Modern Management Concepts and Skills 14th edition Certo Test Bank

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Modern Management, 14e **(Certo)**
Chapter 2 Managers, Society, and Sustainability

1) Which of the following statements is true about social responsibility?
A) It is the managerial obligation to ensure the accountability of certain individuals in an organization through mechanisms that try to reduce or eliminate the principal-agent problem.
B) It is the managerial obligation to cater to the needs of the stockholders, while abiding by the laws of the society.
C) It is the managerial obligation to take action that protects and improves both the welfare of society as a whole and the interests of the organization.
D) It is the managerial obligation to abide to societal laws when pursuing organizational goals.
E) It is the managerial obligation to ensure ethical decision making in an organization to benefit its customers.
Answer: C
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
AACSB: Ethical Understanding and Reasoning
Difficulty: Easy
Classification: Concept

2) Which of the following is an argument for business performing social responsibility activities?
A) Business institutions, as citizens, have the responsibility to become involved in certain social problems that are outside their normal areas of operation.
B) Social responsibility arises from social power.
C) The social costs and benefits of an activity, product, or service shall be thoroughly calculated and considered in deciding whether to proceed with it.
D) Because business is such an influential member of society, it has the responsibility to help maintain and improve the overall welfare of society.
E) Business shall operate as a two-way open system, with open receipt of inputs from society and open disclosure of its operations to the public.
Answer: D
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

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3) Which of the following statements best aligns with Milton Friedman's argument against business performing social responsibility activities?
A) Social responsibility compels managers to spend money on some individuals that rightfully belongs to other individuals.
B) Social responsibility is not mandated by law, which means that it has to be done by will, not by compulsion.
C) Empirical studies have not yet demonstrated a definitive relationship between corporate social responsibility and profitability.
D) Profitability and growth go hand-in-hand with responsible treatment of employees, customers, and the community.
E) Firms use social responsibility to increase their brand awareness.
Answer: A
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
AACSB: Ethical Understanding and Reasoning
Difficulty: Challenging
Classification: Concept

4) Which of the following is the primary function of the Equal Employment Opportunity Commission?
A) It ensures that employers holding federal contracts grant equal employment opportunity to people regardless of their race or sex.
B) It strives to reduce consumer misunderstanding of manufacturers' product design, labeling, and so on, by promoting clarity of these messages.
C) It formulates and enforces environmental standards in such areas as water, air, and noise pollution.
D) It regulates safety and health conditions in nongovernment workplaces.
E) It investigates and conciliates employment discrimination complaints that are based on race, sex, or creed.
Answer: E
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
Difficulty: Moderate
Classification: Concept

5) Haroon wants to file a complaint against EatFry, a fast-food restaurant, because he was rejected in a job interview with the firm. Haroon believes that he was discriminated against because of ethnicity. Which of the following federal agencies should he approach?
A) Consumer Product Safety Commission
B) Mining Enforcement and Safety Administration
C) Occupational Safety and Health Administration
D) Environmental Protection Agency
E) Equal Employment Opportunity Commission
Answer: E
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
AACSB: Analytical Thinking, Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Application

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6) The primary function of the Office of Federal Contract Compliance Programs is to ensure that employers holding federal contracts _____.
A) abide by the safety and health regulations of the Occupational Safety and Health Administration
B) improve safety conditions for workers by enforcing all safety and equipment standards
C) grant equal employment opportunity to people regardless of their race or sex
D) strive to reduce consumer misunderstanding of its products
E) abide by the environmental standards enforced by the Environment Protection Agency
Answer: C
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
Difficulty: Moderate
Classification: Concept

7) Which of the following is the primary function of the Consumer Product Safety Commission?
A) It ensures that employers holding federal contracts abide by the product safety standards.
B) It strives to reduce consumer misunderstanding of manufacturers' product design, labeling, and so on, by promoting clarity of these messages.
C) It formulates and enforces environmental standards in such areas as water, air, and noise pollution.
D) It regulates safety and health conditions in nongovernment workplaces.
E) It investigates product safety concerns prior to the launch of a product.
Answer: B
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
Difficulty: Moderate
Classification: Concept

8) When Mohawk Home Company develops a new line of all natural fiber rugs, the company could be said to be _____.
A) socially redundant
B) socially respectful
C) socially responsible
D) socially obligated
E) socially normed
Answer: C
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
AACSB: Analytical Thinking
Difficulty: Challenging
Classification: Concept

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9) Today's managers are said to need to be committed to building an organization's local community and environment while working to accomplish the firm's goals. Which of the following is this statement really saying is the role today's managers need to be involved in during their daily actions?
A) Sustainability manager
B) Social responsibility citizen
C) Community manager
D) Good corporate citizen
E) Citizen for the community
Answer: D
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
AACSB: Analytical Thinking
Difficulty: Challenging
Classification: Application

10) Today's focus on ecology conservation is known as _____.
A) urban affairs
B) going green
C) consumer affairs
D) green initiative
E) community affairs
Answer: B
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
Difficulty: Challenging
Classification: Concept

11) Milton Friedman believed the requirement for managers to be focused on socially responsible actions was _____.
A) unethical
B) ethical
C) rational
D) logical
E) irrational
Answer: A
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
AACSB: Analytical Thinking
Difficulty: Challenging
Classification: Critical Thinking

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12) Billy has been asking about the pros and cons of social responsibility actions in his new role as Plant Manager. In your role as Vice President of Production, when you meet with him today regarding the firm's new social responsibility initiative, you could best summarize the need for social responsibility activities in the following sentence: "Regardless of which argument or combination of arguments managers embrace, we generally should make a concerned effort to _____ perform social responsibility activities beyond those _____ required."
A) voluntarily; generally
B) generally; legally
C) legally; voluntarily
D) voluntarily; legally
E) legally, generally
Answer: D
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
AACSB: Analytical Thinking
Difficulty: Challenging
Classification: Application

13) Social responsibility is the managerial obligation to take action that protects and improves both the welfare of society and the interests of the organization.
Answer: TRUE
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
Difficulty: Easy
Classification: Concept

14) According to the concept of corporate social responsibility, a manager must strive to achieve societal as well as organizational goals.
Answer: TRUE
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
Difficulty: Moderate
Classification: Concept

15) Empirical studies, conducted by various corporations in the United States, have demonstrated a definitive relationship between social responsibility and profitability.
Answer: FALSE
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

16) Adherence to legislated social responsibilities is the minimum standard of social responsibility performance that business managers must achieve.
Answer: TRUE
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
Difficulty: Moderate
Classification: Concept

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17) The guiding premise of the Equal Employment Opportunity Commission is to ensure employers holding federal contracts grant equal employment opportunity to people regardless of their race or sex.
Answer: FALSE
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

18) Being socially responsible requires businesses to have both societal and economic goals as well as the obligation to anticipate potential social problems and work actively toward preventing their occurrence.
Answer: TRUE
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
AACSB: Analytical Thinking, Ethical Understanding and Reasoning
Difficulty: Challenging
Classification: Concept

19) Is social responsibility an important part of an organization's management practices? Justify your answer.
Answer: Arguments for business performing social responsibility activities: (1) Business, as a whole, is a subset of society, one that exerts a significant impact on the way society exists. Because business is such an influential member of society, it has the responsibility to help maintain and improve the overall welfare of society. (2) Business should perform social responsibility activities because profitability and growth go hand-in-hand with responsible treatment of employees, customers, and the community.
Arguments against business performing social responsibility activities: Making business managers simultaneously responsible to business owners for reaching profit objectives and to society for enhancing societal welfare sets up a conflict of interest that could potentially cause the demise of business as it is known today.
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
AACSB: Application of Knowledge
Difficulty: Challenging
Classification: Critical Thinking

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20) Identify two of the federal agencies that enforce social responsibility legislation and explain their primary roles.
Answer: Equal Employment Opportunity Commission: Investigates and conciliates employment discrimination complaints that are based on race, sex, or creed.
Environmental Protection Agency: Formulates and enforces environmental standards in such areas as water, air, and noise pollution.
Office of Federal Contract Compliance Programs: Ensures that employers holding federal contracts grant equal employment opportunity to people regardless of their race or sex.
Consumer Product Safety Commission: Strives to reduce consumer misunderstanding of manufacturers' product design, labeling, and so on, by promoting clarity of these messages.
Occupational Safety and Health Administration: Regulates safety and health conditions in nongovernment workplaces.
National Highway Traffic Safety Administration: Attempts to reduce traffic accidents through the regulation of transportation-related manufacturers and products
Mining Enforcement and Safety Administration: Attempts to improve safety conditions for mine workers by enforcing all mine safety and equipment standards.
Learning Obj.: LO 2.1: A thorough understanding of the term social responsibility
Difficulty: Moderate
Classification: Concept

21) Social responsiveness can be defined as _____.
A) the speed at which an organization adapts to the changing societal culture
B) an organization's effectiveness in abiding by the laws of the society
C) the degree of effectiveness and efficiency with which an organization fulfills its stockholders' needs while benefitting the stakeholders
D) the degree of effectiveness and efficiency an organization displays in pursuing its social responsibilities
E) the degree of effectiveness with which an organization can predict the changes in a society, such as the consumers changing preferences
Answer: D
Learning Obj.: LO 2.2: Insights about the social responsiveness of an organization
Difficulty: Easy
Classification: Concept

22) Managers can fulfill their social obligation towards consumers by _____.
A) abiding by the laws
B) providing safe working environments
C) repaying debts
D) increasing the value of the organization
E) providing safe products
Answer: E
Learning Obj.: LO 2.2: Insights about the social responsiveness of an organization
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

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23) Managers who have successfully increased the value of the organization have fulfilled their social obligation towards _____.
A) stockholders
B) consumers
C) government agencies
D) employees and unions
E) banks and other lenders
Answer: A
Learning Obj.: LO 2.2: Insights about the social responsiveness of an organization
AACSB: Ethical Understanding and Reasoning
Difficulty: Easy
Classification: Concept

24) Managers can fulfill their social obligation towards government agencies by _____.
A) providing safe products
B) repaying debts to banks
C) abiding by the laws
D) increasing the value of the organization
E) providing safe working environments
Answer: C
Learning Obj.: LO 2.2: Insights about the social responsiveness of an organization
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

25) Tangarine, a detergent manufacturer, realizes that a malfunction of one of its automated machines has significantly altered the composition of the detergent. Continued exposure to this altered detergent can cause skin cancer in the long term. Tangarine is violating the obligation to _____.
A) suppliers
B) employees
C) stockholders
D) customers
E) unions
Answer: D
Learning Obj.: LO 2.2: Insights about the social responsiveness of an organization
AACSB: Analytical Thinking, Ethical Understanding and Reasoning
Difficulty: Challenging
Classification: Application

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26) The social responsibility approach views business as having _____.
A) the obligation to anticipate potential social problems
B) societal goals and the obligation to anticipate potential social problems, but lacking economic goals
C) both societal and economic goals as well as the obligation to anticipate potential social problems
D) primarily economic purposes and confines social responsibility activity mainly to existing legislation
E) both economic and societal goals
Answer: E
Learning Obj.: LO 2.2: Insights about the social responsiveness of an organization
Difficulty: Easy
Classification: Concept

27) Which of the following statements best describes Friedman's view of a firm's social responsibility obligation?
A) Friedman argued firms should perform social responsibility activities because businesses are a subset of society and therefore have a significant impact on the way society exists.
B) Friedman argued against firms social responsibility activities because government already takes care of society.
C) Friedman argued against businesses performing social responsibility activities because the real responsibility for management is to reach profit objectives and increase the wealth of government officials.
D) Friedman argued against businesses performing social responsibility activities because he saw these activities as setting up a conflict of interest between actions necessary to conduct business and maximize profits versus actions focused on taking care of society's welfare.
E) Friedman argued for social responsibility activities because these activities increase the wealth of the firm's owners.
Answer: D
Learning Obj.: LO 2.2: Insights about the social responsiveness of an organization
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

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28) Which of the following statements is true about the concept of social responsibility?
A) It views business as having societal goals, but lacking economic goals.
B) It considers business as having both societal and economic goals as well as the obligation to anticipate potential social problems and work actively toward preventing their occurrence.
C) It views business as having societal goals and the obligation to anticipate potential social problems, but lacking economic goals.
D) It considers business as having primarily economic purposes and confines social responsibility activity mainly to existing legislation.
E) It views business as not having economic or societal goals.
Answer: B
Learning Obj.: LO 2.2: Insights about the social responsiveness of an organization
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

29) The greater the degree of effectiveness and efficiency, the more socially responsive the organization is said to be.
Answer: TRUE
Learning Obj.: LO 2.2: Insights about the social responsiveness of an organization
Difficulty: Moderate
Classification: Concept

30) Any individual or group that is directly or indirectly affected by an organization's decisions is called a stakeholder.
Answer: TRUE
Learning Obj.: LO 2.2: Insights about the social responsiveness of an organization
Difficulty: Easy
Classification: Concept

31) Organizations not pursuing a social obligation approach to their business goals usually achieve higher levels of social responsiveness than organizations that take the social responsibility approach.
Answer: FALSE
Learning Obj.: LO 2.2: Insights about the social responsiveness of an organization
AACSB: Ethical Understanding and Reasoning
Difficulty: Challenging
Classification: Concept

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32) How can organizations meet its social obligations? Defend and support your answer.
Answer: By incorporating social goals into the annual planning process.
By seeking comparative industry norms for social programs.
By presenting reports to organization members, boards of directors, and stockholders on the progress of the organization's social responsibility efforts.
By experimenting with different approaches for measuring social performance.
By attempting to measure the cost of social programs as well as the return on investment in its social programs.
Learning Obj.: LO 2.2: Insights about the social responsiveness of an organization
Difficulty: Moderate
Classification: Concept

33) Choose three types of stakeholders and identify the social obligation managers owe to them. Defend and support your answer.
Answer: Stockholders/Owners: To increase the value of the organization
Suppliers of materials: To be dealt with morally
Banks/Lenders: To be repaid
Government agencies: To abide by laws
Employees and labor unions: To provide a safe working environment and to be negotiated with fairly and in good faith
Consumers: To provide safe products
Competitors: To compete fairly and to refrain from restraints of trade
Local communities and society at large: To avoid business practice that harm the environment
Learning Obj.: LO 2.2: Insights about the social responsiveness of an organization
AACSB: Ethical Understanding and Reasoning
Difficulty: Challenging
Classification: Concept

34) Which of the following statements is true about a social audit?
A) It is the process of measuring the increase in a firm's brand awareness after it conducts social responsibility activities.
B) It is the process of forecasting the impact of an organization's social responsibility activities on society to decide its feasibility.
C) It is the process of measuring the increase in an organization's profits after it has conducted social responsibility activities.
D) It is the process of measuring the present social responsibility activities of an organization to assess its performance in this area.
E) It is the process of measuring the impact of an organization's social responsibility activities on society.
Answer: D
Learning Obj.: LO 2.3: Insights for meeting social audit challenges
Difficulty: Easy
Classification: Concept

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35) Measuring the present socially responsible activities of an organization to assess performance in those areas is known as a/an _____.
A) social check
B) social audit
C) social benchmark
D) social target reading
E) social responsive mark
Answer: B
Learning Obj.: LO 2.3: Insights for meeting social audit challenges
Difficulty: Moderate
Classification: Concept

36) _____ is a measure of usage of the environmental resources an organization consumes.
A) Environmental audit
B) Environmental benchmark
C) Environmental footprint
D) Environmental reading
E) Environmental mark
Answer: C
Learning Obj.: LO 2.3: Insights for meeting social audit challenges
Difficulty: Easy
Classification: Concept

37) Define the term "social audit." List the basic steps in conducting a social audit.
Answer: A social audit is the process of measuring the present social responsibility activities of an organization to assess its performance in this area. The basic steps in conducting a social audit are monitoring, measuring, and appraising all aspects of an organization's social responsibility performance.
Learning Obj.: LO 2.3: Insights for meeting social audit challenges
Difficulty: Moderate
Classification: Concept

38) _____, a popularly used component of social responsibility, is the promotion of welfare of others through generous monetary donations to social causes.
A) Problem-solving
B) Economic function
C) Philanthropy
D) Problem-recognition
E) Quality-of-life
Answer: C
Learning Obj.: LO 2.4: Thoughts on how to meet philanthropy challenges
Difficulty: Easy
Classification: Concept

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39) First Tee is a national not-for-profit organization based in St. Augustine, Florida, and is the official charity of the PGA Tour. The goal of First Tee is to build character among youth through the game of golf. Experiences in the program emphasize building core values like honesty, integrity, and respect for others within youth. This is an example of _____.
A) philanthropy
B) sporting events
C) social events
D) market relief
E) social challenge
Answer: A
Learning Obj.: LO 2.4: Thoughts on how to meet philanthropy challenges
Difficulty: Challenging
Classification: Concept

40) Making donations to causes that do not somehow protect and enhance the continuity of the organization seems _____.
A) unfounded
B) socially irresponsible
C) fair
D) underdeveloped
E) competitive
Answer: B
Learning Obj.: LO 2.4: Thoughts on how to meet philanthropy challenges
Difficulty: Moderate
Classification: Concept

41) When Apple donates computers for educational purposes, the company is said to be working towards enhancing its _____ efforts.
A) redundant
B) philanthropic
C) obligation
D) educational
E) philosophical
Answer: B
Learning Obj.: LO 2.4: Thoughts on how to meet philanthropy challenges
Difficulty: Challenging
Classification: Application

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42) _____ is the degree to which a person or an entity can meet its present needs without compromising the ability of other people or entities to meet their needs in the future.
A) Accountability
B) Reliability
C) Sustainability
D) Maintainability
E) Scalability
Answer: C
Learning Obj.: LO 2.5: Ways for building sustainable organizations
Difficulty: Easy
Classification: Concept

43) An organization decides to rid itself of contaminated waste by dumping it into a river. If this dumping renders the river toxic and unusable for drinking water, fishing or recreation, the entity would be considered _____.
A) contaminated
B) responsible
C) acceptable
D) unsustainable
E) sustainable
Answer: D
Learning Obj.: LO 2.5: Ways for building sustainable organizations
AACSB: Analytical Thinking, Ethical Understanding and Reasoning
Difficulty: Challenging
Classification: Application

44) A sustainable organization is an organization that has the ability to _____.
A) be profitable during challenging economic periods
B) meet its present needs without compromising the ability of future generations to meet their needs
C) produce high-quality products at reasonably low prices when the economy is unsupporting
D) increase its brand awareness by conducting social responsibility activities on a large scale
E) innovate continuously and produce high-quality innovative products on a consistent basis
Answer: B
Learning Obj.: LO 2.5: Ways for building sustainable organizations
Difficulty: Easy
Classification: Concept

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45) In building a sustainable organization, management should strive to make the organization sustainable in three areas – _____.
A) the economy, performance, and society
B) the business, the environment, and society
C) the economy, the environment, and business
D) the economy, business, and performance
E) the economy, the environment, and society
Answer: E
Learning Obj.: LO 2.5: Ways for building sustainable organizations
AACSB: Ethical Understanding and Reasoning
Difficulty: Easy
Classification: Concept

46) PepsiCo, a food and beverage manufacturer, began measuring the footprint of carbon emissions of its orange juice brand, Tropicana, in an effort to become more sustainable. Which of the following areas does this study focus on?
A) the economy
B) the environment
C) the society
D) the performance
E) the business
Answer: B
Learning Obj.: LO 2.5: Ways for building sustainable organizations
Difficulty: Moderate
Classification: Concept

47) Which of the following areas is an organization focusing on when it minimizes waste by not overproducing goods and generating a fair profit for stakeholders?
A) the economy
B) the customer
C) the environment
D) the government
E) the society
Answer: A
Learning Obj.: LO 2.5: Ways for building sustainable organizations
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

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48) Which of the following areas does an organization focus on when it emphasizes performing behavior akin to protecting natural resources like air, water, and land?
A) the economy
B) the customer
C) the environment
D) the government
E) the society
Answer: C
Learning Obj.: LO 2.5: Ways for building sustainable organizations
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

49) Which of the following areas does an organization focus on when it maintains the wellbeing and protection of the communities in which it does business?
A) the economy
B) the customer
C) the environment
D) the government
E) the society
Answer: E
Learning Obj.: LO 2.5: Ways for building sustainable organizations
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

50) The three sustainability gauges for organizational development – economy, environment, and society – considered collectively are commonly referred to as the _____.
A) triple bottom-line
B) triple threat
C) long-term tests
D) global best practices
E) protection areas
Answer: A
Learning Obj.: LO 2.5: Ways for building sustainable organizations
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

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51) _____ emphasizes that managers should focus on building organizations that are sustainable in economic, environmental, and societal activities.
A) Restructured bottom-line
B) Safe harbor bottom-line
C) Bottom-line synergy
D) Triple bottom-line
E) Competitive bottom-line
Answer: D
Learning Obj.: LO 2.5: Ways for building sustainable organizations
Difficulty: Easy
Classification: Concept

52) Which of the following is the most often-used reason why managers should build sustainable organizations?
A) Establishing orderly uses for resources increases the organization's profit.
B) Guiding the activities of organization members helps attain organizational objectives.
C) Determining the organization's objectives helps in attaining its goals.
D) Increased sustainability commonly results in more profitable organizations.
E) Determining the organization's actions leads to an increase in the profitability.
Answer: D
Learning Obj.: LO 2.5: Ways for building sustainable organizations
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

53) Many management theorists and practitioners claim that the immediate payoff of sustainability is usually _____.
A) increased labor productivity
B) higher energy costs
C) bigger social problems
D) improved business
E) increased value
Answer: A
Learning Obj.: LO 2.5: Ways for building sustainable organizations
Difficulty: Challenging
Classification: Concept

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54) Sam's Club, a discount retail division of Wal-Mart, specializes in the sale of products like jewelry, clothes, and food. The management at Sam's Club decided to increase sustainability by decreasing energy costs. One solution to decrease energy costs was a new milk jug to increase the shelf life of milk at stores, thereby reducing energy costs. This is an example of _____.
A) increased profit
B) increased quality-of-life
C) increased social investment
D) increased innovation
E) increased productivity
Answer: D
Learning Obj.: LO 2.5: Ways for building sustainable organizations
Difficulty: Easy
Classification: Concept

55) Remmington Steel Co. is a steel manufacturing company. In order to decrease work-related injuries, Remmington replaced all of its old machinery and equipment, restricted workers' access to dangerous machinery, and made safety costumes mandatory for workers at all times. Since these activities are part of a companywide objective aimed at decreasing work-related injuries, Remmington could be said to be achieving sustainability by _____.
A) problem-solving
B) setting sustainability goals
C) problem-recognition
D) social investment
E) quality-of-life
Answer: B
Learning Obj.: LO 2.5: Ways for building sustainable organizations
AACSB: Analytical Thinking, Ethical Understanding and Reasoning
Difficulty: Challenging
Classification: Application

56) Manga, a fashion and apparel company, opens a new factory in India using eco-friendly energy and materials during construction. This is an example of _____.
A) being successful across multicultural markets
B) improvement of the quality-of-life of the communities in which the organization exists
C) problem-recognition
D) hiring organization members to help the organization become more sustainable
E) problem-solving
Answer: D
Learning Obj.: LO 2.5: Ways for building sustainable organizations
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Application

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57) _____ is an ecology-oriented certification program run by the U.S. Green Building Business Council, that rates the ecology impact of buildings of all types.
A) Sustainability Market Programs
B) Green Initiative
C) Green Building = Green Money
D) Energy efficient
E) LEED (Leadership in Energy and Environmental Design)
Answer: E
Learning Obj.: LO 2.5: Ways for building sustainable organizations
Difficulty: Easy
Classification: Concept

58) In the sustainability area, organization members who contribute to the accomplishment of sustainability goals must be _____.
A) encouraged
B) refocused
C) rewarded
D) shunned
E) disciplined
Answer: C
Learning Obj.: LO 2.5: Ways for building sustainable organizations
Difficulty: Moderate
Classification: Concept

59) Setting sustainability goals is a critical component of an organization's sustainability effort. Such goals set clear targets on which all organization members can focus. One main factor in reaching sustainability goals is _____.
A) tracking progress
B) anticipating progress
C) conducting progress
D) ensuring progress
E) predicting progress
Answer: A
Learning Obj.: LO 2.5: Ways for building sustainable organizations
Difficulty: Moderate
Classification: Concept

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60) A company focused on not only offering goods and services customers value but also ensuring the community and other environmental factors surrounding the company do not suffer from the firm's actions is said to be _____.
A) educational
B) sustainable
C) occupational
D) self-sufficient
E) responsive
Answer: B
Learning Obj.: LO 2.5: Ways for building sustainable organizations
AACSB: Reflective Thinking
Difficulty: Challenging
Classification: Critical Thinking

61) A manager's actions to build organizations that are sustainable in economic, environmental, and societal activities are commonly referred to as _____.
A) triple bottom line
B) three-goal winners
C) triple goal line
D) triple income line
E) three bottom line
Answer: A
Learning Obj.: LO 2.5: Ways for building sustainable organizations
Difficulty: Easy
Classification: Concept

62) While managers have historically focused on profits as the primary gauge for evaluating organizational performance, today managers are evaluating performance by examining three sustainability gauges. These include:
A) environment, economy, profitability
B) society, economy, profitability
C) economy, environment, society
D) economy, profitability, marketability
E) environment, society, marketability
Answer: C
Learning Obj.: LO 2.5: Ways for building sustainable organizations
AACSB: Analytical Thinking
Difficulty: Challenging
Classification: Concept

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63) Sustainability is said to be worthwhile as these efforts result in an increase in which of the following areas:
A) profits, innovation, productivity
B) productivity, innovation, marketability
C) profits, innovation, marketability
D) marketability, innovation, productivity
E) profits, productivity, responsibility
Answer: A
Learning Obj.: LO 2.5: Ways for building sustainable organizations
Difficulty: Challenging
Classification: Concept

64) What is sustainability? Why is building sustainable organizations important?
Answer: Sustainability is the degree to which a person or entity can meet its present needs without compromising the ability of other people or entities to meet their needs in the future. Some of the reasons for building sustainable organizations are given below.
(1) Increased Profit: Increased sustainability commonly results in more profitable organizations.
(2) Increased Productivity: Sustainable organizations relate to employee productivity.
(3) Increased Innovation: A third common reason for managers to pursue sustainability is that such a pursuit serves as a catalyst for innovation.
Learning Obj.: LO 2.5: Ways for building sustainable organizations
Difficulty: Moderate
Classification: Concept

65) What does it really mean to say "sustainability is the future of business?" Defend and support your answer.
Answer: Companies can no longer focus only on profitability and revenues. As firms continue to set goals and attempt to gain a competitive edge, the management of the firms must realize the pursuit of social responsibility motivates the firm to be innovative, and thus identify and establish new ways of conducting business. By using the firm's resources effectively and efficiently and identifying new business practices and solutions for going to market, the firm is not only growing its revenues and increasing its market share, but can also then focus on ensuring the community within which the firm conducts its business and the environment surrounding that community is also protected.
Learning Obj.: LO 2.5: Ways for building sustainable organizations
AACSB: Reflective Thinking
Difficulty: Challenging
Classification: Application

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66) The study of ethics in management can be approached from many different directions. A practical approach is to view ethics as catalyzing managers to _____.
A) abide by the laws
B) fulfill stockholders needs
C) encourage workforce diversity
D) discourage whistle-blowing
E) take socially responsible actions
Answer: E
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
Difficulty: Moderate
Classification: Concept

67) Which of the following actions suggests that an individual is following the golden rule?
A) a person treating others in a way he/she would expect to be treated
B) taking actions that would be viewed as proper by a disinterested panel of professional peers
C) acting in a way that results in the greatest good for the greatest number of people
D) taking actions that abide by the laws of the state
E) acting in a way that the action taken under the circumstances could be a universal law of behavior
Answer: A
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
AACSB: Ethical Understanding and Reasoning
Difficulty: Easy
Classification: Concept

68) Roger believes in the statement, "what you give, you receive." He shows respect to everyone he knows and meets every day and expects them to show him respect. Roger's behavior is consistent with _____.
A) the utilitarian principle
B) the golden rule
C) the deontological principle
D) Kant's categorical imperative
E) the four-way test
Answer: B
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
AACSB: Analytical Thinking, Ethical Understanding and Reasoning
Difficulty: Challenging
Classification: Application

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69) In business, ethics can be defined as the capacity to reflect on _____ in the corporate decision-making process.
A) customer preferences
B) competitive strategies
C) values
D) production bottlenecks
E) workforce diversity
Answer: C
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
AACSB: Ethical Understanding and Reasoning
Difficulty: Easy
Classification: Concept

70) Which of the following are best categorized as "outside" stakeholders of an organization?
A) Stockholders
B) Managers
C) Employees
D) Customers
E) Shareholders
Answer: D
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
Difficulty: Moderate
Classification: Concept

71) Which of the following suggests that an organization is acting unethically?
A) The customers are unhappy with one of the products manufactured by the organization.
B) The public pressures legislators and other government officials to enforce existing regulations.
C) The organization loses its customers to competitors due to lack of after-sale services for its products.
D) The public pressures the organization to conduct social responsibility activities.
E) The union members of the organization declare a strike to demand a hike in salaries.
Answer: B
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

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72) _____ is a formal statement that acts as a guide for the ethics of how people within a particular organization should act and make decisions.
A) A social audit
B) A whistle blower's policy
C) Corporate governance
D) A code of ethics
E) A mission statement
Answer: D
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
Difficulty: Easy
Classification: Concept

73) _____ indicates that behavior can be considered ethical if it provides the most good for the greatest number of people.
A) The golden rule
B) The deontological principle
C) The utilitarian standard
D) The virtue standard
E) The Kantian principle
Answer: C
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
Difficulty: Moderate
Classification: Concept

74) The Federal Reserve Board (the Fed) examines the relevant economic data and makes a judgment about the present and future state of the economy in order to set interest rates. If economic activity seems to be slowing down, the Fed might decide to lower interest rates as a means for stimulating economic growth. If the economy seems to be growing too fast and the inflation rate is increasing, it might choose to raise interest rates. Lowering or raising interest rates, in and of itself, is neither good nor bad; the rightness of the act depends on the consequences. This action is consistent with the _____.
A) utilitarian standard
B) golden rule
C) virtue standard
D) deontological principle
E) Kantian principle
Answer: A
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
AACSB: Ethical Understanding and Reasoning
Difficulty: Challenging
Classification: Application

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75) Which of the following guidelines indicates that in order to be ethical, corporate behavior must respect the dignity of human nature?
A) the Utilitarian standard
B) the Rights standard
C) the Virtue standard
D) the Markkula principle
E) the Behavioral standard
Answer: B
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

76) _____ is a guideline that determines behavior to be ethical if it reflects high moral values.
A) The utilitarian principle
B) The golden rule
C) The consequentialist principle
D) The virtue standard
E) The four-way test
Answer: D
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
Difficulty: Moderate
Classification: Concept

77) Behavior where the actions reflect virtues like honesty, fairness, and compassion is an example of the _____.
A) rights standard
B) virtue standard
C) four-way test
D) decision-making process
E) golden rule
Answer: B
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
Difficulty: Moderate
Classification: Application

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78) Within their organizations, _____ must take responsibility for creating and sustaining conditions in which employees are likely to behave ethically, as well as creating and sustaining efforts aimed at minimizing conditions in which employees might be tempted to behave unethically.
A) lawyers
B) employees
C) managers
D) corporations
E) businesses
Answer: C
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
AACSB: Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Concept

79) Business behavior that reflects honesty in advertising about the worthiness of a product or paying suppliers a fair price for their goods is an example of the _____.
A) Sarbanes-Oxley standard
B) Utilitarian standard
C) Virtue standard
D) Golden rule
E) Rights standard
Answer: C
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
Difficulty: Easy
Classification: Application

80) Which of the following acts was passed amid outcries of public outrage over outrageous management practices discovered at several companies including Enron, WorldCom, and Tyco?
A) Gramm—Leach—Bliley Act
B) Financial modernization Act
C) Sarbanes-Oxley Act
D) Patriot Act
E) Freedom of Information Act
Answer: C
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
Difficulty: Easy
Classification: Concept

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81) Which of the following statements is true about the Sarbanes-Oxley Act of 2002?
A) It prohibits any one institution from acting as any combination of an investment bank, a commercial bank, and an insurance company.
B) It allows for the full or partial disclosure of previously unreleased information and documents controlled by any public enterprise.
C) Areas covered under this act require financial institutions to keep records of cash purchases of negotiable instruments and to report suspicious activity that might signify money laundering, tax evasion, or other criminal activities.
D) Areas covered under this act include maintaining generally accepted accounting practices and ensuring company structure and processes that enhance integrity and reputation.
E) Commercial banks and savings associations are encouraged to help meet the needs of borrowers in all segments of their communities, including low and moderate-income neighborhoods.
Answer: D
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
Difficulty: Moderate
Classification: Concept

82) _____ is supported by the Sarbanes-Oxley Act as a vehicle for both discouraging deceptive management practices while encouraging ethical management practices.
A) Shoulder surfing
B) Whistle-blowing
C) Phishing
D) Crowdsourcing
E) Nearshoring
Answer: B
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
AACSB: Ethical Understanding and Reasoning
Difficulty: Easy
Classification: Concept

83) _____ is the act of an employee reporting suspected misconduct or corruption believed to exist within an organization.
A) Phishing
B) Crowdsourcing
C) Shoulder surfing
D) Pharming
E) Whistle-blowing
Answer: E
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
Difficulty: Easy
Classification: Concept

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84) Brenda works as an accountant in a software firm. She notices that the company has inflated its balance sheet to show profits, when in reality it is under loss. Brenda reports this inconsistency to the CFO and then to the local authorities, when the CFO refused to take action. Which of the following explains Brenda's actions?
A) crowdsourcing
B) phishing
C) whistle-blowing
D) shoulder surfing
E) pharming
Answer: C
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
AACSB: Analytical Thinking, Ethical Understanding and Reasoning
Difficulty: Moderate
Classification: Application

85) Which of the following is an example of whistle-blowing?
A) Niobi, an employee of Glesnt Co., complains to her project manager about the sexual advances that Brent, her supervisor, makes on her.
B) Rupert files a product liability suit against SilkSmooth Co., a shampoo manufacturer, because its use caused his hair to fall out.
C) Joan, an employee of Pierce International – a financial services firm, reports illegal accounting practices to the Security and Exchange Commission.
D) Linda files a complaint to the Employee Equal Opportunity Commission against Jueruie Co. after she was rejected in the interview based on her gender.
E) Noah, a customer of Cone Inc., complains about the bad customer service he received for the products he bought.
Answer: C
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
AACSB: Analytical Thinking, Ethical Understanding and Reasoning
Difficulty: Challenging
Classification: Application

86) A whistle-blower is _____.
A) the employee who reports the alleged activities of the firm
B) the customer who files a product liability suit against the firm
C) the business lawyer who protects the firm against lawsuits
D) the employee who performs the unethical or illegal activity in the firm
E) the manager who protects the employee who reports the alleged activities of the firm
Answer: A
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
Difficulty: Easy
Classification: Concept

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87) A code of ethics is an informal statement that organizations release to help their customers obtain a basic understanding of ethics.
Answer: FALSE
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
AACSB: Ethical Understanding and Reasoning
Difficulty: Easy
Classification: Concept

88) What steps can management take to ensure its employees and management teams function in an ethical way?
Answer: Employees are more likely to behave ethically when they feel they are operating in an ethical work environment. Managers do indeed have an influence on setting this ethical tone in their organizations. By being trustworthy and instilling an environment of trust, managers take steps towards having ethical organizations. Additionally managers who measure a firm's performance through verifying the firm's ethical standards and goals are being met and behaviors are being monitored make strides towards instilling an ethical climate in their firms. Management should also provide ongoing training for employees making employees more aware of what is and is not an ethical versus an unethical action. Finally, managers who reward ethical behavior are more apt to instill ethical behavior in their firms.
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
AACSB: Ethical Understanding and Reasoning
Difficulty: Challenging
Classification: Application

89) What is a code of ethics? What are the issues that it commonly addresses?
Answer: A code of ethics is a formal statement that acts as a guide for the ethics of how people within a particular organization should act and make decisions. Codes of ethics commonly address such issues as conflict of interest, competitors, privacy of information, gift giving, and giving and receiving political contributions or business. The development and distribution of a code of ethics is perceived as an effective and efficient means of encouraging ethical practices within organizations.
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
Difficulty: Easy
Classification: Concept

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90) Why is it often said that an organization's code of ethics really only apply to the internals of an organization? Defend your answer.
Answer: Research has shown that the development and distribution of a code of ethics really is an effective and efficient means of encouraging ethical practices within an organization. However, managers cannot assume that just because their firms have a code of ethics all organization members will have all the guidelines needed to determine what is ethical and act accordingly. It is impossible for a firm's code of ethics to cover all ethical and unethical conduct within an organization in one code — or to address all potential ethical dilemmas a firm's employees will be faced with on a daily basis. It is important for managers to realize their codes of ethics will need to be monitored and potentially revised periodically so that they are realistic and usable guidelines.
Learning Obj.: LO 2.6: An appreciation for the role that ethics plays in management
AACSB: Analytical Thinking
Difficulty: Challenging
Classification: Application

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