BUSN (Canadian) 3rd edition Kelly Test Bank

SKU: 9780176570347-TEST-BANK

Chapter 2 Business Ethics and Social Responsibility Doing Well by Doing Good

TRUEFALSE

1. Ethics and social responsibility are just two different terms that mean the same thing.

(A) True

(B) False

Answer : (B)

2. An individual's ethical beliefs are influenced by his or her social group and culture.

(A) True

(B) False

Answer : (A)

3. It is possible for someone's actions to be completely legal yet still be unethical.

(A) True

(B) False

Answer : (A)

4. Ethical standards are established based on guidelines provided by the Canadian government.

(A) True

(B) False

Answer : (B)

5. When all is said and done, all choices and actions have definite ethical implications.

(A) True

(B) False

Answer : (B)

6. Universal ethical standards are ethical norms that apply to people across a broad

spectrum of situations.

(A) True

(B) False

Answer : (A)

7. Managers should not be expected to apply ethical guidelines to issues that directly affect their company's profits.

(A) True

(B) False

Answer : (B)

8. All acts that are illegal must also be unethical.

(A) True

(B) False

Answer : (B)

9. Universal ethical standards also apply to international businesses.

(A) True

(B) False

Answer : (A)

10. The best approach to ethical decision making is to rely on relative standards rather than universal standards.

(A) True

(B) False

Answer : (B)

11. Sally is responsible for ensuring that all equipment is placed in its proper location at the end of her work shift. She notices that one employee always leaves his equipment on the floor, but he is one of the top performers. Sally ignores the employee's negligence and stores the equipment in its proper location. Sally is displaying her individual ethics.

(A) True

(B) False

Answer : (B)

12. Amy works on a sales team with many male colleagues. Many times she arrives at work and hears the men speaking about sexual relations with their partners. They discuss female body parts and look at Amy and make gestures. Amy feels uncomfortable in this workplace atmosphere and has asked them to stop this behaviour many times. The men are engaging in behaviour that is both illegal and unethical.

(A) True

(B) False

Answer : (A)

13. Ben and Josh are good friends who are working on a team assignment in statistics. They had planned to work on the project last night, but Josh called at the last minute saying he had a conflict, so Ben ended up doing all of the work. The instructor is giving each student the opportunity to critique the effort of his or her partner. Ben knows Josh needs the points on the assignment in order to pass the course and would like to keep Josh as a friend. If Ben decides to say that Josh deserves equal credit, he would be using relative ethical standards.

(A) True

(B) False

Answer : (A)

14. Business ethics is the application of right and wrong, good and bad, in a business setting.

(A) True

(B) False

Answer : (A)

15. Cheaters in high school are far more likely to lie as adults.

(A) True

(B) False

Answer : (A)

16. Marty Watkins is upset about his current salary at Right Touch Car Wash Inc. In order to

increase his income, he begins charging customers more for each car wash and pocketing the difference. His actions are not unethical because Right Touch will not suffer a financial loss.

(A) True

(B) False

Answer : (B)

17. The easiest business challenges to address are those involving business ethics.

(A) True

(B) False

Answer : (B)

18. An ethical dilemma refers to a situation in which an individual clearly has performed some kind of misconduct.

(A) True

(B) False

Answer : (B)

19. An ethical dilemma is a situation in which there is a single choice that is obviously correct, but the correct choice will result in negative consequences.

(A) True

(B) False

Answer : (B)

20. Jim was low on money and had access to the coffee fund at work (employee contributions to buy more coffee for the office coffee machine). He had been with his company for over 12 years without incident. He decided to take $15 from the coffee fund, thinking that no one would notice. This is an example of an ethical lapse.

(A) True

(B) False

Answer : (A)

21. A manager advises his company that a vendor will offer the company a discount if

contracts are renewed another 12 months. This is an example of an unethical business practice.

(A) True

(B) False

Answer : (B)

22. In order to make ethical decisions, it is helpful to think about several questions, including (1) who will be impacted by the decision, (2) who will benefit from the decision, and (3) who will suffer from the decision.

(A) True

(B) False

Answer : (A)

23. A question to ask when making a decision based on individual ethical beliefs is: Could you defend your decision on national television?

(A) True

(B) False

Answer : (A)

24. The law regulates standards of behaviour; however, it does not enforce ethical norms. Therefore, companies should focus on the legality of their actions and not worry about their ethical implications.

(A) True

(B) False

Answer : (B)

25. Most writers on the topic of ethics would agree that the ethics of a firm is strongly influenced by the CEO's ethical standards.

(A) True

(B) False

Answer : (A)

26. A written code of ethics provides guidelines for ethical behaviour in the workplace.

(A) True

(B) False

Answer : (A)

27. A company's code of ethics gives employees the information they need to make ethical decisions across a range of situations.

(A) True

(B) False

Answer : (A)

28. A corporate code of ethics guarantees that employees will not participate in unethical behaviours while at work.

(A) True

(B) False

Answer : (B)

29. The Ethics Resource Center (ERC) suggests that organizational culture influences the ethical conduct of employees.

(A) True

(B) False

Answer : (A)

30. Specific codes of ethics vary greatly among organizations.

(A) True

(B) False

Answer : (A)

31. Companies should discourage whistleblowing because it creates an atmosphere of fear and mistrust.

(A) True

(B) False

Answer : (B)

32. Studies have shown that as long as a company establishes a written code of ethics, it doesn't really have to actively enforce that code in order for it to be effective.

(A) True

(B) False

Answer : (B)

33. Whistleblowers desire to bring illegal, and sometimes unethical, company behaviour to the attention of regulators and advocacy groups.

(A) True

(B) False

Answer : (A)

34. The ethical standards a company establishes should be clearly communicated to outside parties such as suppliers and customers.

(A) True

(B) False

Answer : (A)

35. Companies that protect whistleblowers encourage employees to be forthcoming with information that could be detrimental to the company.

(A) True

(B) False

Answer : (A)

36. A code of ethics should be local in scope, because it is far too difficult to ensure that employees in every country understand the general principles and specific applications.

(A) True

(B) False

Answer : (B)

37. The Bill and Melinda Gates Foundation regularly donates money to provide vaccines for people living in third world countries, addressing the elimination of some basic childhood diseases. Their work demonstrates social responsibility.

(A) True

(B) False

Answer : (A)

38. Managers of socially responsible companies are guaranteed to make ethical decisions, regardless of the situation.

(A) True

(B) False

Answer : (B)

39. According to a group of residents who live in a neighbourhood a few kilometres from an Early Oil Company refinery, the plant's emissions are a likely cause of severe headaches and other health problems among young people. Since these residents are not customers, employers, or investors in the company, Early Oil has no social responsibility to these individuals.

(A) True

(B) False

Answer : (B)

40. Some firms only operate within the legal limits of the law, and do not contribute to the well-being of their stakeholders.

(A) True

(B) False

Answer : (A)

41. Stakeholders have a personal interest in the performance and activities of an organization.

(A) True

(B) False

Answer : (A)

42. The federal government is a core stakeholder for all businesses.

(A) True

(B) False

Answer : (B)

43. Consumerism is an accepted social movement pertaining to the responsibility organizations have to customers.

(A) True

(B) False

Answer : (A)

44. Managers of socially responsible businesses proactively support stakeholders' needs.

(A) True

(B) False

Answer : (A)

45. An example of a socially responsible employer is one that responds to the ongoing employee search for a balance between work and the rest of their lives.

(A) True

(B) False

Answer : (A)

46. A socially responsible business might move beyond minimal safety requirements by providing employees with ergonomically correct chairs.

(A) True

(B) False

Answer : (A)

47. Consumerism focuses on the right to purchase products regardless of the consumer's buying power.

(A) True

(B) False

Answer : (B)

48. When a business makes a mistake, even a sincere apology cannot restore the company's reputation.

(A) True

(B) False

Answer : (B)

49. Core stakeholder groups for most businesses are employees, customers, investors, and the broader community.

(A) True

(B) False

Answer : (A)

50. Fast food restaurants can meet one of their social responsibilities to customers by offering menu items such as fruit, yogurt, and salads, which provide healthier choices.

(A) True

(B) False

Answer : (A)

51. Planned obsolescence designs products with limited durability in order to shorten the time between consumer purchases.

(A) True

(B) False

Answer : (A)

52. Total Bedlam Video Games has had the number one action video game on the market for the past two years. The company is currently working on a sequel to the game, with better video and audio and several new types of missions. While the old game still works fine and should retain a loyal following, the company hopes that its new game will rapidly gain market acceptance due to its many enhancements. This represents a strategy known as planned obsolescence.

(A) True

(B) False

Answer : (B)

53. The primary responsibility of any business to its investors is to ensure positive company reputation.

(A) True

(B) False

Answer : (B)

54. The U.S. Sarbanes-Oxley Act was created to set higher ethical standards for public corporations and accounting firms.

(A) True

(B) False

Answer : (A)

55. The U.S. Sarbanes-Oxley Act requires CEOs and CFOs to review the company's financial records and verify that their contents are valid.

(A) True

(B) False

Answer : (A)

56. A company demonstrates its corporate philanthropy when it allows employees time off to volunteer at community events.

(A) True

(B) False

Answer : (A)

57. Corporate responsibility refers to the contributions of money and time to help achieve socially responsible goals.

(A) True

(B) False

Answer : (B)

58. Sustainable development means to continually be developing new products and locations.

(A) True

(B) False

Answer : (B)

59. Companies typically enter into cause-related marketing programs to help a not-for-profit organization achieve a worthy cause and have little expectation that this partnership will benefit their own brand.

(A) True

(B) False

Answer : (B)

60. Cause-related marketing dollars are not tax deductible for a company, but often enhance the company's brand.

(A) True

(B) False

Answer : (A)

61. Although cause-related marketing can help a company meet its social responsibilities, it doesn't help build the company's brands.

(A) True

(B) False

Answer : (B)

62. Every January Procter & Gamble distributes special coupons for some of its leading brands and pays the Special Olympics 10 cents for every redeemed coupon. This tie-in between Procter & Gamble and the Special Olympics is an example of cause-related marketing.

(A) True

(B) False

Answer : (A)

63. Kleen Things, a mobile dry-cleaning service, provides pick-up and drop-off services to its customers. Although there is a delivery/pick-up charge, Kleen Things offers a 50% discount if customers return the hangers. This is an example of sustainable development.

(A) True

(B) False

Answer : (A)

64. A business using a green marketing strategy promotes environmentally safe products in an effort to gain a competitive edge within an industry.

(A) True

(B) False

Answer : (A)

65. "Carbon footprint" refers to the improvements a company initiates within its community.

(A) True

(B) False

Answer : (B)

66. Most consumers are willing to pay significantly higher prices and accept somewhat lower performance in order to purchase goods that are environmentally friendly.

(A) True

(B) False

Answer : (B)

67. Bribery and corruption are among the most challenging ethical issues faced by individuals and companies that are involved in international business.

(A) True

(B) False

Answer : (A)

68. In most countries, "to pay a living wage" means to pay workers enough to provide for a comfortable lifestyle for their families.

(A) True

(B) False

Answer : (B)

69. The most socially responsible global companies establish codes of conduct for their vendors, setting clear policies for human rights, wages, safety, and environmental impact.

(A) True

(B) False

Answer : (A)

70. The law is very clear about when a gift becomes a bribe and organizations need to know and follow the law.

(A) True

(B) False

Answer : (B)

71. Transparency International enforces regulations whereby organizations must publish their annual reports.

(A) True

(B) False

Answer : (B)

72. Canadian companies such as Home Depot and Sears need not be concerned with child labour laws in the nations where they contract-manufacture their product lines, as long as the laws of those nations permit children to work long hours in factories.

(A) True

(B) False

Answer : (B)

73. Before conducting a successful social audit, a company must define socially responsible goals and determine realistic measurements for those goals.

(A) True

(B) False

Answer : (A)

74. A social audit evaluates how well a firm is meeting its ethics and social responsibility objectives.

(A) True

(B) False

Answer : (A)

75. The "double bottom line" referred to in a social audit measures a firm's philanthropic activities and its hiring practices.

(A) True

(B) False

Answer : (B)

76. Socially responsible companies use social audits to determine if an employee's ethical needs are to be adjusted.

(A) True

(B) False

Answer : (B)

77. A socially responsible company entrusts a watchdog group to provide solutions to unethical behaviours.

(A) True

(B) False

Answer : (B)

78. Stakeholders play an active role in keeping businesses socially responsible.

(A) True

(B) False

Answer : (A)

79. Triple Play, an upscale club, has established a set of goals related to its social and ethical responsibilities. Triple Play's efforts are consistent with the use of a social audit.

(A) True

(B) False

Answer : (B)

80. By spending time and money on ergonomically enhanced facilities that promote employee health and safety, firms demonstrate socially responsible behaviour.

(A) True

(B) False

Answer : (A)

MULTICHOICE

81. In the business world, what does social responsibility refer to?

(A) attempts to earn the highest possible return for the owners of a business

(B) the obligation to obey the law

(C) the obligation of a business organization to contribute to society

(D) decisions individuals make about what is right and wrong

Answer : (C)

82. Which of the following best describes a nation's legal system?

(A) It provides a starting point for basic ethical standards.

(B) It provides guidance as to whether an action is unethical or illegal

(C) It suffices as the ethical framework for a business.

(D) It has little relevance to an organization's ethical standards.

Answer : (A)

83. What does a nation's legal system provide businesses with when they establish a code of ethics?

(A) a starting point

(B) comprehensive guidelines

(C) a way to distinguish between ethical issues and non-ethical issues

(D) very little useful guidance

Answer : (A)

84. Laws apply to everyone in society. In Canada, what is their function?

(A) to establish and enforce financial norms

(B) to establish and enforce advanced standards

(C) to establish and enforce social norms

(D) to establish and enforce ethical norms

Answer : (D)

85. Which of the following refers to the moral principles that govern behaviour?

(A) business ethics

(B) ethics

(C) codes of conduct

(D) social responsibilities

Answer : (B)

86. Harriette owned a diner in the 1950s. At that time, the town in which Harriette's diner was located had a law declaring that it was illegal for restaurants to serve white people and black people in the same dining room. But Harriette never made customers of different races eat in separate rooms. What does this situation demonstrate about Harriette's business practice?

(A) It is an example of an ethical lapse.

(B) It is clearly unethical, because obeying the law is the most fundamental ethical requirement of all.

(C) It is ethical, even though it was illegal according to local law.

(D) It is neither ethical nor unethical; it represents a pure business decision that has no ethical dimension.

Answer : (C)

87. What is the goal of universal ethical standards?

(A) to provide guidelines that apply to everyone across a broad spectrum of situations

(B) to allow Canada to establish legal standards that are applicable to all firms

(C) to demonstrate to employees that most ethical dilemmas fall neatly into a handful of

categories

(D) to help people base ethical decisions on relative standards

Answer : (A)

88. Why does a company with international operations rely on universal ethical standards?

(A) to guide all decisions, because ethical standards should never vary from one operation to the next, even if the operations are in several nations

(B) to guide ethics in a wide range of operational areas, except those issues that result from differences due to religious preferences and gender issues

(C) to guide decision making across a broad spectrum of issues

(D) to guide legal decisions in the nations where they operate

Answer : (C)

89. Janet reasons, "It's wrong to lie, BUT it is okay to overstate my expense account on my last trip, because I really need the money and the company hasn't given me a raise in the past year." What is this employee using to fit the situation at hand?

(A) a value-weighted ethical approach

(B) relative ethical standards

(C) a universal code of ethics

(D) a pragmatically justified code of ethics

Answer : (B)

90. Which of the following is an example of a legal but unethical behaviour?

(A) refusing to pay local taxes to protest a school board decision to lay off teachers

(B) overseeing questionable work-related activities

(C) not paying overtime

(D) paying non-living wages to workers in underdeveloped countries

Answer : (D)

91. Which of the following represents a kind of two-faced thinking that is dangerous because it can help people rationalize bigger and bigger ethical deviations?

(A) universal ethical standards

(B) illegal and unethical standards

(C) relative ethical standards

(D) standards of deviations

Answer : (C)

92. Business ethics are a set of beliefs about which of the following?

(A) what is right and wrong in a business setting

(B) how to meet the social responsibilities of business organizations

(C) how to earn the maximum amount of profit legally

(D) the best way to manage a company's natural resources

Answer : (A)

93. How do business ethics and individual ethics differ?

(A) Business ethics focus on profits, while individual ethics focus on discretionary income.

(B) Business ethics focus on the application of right and wrong in a business setting, while individual ethics are one's personal standards of right and wrong.

(C) Individual ethics focus on work-life balance, while business ethics focus on staying within the legal limits of the law.

(D) Individual ethics focus on personal contributions, while business ethics focus on shareholder contributions.

Answer : (B)

94. What do we call a situation in a business setting where the values of employees are in conflict and the firm is often faced with choosing between the lesser of two evils?

(A) an ethical strife

(B) an ethical dilemma

(C) a breach of conduct

(D) a socially responsible concern

Answer : (B)

95. Three weeks ago, your boss had a private conversation with you. She explained that the company's financial performance is poor and that the firm is looking at the possibility of layoffs. She then asked you to help her determine whether positions in your division should be cut-and if so, which positions. After analyzing the situation, you believe that cutting jobs would almost certainly improve the company's profitability. However, several of the workers who are most likely to be cut are good friends, and you know they would suffer significant financial hardship if they lost their jobs. Your report to your boss is due tomorrow. Which of the following are you facing?

(A) a situation that requires the use of relative ethical standards

(B) an ethical dilemma

(C) an ethical lapse

(D) an ethical moot point

Answer : (B)

96. It often takes a pharmaceutical firm 15 years or more to develop a new drug. The sales from these new drugs must recover the expenses of research and development. Do they forgo profits for investors (and to fund additional research) in order to help those in need? Many of these pharmaceutical firms want to support socially responsible causes. What are these firms facing when they are asked to lower the price of drugs that are distributed to third world nations?

(A) a philanthropic concern

(B) an ethical dilemma

(C) a patent fiasco

(D) a cause-related quest

Answer : (B)

97. You are a manager for a large financial services firm whose brokers trade stocks and bonds for individual customers. Your boss has provided you with your team's sales goals for the following six months. You know that the fastest way to achieve the lofty numbers is to recruit experienced brokers from competitor firms to join your firm. These professionals are likely to bring loyal clients who initiate a lot of trades, making you a clear winner in the eyes of top management. The current brokers in your department are good. They've worked hard and done everything you've asked of them. But they are young and inexperienced. There is a good chance they can achieve the sales goals, but it's not a sure thing. If you seek to recruit new brokers, your current brokers will move down in the ranks and will earn smaller commissions. Which of the following statements best describes this situation?

(A) This demonstrates how a manager should always consider his current team of employees

first otherwise these employees will be disgruntled and perform poorly.

(B) This action is certain to have legal consequences, so you should clear it with your human resources department.

(C) This describes an ethical dilemma between your personal goals and your responsibility as a manager of others.

(D) This is an example where your values and top management's values are clearly in sync. You should follow the easier route to achieving your sales goals because profit is the highest ethical goal in any organization.

Answer : (C)

98. Which of the following works in tandem with a code of ethics?

(A) guidelines on how to respond in certain situations

(B) individual ethics guidelines

(C) social responsibility rules

(D) strong organizational culture

Answer : (D)

99. What does the current research indicate about organizational culture?

(A) It has very little impact on the individual employee's ethical behaviour.

(B) It has significant influence on the individual employee's ethical behaviour.

(C) It shows that businesses will tolerate ethical abuses on the part of top management, but not ethical abuses committed by middle management or lower-level managers.

(D) It influences the behaviour of individual employees only if it involves clearly illegal behaviour such as stealing or committing fraud.

Answer : (B)

100. What is the unifying written document that articulates a firm's ethical priorities?

(A) a social compact

(B) a code of ethics

(C) a human resources brochure

(D) a compliance manual

Answer : (B)

101. Which statement best describes a written code of ethics?

(A) It tends to be ineffective in multinational corporations that have operations in nations with different cultures.

(B) It is more important than corporate culture in the encouragement of ethical behaviour among employees.

(C) It is a way to effectively establish ethical behaviour even if it is not consistently enforced.

(D) It is a key element of a company's formal ethics program.

Answer : (D)

102. What is the main purpose of a written code of ethics?

(A) to satisfy the requirements of federal legislation

(B) to eliminate the need for top management to monitor ethical behaviour, thus giving these managers more time to deal with other issues

(C) to provide guidance to help employees make sound ethical decisions across a range of situations

(D) to explain how the organization will go about satisfying its social responsibilities to each major type of stakeholder

Answer : (C)

103. What establishes expectations for ethical behaviour at all levels of the organization (from CEO to housekeeping personnel)?

(A) social responsibility

(B) business ethics

(C) a code of integrity

(D) a code of ethics

Answer : (D)

104. Which of the following would considered unethical behaviour within an organization?

(A) Managers conduct performance appraisals on employees.

(B) Salespeople receive bonuses based on the amount of sales they achieve.

(C) An employee tells authorities about illegal actions within the organization.

(D) An employee discusses a customer's account with other customers.

Answer : (D)

105. In which way does an ethical dilemma differ from an ethical lapse?

(A) An ethical dilemma is easy to resolve, while an ethical lapse is not.

(B) The solution to an ethical dilemma does not have a negative impact on stakeholders, while the solution to an ethical lapse does have a negative impact on stakeholders.

(C) An ethical lapse only happens once, while ethical dilemmas occur frequently.

(D) An ethical lapse shows clear misconduct, while an ethical dilemma does not.

Answer : (D)

106. What is the role of the CEO in setting the ethical tone for a company?

(A) to punish any unethical behaviour from any employee

(B) to behave ethically at all times

(C) to make sure that the written code of ethics is enforced throughout the organization

(D) to establish high ethical standards, clearly communicate these standards, and demonstrate a strong personal commitment to them

Answer : (D)

107. According to research by the ERC (Ethics Resource Center), what has more influence than any other variable on the ethical conduct of individual employees?

(A) random punishment of employees who violate ethical norms

(B) organizational culture

(C) enforcement of federal laws

(D) a well-written code of ethics

Answer : (B)

108. What is the term for a person who reports illegal or unethical behaviour within an

organization?

(A) a stakeholder

(B) a horn tooter

(C) a grandstander

(D) a whistleblower

Answer : (D)

109. Padraig has noticed some of his company's sales representatives behaving in an unethical manner toward the customers. He reports this ethical lapse through his company's anonymous ethics hotline. What is the term used to describe Padraig?

(A) a ringleader

(B) a whistleblower

(C) a trouble-maker

(D) a bell-ringer

Answer : (B)

110. Which of the following terms refers to the obligation of a business to contribute to society?

(A) antitrust enforcement

(B) social responsibility

(C) business ethics

(D) relative ethics

Answer : (B)

111. Which of the following terms refers to how companies contribute to the well-being of society?

(A) a code of conduct

(B) ethical responsibility

(C) social responsibility

(D) a business ethic

Answer : (C)

112. What is the primary duty of socially responsible companies to their investors?

(A) to expand the business to achieve a monopoly position

(B) to consistently pursue the maximum possible profit each and every period

(C) to seek to generate long-term profits while meeting responsibilities to all stakeholders

(D) to meet its legal requirements to accurately report on its financial performance

Answer : (C)

113. What should companies that want to develop socially responsible objectives do?

(A) They should seek out other firms in their area and imitate their approach.

(B) They should focus their attentions on meeting the needs of investors, because the only legitimate social responsibility of a firm is to protect the interests of those who have invested money in the company.

(C) They should identify key stakeholders and consider their priorities.

(D) They should scan the competitive environment.

Answer : (C)

114. Whose priorities do socially responsible businesses consider in their business decision making?

(A) the highest-paid employees

(B) other businesses

(C) competitors

(D) stakeholders

Answer : (D)

115. Who are stakeholders?

(A) the direct competitors of the business

(B) customers and competitors who interact with the business

(C) vendors and suppliers who do not provide services to the business

(D) groups or individuals with a personal interest in the performance and actions of a business

Answer : (D)

116. A canoe and recreation club recently filed lawsuit against a number of manufacturing plants located along a major river. In the lawsuit, the club claimed that the plants have failed to adequately treat the waste that is being dumped into the streams and waterways, thus adversely affecting the recreational opportunities available to club members. Which term best describes the club members in this scenario?

(A) stakeholders

(B) quasi-customers

(C) external users

(D) suppliers

Answer : (A)

117. Whose number-one goal is balancing the need to contribute with the need to boost profits?

(A) managers

(B) stakeholders and their businesses

(C) global organizations

(D) socially responsible businesses

Answer : (D)

118. What is the range of the spectrum of social responsibility?

(A) from firms that do not spend any profits on socially responsible causes to firms that are willing to be unprofitable for the sake of socially responsible causes

(B) from employees who choose not to support social causes in any way to those who donate not only money to social causes but also their own time and efforts

(C) from firms that tolerate social ambiguity in their strategic plans to firms that never tolerate social ambiguity in their strategic plans

(D) from firms that never contribute to socially responsible causes to firms whose strategic plans include socially responsible initiatives

Answer : (D)

119. A company that produces gourmet coffee includes its employees, coffee bean growers who supply the company, people who drink its gourmet coffee, and the people who live in the community where the company produces the coffee. What do we call these various groups?

(A) stakeholders

(B) shareholders

(C) investors

(D) philanthropists

Answer : (A)

120. What do we call the social movement supporting the consumer's right to be informed, to be safe, to choose, and to be heard?

(A) consumerism

(B) customers first

(C) cause-related marketing

(D) social marketing

Answer : (A)

121. What does consumerism, as a social movement, suggest?

(A) Consumers are social beings and should be marketed to through social media.

(B) Consumer rights should be recognized and respected.

(C) Consumers are secondary stakeholders.

(D) Consumers are more important than other stakeholders.

Answer : (B)

122. Harbour Paint Products Inc. proactively implemented an incentive program that rewarded employees for soliciting customer feedback on its new deck stain product. Outside sales professionals, inside customer service representatives, and partner retail associates were asked to contribute a minimum of seven customer impressions (positive or negative) each week into a company marketing database. What did this program promote?

(A) the creation of worthy jobs

(B) consumerism and the right to be heard

(C) consumerism and safe work environments

(D) the use of new technology for efficiency

Answer : (B)

123. What does "corporate philanthropy" refer to?

(A) ethical standards for public corporations and accounting firms

(B) all business donations to not-for-profit groups

(C) fair stewardship and full disclosure

(D) responsibility to offer value to customers, be honest, and provide open communication

Answer : (B)

124. What do we call the practice of deliberately designing a product to fail in order to shorten the time between a consumer purchase and a repurchase?

(A) cause-related marketing

(B) repurchase-driven marketing

(C) planned obsolescence

(D) market-timing production

Answer : (C)

125. Which of the following behaviours is a company practising when it enforces supplier contracts with foreign countries that state that child labour will not be used to produce its products?

(A) corporate responsibility

(B) honesty and fair pricing

(C) responsibility to the environment

(D) consumerism

Answer : (A)

126. Which of the following behaviours has the goal of meeting the needs of the current generation without harming the ability of future generations to meet their needs?

(A) socially optimal pricing

(B) universal ethical standards

(C) sustainable development

(D) corporate responsibility

Answer : (C)

127. Quest Systems, a local information technology firm, donates old computer equipment to a recycling company. What is Quest demonstrating?

(A) cause-related marketing

(B) corporate philanthropy

(C) corporate standards

(D) corporate responsibility

Answer : (D)

128. What is the term for the donation of time and/or money to not-for-profit organizations in an effort to support charitable causes?

(A) philanthropy

(B) remuneration

(C) responsibility

(D) marketing

Answer : (A)

129. Which of the following terms refers to the use of marketing partnerships between businesses and not-for-profit organizations that are designed to spike sales for the company and raise money for the not-for-profit organization?

(A) corporate philanthropy

(B) consumerism

(C) sustainable development

(D) cause-related marketing

Answer : (D)

130. What is the usual result for firms that participate in cause-related marketing?

(A) They avoid increased government regulation of their activities.

(B) They find that benefits fall short of costs but pursue these efforts anyway because they are a way to be more socially responsible.

(C) They find that such programs help build their brands and increase sales.

(D) They can take advantage of significant tax deductions.

Answer : (C)

131. Recently, Estée Lauder announced that it will donate a portion of each sale of its Gwyneth Paltrow-endorsed perfume to breast cancer research. What is this an example of?

(A) cause-related marketing

(B) green marketing

(C) new product extensions

(D) marketing development

Answer : (A)

132. A large community college system recently built a new "green" campus, where facilities were designed and constructed to use energy and water more efficiently in order to conserve the environment and its resources for future generations. What is this effort embracing?

(A) new product development

(B) cause-related marketing

(C) profitable land-use

(D) sustainable development

Answer : (D)

133. What is the difference between corporate responsibility and philanthropy?

(A) Corporate responsibility means to follow the law as it pertains to carbon emissions,

natural resource use, and waste management.

(B) Corporate responsibility focuses on the action of the business itself rather than donations of money and time.

(C) Philanthropy is when a company changes its business practices to better serve its low-income customers.

(D) Philanthropy means to align company goals with those of a non-profit firm so as to improve revenue.

Answer : (B)

134. What do we call the process whereby a company promotes environmentally friendly products as a benefit to its customers?

(A) a corporate mission

(B) an ethical standard

(C) green marketing

(D) a marketing venue

Answer : (C)

135. What is the term for developing and promoting environmentally sound products and practices to gain a competitive edge?

(A) green marketing

(B) consumerism

(C) cause-related marketing

(D) sustainable development

Answer : (A)

136. Ben & Jerry's is recognized for being a socially conscious trendsetter. As a socially responsible company, what is this maker of high-quality ice cream most likely to focus on?

(A) putting the needs of other stakeholders above the needs of the owners and employees of the company

(B) providing its ice cream at the lowest possible price

(C) partnering with non-dairy manufacturers

(D) finding the proper balance between earning profits and meeting responsibilities to other stakeholders

Answer : (D)

137. Which consumer right is reflected when Mattel recalls toys from the marketplace due to toxic chemicals in the paint that are harmful to children?

(A) the right to be heard

(B) the right to choice

(C) the right to be safe

(D) the right to refuse

Answer : (C)

138. How did Kraft demonstrate its commitment to socially responsible policies?

(A) by pledging to stop advertising unhealthy foods to children

(B) by increasing the vitamins and minerals it includes in its packaged foods without increasing food prices

(C) by donating 25% of its profits to worthwhile social causes

(D) by reducing the prices on all of its products

Answer : (A)

139. Which of the following best describes the concept of a living wage?

(A) It should be based on the amount of money a worker would need to buy the most basic goods necessary for day-to-day survival.

(B) It is an elusive concept that could be interpreted in many different ways.

(C) It is the same thing as the concept of the minimum wage as it is defined in Canada.

(D) Is defined by the United Nations as the wage that would allow a typical household to maintain a modest but comfortable lifestyle.

Answer : (B)

140. The most socially responsible companies establish codes of conduct for their vendors that include policies pertaining to which of the following?

(A) human rights

(B) consumers' right to choose

(C) shareholder benefits

(D) consumers right to be heard

Answer : (A)

141. What are two of the greatest ethical challenges faced by firms in the global arena?

(A) unskilled employees and lazy employees

(B) international patents and overvalued currencies

(C) firms that want to avoid taxes and firms that accept gifts from customers

(D) bribery and corruption

Answer : (D)

142. A Transparency International study examined bribery by firms operating in foreign countries. Which of the following countries ranked as least likely to pay bribes?

(A) China

(B) Switzerland

(C) Mexico

(D) Russia

Answer : (B)

143. What is one of the most challenging issues for international businesses?

(A) bribery and corruption committed by companies and individuals

(B) the unethical behaviours of worldwide suppliers

(C) cause-related marketing issues

(D) vendors who are socially irresponsible

Answer : (A)

144. Which of the following serves as a good example of a proactive socially responsible

approach toward global marketing?

(A) asking business vendors to comply with human rights policies, safety rules, and sustainable environmental goals

(B) partnering with the low-cost providers of goods and services, because this strategy serves the interests of stakeholders and shareholders

(C) providing one's customers with the best value at the lowest cost and doing what it takes to make that happen

(D) refusing to do business with unethical companies.

Answer : (A)

145. A study by Transparency International suggests that most of the world's poorer nations have business cultures that are best described in what way?

(A) They do an excellent job of encouraging entrepreneurship.

(B) They believe profits are immoral.

(C) They are characterized by rampant corruption.

(D) They strongly encourage ethical behaviour.

Answer : (C)

146. What was Levi Strauss the first global company to establish?

(A) a written code of conduct

(B) a code of integrity for senior management

(C) a comprehensive code of conduct for contractors

(D) a publicly distributed code of ethics for shareholders

Answer : (C)

147. Will establishing a code of conduct for vendors in foreign nations be successful?

(A) Most probably not, because Canadian organizations do not care about how foreign vendors produce products; they only care about getting products at low costs.

(B) Most probably, as long as the code of conduct is posted at every location.

(C) Most probably, but only if the company performs social audits and takes action when needed.

(D) Most probably not, because while it is a nice idea in practice, so far no Canadian firms have been able to actually establish a comprehensive code.

Answer : (C)

148. What have the motion picture and television industries done in response to the threat of government regulation?

(A) They have mounted major public relations campaigns against such regulation.

(B) They have increased the number of lawyers they employ by almost 30% over the past decade.

(C) They have imposed their own rating systems for their movies and television shows.

(D) They have greatly improved the quality of the movies and television programs they produce.

Answer : (C)

149. What is being performed by more and more businesses to systematically monitor how well they are meeting their ethics and social responsibility objectives?

(A) reality checks

(B) random quality control testing

(C) profitability ratios

(D) social audits

Answer : (D)

150. What is the purpose of the double bottom line social audit procedure?

(A) to measure both a firm's financial performance and its efforts to meet social responsibilities

(B) to indicate a preference for meeting profit goals and de-emphasize any company social contributions that would cut into profits

(C) to develop financial rewards for managers whose fundraising contributions to community-based organizations exceed expectations

(D) to measure both sales and profits

Answer : (A)

151. What does a social audit systematically evaluate?

(A) how well a firm is meeting its ethical standards and social responsibility goals

(B) the total cost of meeting socially responsible goals

(C) an organization's ethical standards

(D) how well a firm is meeting all of its corporate objectives

Answer : (A)

152. Which of the following refers to the systematic evaluation of how well a firm is meeting the goals of ethics and social responsibility?

(A) an SRPC (social responsibility progress checklist)

(B) a balanced performance report

(C) a social audit

(D) a social-commercial correlation analysis

Answer : (C)

ESSAY

153. Explain the relationship between ethics and the legal system. Provide a specific example.

Graders Info :

The relationship between ethics and the law is often complicated. The purpose of laws in general is to serve as a starting point for examining ethical standards, to establish and enforce ethical norms that apply to everyone within our society. But obeying the law is only the first, most basic step in achieving ethical behaviour. Truly ethical behaviour often requires going beyond the basics.
For example, it is sometimes possible for an individual to obey the law without behaving ethically. In fact, given the imperfections in our legal system, in rare cases, individuals may need to behave illegally in order to behave ethically. For example, until the latter half of the twentieth century, many U.S. states had laws that required segregation and encouraged discrimination. Many individuals disobeyed those laws because of their ethical beliefs.

154. Define ethics and describe two forces that shape an individual's ethical beliefs. Discuss how individual ethical beliefs relate to universal ethical standards.

Graders Info :

Ethics is a set of beliefs about right and wrong, good and bad. It is more than acting within the legal limits of the law.
Individual ethics stem from who you are as a human being, but your family, your social group, and your culture also play a significant role in shaping your day-to-day behaviour. Some people would argue that we could never find universal standards for a country as diverse as Canada because there are so many diverse groups of people. Universal ethical standards can transcend political, religious, class, and ethnic divisions.

155. Define and describe two terms: *business ethics* and *ethical dilemmas.* Give two current examples of ethical dilemmas in business.

Graders Info :

Business ethics is the application of right and wrong, good and bad, in a business setting. Ethical dilemmas arise when values are in conflict, so that a decision that supports a given ethical value violates another equally valid ethical value. In such situations, the decision maker must choose among bad options.
Student answers will vary based on in-class discussions.
Present-day examples might include:
Retirement perks for senior management
Excessive compensation packages to recruit and retain senior executives
Stock option plans and the effect on management decision making
Use of lobbyists to enhance contract awards for private companies
Real-life stories such as the Enron, WorldCom, and Tyco (Dennis Kozlowski) cases
Made-into-movie stories like *Erin Brockovich*

156. You are an office manager for Triple C Employment Services, a small business of 20 employees. It is your responsibility to pay the invoices submitted by your vendors. In recent months, you have noticed an increase in the number of invoices from your small office supply vendor, Handy Offices. It seems as if the prices for many of the supplies are higher than necessary.

After doing some research, you discover that one of your company's managers, John Deedrick, has been placing many of these orders. You also discover that John has received some rather nice "gifts" from the CEO at Handy Offices, including two dinners at an expensive restaurant and greens fees at one of the better golf courses in the area. You know all too well that Deedrick, the Handy Offices CEO, and the Triple C CEOs are good friends, both on and off the golf course.

Is this a case of unethical behaviour, illegal behaviour, neither, or both? Explain. Provide two things Triple C Employment Services can do to ensure this type of behaviour does not continue to occur?

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Graders Info :

Student answers may vary, but must include:
- A discussion of whether John Deedrick's working relationship with Handy Offices' CEO is unethical, illegal, both, or neither.
- The understanding that the ethical dilemma consists of deciding whether or not to be a whistleblower by reporting Deedrick's behaviour to upper-level management.
- Accepting gifts can be considered bribery in Canadian businesses and would be both illegal and unethical.
- A demonstration that the student is familiar with and has applied at least one of the key principles of the framework for reducing unethical or illegal behaviour within organizations. Establish a code of ethics, enforce it, and establish a process and protection for whistleblowers.

157. A range of experts have developed frameworks for reaching ethical decisions. While the specifics vary, the key principles of most decision guides are very similar. These principles can be formulated as questions. List the six questions you might ask yourself when attempting to reach an ethical decision to a complex problem. Describe a real-world situation where these principles could be applied.

Graders Info :

Ethical choices begin with ethical individuals. Personal needs, family, culture, and religion all influence an individual's value system. An individual's personality traits-self-esteem, self-confidence, independence, and sense of humour-play a significant role as well.
While the specifics of students' answers will vary, the key principles of decision-making guidelines include:
Do you fully understand each dimension of the problem?
Who would benefit? Who would suffer?
Are the alternative solutions legal? Are they fair?
Does your decision make you comfortable at a "gut feel" level?
Could you defend your decision on the nightly TV news?
Have you considered and reconsidered your responses to each question?

158. What is the purpose of a code of ethics? Describe four of the seven steps that experts say will result in an effective code of ethics.

Graders Info :

A written code of ethics works in a strong organizational culture to create and maintain ethical work environments. The purpose of a written code is to give employees the information they need to make ethical decisions across a range of situations.
This is especially relevant to multinational companies, as it outlines unifying values and

priorities for divisions that are rooted in different cultures.
A written code, however, is not effective if it does not reflect living principles. An effective code of ethics flows directly from ethical corporate values and leads directly to ongoing communication, training, and action.
To create an effective code of ethics, experts advocate a forceful, integrated approach to ethics that virtually always includes the following steps:
1) Get executive buy-in and commitment to follow through. Top managers need to communicate-even over communicate-the importance of ethics. But talking only works when it's backed up by action:senior management must give priority to keeping promises and leading by example.
2) Establish expectations for ethical behaviour at all levels of the organization-from the CEO to the night-time cleaning crew. Be sure that outside parties such as suppliers, distributors, and customers understand the standards.
3) Integrate ethics into mandatory staff training. From new employee orientation to ongoing training, ethics must play a role. Additional, more specialized training helps employees who face temptation (e.g., purchasing agents, overseas sales reps).
4) Ensure that the ethics code is both global and local in scope. Employees in every country should understand both the general principles and the specific applications. Be sure to translate it into as many languages as necessary.
5) Build and maintain a clear, trusted reporting structure for ethical concerns and violations. The structure should allow employees to seek anonymous guidance for ethical concerns and to anonymously report ethics violations.
6) Establish protection for whistleblowers (people who report illegal or unethical behaviour). Be sure that no retaliation occurs, in compliance with both ethics and the recently passed Sarbanes-Oxley Act.
7) Enforce the code of ethics. When people violate ethical norms, companies must respond immediately and-whenever appropriate-publicly to retain employee trust. Without enforcement, the code of ethics becomes meaningless.

159. What is cause-related marketing, and what does it seek to accomplish? Give an example of how this strategy can be employed. (You can either describe a real-world example, or you can pick a well-known company and describe a way in which they could implement such a strategy.)

Graders Info :

Cause-related marketing is a mutually beneficial partnership between a business and a not-for-profit organization. The idea is to generate sales and build the brands of the business while at the same time raising money or providing other resources for the non-for-profit organization.
Student examples will vary. Many well-known corporations regularly use cause-related marketing. Examples include:
- The alumni associations of many colleges and universities have tie-ins with credit card companies so that the college receives payments equal to a stated percentage of purchases using the card.

- Campbell's and other food companies have "labels for education programs" that make contributions to schools in exchange for proofs of purchase of a given company's products.
- Estée Lauder has programs where a percentage of sales for certain products is donated to breast cancer research programs.
- American Express used a cause-related program that donated one cent for every purchase made using their credit card over a two-month period. The funds were used to restore the Statue of Liberty.
- Toys R Us has partnered with the U.S. Marine Corp Reserves' Toys for Tots by accepting cash donations for the program either in the stores or over the website.
- Students may use any of these or many other examples, or they can come up with hypothetical cases. The key is to provide an example that is a mutually beneficial arrangement between a company and a not-for-profit organization.

160. List four consumer rights. Provide an example for each.

Graders Info :

The right to be safe: Businesses are legally responsible for injuries and damages caused by their products-even if they have no reason to suspect that their products might cause harm. This makes it easy for consumers to file suits. For example, the drive to avert lawsuits has led to absurdities such as the warning on some coffee cups: "Caution! Hot coffee is hot!"

The right to be informed: The law requires firms in a range of industries-from mutual funds to groceries to pharmaceuticals-to provide the public with extensive information. For example, Health Canada mandates that most grocery foods feature a very specific "Nutrition Facts" label. Going beyond legal requirements, many firms use the Web to provide a wealth of extra information about their products. Another example: Pizza Hut offers an interactive Nutrition Calculator that works with all of their menu items.

The right to choose: Freedom of choice is a fundamental element of the capitalist Canadian economy. Our economic system works largely because consumers freely choose to purchase the products that best meet their needs. As businesses compete, consumer value increases. Socially responsible firms support consumer choice by following the laws that prevent anticompetitive behaviour such as predatory pricing, collusion, and monopolies.

The right to be heard: Socially responsible companies make it easy for consumers to express legitimate complaints. They also develop highly trained customer service people to respond to complaints. In fact, smart businesses view customer complaints as an opportunity to create better products and stronger relationships. Statistics suggest that one in 50 dissatisfied customers takes the time to complain. The other 49 quietly switch brands. By soliciting feedback, a company is not only being responsible, but also building its business.

161. Define the stakeholder approach to social responsibility. Provide a key point about each of three different stakeholders in this approach.

Graders Info :

Student responses for the examples will vary, but should include a definition of stakeholder approach and mention of three stakeholder groups.

Stakeholders are any groups that have a stake-or a personal interest-in the performance and actions of an organization. Different stakeholders have different needs, expectations, and levels of interest. Core stakeholder groups for most businesses are employees, customers, investors, and the broader community.

Responsibility to Customers: Value, Honesty, and Communication. Consumerism and four key consumer rights: 1) the right to be safe, 2) the right to be informed, 3) the right to choose, 4) the right to be heard.

Responsibility to Employees: Creating Jobs that Work. Legal standards: equal opportunity, workplace safety, minimum wage and overtime pay, protection from sexual harassment, family and medical unpaid leaves. Work-life balance, ergonomic workstations.

Responsibility to Investors: Fair Stewardship and Full Disclosure. Sarbanes-Oxley Act.

Responsibility to the Community: Business and the Greater Good. Corporate philanthropy, cause-related marketing, and corporate responsibility.

Responsibility to the Environment: Sustainable development and going green, carbon footprint, green marketing.

162. Explain how a socially responsible employer creates a balanced workplace for employees.

Graders Info :

Socially responsible businesses create a workplace environment that respects the dignity and value of each employee. They ensure that hard work, commitment, and talent pay off. For example, they move beyond minimal safety requirements to establish proactive protections, such as ergonomically correct chairs (i.e., won't hurt your back) and computer screens that reduce eye strain. And the best employers respond to the ongoing employee search for work-life balance.

Based on the increasing number of workers facing challenges, such as raising kids and caring for elderly parents, responsible companies are stepping in with programs such as on-site day care, company-sponsored day camp, and referral services for elder care.

163. Define corporate philanthropy and corporate responsibility. Explain how each contributes to society.

Graders Info :

Corporate philanthropy includes all business donations to not-for-profit groups, including money and products. Corporate philanthropy also includes donations of employee time; in other words, some companies pay their employees to spend time volunteering at not-fo--profit organizations.

Student answers may include donating money to support programs for low-income areas, underprivileged communities, etc.

Corporate responsibility relates closely to philanthropy but focuses on the actions of the business itself rather than donations of money and time.

Student answers may include companies actively designing programs/products to reach underserved communities, low-income areas, etc.

164. Describe how being socially responsible can financially benefit an organization's shareholders.

Graders Info :

Socially responsible companies can reap significant financial benefits for their shareholders. According to a 2015 Ipsos Marketing Canada poll, 95 percent of Canadians agree it is a good idea for companies to support social causes, and 84 percent of them say they would switch brands that do, if price and quality were similar.

These benefits tend to flow when companies tie their community contributions to their business objectives, thus creating a competitive advantage.

165. Define green marketing and describe some of its challenges.

Graders Info :

Green marketing markets environmentally safe products and practices to gain a competitive edge.

Green marketing represents a tough challenge: while most people support the idea of green products, the vast majority won't sacrifice price, performance, or convenience to actually buy those products. Sometimes, however, green marketing can be quite consistent with profitability, as in the case of the Toyota Prius automobile. People are willing to pay a higher price for the more environmentally friendly car in exchange for lower gas costs.

166. Discuss two ways in which Canadian corporations can monitor corruption and enforce corporate policies in their foreign supplier locations.

Graders Info :

Answers may vary as students may comment on practices that are not discussed in the book. The book does discuss two examples as follows:

Codes of conduct work best with monitoring, enforcement, and a commitment to finding solutions that work for all parties involved. Sears Canada has such a code and requires that it be posted in all vendors' factories where it does business. Violations of the code can be reported by phoning a special phone number at Sears. Enabling a reporting process and protection for whistleblowers has helped Sears enforce corporate policies.

Levi Strauss found out two of its suppliers in Bangladesh were employing children under the age of 14-a practice that violated the company's principles but was tolerated in Bangladesh. Forcing the suppliers to fire the children would not have ensured that the children received an education, and it would have caused serious hardship for the families depending on the children's wages. Levi Strauss worked out a creative solution with its suppliers-suppliers agreed to pay the children's regular wages while they attended school and to offer each child a job at age 14. The company paid for the children's tuition and books and uniforms. This creative solution allowed the suppliers to maintain their valuable contracts from Levi Strauss while Levi Strauss upheld its values and improved the quality of life for its most vulnerable workers.

167. Discuss two examples of how globalization impacts social responsibility.

Graders Info :

Globalization has made ethics and social responsibility even more complicated for workers at every level. Bribery and corruption are among the most challenging issues faced by companies and individuals involved in international business. Another complex issue involves the responsibility of international and domestic businesses to pay a living wage for reasonable hours in a safe working environment. While this seems reasonable, the problem is that terms like *living wage* and *reasonable hours* don't have precise definitions, making it difficult to determine whether these goals have been achieved. Companies must address these questions individually, bringing together their own values with the laws of both Canada and their host countries.

168. Describe how organizations dedicated to social responsibility assist businesses in meeting their goals.

Graders Info :

As You Sow, an organization dedicated to promoting corporate social responsibility, recommends that companies measure their success by evaluating a "double bottom line"-

one that accounts for traditional financial indicators such as earnings and for social responsibility indicators such as community involvement.
Other groups are watching as well. This helps keep businesses on a positive track. Activist customers, investors, unions, environmentalists, and community groups all play a role. In addition, the threat of government legislation keeps some industries motivated to self-regulate.