

## Chapter 2 - Being Ethical and Socially Responsible

### Test Yourself

#### Matching Questions

1. \_\_\_\_ An application of moral standards to business situations.
2. \_\_\_\_ Provides legal protection for employees who report corporate misconduct.
3. \_\_\_\_ A guide to acceptable and ethical behavior as defined by the organization.
4. \_\_\_\_ All activities undertaken to protect the rights of consumers.
5. \_\_\_\_ Informing the press or government officials about unethical practices within one's organization.
6. \_\_\_\_ A Latin phrase meaning "let the buyer beware."
7. \_\_\_\_ A racial, religious, political, national, or other group regarded as different from the larger group of which it is a part.
8. \_\_\_\_ A plan designed to increase the number of minority employees at all levels within an organization.
9. \_\_\_\_ Workers with little education or vocational training and a long history of unemployment.
10. \_\_\_\_ The contamination of water, air, or land.
  - a. whistle-blowing
  - b. pollution
  - c. social audit
  - d. minority
  - e. code of ethics
  - f. hard-core unemployed
  - g. Sarbanes–Oxley Act of 2002
  - h. economic model of social responsibility
  - i. affirmative action program
  - j. business ethics
  - k. consumerism
  - l. caveat emptor

#### True False Questions

11. **T F** The field of business ethics applies moral standards to business situations.
12. **T F** Business ethics rarely involves the application of moral standards to the business activity of a normal company.
13. **T F** The economic model of social responsibility emphasizes the effect of business decisions on society.
14. **T F** Consumerism consists of all activities undertaken to protect the rights of consumers.
15. **T F** Manufacturers are not required by law to inform consumers about the potential dangers of using their products.
16. **T F** Affirmative-action plans encompass all areas of human resources management, including recruiting, hiring, training, promotion, and pay.
17. **T F** Hard-core unemployed workers are those with little education or vocational training.
18. **T F** The EPA was created by the government to develop new improved ways to clean and improve the environment.
19. **T F** Consumers will probably pay in large part for cleaning up our environment through increased taxes or increased product cost.
20. **T F** A key step in developing and implementing a social responsibility program is the environmental audit.

## Multiple-Choice Questions

21. \_\_\_\_\_ Business ethics
- is laws and regulations that govern business.
  - is the application of moral standards to business situations.
  - do not vary from one person to another.
  - is most important for advertising agencies.
  - is well-defined rules for appropriate business behavior.
22. \_\_\_\_\_ Customers expect a firm's products to
- boost sales.
  - be profitable.
  - earn a reasonable return on investment.
  - be available everywhere.
  - be safe, reliable, and reasonably priced.
23. \_\_\_\_\_ Some AIG executives were aware of the financial problems the company was facing and yet failed to reveal this information to the public.
- These actions taken by AIG executives were
- moral.
  - normal.
  - in the best interests of shareholders.
  - unethical.
  - in the best interests of the employees.
24. \_\_\_\_\_ Bribes are
- unethical.
  - ethical only under certain circumstances.
  - uncommon in many foreign countries.
  - economic returns.
  - ethical.
25. \_\_\_\_\_ What are three sets of factors that influence the standards of behavior in an organization?
- Organizational norms, circumstances, and morals
  - Peer pressure, attitudes, and social factors
  - Historical factors, management attitudes, and opportunity
  - Opportunity, individual factors, and social factors
  - Financial factors, opportunity, and morals
26. \_\_\_\_\_ Informing the press or government officials about unethical practices within one's organization is called
- unethical behavior.
  - whistling.
  - whistle-blowing.
  - trumpeting.
  - a company violation.
27. \_\_\_\_\_ Social responsibility
- has little or no associated costs.
  - can be extremely expensive and provides very little benefit to a company.
  - has become less important as businesses become more competitive.
  - is generally a crafty scheme to put competitors out of business.
  - is costly but provides tremendous benefits to society and the business.
28. \_\_\_\_\_ *Caveat emptor*
- is a French term that implies laissez-faire.
  - implies disagreements over peer evaluations.
  - is a Latin phrase meaning "let the buyer beware."

- d. is a Latin phrase meaning “let the seller beware.”
  - e. is a Latin phrase meaning “the cave is empty.”
29. \_\_\_\_\_ Where does social responsibility of business have to begin?
- a. Government
  - b. Management
  - c. Consumers
  - d. Consumer protection groups
  - e. Society
30. \_\_\_\_\_ Primary emphasis in the economic model of social responsibility is on
- a. quality of life.
  - b. conservation of resources.
  - c. market-based decisions.
  - d. production.
  - e. firm’s and community’s interests.