: Ethical issues can also arise from employee behavior toward employers, especially in such areas as conflict of interest, confidentiality, and honesty. A conflict of interest occurs when an activity may benefit the individual but to the detriment of his or her employer. 3.) Behavior toward other economic agents: Ethics also come into play in the relationship of a business and its employees with so-called primary agents of interest, mainly customers, competitors, stockholders, suppliers, dealers, and unions. In dealing with such agents, there is room for ethical ambiguity in just about every activity—advertising, financial disclosure, ordering and purchasing, bargaining and negotiation, and other business relationships.

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

37) What is the purpose of a written code of ethics?

Answer: A written code of ethics formally announces a company's intent to do business in an ethical manner and provides guidelines for enforcing their code of ethics.

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

38) What would constitute a conflict of interest in a business setting?

Answer: An activity that benefits the individual to the detriment of his or her employer would be considered a conflict of interest.

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Application

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

39) Describe the three-step model for applying ethical judgments.

Answer: The three-step model includes (1) gathering the relevant factual information; (2) determining the most appropriate moral values; and (3) making an ethical judgment based on the rightness or wrongness of the proposed activity or policy.

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Application

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

40) What role has e-mail played in business ethics and company practices?

Answer: E-mail messages can be retrieved and used as evidence. An increasingly controversial area regarding business ethics and company practices involves the privacy of e-mail and other communication that takes place inside an organization. For instance, some companies monitor the Web searches conducted by their employees, and the appearance of certain key words may trigger a closer review of how an employee is using the company's computer network. Although some companies argue they do this for business reasons, some employees claim that it violates their privacy.

Difficulty: Moderate

AACSB: Analytical thinking

Question Category: Critical Thinking

LO: 2.1: Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace.

41) Which of the following is the BEST description of organizational stakeholders?

A) Competitors

B) Government regulators

C) The officers and key employees of an organization

D) Individuals and businesses who own stock in a company

E) Individuals and groups that are directly affected by the practices of a company

Answer: E

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

42) Which term refers to the way in which a business tries to balance its commitments to groups and individuals in its social environment?

- A) Business ethics
- B) Socialization
- C) Stakeholder consciousness
- D) Social responsibility
- E) Corporatization

Answer: D

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

43) What is the term given to the groups, individuals, and organizations that are directly affected by the practices of an organization?

- A) Primary agents of interest
- B) Social auditors
- C) Competitors
- D) Organizational stakeholders
- E) Local communities

Answer: D

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

44) When businesses work to honor warranties, charge fair prices and stand behind the quality of their products, what stakeholder group are they supporting?

- A) Customers
- B) Employees
- C) Investors
- D) Suppliers
- E) Local communities

Answer: A

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

45) What stakeholder group is being protected when managers follow proper procedures and strive to be accurate and candid in assessing future growth?

- A) Customers
- B) Employees
- C) Investors
- D) Suppliers
- E) Local communities

Answer: C

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

46) When a multinational organization supports its commitment to stakeholders, which stakeholders are they most concerned with?

- A) The stakeholders in their home country
- B) The stakeholders where most sales are made
- C) The stakeholders in emerging markets
- D) The stakeholders represented by the government
- E) The stakeholders in every country where business is done

Answer: E

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

47) What is the name of the concept that expanded the role of business in protecting and enhancing the general welfare of society?

- A) Ethics
- B) Morals
- C) Social responsibility
- D) Accountability
- E) Restraint

Answer: D

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

48) Which element of the stakeholder model of responsibility considers the need to treat workers fairly and make them a part of the team?

- A) Customers
- B) Local communities
- C) Employees
- D) Investors
- E) Suppliers

Answer: C

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

49) In order to behave responsibly to stakeholders, Willa's Wholesale often shares delivery schedules, adjusts profit margins, and works to ensure reasonable delivery schedules from those companies who provide Willa's Wholesale with raw material. Which of the following is Willa's Wholesale working with in terms of stakeholder responsibility?

- A) Customers
- B) Investors
- C) Employees
- D) Suppliers
- E) The local community

Answer: D

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

50) Each quarter, Mabel determines which local event the company will volunteer with and support financially. They typically donate cash, and allow workers to take the day off work to volunteer at the event. Which of the following stakeholders does Mabel's organization seek to establish a strong relationship with?

- A) Investors
- B) Communities
- C) Suppliers
- D) Customers
- E) Employees

Answer: B

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

51) A business's social responsibility to investors includes following proper accounting procedures.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

52) In the United States, there are increased expectations for a greater social role for business.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Synthesis

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

53) An organizational stakeholder includes any group or individual that is directly affected by the practices of an organization.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Synthesis

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

54) Organizations try to be socially responsible to their local communities, in part, to minimize their negative impact on communities.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Synthesis

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

55) What is the difference between ethics and social responsibility?

Answer: Ethics are beliefs about what is right and wrong or good and bad. Ethics affect individual behavior in the workplace. Social responsibility refers to the way in which a business tries to balance its commitments to groups and individuals in its social environment.

Difficulty: Moderate

AACSB: Analytical thinking

Question Category: Critical Thinking

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

56) When defining its sense of social responsibility, a firm typically confronts which areas of concern?

Answer: A firm typically addresses and has social responsibility for the following five areas: its customers, its employees, its investors, its suppliers, and local communities.

Difficulty: Difficult

AACSB: Analytical thinking

Question Category: Critical Thinking

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

57) How can an organization apply the stakeholder model of social responsibility to its global partners?

Answer: The stakeholder model can also provide some helpful insights into the conduct of managers in international business. In particular, to the extent that an organization acknowledges its commitments to its stakeholders, it should also recognize that it has multiple sets of stakeholders in each country where it does business. A global organization's actions might affect many different communities in dozens of different countries. Similarly, international businesses must also address their responsibilities in areas such as wages, working conditions, and environmental protection across different countries that have varying laws and norms regulating such responsibilities.

Difficulty: Difficult

AACSB: Analytical thinking

Question Category: Critical Thinking

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

58) Describe the stakeholder model of social responsibility.

Answer: Companies that strive to be responsible to their stakeholders concentrate on five main groups: customers, employees, investors, suppliers, and the local communities where they do business. To be responsible toward their customers, businesses strive to be fair in their pricing, honor warranties, meet delivery commitments, and stand behind the quality of their products. Businesses that are socially responsible toward their employees treat them fairly, make them a part of the team, and respect their dignity and basic human needs. To be responsible toward investors, businesses follow proper accounting procedures, provide appropriate information to shareholders about financial performance, and manage the organization to protect shareholders rights and investments. Businesses are responsible toward suppliers when they provide realistic delivery schedules and reduced profit margins. Many businesses keep their suppliers informed about future plans and work to partner with them. To be responsible toward communities, businesses often give back through charitable programs and local causes.

Difficulty: Difficult

AACSB: Reflective thinking

Question Category: Critical Thinking

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

59) Explain the steps that an organization must take to foster a company-wide sense of social responsibility.

Answer: Social responsibility must first start at the top. No program can succeed without top management support and top management must issue a statement announcing the commitment. A committee of top managers must then develop a plan detailing the level of management support; some companies set aside percentages of profits for social programs. At this point, managers must set specific priorities. Then, one executive must be put in charge of the firm's agenda, and this individual must monitor the program and ensure that its implementation is consistent with the firm's policy statement. The organization must conduct social audits, which are systematic analyses of the firm's success in using funds earmarked for its social responsibility goals. Failing an audit should prompt a rethinking of the program's implementation and its priorities.

Difficulty: Difficult

AACSB: Application of knowledge

Question Category: Critical Thinking

LO: 2.2: Distinguish social responsibility from ethics, identify organizational stakeholders, and characterize social consciousness today.

60) What must every corporation do in maintaining and reporting its financial status?

- A) Purchase stocks on margin
- B) Use creative accounting practices
- C) Support increased stock prices
- D) Aim to maximize predicted profit margins
- E) Conform to generally accepted accounting principles

Answer: E

Difficulty: Easy

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

61) Which of the following occurs when someone uses confidential information to gain from the purchase or sale of stocks?

- A) Identity theft
- B) A margin purchase
- C) Insider trading
- D) Collusion
- E) GAAP standards violation

Answer: C

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Application

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

62) What does the Sarbanes-Oxley Act of 2002 require a chief financial officer to do?

- A) Prevent insider trading
- B) Engage in strategic management
- C) Guarantee the accuracy of financial reporting
- D) Hire a forensic accountant
- E) Oversee the implementation of ethical standards

Answer: C

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

63) Which type of pollution is created by carbon monoxide produced by manufacturing plants?

- A) Noise
- B) Land
- C) Water
- D) Air
- E) Waste

Answer: D

Difficulty: Easy

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

64) Which of the following includes provisions that control air pollution by members?

- A) Sarbanes-Oxley
- B) GAAP
- C) Code of ethics
- D) NAFTA
- E) FTC

Answer: D

Difficulty: Easy

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

65) Which of the following is created by the chemical or radioactive by-products of the manufacturing process?

- A) Air pollution
- B) Toxic waste
- C) Alternative sources of energy
- D) Carbon dioxide
- E) Landfill waste

Answer: B

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

66) What is the main cause of water pollution?

- A) Acid rain
- B) Landfill runoff
- C) Chemical and waste dumping
- D) Vehicle exhaust
- E) Decomposition

Answer: C

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

67) What do new forms of solid-waste disposal, such as repurposing combustible waste, help prevent?

- A) Future contamination of land
- B) Toxins
- C) Use of phosphates
- D) Runoff
- E) Zero-landfill claims

Answer: A

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

68) What is the practice of injecting water and chemicals into underground rock in order to break the rock apart called?

- A) Recycling
- B) Toxic waste elimination
- C) Fracking
- D) Zero-landfill support
- E) Repurposing

Answer: C

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

69) Which of the following regulates advertising and pricing practices to protect consumers?

- A) Generally Accepted Accounting Principles
- B) North American Free Trade Agreement
- C) Food and Drug Administration
- D) Federal Trade Commission
- E) Children's Online Privacy Protection Act

Answer: D

Difficulty: Easy

AACSB: Ethical understanding and reasoning

Question Category: Application

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

70) Social activism dedicated to protecting the rights of consumers is the result of what?

- A) Decreased consumer rights
- B) Consumerism
- C) International agreements
- D) The Consumer Bill of Rights
- E) Green marketing efforts

Answer: B

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

71) When a firm modifies a production process to limit the consumption of valuable resources, and promotes the product produced as environmentally friendly, which business practice are they engaging in?

- A) Collusion
- B) Consumerism
- C) Green marketing
- D) Recycling
- E) Near zero status

Answer: C

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

72) What is the result of two or more firms collaborating on a wrongful act, such as price fixing?

- A) Unfair pricing
- B) Price gouging
- C) Product collaboration
- D) Collusion
- E) Consumerism

Answer: D

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

73) What is the term for an employee who discovers an illegal or unethical activity and tries to put an end to it by speaking up?

- A) Whistle-blower
- B) Inside trader
- C) Obstructionist
- D) Colluder
- E) Accommodator

Answer: A

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

74) When a stakeholder uses confidential information to gain from the sale or purchase of a stock, what ethical violation are they engaging in?

- A) Whistle-blowing
- B) Insider trading
- C) Social accommodation
- D) Collusions
- E) Gouging

Answer: B

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

75) Firms typically confront concerns about responsibility towards the environment, customers, employees, and investors, which is referred to as

- A) social responsibility.
- B) whistleblowing.
- C) ethics.
- D) social consciousness.
- E) the stakeholder model of responsibility.

Answer: A

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

76) In terms of climate change, which of the following is considered to be the MOST significant challenge for contemporary businesses?

- A) Carbon offsets
- B) Consumer rights
- C) Maintaining high levels of return on investments
- D) Toxic waste disposal
- E) Controlling pollution

Answer: E

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

77) In addition to preventing future of contamination, which of the following is a key issue that characterizes land pollution?

- A) Restoring the quality of land that is already damaged
- B) Managing acid rain and its effects
- C) Disposing of recycled products
- D) Maintaining the fracking process
- E) Developing agreements with trade partners in other nations

Answer: A

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

78) Which of the following is the reconversion of waste materials into useful products?

- A) Green marketing
- B) Proactive stance to social responsibility
- C) Social consciousness
- D) Fracking
- E) Recycling

Answer: E

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

79) Which element of green marketing support the process of using renewable resources and managing limited resources responsibly and efficiently?

- A) Sustainability
- B) Packaging reduction
- C) Carbon offset
- D) Product modification
- E) Production processes

Answer: A

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

80) Pour House Coffee uses cups and napkins made from recycled materials. Which element of green marketing does Pour House Coffee support by using these products?

- A) Carbon offset
- B) Sustainability
- C) Product modification
- D) Packing reduction
- E) Production process

Answer: E

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

81) Environmental issues are now a significant challenge for socially reasonable organizations.

Answer: TRUE

Difficulty: Easy

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

82) A company that does not act responsibly toward its customers may lose their trust and ultimately their business.

Answer: TRUE

Difficulty: Easy

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

83) The Consumer Bill of Rights is backed by numerous federal and state laws.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

84) What is collusion?

Answer: Collusion occurs when two or more parties agree to collaborate on such wrongful acts as price fixing; price fixing occurs when firms illegally control supplies and prices of products.

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

85) Define *consumerism*.

Answer: Consumerism is social activism dedicated to protecting the rights of consumers in their dealings with businesses.

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Concept

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

86) Identify who is responsible for regulating advertising and what the key issues are.

Answer: To encourage responsibility, the Federal Trade Commission (FTC) regulates advertising and pricing practices. Some critics also point to misleading labelling and advertising in the agricultural sector. Another issue concerns advertising that some consumers consider morally objectionable—for products such as underwear, condoms, alcohol, tobacco products, and firearms. Laws regulate some of this advertising (for instance, tobacco cannot be promoted in television commercials but can be featured in print ads in magazines), and many advertisers use common sense and discretion in their promotions.

Difficulty: Difficult

AACSB: Reflective thinking

Question Category: Application

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

87) What is insider trading? Why would an investor engage in it?

Answer: Insider trading is using confidential information to gain from the purchase or sale of stocks. Confidential information is information that is not available to the general public but that is available to a few people because of their position within a company. For example, investors with inside information may sell a stock at a high price just before a piece of negative information becomes public and the price plummets, thus preventing a big loss. Similarly, an investor with inside information may buy stock at a low price just before a piece of favorable information becomes public and the price of the stock increases.

Difficulty: Difficult

AACSB: Reflective thinking

Question Category: Application

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

88) Discuss the six elements of the Consumer Bill of Rights.

Answer: Consumers have a right to safe products. They have a right to be informed about all relevant aspects of a product. Consumers has a right to be heard, and have a right to choose what they buy. Consumers have a right to be educated about purchases, and consumers have a right to courteous service.

Difficulty: Difficult

AACSB: Reflective thinking

Question Category: Application

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

89) Why should organizations carefully consider social responsibility and ethics in their international advertising efforts?

Answer: Advertising standards in different countries vary in many different ways. Some of the differences are attributable to sociocultural norms. For instance, ads and billboards in some parts of Europe occasionally feature nudity and may be much more provocative than might be accepted in the United States, while ads in the Middle East and parts of Asia are likely to be very conservative. Legal restrictions also vary across different countries. For example, U.S. regulations prohibit tobacco companies from advertising on television and most magazines. But in other countries tobacco companies may still be allowed to advertise in print media and on television.

Difficulty: Difficult

AACSB: Reflective thinking

Question Category: Application

LO: 2.3: Show how the concept of social responsibility applies both to environmental issues and to a firm's relationships with customers, employees, and investors.

90) If a firm hides responsibility for wrongdoing, what type of stance are they taking toward social responsibility?

- A) Responsible
- B) Obstructionist
- C) Accommodative
- D) Proactive
- E) Moderate

Answer: B

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

91) What concept is supported by those who believe that corporations should help improve the lives of citizens?

- A) Social auditing
- B) Government initiative
- C) Collusion
- D) Social responsibility
- E) Social accommodation

Answer: D

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

92) What stance do firms who do as little as possible to solve social or environmental problems take?

- A) Social accommodation
- B) Obstructionist
- C) Defensive
- D) Accommodative
- E) Proactive

Answer: B

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

93) If a manager believes their job is to generate profits and is willing to do everything legally required, but no more, what social responsibility stance is being taken?

- A) Proactive
- B) Accommodative
- C) Defensive
- D) Obstructionist
- E) Social accommodation

Answer: C

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

94) Firms that meet, and occasionally exceed legal and ethical requirements take what type of social responsibility stance?

- A) Proactive
- B) Social accommodation
- C) Defensive
- D) Accommodative
- E) Obstructionist

Answer: D

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

95) Those firms who look for opportunities to contribute positively to society because of a sincere desire to improve social welfare take what type of social responsibility stance?

- A) Obstructionist
- B) Accommodative
- C) Social accommodations
- D) Defensive
- E) Proactive

Answer: E

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

96) What is the most common and direct way to provide direct financial support when taking a proactive stance to social responsibility?

- A) Set up a foundation
- B) Reduce prices
- C) Make a donation with each purchase
- D) Use the Internet to solicit donations
- E) Follow all laws set forth by the government

Answer: A

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Application

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

97) In business, ethical decisions are generally based on what?

- A) Social responsibility
- B) Individual ethics
- C) Laws
- D) Societal norms
- E) Stakeholder returns

Answer: B

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

98) The proactive approach to social responsibility argues that profits should not be spent on social programs.

Answer: FALSE

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Application

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

99) The strongest stance toward social responsibility a company can take is a proactive one.

Answer: TRUE

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Analytical

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

100) There is general consensus within the United States that social responsibility must take precedence over profits.

Answer: FALSE

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Analytical

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

101) Small businesses must answer many of the same social responsibility questions as big businesses.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

102) Organizations that take a proactive approach to social responsibility actively look for opportunities to contribute to the well-being of the social environment.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

103) An organization that tries to cover up wrong doings is taking a defensive stance toward social responsibility.

Answer: FALSE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

104) How do issues of social responsibility and ethics affect small business?

Answer: Small businesses must address, more or less, the same issues as big businesses—the differences are primarily differences of scale.

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

105) Identify two arguments against social responsibility as a business goal.

Answer: Some skeptics of business-sponsored social projects fear that if businesses become too active, they will gain too much control over the ways in which those projects are addressed by society as a whole. Other critics claim that business organizations lack the expertise needed to address social issues.

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

106) Discuss social responsibility actions of a company that takes a defensive stance towards social responsibility.

Answer: Organizations that take a defensive stance will do everything that is legally required, including admitting to mistakes and taking corrective actions, but nothing more. Defensive stance managers insist that their job is to generate profits and might, for example, install pollution-control equipment dictated by law but not higher-quality equipment to further limit pollution.

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

107) Describe the obstructionist stance to social responsibility.

Answer: The few organizations that take an obstructionist stance to social responsibility usually do as little as possible to solve social or environmental problems, have little regard for ethical conduct, and will go to great lengths to deny or cover up wrongdoing.

Difficulty: Difficult

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.4: Identify four general approaches to social responsibility and note the role of social responsibility in small business.

108) How does the government affect the idea of social responsibility in a planned economy?

A) The government requires higher stakeholder returns.

B) The government passes laws to make sure business interests do not damage society.

C) The government heavily regulates business activities to ensure the business supports social ideals.

D) The government attempts to offset small business restrictions.

E) The government limits regulations in exchange for planned giving.

Answer: C

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Application

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

109) When the government dictates what organizations can and cannot do, what tactic is the government using?

- A) Social responsibility
- B) Taxation
- C) Stakeholder support
- D) Regulation
- E) Socialism

Answer: D

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Analytical

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

110) Where do direct regulations imposed by the government evolve from?

- A) Laws
- B) The National Labor Relations Board
- C) Indirect channels
- D) The Foreign Corrupt Practices Act
- E) Social beliefs

Answer: E

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Critical Thinking

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

111) What government agency has the responsibility to handle investor-related issues?

- A) SEC
- B) Department of Labor
- C) FTC
- D) Environmental Protection Agency
- E) EEOC

Answer: A

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Application

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

112) What government agency has the responsibility to oversee consumer-related concerns?

- A) Department of Labor
- B) FTC
- C) Equal Employment Opportunity Commission
- D) SEC
- E) National Labor Relations Board

Answer: B

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Application

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

113) Which of the following allows for financial sanctions against businesses or business officials who engage in bribery?

- A) Sarbanes-Oxley Act
- B) SEC Act
- C) U.S. Foreign Corrupt Practices Act
- D) NRA
- E) Political Action Committees

Answer: C

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Critical Thinking

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

114) In what way can the government use indirect regulation to affect social responsibility?

- A) Enacting laws
- B) Supporting shareholders
- C) Imposing fines to violators
- D) Providing tax incentives
- E) Cooperating with foreign governments

Answer: D

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Analytical

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

115) In what way can a business or industry represent themselves before political bodies in order to influence the government?

- A) Personal contacts
- B) Financial gifts
- C) Lobbying
- D) Offering favors
- E) Voting

Answer: C

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Concept

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

116) If an individual business person wanted to present his or her opinion on a piece of legislation, what method might be used?

- A) Voting
- B) Lobbying
- C) Favors
- D) Personal contacts
- E) Political action committee meetings

Answer: D

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Analytical

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

117) What types of organizations are used to solicit money that then is distributed to political candidates?

- A) Lobbies
- B) Government agencies
- C) Stakeholders
- D) Ethical compliance leaders
- E) Political action committees

Answer: E

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Concept

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

118) When a business hires a staff to formally represent the organization before a political body, in efforts to influence that political body, the business is

- A) using personal contacts.
- B) starting a political action committee.
- C) lobbying.
- D) asking for favors.
- E) campaigning.

Answer: C

Difficulty: Easy

AACSB: Analytical thinking

Question Category: Concept

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

119) In addition to government regulation, in which way can the government regulate business practices?

- A) Legislation
- B) Political action committees
- C) Bribes
- D) Fines
- E) Taxes

Answer: A

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

120) It is legal to solicit favors from an organization or politician, or use other influence tactics to gain support.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

121) Government will most often influence organizations through the establishment of laws and rules that dictate what organizations can and cannot do.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

122) Critics of indirect regulation maintain that a free market system would accomplish the same goals as government regulations.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Critical Thinking

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

123) Discuss the difference between lobbying and using Political Action Committees as a means to influence government.

Answer: Lobbying, or the use of persons or groups to formally represent an organization or group of organizations before political bodies, is an effective way to influence the government. Lobbyists work to represent an organization's position on an issue and to influence members of Congress when voting on legislation. Political action committees (PACs) are special organizations created to solicit money and then distribute it to political candidates and groups working on a particular political issue. Employees of a firm may be encouraged to make donations to a particular PAC because managers know that it will support candidates with political views similar to their own. PACs, in turn, make the contributions themselves, usually to a broad slate of state and national candidates and use monies collected to develop advertising campaigns for or against a candidate or issue.

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Critical Thinking

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

124) Describe the ways that the government attempts to shape social responsibility.

Answer: The government (national, state, or local) attempts to shape social responsibility practices through both direct and indirect channels. Direct influence most frequently is manifested through regulation, whereas indirect influence can take a number of forms, most notably taxation policies.

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Critical Thinking

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

125) Explain how the government most often directly influences organizations.

Answer: The government most often directly influences organizations through regulation, the establishment of laws and rules that dictate what organizations can and cannot do. This regulation usually evolves from social beliefs about how businesses should conduct themselves. To implement legislation, the government generally creates special agencies to monitor and control certain aspects of business activity. A variety of government agencies have the power to levy fines or bring charges against organizations that violate regulation.

Difficulty: Difficult

AACSB: Application of knowledge

Question Category: Critical Thinking

LO: 2.5: Explain the role of government in social responsibility in terms of how governments and businesses influence each other.

126) Which of the following is a way to tell how an organization is doing in meeting its social responsibility goals?

- A) Governmental mandate
- B) Executive summary
- C) Social audit
- D) Government initiative
- E) Financial report

Answer: C

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Analytical

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

127) Because of the influence of a more sophisticated and educated public, what approach should corporations take to develop social responsibility plans?

- A) The same approach they take when developing any other business strategy
- B) Create new legal and implied requirements
- C) Develop an informal plan and use it to see what work before incorporating those ideas to a formal plan
- D) Increase ethical understanding and training for leadership
- E) Increase philanthropic giving

Answer: A

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Critical Thinking

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

128) Which of the following is an informal dimension for managing social responsibility?

- A) Legal compliance
- B) Whistle-blowing
- C) PAC committees
- D) Ethical compliance
- E) Philanthropic giving

Answer: B

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Application

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

129) What is the extent to which an organization conforms to local, state, federal, and international laws known as?

- A) Government agency support
- B) Social responsibility
- C) Legal compliance
- D) Political action
- E) Free-trade

Answer: C

Difficulty: Easy

AACSB: Application of knowledge

Question Category: Concept

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

130) What is the extent to which members of an organization follow basic ethical and legal standards of behavior?

- A) Social responsibility
- B) Norms
- C) Values
- D) Ethical compliance
- E) Legal compliance

Answer: D

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Concept

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

131) Which of the following is the act of awarding funds or gifts to charities?

- A) Ethical compliance
- B) Political action
- C) Lobbying
- D) Informal dimensions of giving
- E) Philanthropic giving

Answer: E

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Concept

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

132) Which of the following best supports an organization's stance in terms of social responsibility and ethical leadership?

- A) Philanthropic giving
- B) Organizational leadership practices
- C) Line and staff members
- D) Stakeholders
- E) Government intervention

Answer: B

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Critical Thinking

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

133) To ensure efforts are producing the desired benefit, what must a socially responsible business use?

- A) Government regulation
- B) The concept of control
- C) Ethics policies
- D) Internet campaigns
- E) Senior leadership task forces

Answer: B

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Application

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

134) When conducting a corporate social audit, what must be evaluated?

- A) Efforts of competitors
- B) General goals that are flexible, based on need
- C) The resources devoted to each goal
- D) The strength of the leadership team
- E) International laws and regulation

Answer: C

Difficulty: Moderate

AACSB: Reflective thinking

Question Category: Application

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

135) Within the organization, the use of formal committees, training, and codes of conduct help to ensure standards of

- A) ethical compliance.
- B) philanthropic giving.
- C) organizational leadership.
- D) social responsibility.
- E) legal compliance.

Answer: A

Difficulty: Easy

AACSB: Analytical thinking

Question Category: Application

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

136) Ethical compliance is the extent to which an organization conforms to local, state, and federal laws.

Answer: FALSE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

137) A whistle-blower is an outsider who reports publicly on the wrongdoings of companies.

Answer: FALSE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

138) Most firms use outside auditors to conduct their social audit.

Answer: FALSE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Concept

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

139) Most philanthropic giving in the United States is targeted towards the arts.

Answer: FALSE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Application

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

140) A corporate social audit acts to analyze the effectiveness of a firm's social performance.

Answer: TRUE

Difficulty: Moderate

AACSB: Ethical understanding and reasoning

Question Category: Application

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

141) Discuss ways in which an organization can help to ensure all members of the organization participate in ethical compliance.

Answer: Ethical compliance is the extent to which the members of the organization follow basic ethical (and legal) standards of behavior. Organizations have increased their efforts in this area by providing training in ethics and developing guidelines and codes of conduct. These activities serve as vehicles for enhancing ethical compliance. Many organizations also establish formal ethics committees. These committees might review proposals for new projects, help evaluate new hiring strategies, or assess a new environmental protection plan. They might also serve as a peer review panel to evaluate alleged ethical misconduct by an employee.

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Application

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.

142) Discuss ways in which an organization can formally analyze the effectiveness of its social performance.

Answer: An organization may sometimes actually evaluate the effectiveness of its social responsibility efforts. In addition, some businesses occasionally conduct a corporate social audit, a formal and thorough analysis of the effectiveness of a firm's social performance. A task force of high-level managers from within the firm usually conducts the audit. It requires that the organization clearly define all of its social goals, analyze the resources it devotes to each goal, determine how well it is achieving the various goals, and make recommendations about which areas need additional attention. Recent estimates suggest that around 80 percent of the world's 250 largest firms now issue annual reports summarizing their efforts in the areas of environmental and social responsibility.

Difficulty: Moderate

AACSB: Application of knowledge

Question Category: Application

LO: 2.6: Discuss how businesses manage social responsibility in terms of both formal and informal dimensions and how organizations can evaluate their social responsibility.