1. Principles are

a. laws and regulations that guide behavior in the world of business. b. mores, values, and customs that guide behavior in general.

c. specific and pervasive boundaries for behavior that are universal and absolute.

d. the obligations businesses assume to maximize their positive impact and minimize their negative impact on stakeholders.

e. the mores, values, and customs that parents teach their children.

*ANSWER:* c

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 5

*LEARNING OBJECTIVES:* LO: 1-1 - Explore conceptualizations of business ethics from an organizational perspective.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Comprehension

2. Social responsibility is

a. an organization's obligation to maximize its positive effects and minimize its negative effects on stakeholders. b. principles and standards that guide behavior in the world of business.

c. a business's responsibility not to pollute the environment.

d. a business's responsibility to manufacture products that function properly. e. charitable contributions made by a business to enhance its image.

*ANSWER:* a

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 23

*LEARNING OBJECTIVES:* LO: 1-4 - Gain insight into the extent of ethical misconduct in the workplace and the pressures for unethical behavior.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

3. The

was/were enacted to restore confidence in financial reporting and business ethics after the accounting

scandals of the early 2000s.

a. Defense Industry Initiative on Business Ethics and Conduct b. Sarbanes-Oxley Act

c. Federal Sentencing Guidelines for Organizations d. Foreign Corrupt Practices Act

e. Dodd-Frank Wall Street Reform and Consumer Protection Act

*ANSWER:* b

*POINTS:* 1

*DIFFICULTY:* Moderate

*REFERENCES:* p. 13

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

4. The term *business ethics* is best described by the following statement:

a. It is the study and philosophy of human conduct, with an emphasis on determining right and wrong.

b. It is an "inquiry into the nature and grounds of morality where the term morality is taken to mean moral judgments, standards and rules of conduct."

c. It is the "study of the general nature of morals and of specific moral choices; moral philosophy; and the rules or standards governing the conduct of the members of a profession."

d. It is an organization's obligation to maximize its positive effects and minimize its negative effects on stakeholders.

e. It comprises the principles, values, and standards that guide behavior in the world of business.

*ANSWER:* e

*POINTS:* 1

*DIFFICULTY:* Moderate

*REFERENCES:* p. 5

*LEARNING OBJECTIVES:* LO: 1-1 - Explore conceptualizations of business ethics from an organizational perspective.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

5. Which of the following is *not* one of the rights spelled out by John F. Kennedy in his "Consumers' Bill of Rights"?

a. The right to choose b. The right to safety

c. The right to be informed d. The right to be ethical

e. The right to be heard

*ANSWER:* d

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 10

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

6. During the 1990s the institutionalization of business ethics was largely driven by which piece of legislation?

a. Sarbanes-Oxley Act

b. Federal Sentencing Guidelines for Organizations

c. Dodd-Frank Wall Street Reform and Consumer Protection Act d. Foreign Corrupt Practices Act

e. Global Sullivan Principles

*ANSWER:* b

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 12

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

7. Business ethics, as a field, has passed through which of the following states?

a. A field of study to theological discussion to recognition of social issues b. Recognition of social issues to a field of study to theological discussion c. A field of study to recognition of social issues to theological discussion d. Recognition of social issues to theological discussion to a field of study e. Theological discussion to recognition of social issues to a field of study

*ANSWER:* e

*POINTS:* 1

*DIFFICULTY:* Moderate

*REFERENCES:* p. 9-12

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Comprehension

8. The 1960s saw a rise of consumerism. What is consumerism?

a. An increase in consumer rights by organizations and governments b. The growth of international retail chain stores

c. Activities undertaken by independent individuals, and groups to protect their rights as consumers d. The widespread adoption of consumer oriented marketing strategies among businesses

e. Organizations’ tendency to seek ways to take advantage of consumers

*ANSWER:* c

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 10

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

9. Ethics is a part of decision making

a. at all levels of work and management.

b. primarily at the upper management levels of an organization. c. mostly for policy makers.

d. that is less important than other decision making processes. e. only at that lower levels of organizational management.

*ANSWER:* a

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 3

*LEARNING OBJECTIVES:* LO: 1-1 - Explore conceptualizations of business ethics from an organizational perspective.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

10. Which of the following was developed in the 1980s to guide corporate support for ethical conduct by establishing a method for discussing best practices?

a. Federal Sentencing Guidelines for Organizations

b. Defense Industry Initiative on Business Ethics and Conduct c. Corporate codes of conduct

d. United States Sentencing Commission e. MERCOSUR

*ANSWER:* b

*POINTS:* 1

*DIFFICULTY:* Moderate

*REFERENCES:* p. 12

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

11. The

focus(es) on firms taking action to prevent and detect business misconduct in cooperation with

government regulation.

a. United States Sentencing Commission

b. Defense Industry Initiative on Business Ethics and Conduct c. World Trade Organization

d. United Nations Global Compact

e. Federal Sentencing Guidelines for Organizations

*ANSWER:* e

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 12

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

12. The study of business ethics is important to better understand all of the following *except*

a. that a person's own moral philosophies and decision-making experience may not be sufficient to guide him or her in the business world.

b. how and why people make ethical or unethical decisions.

c. how to cope with conflicts between a person's own values and those of the organization in which he or she works.

d. that business ethics is entirely an extension of an individual's own personal ethics. e. how to identify ethical issues arising in the business world.

*ANSWER:* d

*POINTS:* 1

*DIFFICULTY:* Moderate

*REFERENCES:* p. 8-9

*LEARNING OBJECTIVES:* LO: 1-1 - Explore conceptualizations of business ethics from an organizational perspective.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Comprehension

13. According to the role of ethical culture in performance, all of these are drivers of profit *except*

a. trust.

b. investor loyalty.

c. employee commitment. d. customer satisfaction.

e. opportunity for misconduct.

*ANSWER:* e

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 16

*LEARNING OBJECTIVES:* 1.3

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

14. More than a compliance program, business ethics is becoming a. a management issue to achieve competitive advantage.

b. less accepted by society.

c. mainly a government regulatory issue.

d. an initiative led by nonprofit organizations.

e. a program that decreases profits but increases societal benefits.

*ANSWER:* a

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 19

*LEARNING OBJECTIVES:* 1.3

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

15. Having acceptable personal ethics is probably *not* going to be sufficient to handle complex business ethical issues when an individual has

a. family concerns. b. an unethical boss.

c. limited business experience. d. financial training.

e. a marketing background.

*ANSWER:* c

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 8

*LEARNING OBJECTIVES:* LO: 1-1 - Explore conceptualizations of business ethics from an organizational perspective.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

16. One of the major ethical issues President Obama’s administration focused on was

a. decreasing environmental legislation. b. deregulation.

c. tax decreases.

d. incentives to oil companies.

e. health care and consumer protection.

*ANSWER:* e

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 14

*LEARNING OBJECTIVES:* 1.3

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

17. Which of the following is generally *not* considered a business ethics issue?

a. Harassment

b. Accounting fraud c. Employee theft

d. Misuse of organizational resources e. Corporate hierarchy

*ANSWER:* e

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 7

*LEARNING OBJECTIVES:* LO: 1-1 - Explore conceptualizations of business ethics from an organizational perspective.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

18. Which represented a far-reaching change to organizational control and accounting systems, making securities fraud a criminal offense?

a. Council on Economic Priorities and Social Accountability 8000. b. Sarbanes-Oxley Act.

c. Consumer Protection Act.

d. Defense Industry Initiative on Business Ethics and Conduct.

e. Dodd-Frank Wall Street Reform and Consumer Protection Act.

*ANSWER:* b

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 13

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

19. The Foreign Corrupt Practices Act outlawed a. accounting fraud.

b. price collusion.

c. corruption in government.

d. bribery of officials in other countries. e. executive misconduct.

*ANSWER:* d

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 11

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

20. Which of the following was *not* a provision of the Sarbanes-Oxley Act?

a. It stiffened penalties for corporate fraud.

b. It created an accounting oversight board that requires corporations to establish codes of ethics for financial reporting.

c. It required top executives to sign off on their firms' financial statements. d. It outlawed bribery of officials in other countries.

e. It made securities fraud a criminal offense.

*ANSWER:* d

*POINTS:* 1

*DIFFICULTY:* Moderate

*REFERENCES:* p. 13

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibility - Ethical Responsibility

*KEYWORDS:* Blooms: Knowledge

21. Which of the following is *not* cited as an example of a global collaborative effort to establish standards of business conduct?

a. Council on Economic Priorities' Social Accountability 8000 b. Ethical Trading Initiative

c. U.S. Apparel Industry Partnership

d. United States Sentencing Commission e. World Trade Organization

*ANSWER:* d

*POINTS:* 1

*DIFFICULTY:* Moderate

*REFERENCES:* p. 15

*LEARNING OBJECTIVES:* 1.3

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

22. Because of Sarbanes-Oxley, publicly traded companies must develop financial reporting.

a. ethics officers

b. ethics programs c. codes of ethics d. legal counsel

e. accountants

to assist in maintaining transparency in

*ANSWER:* c

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 13

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

23. is essential in building long-term relationships between businesses and consumers. a. Profits

b. Dividends c. Trust

d. Hubris

e. Codes of ethics

*ANSWER:* c

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 18

*LEARNING OBJECTIVES:* 1.3

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

24. The Dodd-Frank Wall Street Reform and Consumer Protection Act a. was very popular among Wall Street bankers.

b. represented only modest reform.

c. came out of theological discussions in the 1920s.

d. was designed to make the financial services industry more responsible. e. made it mandatory for public corporations to hire ethics officers.

*ANSWER:* d

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 14

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

25. In the Reagan/Bush eras, the major focus of the business world was on a. self-regulation rather than regulation by government.

b. decreasing the number of mergers.

c. decreasing the multinational presence in the U.S. marketplace. d. increasing government influence on the economic arena.

e. improving business ethics.

*ANSWER:* a

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 12

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

26. The six principles of the Defense Industry Initiative on Business Ethics and Conduct became the foundation for a. Better Business Bureau ethical guidelines.

b. the Federal Sentencing Guidelines for Organizations. c. the Ethical Trading Initiative.

d. the Federal Trade Commission compliance requirements. e. the Sarbanes-Oxley Act.

*ANSWER:* b

*POINTS:* 1

*DIFFICULTY:* Moderate

*REFERENCES:* p. 12

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

27. Ethical culture is defined as

a. rules, standards, and moral principles regarding what is right or wrong in specific situations. b. the establishment and enforcement of ethical codes throughout the organization.

c. the development of rules and norms that are socially enforced.

d. the codification of laws to reward organizations for taking action to prevent misconduct. e. acceptable behavior as defined by the company and industry.

*ANSWER:* e

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 15

*LEARNING OBJECTIVES:* 1.3

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

28. The Federal Sentencing Guidelines for Organizations set the tone for organizational ethics compliance programs by a. codifying into law incentives for organizations to take action such as developing ethical compliance programs

to prevent misconduct.

b. forcing all organizations to develop mandatory reporting systems.

c. eliminating most of the federal legislation that created inefficient and time-consuming activities for businesses. d. providing a study of moral philosophies.

e. providing an examination of company codes of ethics.

*ANSWER:* a

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 12

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

29. Which of the following statements about the Federal Sentencing Guidelines for Organizations is *false*?

a. They use a routine mechanical approach that forces all firms to use the same means to avert serious penalties.

b. They strive to prevent misconduct.

c. They encourage companies to develop standards and procedures capable of detecting and preventing misconduct.

d. They utilize a carrot and stick approach by taking preventive action against misconduct.

e. They encourage the appointment of high-level personnel responsible for oversight of the compliance program.

*ANSWER:* a

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 12-13

*LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

30. Which of the following is *not* one of the benefits of being ethical and socially responsible in business?

a. Greater employee commitment

b. A high degree of employee dissent

c. Improved customer trust and satisfaction d. Increased investor loyalty

e. Better financial performance

*ANSWER:* b

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 16, Figure 1-2, The Role of Organizational Ethics in Performance

*LEARNING OBJECTIVES:* 1.3

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

31. Employees' perceptions of their firm as having an ethical climate leads to a. lack of focus on goals.

b. greater focus on education.

c. increased community involvement.

d. improved relationships with competitors. e. enhanced performance.

*ANSWER:* e

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 16

*LEARNING OBJECTIVES:* 1.3

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

32. Employees feel less pressure to compromise ethically, observe less misconduct, are more satisfied with their organizations, and feel more valued when

a. they are new at their jobs.

b. they are paid to ignore problems in the workplace. c. they do not agree with an organization’s values.

d. they have very high compensation.

e. they see honesty, respect, and trust applied in the workplace.

*ANSWER:* e

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 17

*LEARNING OBJECTIVES:* 1.3

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

33. Investors are concerned about business ethics because they know that misconduct can a. foster stability.

b. improve employee commitment. c. improve customer loyalty.

d. lower stock value and prices.

e. complicate business financial reporting.

*ANSWER:* d

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 17

*LEARNING OBJECTIVES:* 1.3

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

34. *Most* organizations with strong ethical climates usually focus on the core value of placing interests first. a. customers'

b. employees'

c. stockholders' d. suppliers'

e. distributors'

*ANSWER:* a

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 19

*LEARNING OBJECTIVES:* 1.3

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

35. Which of the following is *not* something a firm might do to encourage organizational ethics and compliance?

a. Employee ethics training

b. Hiring a compliance officer

c. Ignoring potential ethical issues d. Writing a code of ethics

e. Conducting an ethics and compliance audit.

*ANSWER:* c

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 15

*LEARNING OBJECTIVES:* 1.3

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

36. How does ethics contribute to customer satisfaction?

*ANSWER:* High levels of perceived corporate misconduct decreases customer trust. On the other hand, companies viewed as socially responsible increase customer trust and

satisfaction. The perceived ethicality of a firm is positively related to brand trust, emotional identification

with the brand, and brand loyalty.

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 17-19

*LEARNING OBJECTIVES:* 1.3

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Comprehension

37. Discuss the evolution of business ethics as a field of study from before 1960 to the present.

*ANSWER:* The study of business ethics evolved through five distinct stages. Before 1960, business ethics issues were discussed primarily from a religious perspective. The 1960s saw the emergence of many social issues involving business and the concept of social conscience as well as a rise in consumerism, which culminated with Kennedy’s Consumers’ Bill of Rights . Business ethics began to develop as an independent field of study in the 1970s, with academics and practitioners exploring ethical issues and attempting to understand how individuals and organizations make ethical decisions. These experts began to teach and write about the idea of corporate social

responsibility, an organization’s obligation to maximize its positive impact on stakeholders and minimize its negative impact. In the 1980s, centers of business ethics provided publications, courses, conferences, and seminars, and many companies established ethics committees and social policy committees. The Defense Industry Initiative on Business Ethics and Conduct was developed to guide corporate support for ethical conduct; its principles had a major impact on corporate ethics.

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* answer taken from summary, p. 22-23

content taken from p. 9 The Development of Business Ethics section *LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics. *NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

38. Why is it important that businesspeople study business ethics?

*ANSWER:* Studying business ethics is important for many reasons. Recent incidents of unethical activity in business underscore the widespread need for a better understanding of the factors that contribute to ethical and unethical decisions. Individuals’ personal moral philosophies and decision-making experience may not be sufficient to guide them in the business world. Studying business ethics helps you begin to identify ethical issues and recognize the approaches available to resolve them.

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* answer from summary, p. 22

content from section on p. 9, The Reasons for Studying Business Ethics

*LEARNING OBJECTIVES:* LO: 1-1 - Explore conceptualizations of business ethics from an organizational perspective.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge

39. We all learn values from sources such as family, religion, and school. Why might these sources of individual values not prove very helpful when making complex business decisions?

*ANSWER:* An individual’s personal moral values are only one factor in the ethical decision­making process. True, moral values can be applied to a variety of situations in life, and some people do not distinguish everyday ethical issues from business ones. Although truthfulness, honesty, fairness, and openness are often assumed to be self-evident and accepted, business-strategy decisions involve complex and detailed discussions. Many people with limited business experience suddenly find themselves making decisions about product quality, advertising, pricing, sales techniques, hiring practices, and pollution control. The values they learned from family, religion, and school may not provide specific guidelines for these complex business decisions.

*POINTS:* 1

*DIFFICULTY:* Moderate

*REFERENCES:* p. 8

*LEARNING OBJECTIVES:* LO: 1-1 - Explore conceptualizations of business ethics from an organizational perspective.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Application

40. Discuss the current state of business ethics in the twenty-first century.

*ANSWER:* The twenty-first century ushered in a new set of ethics scandals, suggesting many companies had not embraced the public’s desire for higher ethical standards. The Sarbanes–Oxley Act stiffened penalties for corporate fraud and established an accounting oversight board. The Dodd–Frank Wall Street Reform and Consumer Protection Act were later passed to reform the financial system. The current trend is away from legally based ethical initiatives in organizations and toward cultural initiatives that make ethics a part of core organizational

values.

*POINTS:* 1

*DIFFICULTY:* Moderate

*REFERENCES:* answer from summary p. 23

content taken from p. 13 The Twenty-First Century of Business Ethics section *LEARNING OBJECTIVES:* LO: 1-2 - Examine the historical foundations and evolution of business ethics. *NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Comprehension

41. How do values and judgments play a critical role when we make ethical decisions?

*ANSWER:* One difference between an ordinary decision and an ethical one lies in “the point where the accepted rules no longer serve, and the decision maker is faced with the responsibility for weighing values and reaching a judgment in a situation which is not quite the same as any he or she has faced before.” 5 Another difference relates to the amount of emphasis decision makers place on their own values and accepted practices within their company. Consequently, values and judgments play a critical role when we make ethical decisions.

*POINTS:* 1

*DIFFICULTY:* Easy

*REFERENCES:* p. 5

*LEARNING OBJECTIVES:* LO: 1-1 - Explore conceptualizations of business ethics from an organizational perspective.

*NATIONAL STANDARDS:* United States - BUSPROG: Ethics

*STATE STANDARDS:* United States - NONE - DISC: Ethical Responsibilities - Ethical Responsibilities

*KEYWORDS:* Blooms: Knowledge