Test Bank for Business Foundations - A Changing World 12th Ferrell

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Business Foundations: A Changing World, 12e **(Ferrell)**
Chapter 2 Business Ethics and Social Responsibility

1) The acceptability of behavior of a business rests solely with the business itself.

Answer: FALSE
Explanation: The acceptability of behavior in business is determined by not only the organization, but also stakeholders such as customers, competitors, government regulators, interest groups, and the public, as well as each individual's personal principles and values.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

2) An ethical issue is an identifiable problem, situation, or opportunity that requires a person or organization to choose from among several actions that may be evaluated as ethical or unethical.

Answer: TRUE
Explanation: An ethical issue is an identifiable problem, situation, or opportunity that requires a person to choose from among several actions that may be evaluated as right or wrong, ethical or unethical. In business, this choice usually involves weighing monetary gain against what a person considers appropriate conduct.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

3) When it comes to ethical behavior, co-workers and superiors exert significant control over one's choices at work through authority and example.

Answer: TRUE
Explanation: While you have great control over your personal ethics outside the workplace, your co-workers and superiors exert significant control over your choices at work through authority and example. In fact, the activities and examples set by co-workers, along with the rules and policies established by the firm, are critical in gaining consistent ethical compliance in an organization.
Difficulty: 2 Medium
Topic: Ethics for the Individual
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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4) The concept of social responsibility is universally accepted.

Answer: FALSE
Explanation: Although the concept of social responsibility is receiving more and more attention, it is still not universally accepted.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

5) A business must choose to be either profitable or socially responsible; they cannot be both.

Answer: FALSE
Explanation: There is much evidence that social responsibility is associated with improved business performance. Consumers are refusing to buy from businesses that receive publicity about misconduct. A number of studies have found a direct relationship between social responsibility and profitability, as well as a link that exists between employee commitment and customer loyalty—two major concerns of any firm trying to increase profits.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

6) The principles and standards that determine acceptable conduct in business organizations are referred to as
A) social responsibility.
B) business strategies.
C) business ethics.
D) business stances.
E) corporate citizenship.

Answer: C
Explanation: Business ethics is defined as the principles and standards that determine acceptable conduct in business organizations.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

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7) Which of the following *best* exemplifies a company with a strong ethical culture?
A) The top management at Randy's company clearly communicates to all employees the ethical behavior expected of them.
B) Norah reports to two different supervisors—one who follows the company's ethics policy and one who makes exceptions to the rules. Nora is not sure who to follow.
C) Since the top management at Colin's company feels they only hire ethical employees, they do not see the need for a formal, written ethics policy.
D) The middle-level managers at Blake's company do not get direction from top management regarding ethical behavior, but they all try to do what is right.
E) Jayla follows the lead of her immediate supervisor; if he bends the rules, she feels that she can do the same.

Answer: A
Explanation: To truly create an ethical culture, managers must show a strong commitment to ethics and compliance. This "tone at the top" requires top managers to acknowledge their own role in supporting ethics and compliance, clearly communicate company expectations for ethical behavior to all employees, educate all managers and supervisors in the business about the company's ethics policies, and train managers and employees on what to do if an ethics crisis occurs.
Difficulty: 3 Hard
Topic: How to Promote and Maintain an Ethical Environment
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

8) Which statement is true regarding business ethics and social responsibility?
A) All actions deemed unethical by society are also illegal.
B) The concerns of what is legal and ethical do not change over time.
C) The terms social responsibility and ethics should be used interchangeably.
D) Companies can be both profitable and socially responsible.
E) Businesses whose sole objective is to earn profit are also likely to consider their social responsibility.

Answer: D
Explanation: Many consumers and social advocates believe that businesses should not only make a profit but also consider the social implications of their activities. Socially responsible businesses win the trust and respect of their employees, customers, and society and, in the long run, increase profits.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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9) A local landscaping company donates and plants a tree in the community for every new client that uses its landscaping design services. This exhibits the company's
A) business ethics.
B) profitability.
C) business responsibility.
D) irresponsibility.
E) social responsibility.

Answer: E
Explanation: Social responsibility is a business's obligation to maximize its positive impact and minimize its negative impact on society. Donating and planting trees shows this company's social responsibility. Businesses should not only make a profit but also consider the social implications of their activities.
Difficulty: 3 Hard
Topic: Corporate Social Responsibility
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

10) The term _____ refers to a business's obligation to maximize its positive impact and minimize its negative impact on society.
A) social citizenship
B) social strategy
C) social ethics
D) social responsibility
E) social philanthropy

Answer: D
Explanation: Social responsibility refers to a business's obligation to maximize its positive impact and minimize its negative impact on society.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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11) Premier Products is well-received by the community in which it operates. Every year Premier hosts a charity fundraiser to support local charities; its employees regularly volunteer within the community and the company is committed to using sustainable manufacturing processes. The actions taken by Premier Products *best* exemplify
A) consumerism.
B) entrepreneurship.
C) legal responsibility.
D) social responsibility.
E) business ethics.

Answer: D
Explanation: Social responsibility refers to a business's obligation to maximize its positive impact and minimize its negative impact on society.
Difficulty: 3 Hard
Topic: Corporate Social Responsibility
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

12) How do the terms business ethics and social responsibility differ from each other?
A) Business ethics concerns the impact of the entire business's activities on society, whereas social responsibility relates to an individual's decisions that society evaluates as right or wrong.
B) Business ethics concerns the impact of the entire business's activities on society, whereas social responsibility relates to a work group's decisions that society evaluates as right or wrong.
C) Business ethics relates to an individual's or a work group's decisions that society evaluates as right or wrong, whereas social responsibility concerns the impact of the entire business's activities on society.
D) Business ethics and social responsibility can be used interchangeably because they mean the same thing.
E) Business ethics is a broader concept, whereas social responsibility is a narrower concept.

Answer: C
Explanation: Although many people use the terms social responsibility and ethics interchangeably, they do not mean the same thing. Business ethics relates to an individual's or a work group's decisions that society evaluates as right or wrong, whereas social responsibility is a broader concept that concerns the impact of the entire business's activities on society.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business; Corporate Social Responsibility
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Understand
AACSB: Ethics
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13) Which law reformed the financial industry and offered consumers protection against complex and/or deceptive financial products?
A) the Glass-Steagall Legislation
B) the Dodd-Frank Act
C) the Sarbanes-Oxley Act
D) the Clayton Act
E) the Celler-Kefauver Act

Answer: B
Explanation: After the financial crisis occurred in the most recent recession, the Dodd-Frank Act was passed to reform the financial industry and offer consumers protection against complex and/or deceptive financial products.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

14) Recently, _____ became the number-one consumer complaint with the Federal Trade Commission.
A) product recalls
B) securities fraud
C) corporate fraud
D) deceptive financial products
E) identity theft

Answer: E
Explanation: Recently, identity theft has become the number-one consumer complaint with the Federal Trade Commission, and companies have an ethical responsibility to protect consumer data.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Remember
AACSB: Ethics
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15) One of the most difficult things for a business to restore after an ethics scandal is/are
A) regulations.
B) ethics training programs.
C) trust.
D) codes of conduct.
E) morale.

Answer: C
Explanation: Ethical conduct builds trust and credibility. Establishing trust and confidence is much more difficult in organizations that have reputations for acting unethically.
Difficulty: 2 Medium
Topic: How to Promote and Maintain an Ethical Environment
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

16) Which statement is true of how the mass media reports on the ethical conduct of businesses?
A) The mass media focuses equally on misconduct and good ethical conduct.
B) The mass media focuses more on misconduct than good ethical conduct.
C) The mass media focuses more on good ethical conduct than misconduct.
D) The mass media rarely reports on the ethical conduct of businesses.
E) The mass media supports businesses by giving the public the impression that misconduct is not widespread.

Answer: B
Explanation: The mass media frequently reports about firms that engage in misconduct related to bribery, fraud, and unsafe products. However, the good ethical conduct of the vast majority of firms is not reported as often. Therefore, the public often gets the impression that misconduct is more widespread than it is in reality.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Understand
AACSB: Ethics
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17) Tracor Industries decided to buy less expensive materials from a foreign supplier that resulted in a significant reduction in the quality of its product. As a result, company sales dropped, many retailers refused to carry the product, and consumers left negative reviews online about the product. This is an example of
A) why the most expensive products must always be used in the production process.
B) a company being unethical but socially responsible.
C) how negative judgments can affect an organization's ability to achieve its goals.
D) ethical misconduct by the foreign supplier.
E) legal misconduct by Tracor Industries.

Answer: C
Explanation: Regardless of what an individual believes about a particular action, if society judges it to be unethical or wrong, whether correctly or not, that judgment directly affects the organization's ability to achieve its business goals. Ethical conduct builds trust among individuals and in business relationships, which validates and promotes confidence in business relationships. Establishing trust and confidence is much more difficult in organizations that have reputations for acting unethically.
Difficulty: 3 Hard
Topic: How to Promote and Maintain an Ethical Environment
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

18) Which statement is true of business ethics?
A) Ethical issues are not limited to for-profit organizations.
B) Business ethics does not extend beyond legal issues.
C) Ethical conduct does not have any impact on business relationships.
D) Ethical conflicts do not evolve into legal disputes.
E) Ethical issues are not affected by social perceptions.

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

Answer: A
Explanation: This example shows how negative judgment directly affects an organization's ability to achieve its business goals. Whether made in science, politics, sports, or business, most decisions are judged as right or wrong, ethical or unethical.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

20) What is a key step in evaluating ethical decisions in business?
A) assuming that ethical issues do not include all areas of organizational activities
B) recognizing that social responsibility and ethics are inversely related to each other
C) understanding that business ethics does not go beyond legal issues
D) identifying that ethics is not culture-specific
E) learning how to recognize and resolve ethical issues

Answer: E
Explanation: Learning how to recognize and resolve ethical issues is a key step in evaluating ethical decisions in business.
Difficulty: 2 Medium
Topic: How to Promote and Maintain an Ethical Environment
Learning Objective: 02-01 Describe the importance of business ethics and social responsibility.
Bloom's: Understand
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21) Daniel notices that one of his colleagues arrives late and leaves early from work every day. In deciding whether or not to report this behavior, what must he do first?
A) confront the colleague about the situation
B) discuss the situation with other colleagues
C) ask his wife what she thinks
D) know his company's policy regarding the ethics of his colleague's choice
E) discuss the situation hypothetically with his manager

Answer: D
Explanation: Employees need to know when to rely on their organizations' policies and codes of ethics or have discussions with co-workers or managers on appropriate conduct. Ethical decision making is not always easy because there are always gray areas that create dilemmas, no matter how decisions are made. The question of whether or not to report his colleague requires Daniel to understand his company's policy regarding the ethics of his colleague's choice and decide whether to ask for guidance.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

22) _____ are payments, gifts, or special favors intended to influence the outcome of a decision.
A) Bribes
B) Tax incentives
C) Stipends
D) Grants
E) Recompenses

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

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

24) All of the following are common areas of misconduct observed in the workplace EXCEPT
A) misuse of company time.
B) abusive and intimidating behavior.
C) separation of personal financial interests from business dealings.
D) misuse of company resources.
E) conflict of interest.

Answer: C
Explanation: The National Business Ethics Survey found that workers witness many instances of ethical misconduct in their organizations, including misuse of company time, abusive and intimidating behavior, misuse of company resources, and conflict of interest.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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25) What is true of misusing company time?
A) Theft of time is not a common area of misconduct observed in the workplace.
B) Time theft costs can be difficult to measure but are estimated to cost companies hundreds of billions of dollars annually.
C) The average employee "steals" 10 hours a week with late arrivals, leaving early, and long lunch breaks.
D) The average employee doesn't misuse company time often enough to negatively affect productivity.
E) Time theft costs are easy to measure and do not cost companies very much money.

Answer: B
Explanation: Theft of time is a common area of misconduct observed in the workplace. Time theft costs can be difficult to measure but are estimated to cost companies hundreds of billions of dollars annually. The average employee steals 4.5 hours a week with late arrivals, leaving early, long lunch breaks, inappropriate sick days, excessive socializing, and engaging in personal activities. These activities add up to lost productivity and profits.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

26) Abusive behavior is difficult to assess and manage because
A) top management usually refuses to address the problem.
B) most employees accept this form of behavior as no big deal.
C) employees generally do not follow codes of ethics.
D) people have very diverse cultures and lifestyles.
E) it often leads to higher levels of unemployment.

Answer: D
Explanation: Abusive behavior is difficult to assess and manage because of diversity in culture and lifestyle.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Understand
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27) Felix speaks fluent Spanish, and English is his second language. When communicating with his colleagues, Amanda and Joe, he uses words that are normal in his language, but they consider them profane. What does this exhibit?
A) Colleagues can often be oversensitive.
B) Profanity has a universal definition.
C) Abusive behavior is difficult to assess and manage.
D) Profanity is not considered to be an abusive behavior.
E) Regardless of intent, abusive behavior is easy to assess and manage.

Answer: C
Explanation: Abusive behavior is difficult to assess and manage because of diversity in culture and lifestyle. If you are using words that are normal in your language but that others consider to be profanity, intent can determine whether you've insulted, abused, or disrespected them or if it was simply a mistake.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

28) Which act is associated with bullying?
A) buying or selling of stocks by insiders
B) discrediting others' ideas and opinions
C) lobbying for or against someone
D) mediating as a third party
E) offering bribes

Answer: B
Explanation: Actions associated with bullies include spreading rumors to damage others and discrediting others' ideas and opinions.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
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29) What is associated with a hostile workplace when a person or group is targeted and is threatened, harassed, belittled, verbally abused, or overly criticized?
A) conflict of interest
B) bribery
C) treachery
D) treason
E) bullying

Answer: E
Explanation: Bullying is associated with a hostile workplace when a person or group is targeted and is threatened, harassed, belittled, verbally abused, or overly criticized. Bullying may create what some consider a hostile environment, a term generally associated with sexual harassment.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

30) What is true of bullying?
A) Surveys reveal that bullying in the workplace is on the decline.
B) Bullying only refers to verbal language; nonverbal expressions are not bullying.
C) Flaunting status or authority to take advantage of others does not amount to the act of bullying.
D) Although sexual harassment has legal recourse, bullying has little legal recourse at this time.
E) Insider trading is an example of bullying.

Answer: D
Explanation: Although sexual harassment has legal recourse, bullying has little legal recourse at this time. Bullying is a widespread problem in the United States, and it can cause psychological damage that can result in health-endangering consequences to the target.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Understand
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31) Marissa needs William's help to resolve an urgent work issue. She has emailed and called him several times, but William doesn't respond to any of her communications. William's behavior is an example of
A) a conflict of interest.
B) the misuse of company time.
C) bullying.
D) the misuse of company resources.
E) dishonesty.

Answer: C
Explanation: Failing to communicate or return communication is an example of bullying.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

32) Within the concept of abusive behavior, _____ should be a consideration.
A) intent
B) context
C) natural environment
D) cultural norms
E) business ethics

Answer: A
Explanation: Within the concept of abusive behavior, intent should be a consideration.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Understand
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33) _____ is the buying or selling of stocks by insiders who possess material that is still not public.
A) Gatekeeping
B) Whistleblowing
C) Downcycling
D) Insider trading
E) Plagiarizing

Answer: D
Explanation: A conflict of interest, one of the most common ethical issues identified by employees, exists when a person must choose whether to advance his or her own personal interests or those of others. Insider trading is an example of a conflict of interest. Insider trading is the buying or selling of stocks by insiders who possess material that is still not public. The Justice Department has taken an aggressive stance toward insider trading.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

34) Physical threats, ignoring someone, yelling, and the use of profanity fall under which type of organizational misconduct?
A) conflict of interest
B) discrimination
C) abusive behavior
D) misuse of company time
E) retaliation by employees

Answer: C
Explanation: Abusive or intimidating behavior is the most common ethical problem for employees. These concepts can mean anything from physical threats, false accusations, profanity, insults, yelling, harshness, and unreasonableness to ignoring someone or simply being annoying.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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35) Spending an excessive amount of time on personal e-mails, submitting personal expenses on company expense reports, and using the company copier for personal use are all examples of
A) the misuse of company time.
B) conflicts of interest.
C) abusive behavior.
D) the misuse of company resources.
E) the pressure to compromise standards.

Answer: D
Explanation: Examples of the misuse of company resources might include spending an excessive amount of time on personal e-mails, submitting personal expenses on company expense reports, or using the company copier for personal use.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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

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

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

38) Which country is included in the list of least corrupt countries?
A) Denmark
B) Somalia
C) North Korea
D) South Sudan
E) Yemen

Answer: A
Explanation: Denmark is one of the least corrupt countries, while Transparency International rated Yemen, Syria, North Korea, South Sudan, and Somalia as the most corrupt countries.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

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39) Lindsay, a manager, makes decisions that benefit her financially at the expense of her firm. This is an example of which ethical issue in business?
A) bullying
B) bribery
C) conflict of interest
D) intimidating behavior
E) misuse of company time

Answer: C
Explanation: A conflict of interest occurs when an employee must choose whether to advance his or her own interests or those of the firm. If managers make decisions that give them more power or money but do not help the company, then they have a conflict of interest.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
AACSB: Ethics
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40) The fact that businesspersons are expected not to harm customers, clients, and competitors knowingly through deception, misrepresentation, coercion, or discrimination is part of the practice of
A) business relationships.
B) communications.
C) conflict of interest.
D) fairness and honesty.
E) consumerism.

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

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

Answer: C
Explanation: One aspect of fairness relates to competition. Companies sometimes attempt to gain control over markets by using questionable practices that harm competition. The European Commission investigated Google to determine whether it was promoting its own search results over those of competitors in spite of their relevance.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
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43) All of the following are associated with dishonesty EXCEPT
A) lack of integrity.
B) competition.
C) lack of disclosure.
D) lying.
E) cheating.

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

Answer: B
Explanation: Truthfulness about product safety and quality is also important to consumers. Takata pleaded guilty to fraud and providing false data and agreed to pay $1 billion in a settlement to victims and car manufacturers for exploding airbags.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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45) People in the entertainment industry claim that requiring warning labels on movies and videogames violates their _____ right.
A) Sixth Amendment
B) Thirteenth Amendment
C) Tenth Amendment
D) First Amendment
E) Second Amendment

Answer: D
Explanation: People in the entertainment industry claim that requiring warning labels on movies and videogames violates their First Amendment right to freedom of expression. Other consumers believe that labeling is needed to protect children from harmful influences.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

46) The National Business Ethics Survey found that employees who feel pressured to compromise ethical standards view _____ as the greatest source of such pressure.
A) CEOs
B) suppliers and distributors
C) clients
D) top and middle managers
E) co-workers

Answer: D
Explanation: Managers, because of the inherent authority of their position, have the opportunity to influence employees' actions. The National Business Ethics Survey found that employees who feel pressured to compromise ethical standards view top and middle managers as the greatest source of such pressure.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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47) Who is engaged in plagiarism?
A) Nathan came up with a new training method, but his boss Bill claimed the idea as his own.
B) Neil bought some company stock based on inside information about the latest sales figures.
C) Taliyah used company financial data from the previous year in her presentation to stockholders.
D) Noel tells the other managers what he pays each of his employees.
E) Linda shows the company's new ad campaign to her best client.

Answer: A
Explanation: Plagiarism is taking someone else's work and presenting it as your own without mentioning the source. When Bill claimed Nathan's idea as his own, he committed plagiarism.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
AACSB: Knowledge Application
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48) _____ involves taking someone else's work and presenting it as your own.
A) Conflict of interest
B) Creativity
C) Inspiration
D) Bribery
E) Plagiarism

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

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

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

Answer: B
Explanation: Ethical behavior within a business involves keeping company secrets, meeting obligations and responsibilities, and avoiding undue pressure that may force others to act unethically. Thus, a manager pressuring a subordinate to engage in activities that he or she may otherwise view as unethical, such as engaging in accounting fraud or stealing a competitor's secrets, would be an ethical issue related to business relationships.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

52) If a manager attempts to take credit for a subordinate's ideas, this is a form of
A) keeping a secret.
B) misusing resources.
C) plagiarism.
D) bullying.
E) bribery.

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

Answer: B
Explanation: Once a person has recognized an ethical issue and can openly discuss it with others, he or she has begun the process of resolving the issue.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Understand
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54) Which of the following is NOT a question to consider in determining whether an action is ethical?
A) Are there any potential legal restrictions or violations that could result from the action?
B) Does your company have a specific code of ethics or policy on the action?
C) How does this activity fit with your own beliefs and values?
D) Would this activity be accepted by your co-workers?
E) Is this activity customary across all industries in your country?

Answer: E
Explanation: The questions to consider in determining whether an action is ethical are: Are there any potential legal restrictions or violations that could result from the action? Does your company have a specific code of ethics or policy on the action? Is this activity customary in your industry? Would this activity be accepted by your co-workers? How does this activity fit with your own beliefs and values?
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
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55) The three key factors that influence ethical decisions in an organization are: individual moral standards, the influence of managers and co-workers, and
A) individual religious values.
B) informal ethical policies or rules.
C) the opportunity to engage in misconduct.
D) family influence.
E) ethical values of clients.

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

Answer: D
Explanation: This is an example of the influence of managers. If your boss goes on Facebook at work, you and your co-workers are more likely to do so as well.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
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57) Kian's company, Microtech, does not have established rules and policies on ethics. It is a small, independent company that depends on its employees to use their own judgment. This structure can lead to
A) opportunity for misconduct.
B) conflicts of interest.
C) better co-worker relationships.
D) similar behavior across co-workers.
E) pressure to act unethically.

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

Answer: C
Explanation: Professional codes of ethics do not have to be so detailed that they take into account every situation, but they should provide guidelines and principles that can help employees achieve organizational objectives and address risks in an acceptable and ethical way. The development of a code of ethics should include not only a firm's executives and board of directors, but also legal staff and employees from all areas of a firm.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
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59) All of the following are true of the causes of ethical conflict EXCEPT
A) codes of conduct increase ethical conflict for employees.
B) ethical conflict increases when employees feel that their company is exerting pressure on them to engage in unethical conduct.
C) business managers often experience some tension between their own ethical beliefs and their obligations to the organizations where they work.
D) employees often experience some tension between their own ethical beliefs and their obligations to the organizations where they work.
E) many employees utilize different ethical standards at work than they do at home.

Answer: A
Explanation: Business managers and employees often experience some tension between their own ethical beliefs and their obligations to the organizations in which they work. Many employees utilize different ethical standards at work than they do at home. This conflict increases when employees feel that their company is encouraging unethical conduct or exerting pressure on them to engage in it. Having a code of conduct decreases ethical conflict for employees.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Understand
AACSB: Ethics
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60) A set of formalized rules and standards that describes what a company expects of its employees is called a
A) mission statement.
B) code of liability.
C) moral philosophy.
D) social responsibility statement.
E) code of ethics.

Answer: E
Explanation: Codes of ethics are formalized rules and standards that describe what the company expects of its employees.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Remember
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61) Codes of ethics, policies on ethics, and ethics training programs advance ethical behavior because they
A) do not limit the opportunity for misconduct.
B) result in expensive litigation.
C) infringe on consumers' rights to be informed.
D) prescribe which activities are acceptable and which are not.
E) are strictly voluntary in nature.

Answer: D
Explanation: Codes of ethics, policies on ethics, and ethics training programs advance ethical behavior because they prescribe which activities are acceptable and which are not, and they limit the opportunity for misconduct by providing punishments for violations of the rules and standards.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

62) According to the National Business Ethics Survey, employees in organizations that have written codes of conduct and ethics training, ethics offices or hotlines, and systems for reporting are more likely to
A) ignore misconduct when they see it.
B) find clever ways to hide their misconduct.
C) report misconduct when they observe it.
D) deal with misconduct on their own.
E) assume that no misconduct exists in their organizations.

Answer: C
Explanation: According to the National Business Ethics Survey, employees in organizations that have written codes of conduct and ethics training, ethics offices or hotlines, and systems for reporting are more likely to report misconduct when they observe it. The survey found that a company's ethical culture is the greatest determinant of future misconduct.
Difficulty: 1 Easy
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
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63) Codes of ethics foster ethical behavior by
A) highlighting the religious implications of behaving in an unethical manner.
B) limiting the opportunity to behave unethically by providing punishments for violations of the rules and standards.
C) making the employees understand that they should use their own judgment to determine if an action is ethical.
D) pointing out to the employees that ethical behaviors are subjective and are dependent on social perceptions.
E) encouraging employees to be more competitive and profit-oriented.

Answer: B
Explanation: Codes of ethics, policies on ethics, and ethics training programs advance ethical behavior because they prescribe which activities are acceptable and which are not, and they limit the opportunity for misconduct by providing punishments for violations of the rules and standards.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Understand
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64) Kellen just took a job as a financial advisor with a large firm. He wants to make sure that all of his business dealings are ethical. Which of the following will give him guidance on any gray or ambiguous area he may face at his new job?
A) a detailed mission statement
B) a sustainability statement
C) a code of ethics
D) a code of liability
E) a personal moral statement

Answer: C
Explanation: Among the reasons why a code of ethics is important is that it gives guidance to employees when facing gray or ambiguous situations or ethical issues that they have never faced before.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Apply
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65) What is a reason why a code of ethics is important?
A) It alerts employees about important issues and risks to address.
B) It provides an individual approach to dealing with ethical decisions.
C) It serves as an internal document, which is not shared with the public, suppliers, or regulatory authorities.
D) It negates the need to have systems for reporting or places to go for advice when facing an ethical issue.
E) It negates the need to evaluate and improve ethical decision making.

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

Answer: D
Explanation: According to the National Business Ethics Survey (NBES), employees in organizations that have written codes of conduct and ethics training, ethics offices or hotlines, and systems for reporting are more likely to report misconduct when they observe it. The survey found that a company's ethical culture is the greatest determinant of future misconduct.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
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67) _____ is the act of an employee exposing an employer's wrongdoing to outsiders.
A) Fraud
B) Whistleblowing
C) Corporate citizenship
D) Arbitration
E) Gatekeeping

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

Answer: E
Explanation: Congress passed the Dodd-Frank Act, which includes a "whistleblower bounty program." The Securities and Exchange Commission can now award whistleblowers between 10 and 30 percent of monetary sanctions over $1 million.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
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69) All of the following are true of current trends in ethics programs EXCEPT
A) organizations are moving away from legally based ethical initiatives.
B) organizations are moving toward cultural- or integrity-based initiatives.
C) organizations recognize that effective business ethics programs are good for business performance.
D) firms that develop higher levels of trust function more efficiently and effectively and avoid damaged company reputations and product images.
E) organizations are moving toward legally based ethical initiatives.

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

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

Answer: A
Explanation: Three of the most common factors that executives give for why turnover increases are employee loss of trust in the company, a lack of transparency among company leaders, and unfair employee treatment.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-03 Specify how businesses can promote ethical behavior.
Bloom's: Understand
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71) Being profitable relates to the _____ dimension of social responsibility.
A) corporate citizenship
B) voluntary
C) ethical
D) legal
E) economic

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

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

Answer: D
Explanation: Businesses, like all organizations, have a legal responsibility to obey the law.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Understand
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73) _____ is the extent to which businesses meet the legal, ethical, economic, and voluntary responsibilities placed on them by their various stakeholders.
A) Ethical well-being
B) Social responsibility
C) Virtual sustainability
D) Consumer relations
E) Corporate citizenship

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

74) Which of the following involves the activities and organizational processes adopted by businesses to meet their social responsibilities?
A) business ethics
B) corporate citizenship
C) sustainability
D) social dominance
E) ethical initiative

Answer: B
Explanation: Corporate citizenship involves the activities and organizational processes adopted by businesses to meet their social responsibilities.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Understand
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75) A company committed to corporate citizenship might be engaged in
A) the development of a new website.
B) dumping hazardous waste on land rather than in waterways.
C) the expansion of the company's social media presence.
D) fundraising for a political candidate.
E) sustainable manufacturing processes.

Answer: E
Explanation: One of the major corporate citizenship issues is the focus on preserving the environment. The majority of people agree that climate change is a global emergency, but there is no agreement on how to solve the problem. Another example of a corporate citizenship issue might be animal rights—an issue that is important to many stakeholders.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

76) What is a dimension of social responsibility?
A) political
B) philosophical
C) mechanical
D) rational
E) ethical

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

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

Answer: E
Explanation: These programs exemplify the company's philanthropic activities. These additional activities may not be required, but they promote human welfare or goodwill.
Difficulty: 3 Hard
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

78) Being a "good corporate citizen" is an example of the _____ dimension of social responsibility.
A) puritanical
B) economic
C) legal
D) ethical
E) voluntary

Answer: E
Explanation: Being a "good corporate citizen" is an example of the voluntary dimension of social responsibility.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Understand
AACSB: Analytical Thinking
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79) Philanthropic contributions made by a business to a charitable organization represent the _____ dimension of social responsibility.
A) corporate citizenship
B) economic
C) legal
D) ethical
E) voluntary

Answer: E
Explanation: Voluntary responsibilities include philanthropic donations.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

80) All of the following are criteria the Ethisphere Institute uses to select its annual list of the world's most ethical companies EXCEPT
A) corporate citizenship and responsibility.
B) corporate governance.
C) legal, regulatory, and reputation track record.
D) innovation that contributes to the company's well-being.
E) industry leadership.

Answer: D
Explanation: The Ethisphere Institute selects an annual list of the world's most ethical companies based on the following criteria: corporate citizenship and responsibility; corporate governance; innovation that contributes to the public well-being; industry leadership; executive leadership and tone from the top; legal, regulatory, and reputation track record; and internal systems and ethics/compliance program.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Remember
AACSB: Ethics
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81) What is an argument that supports social responsibility?
A) Business may not have the expertise needed to assess and make decisions about social and economic issues.
B) The responsibility of business to society is to earn profits and create jobs.
C) As members of society, businesses and their employees should support society through taxes and contributions to social causes.
D) Participation in social programs gives businesses greater power, perhaps at the expense of concerned stakeholders.
E) Social problems are the responsibility of the government agencies and officials who can be held accountable by voters.

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

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

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

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

84) What has research shown regarding the relationship between social responsibility and profitability?
A) Social responsibility has no effect on business performance.
B) An emphasis on social responsibility reduces business performance.
C) Social responsibility initiatives reduce both business performance and profitability.
D) Social responsibility is linked to improved business performance.
E) An emphasis on social responsibility neither improves nor diminishes profitability.

Answer: D
Explanation: There is much evidence that social responsibility is associated with improved business performance. Consumers are refusing to buy from businesses that receive publicity about misconduct. A number of studies have found a direct relationship between social responsibility and profitability, as well as a link that exists between employee commitment and customer loyalty—two major concerns of any firm trying to increase profits.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
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85) What is a major hindrance of any firm trying to increase profits?
A) a lack of employee commitment
B) a large target market
C) efficient production methods
D) economies of scale
E) ongoing relationship with owners and stockholders

Answer: A
Explanation: Without employees, a business cannot carry out its goals. A number of studies have found a direct relationship between social responsibility and profitability, as well as a link that exists between employee commitment and customer loyalty—two major concerns of any firm trying to increase profits.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

86) Laws regarding workplace safety are enforced by the
A) Federal Trade Commission.
B) Occupational Safety and Health Administration.
C) Environmental Protection Agency.
D) Consumer Bill of Rights.
E) Corrupt Practices Act.

Answer: B
Explanation: Many laws regarding safety in the workplace are enforced by the Occupational Safety and Health Administration (OSHA).
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Remember
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87) A major *social responsibility* for businesses is providing _____ for all employees.
A) advancement opportunities
B) equal opportunities
C) more free time
D) expense accounts
E) equal holiday pay

Answer: B
Explanation: A major social responsibility for all business is providing equal opportunities to all employees regardless of sex, age, race, religion, or nationality.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

88) _____ is defined as the activities that individuals, groups, and organizations undertake to protect their rights as customers.
A) Consumerism
B) Sustainability
C) Protectionism
D) Conspicuous consumption
E) Corporate citizenship

Answer: A
Explanation: Consumerism is defined as the activities that individuals, groups, and organizations undertake to protect their rights as consumers.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Remember
AACSB: Ethics
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89) Employees expect businesses to
A) move completely to telecommuting.
B) respect their rights as consumers.
C) protect their investments.
D) keep them informed of what is happening in the company.
E) run the company without their input.

Answer: D
Explanation: Employees expect businesses to provide a safe workplace, pay them adequately for their work, and keep them informed of what is happening in their company. They want employers to listen to their grievances and treat them fairly.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

90) Which item are companies offering to improve employee relations?
A) extended parental leave
B) elimination of all discrimination
C) fair treatment of consumers
D) LED office lighting
E) a code of ethics

Answer: A
Explanation: Many firms have begun implementing extended parental leave for families with new babies and more companies are providing day care facilities as part of their effort to recruit and advance women in the workforce. However, discrimination still occurs in business.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Understand
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91) The right to _____ means that a business must not knowingly sell anything that could result in personal injury or harm to consumers.
A) assert
B) information
C) safety
D) selection
E) be heard

Answer: C
Explanation: The right to safety means that a business must not knowingly sell anything that could result in personal injury or harm to consumers.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

92) The right to choose ensures that
A) consumers' interests will receive full and sympathetic consideration when the government formulates policy.
B) consumers do not have to pay service taxes.
C) consumers enjoy fair treatment if they voice complaints about a purchased product.
D) consumers enjoy freedom to review complete information about a product before they buy it.
E) consumers have access to a variety of goods and services at competitive prices.

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

Answer: A
Explanation: The right to choose ensures that consumers have access to a variety of goods and services at competitive prices. The assurance of both satisfactory quality and service at a fair price is also a part of the consumer's right to choose.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

94) The right to _____ assures consumers that their interests will receive full and sympathetic consideration when the government formulates policy.
A) choose
B) be informed
C) consider
D) safety
E) be heard

Answer: E
Explanation: The right to be heard assures consumers that their interests will receive full and sympathetic consideration when the government formulates policy. It also ensures the fair treatment of consumers who voice complaints about a purchased product.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
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95) John F. Kennedy's consumer bill of rights outlined four rights: the right to be informed, the right to choose, the right to be heard, and the right to
A) file lawsuits.
B) service.
C) easy credit.
D) enter into contracts.
E) safety.

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

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

Answer: A
Explanation: The right to be informed provides consumers access to information about the products they wish to buy and ensures vital information is contained on product packages and labels.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
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97) Braxton Foods, Inc. started using a new preservative in its products. However, it didn't include anywhere on its packaging that this preservative could cause an allergic reaction to people who are allergic to milk products. This is a violation of the consumers' right to
A) be heard.
B) choose.
C) be informed.
D) safety.
E) be healthy.

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

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

Answer: A
Explanation: The role of the Federal Trade Commission's Bureau of Consumer Protection exists to protect consumers against unfair, deceptive, or fraudulent practices.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Understand
AACSB: Ethics
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99) _____ emerged as a major issue in the 20th century in the face of increasing evidence that pollution, uncontrolled use of natural resources, and population growth were putting increasing pressure on the long-term sustainability of these resources.
A) Ethnic cleansing
B) Environmental protection
C) Global marketing
D) Consumerism
E) Whistleblowing

Answer: B
Explanation: Environmental protection emerged as a major issue in the 20th century in the face of increasing evidence that pollution, uncontrolled use of natural resources, and population growth were putting increasing pressure on the long-term sustainability of these resources.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

100) _____ involves the interaction among nature and individuals, organizations, and business strategies and includes the assessment and improvement of business strategies, economic sectors, work practices, technologies, and lifestyles, so that they maintain the health of the natural environment.
A) Philanthropy
B) Consumerism
C) Sustainability
D) Biodiversity
E) Dualism

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

Answer: B
Explanation: One area of environmental concern is pollution of water and soil from business activities. Sustainability refers to conducting activities in such a way as to provide for the long-term well-being of the natural environment, including all biological entities.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

102) _____ refers to attaching a positive environmental association on an unsuitable product, service, or practice.
A) Greenwashing
B) Whitewashing
C) Green marketing
D) Astroturfing
E) Conspicuous conservation

Answer: A
Explanation: Environmentalists are concerned that some companies are merely greenwashing, or "creating a positive association with environmental issues for an unsuitable product, service, or practice."
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
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103) All of the following are ways businesses are working to resolve environmental concerns EXCEPT
A) recycling materials and making product packaging more environmentally friendly.
B) creating a positive association for unsuitable products, services, or practices.
C) eliminating wasteful practices, the emission of pollutants, and the use of harmful chemicals.
D) improving their products.
E) supplementing their services with alternative energy sources.

Answer: B
Explanation: Many firms are trying to eliminate wasteful practices, the emission of pollutants, and/or the use of harmful chemicals from their manufacturing processes. Other companies are seeking ways to improve their products and supplement their services with alternative energy sources. In addition, many businesses have turned to recycling, the reprocessing of materials—aluminum, paper, glass, and some plastic—for reuse. Such efforts to make products, packaging, and processes more environmentally friendly have been labeled "green" business or marketing by the public and media.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

104) The fact that environmental responsibility requires trade-offs means that it
A) instigates trade relations.
B) facilitates international competition.
C) helps in generating profits.
D) imposes costs on both business and the public.
E) promotes the practice of fair trade.

Answer: D
Explanation: With current technology, environmental responsibility requires trade-offs. Society must weigh the huge costs of limiting or eliminating pollution against the health threat posed by the pollution. Environmental responsibility imposes costs on both business and the public.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Understand
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105) The most common way that businesses exercise community responsibility is through
A) establishing codes of ethics.
B) submission of environmental reports.
C) obeying the law.
D) recycling.
E) donations to charitable organizations.

Answer: E
Explanation: The most common way that businesses demonstrate their community responsibility is through donations to local and national charitable organizations and causes.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

106) Many businesses, recognizing that employees lack basic work skills, are becoming more concerned about the quality of _____ in the United States.
A) job opportunities
B) education
C) personal ethics
D) management
E) community relations

Answer: B
Explanation: After realizing that the current pool of prospective employees lacks many basic skills necessary to work, many companies have become concerned about the quality of education in the United States.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Remember
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107) While unemployment is often seen as an economic issue, it carries ethical implications when
A) too many people file for unemployment benefits.
B) high unemployment is coupled with a large gap between rich and poor.
C) whistleblowers cause people to lose their jobs.
D) businesses have to pay unemployment taxes.
E) the unemployment rate drops.

Answer: B
Explanation: Although most would argue that unemployment is an economic issue, it also carries ethical implications. Protests often occur in areas where unemployment is high, particularly when there seems to be a large gap between rich and poor.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

108) A survey of employers conducted in Indiana revealed that _____ percent reported leaving positions unfilled because the applicants were not qualified.
A) 3
B) 11
C) 66
D) 51
E) 39

Answer: E
Explanation: A survey of employers conducted in Indiana revealed that 39 percent reported leaving positions unfilled because the applicants were not qualified.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
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109) Which organization funds programs to train the hard-core unemployed so that they can find jobs and support themselves?
A) Transparency International
B) Boston Consulting Group
C) National Alliance of Businessmen
D) National Business Ethics Organization
E) British Financial Services

Answer: C
Explanation: Organizations such as the National Alliance of Businessmen fund programs to train the hard-core unemployed so that they can find jobs and support themselves.
Difficulty: 1 Easy
Topic: Corporate Social Responsibility
Learning Objective: 02-05 Evaluate an organization's social responsibilities to owners
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

110) Choose an issue that has been prominently featured in the news and discuss the ethical implications of this issue. Define any key terms that you use in your response.

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

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111) Kishan, an employee at United Works, is considered a bully by his co-workers. Describe in detail the types of activities that constitute bullying in the workplace.

Answer: Bullying belongs to the abusive and intimidating category of behaviors in the workplace. Bullying is a kind of misconduct that is often associated with a hostile workplace when a person or group is targeted and is threatened, harassed, belittled, verbally abused, or overly criticized. In the context of the National Business Ethics Survey, bullying is a widespread problem in the United States, and can cause psychological damage that can result in health-endangering consequences to the target. Surveys reveal that bullying in the workplace is on the rise. Bullying can use a mix of verbal, nonverbal, and manipulative threatening expressions to damage workplace productivity. One may wonder why workers tolerate such activities. The problem is that 72 percent of bullies outrank their victims.
Difficulty: 3 Hard
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Apply
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

112) Mouna, a regional sales manager with WaterWorks Corp., often shops online during her office hours. In this scenario, discuss the kind of misconduct that Mouna engages in and other kinds of misconduct that belong to the same category as per the National Business Ethics Survey.

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

Answer: A conflict of interest, one of the most common ethical issues identified by employees, exists when a person must choose whether to advance his or her own personal interests or those of others. For example, a manager in a corporation is supposed to ensure that the company is profitable so that its stockholder-owners receive a return on their investment. In other words, the manager has a responsibility to investors. If she instead makes decisions that give her more power or money but do not help the company, then she has a conflict of interest—she is acting to benefit herself at the expense of her company and is not fulfilling her responsibilities as an employee. Insider trading is an example of a conflict of interest. Insider trading is the buying or selling of stocks by insiders who possess material that is still not public. Bribery can also be a conflict of interest.
Difficulty: 2 Medium
Topic: The Ethical Concerns that Affect Business
Learning Objective: 02-02 Detect some of the ethical issues that may arise in business.
Bloom's: Understand
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

114) Discuss why it is important for companies to have codes of ethics.

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

Answer: The arguments for social responsibility are that it rests on stakeholder engagement and results in benefits to society and improved firm performance; businesses have financial and technical resources to address sustainability, health, and education; businesses and their employees should support society through taxes and contributions to social causes; socially responsible decision making can prevent increased government regulation; and social responsibility is necessary to ensure economic survival.

The arguments against social responsibility are that it sidetracks managers from the primary goal of earning profit; it gives them greater power, perhaps at the expense of concerned stakeholders; business may not have the expertise needed to assess and make decisions about social and economic issues; social problems are the government's responsibility; and creation of nonprofits and contributions to them are the best ways to implement social responsibility.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-04 Explain the four dimensions of social responsibility.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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