

Quiz 1

Chapter 2

1. Business ethics can be approached from two distinct perspectives: prohibitive and preventative.

True

False

2. Ethical relativism is where the traditions of one's society, one's personal opinion, and the circumstances of the present moment define one's ethical principles

True

False

3. Business ethics should be applied as a separate set of moral standards or ethical concepts from general ethics.

True

False

4. Ethical behavior should not be the same inside and outside a business situation.

True

False

5. A stakeholder is someone with a share or interest in a business enterprise.

True

False

6. Not every stakeholder will be relevant in every business situation.

True

False

7. Stakeholders include stockholders, employees, and the federal government.

True

False

8. The interests of wholesalers in an organization include accurate deliveries of quality products on time and at a reasonable cost.

True

False

9. The interests of the creditors of an organization focus specifically on the employment of local residents and the safety of the work environment.

True

False

10. Unethical corporate behavior does not have any impact on a company's stakeholders.

True

False

11. Unethical corporate behavior would have no negative impact on a community if it were to lead to an economic decline.

True

False

12. Corporate governance is the system by which businesses are directed and controlled.

True

False

13. The standard of corporate governance is the extent to which the officers of an organization are fulfilling the duties and responsibilities of their offices to the relevant stakeholders.

True

False

14. The standard of corporate governance appears to be at the highest level in recent business history.

True

False

15. An oxymoron is the combination of two facts that mirror and support each other.

True

False

16. A positive outcome of the awareness generated by unethical behavior in the business world has been increased attention to the need for third-party guarantees of ethical conduct and active commitments from the rest of the business world.

True

False

17. A company's code of ethics comprises written standards of moral behavior that are designed to guide managers and employees in making the decisions and choices they face every day.

True

False

18. The Ethical Remuneration Community defines a code of ethics as a central guide to support day-to-day decision making at work.

True

False

19. According to the Ethics Resource Center, an organization's cornerstones include its missions, values, and principles.

True

False

20. The Ethics Resource Center states that a code of ethics should help managers, employees, and stakeholders understand how an organization's cornerstones translate into everyday decisions, behaviors, and actions.

True

False

21. According to the Ethics Resource Center, a good code of ethics is structured to liberate and empower people to make more effective decisions with greater confidence.

True

False

22. As a message to its stakeholders, an organization's code of ethics should represent a clear corporate commitment to the highest standards of ethical behavior.

True

False

23. An organization's code of ethics has no relevance to its stakeholders.

True

False

24. An organization's code of ethics has no relevance to its employees.

True

False

25. An organization's code of ethics does not pertain to the everyday functioning of its managers and employees.

True

False

26. The issue of corporate social responsibility has advanced from an abstract debate to a core performance-assessment issue with clearly established legal liabilities.

True

False

27. Over the last five decades, corporate ethics has shifted from the organizational mainstream into the domain of legal and human resource departments.

True

False

28. Codes of ethics have matured from performance-measurement documents into cosmetic public relations documents.

True

False

29. The 2002 Sarbanes-Oxley Act introduced greater accountability for chief executive officers and boards of directors in signing off on the financial performance records of the organizations they represent.

True

False

30. A major ethical dilemma of the 2000s is the employee versus management mentality.

True

False

31. International ethics centers that serve the needs of global businesses were formed in the 1960s.

True

False

32. An ethical dilemma is a situation in which there is no obvious right or wrong decision, but rather a right or right answer.

True

False

33. Once the type of a particular ethical conflict has been determined, there are two principles through which it can be resolved: Volcker's Rule and Campbell's Rule.

True

False

34. Utilizing the ends-based principle to resolve an ethical dilemma necessitates focusing solely on the decisions that other people in one's situation would arrive at.

True

False

35. Utilizing the rules-based principle to resolve an ethical dilemma necessitates considering which decision would provide the greatest good for the greatest number of people.

True

False

36. When trying to resolve an ethical dilemma, the Golden Rule principle considers only the legal aspects of the problem.

True

False

37. The three principles by which ethical dilemmas are resolved are successful in all situations.

True

False

38. The ethicalness of an action is determined by the number of people who take the action.

True

False

39. The notion that anything which isn't specifically labeled as wrong must be OK encourages ethical actions in employees prone to unethical behavior.

True

False

40. The belief that an activity is safe because it will never be found out or publicized is one of the commonly held rationalizations, identified by Saul Gellerman, which can lead to unethical behavior.

True

False

41. _____ is the application of standards of moral behavior to business situations.

- A. Business structuralism
- B. Business contingency
- C. Business ethics
- D. Business sourcing

42. Which of the following statements best describes business ethics?

- A. It involves applying ethical and moral standards to business behavior.
- B. It should be applied as a separate set of moral standards from general ethics.
- C. It deals exclusively with the ethical behavior of creditors and shareholders.
- D. It can be understood from two perspectives—consequentialism and constitutivism.

43. In the context of business ethics, the _____ perspective is a summation of the customs, attitudes, and rules that are observed within a business.

- A. descriptive
- B. normative
- C. preventative
- D. prescriptive

44. In the context of business ethics, a _____ perspective evaluates the degree to which the observed customs, attitudes, and rules within a business can be considered ethical.

- A. subjective
- B. prohibitive
- C. normative
- D. constitutive

45. A perspective of business ethics that is a simple documentation of what is happening in a business situation is termed _____ perspective.

- A. arbitrative
- B. meditative
- C. prescriptive
- D. descriptive

46. A perspective of business ethics that involves recommending what should be happening in a business situation is termed _____ perspective.

- A. delineative
- B. evasive
- C. substantive
- D. normative

47. Which of the following is true of business ethics?

- A. The descriptive dimension of business ethics evaluates the degree to which the observed customs, attitudes, and rules within a business are ethical.
- B. Business ethics should ideally not reflect the ethical concepts of the society within which an organization functions.

- C. The normative dimension of business ethics is a summation of the customs, attitudes, and rules that are observed within a business.
- D. Business ethics should not be applied as a separate set of moral standards or ethical concepts from general ethics.

48. A _____ is defined as someone with a share or interest in a business enterprise.

- A. stakeholder
- B. moderator
- C. mediator
- D. crossholder

49. Which of the following is true of stakeholders?

- A. Not every stakeholder is relevant in every business situation.
- B. The stakeholders of an organization are not affected by its unethical behavior.
- C. The cancellation of an organization's dividends has no impact upon stakeholders.
- D. Creditors are not considered the stakeholders of an organization.

50. GeoTransmit, a large multinational telecommunications company, hid from its investors the extensive debt and losses it had accumulated. Its fraudulent accounting behavior was eventually discovered, and the company went bankrupt. Which of the following statements is true of the future of GeoTransmit and its stakeholders?

- A. The different stakeholders of GeoTransmit will be affected in different ways.
- B. The decision of GeoTransmit to hide its losses from its investors will not have any impact on its market value.
- C. The stakeholders of GeoTransmit will not be affected by its fraudulent practices.
- D. The decision of GeoTransmit to hide its losses from its investors is considered to be ethical.

51. The system that directs and controls business organizations is termed _____.

- A. business ethics
- B. organizational culture
- C. retail optimization
- D. corporate governance

52. Which of the following is true of corporate governance?

- A. It plays no role in enforcing ethical behavior in a workplace.
- B. It is the process by which a government nationalizes corporations.
- C. It is the system by which business corporations are directed and controlled.
- D. It is the entity responsible for the execution of a company's corporate social responsibility policy.

53. A feature of the standard of corporate governance is that it ____.

- A. ensures that certain select corporations are allowed to monitor the ethical conduct of government officials
- B. plays no role in determining the impact of fraudulent policies
- C. ensures that officers of an organization fulfill their obligations to their stakeholders
- D. plays no role in regulating the ethical behavior of employees in an organization

54. Which of the following is true of the standard of corporate governance?

- A. It is a set of guidelines that has been universally adopted by all business organizations.
- B. It does not ensure that an organization's officers fulfill their obligations to the stakeholders.
- C. It focuses on establishing a leadership pipeline for an organization.
- D. It appears to be at its lowest level in recent business history.

55. The term "business ethics" is sometimes considered an oxymoron because:

- A. small, new businesses tend to be less honest than large, established businesses.
- B. the recent spate of financial scandals portrays organizations as fundamentally unethical.
- C. the standard of corporate governance has been at its highest level in the last decade.
- D. local businesses tend to have fewer accounting scandals than international businesses.

56. The main function of a code of ethics is to ____.

- A. encourage managers and employees to make unsupervised decisions
- B. guide managers and employees in making sound decisions and choices every day
- C. liberate chief executive officers from any constraints placed by boards of directors
- D. decrease the independence of boards of directors and increases the power of investors

57. A(n) ____ is defined as a central guide that supports day-to-day decision making at work.

- A. business matrix
- B. code of ethics
- C. internal channel
- D. external channel

58. Which of the following functions does a code of ethics perform?

- A. It clarifies an organization's cornerstones to its employees, managers, and stakeholders.
- B. It allows the board members of an organization to be accountable only to themselves.
- C. It allows chief executive officers unrestrained power in the decision-making process.
- D. It works with the standards of corporate governance to limit employees' independence.

59. Which of the following statements is true of codes of ethics?

- A. Fewer small businesses adopt a formal code of ethics now than they did in the past.
- B. The codes are structured to empower employees to make effective decisions confidently.
- C. The codes prescribe appropriate courses of action for every business situation in detail.
- D. Fewer international organizations adopt a formal code of ethics now than they did in the past.

60. As an internal document, a code of ethics should represent a clear guide to _____ for making good decisions and choices.

- A. managers and employees
- B. competitors and consumers
- C. stockholders and shareholders
- D. retailers and wholesalers

61. Over the last five decades, the issue of corporate social responsibility has advanced from an abstract debate to a core _____ issue with clearly established legal liabilities.

- A. performance-assessment
- B. profit-oriented
- C. internal-relations
- D. profit-minimization

62. One of the changes that have occurred in a business environment over the last five decades is that_____.

- A. a code of ethics has developed from a quality-measurement document to a document related to human resources
- B. a company no longer requires senior executives to be accountable to the board of directors and their stakeholders
- C. corporate ethics has moved from the organizational mainstream into the domain of legal and human resource departments
- D. corporate social responsibility has advanced from an abstract debate to a core performanceassessment Issue

63. Over the last five decades, corporate ethics has moved from the domain of human resource departments into the _____.

- A. legal department
- B. finance and accounting department
- C. talent management portfolio
- D. organizational mainstream

64. Which of the following is true of corporate ethics?

- A. It has advanced from a core performance-assessment issue to an abstract debate.
- B. It does not require the senior executives of a company to be accountable to stakeholders.
- C. It does not deal with performance measurement, but with cosmetic public relations.
- D. It has moved from the domain of legal departments into the organizational mainstream.

65. Over the last five decades, codes of ethics have matured from cosmetic public relations documents into _____ documents.

- A. profit-oriented
- B. financial-assessment

- C. performance-measurement
- D. expenditure-maximization

66. Over the last five decades, codes of ethics:

- A. have matured from performance-measurement documents into cosmetic public relations documents.
- B. have been adopted by a decreasing number of corporations because employees and managers no longer need guidance.
- C. have been adopted by an increasing number of organizations who share them with all their stakeholders.
- D. have relieved chief executive officers from the control mechanisms used by boards of directors.

67. The _____ of 2002 introduced greater accountability for chief executive officers and boards of directors in signing off on the financial performance records of the organizations they represent.

- A. Comstock Act
- B. Federal Corrupt Practices Act
- C. Sarbanes-Oxley Act
- D. National Banking Act

68. A situation in which there is no obvious right or wrong decision, but rather a right or right answer, is termed _____.

- A. status paradox
- B. absence paradox
- C. discursive dilemma
- D. ethical dilemma

69. The _____ approach for resolving an ethical dilemma considers which decision would provide the greatest good for the greatest number of people.

- A. ends-based
- B. rules-based
- C. Golden Rule
- D. Volcker's Rule

70. The principle for resolving an ethical dilemma in which one considers the question of what would happen if everyone made the same decision as him or her is termed _____ principle.

- A. rules-based
- B. ends-based
- C. categorical imperative
- D. moral syncretism

71. The principle for resolving an ethical dilemma that considers "do unto others as you would have them do unto you" is the _____.

- A. Golden Rule
- B. rules-based approach
- C. formative approach
- D. egocentric rule

72. Which of the following is true of the three principles for resolving an ethical dilemma?

- A. They predict the behavior of other people involved in a particular situation.
- B. They do not offer a perfect solution or resolution for every situation.
- C. They need to be applied simultaneously in order to be effective.
- D. They can only be applied to situations involving personal issues.

73. How can companies discourage unethical behavior in their employees?

- A. By disciplining repeat offenders in private
- B. By conducting regular audits and random spot checks
- C. By not adopting a formal code of ethics
- D. By not giving their board of directors more power than the CEOs

74. The belief that an activity is safe because it will never be found out is a common rationalization behind an employee's unethical conduct. To deter unethical behavior based on this rationalization, a manager should _____.

- A. protect the identity of the personnel involved
- B. announce the misconduct publicly
- C. let go of first-time offenders
- D. reprimand such an employee in public

75. One way through which companies reduce unethical behavior in their employees is by _____.

- A. disciplining unethical behavior in front of their boards of directors
- B. creating and maintaining a corporate culture of trust
- C. giving their CEOs more power than their boards of directors
- D. paying low attention to audits and spot checks.

76. The _____ defines a code of ethics as a central guide to support day-to-day decision making at work.

- A. Ethics Resource Center (ERC)
- B. Better Business Bureau (BBB)
- C. Ethical Remuneration Community (ERC)
- D. Research Ethics Board (REB)

77. As a message to an organization's stakeholders, _____ should represent a clear corporate commitment to the highest standards of principled behavior.

- A. a charter of compassion
- B. corporate governance
- C. a code of ethics
- D. cuneiform law

78. In the context of the history of business ethics, identify a dramatic change that has taken place in the business environment over the past five decades.

- A. The increased presence of an employee voice has made employees feel more comfortable speaking out against actions of their employers that they feel to be irresponsible.
- B. The issue of corporate social responsibility has advanced from a core performance assessment issue with clearly established legal liabilities to an abstract debate.
- C. Corporate ethics has moved from the domain of finance and marketing departments into the human resource department.
- D. Very few number of organizations are willing to commit to sharing their resources with all their stakeholders.

79. When employees observe unethical behavior or are asked to do something that conflicts with their own personal values, one of the clichéd guidelines available to them is to _____.

- A. ignore the matter completely
- B. think about what's right for them instead of the organization
- C. divulge into illegal deeds to help their company
- D. consult the company code of ethics

80. Resolution of an ethical dilemma can be achieved by first _____.

- A. selecting between conflicting values that are important to one as an employee
- B. coming up with ways to justify unethical behavior
- C. recognizing the type of conflict one is dealing with
- D. seeking help from one's employer to deal with the rising contention

81. Business ethics involves the application of standards of moral behavior to business situations.

- True
- False

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Thank You