Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

SKU: 9781119501336-SOLUTIONS

CHAPTER 2: BUSINESS ETHICS AND SOCIAL RESPONSIBILITY

Chapter Overview

Most organizations strive to combine ethical behaviour with profitable operation. Some have had difficulties overcoming major ethical errors in recent years. Ethical failures in many large and well-known firms have led to lawsuits, charges, and judgements against firms. We have all seen news reports of executives receiving millions of dollars in pay while their companies struggle to operate. This kind of news has damaged the image of the chief executive officer (CEO)—and of business in general.

Sometimes, though, bad news leads to good news. As a result of such bad news stories, both the government and companies have made changes. Businesses have renewed their efforts to behave in an ethical manner to show their responsibility to society, to consumers, and to the environment. In 2010, Industry Canada began a new voluntary standard on social responsibility known as ISO 26000. It focuses on seven principles: accountability, transparency, ethical behaviour, stakeholder interests, rule of law, international norms of behaviour, and human rights. This new standard has led to more firms paying attention to creating clearer standards and procedures for ethical behaviour. Companies now understand the enormous impact of setting a good example instead of a bad one. Today, you are likely to hear about the goodwill produced by such companies as CIBC, Cirque du Soleil, and Tim Hortons. These companies create goodwill when they give back to their communities by funding youth camping programs and recycling or energy-conservation programs, or by paying fair prices to suppliers.

As we discussed in chapter 1, the basic aim of business is to serve customers at a profit. Most companies try to do more than that. Most companies want to give back to customers, society, and the environment. Sometimes, though, they face difficult questions. When does a company's self-interest work against society's and customers' well-being? Does the goal of seeking profits always work against having high principles of what is right and wrong? Many businesses of all sizes answer no.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Glossary of Key Terms

Business ethics: standards of conduct and moral values regarding right and wrong actions in the work environment

Code of conduct: formal statement that defines how the organization expects employees to resolve ethical issues

Conflict of interest: a situation in which an employee must choose between a business's welfare and personal gain.

Consumerism: public demand that a business consider the wants and needs of its customers in making decisions

Corporate philanthropy: act of an organization making a contribution to the communities in which it earns profits

Discrimination: biased treatment of a job candidate or employee

Employment Equity Act (EEA)) an act created (1) to increase job opportunities for women and members of minority groups and (2) to help end discrimination based on race, colour, religion, disability, gender, or national origin.

Fair Trade: a market-based approach of paying higher prices to producers for goods exported from developing countries to developed countries in an effort to promote sustainability and to ensure the people in developing countries receive better trading conditions.

Green marketing: a marketing strategy that promotes environmentally safe products and production methods

Integrity: behaving according to one's deeply felt ethical principles in business situations

Product liability: the responsibility of manufacturers for injuries and damages caused by their products

Recycling: reprocessing of used materials for reuse

Sarbanes-Oxley Act of 2002: U.S. federal legislation designed to deter and punish corporate and accounting fraud and corruption. It is also designed to protect the interests of workers and shareholders by requiring enhanced financial disclosures, criminal penalties for CEOs and CFOs who defraud investors, and safeguards for whistle-blowers. The act also established a new regulatory body for public accounting firms.

Sexism: discrimination against members of either sex, but primarily usually against women

Sexual harassment: unwelcome and inappropriate actions of a sexual nature in the workplace

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Social audit: formal procedure that identifies and evaluates all company activities that relate to social issues such as conservation, employment practices, environmental protection, and philanthropy

Social responsibility: a business's consideration of society's well-being and consumer satisfaction in addition to profits.

Stakeholders: customers, investors, employees, and public affected by or with an interest in a company

Sustainable: the capacity to endure in ecology.

Whistle-blowing: disclosure to company officials, government authorities, or the media of illegal, immoral, or unethical practices committed by an organization

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Learning Objective 1: Explain the concepts of business ethics and social responsibility.

Business ethics refers to the standards of conduct and moral values that businesspeople rely on to guide their actions and decisions in the workplace. Businesspeople must take a wide range of social issues into account when making decisions.

Social responsibility refers to management's acceptance of the obligation to put an equal value on profit, consumer satisfaction, and societal well-being in evaluating the firm's performance.

Annotated Lecture Notes

Opening Vignette: Telus	
CONCERN FOR ETHICAL AND SOCIETAL ISSUES	
1. Business Ethics Business ethics are the standards of conduct and moral values regarding right and wrong actions in the work environment.	*LECTURE ENHANCER: Do you think the ethical standards of Canadian executives differ from their American counterparts?* *If yes, what evidence is there of differences?*
2. Business Ethics in Practice	
a. Conflicts sometimes arise when trying to serve the different needs of a firm's separate constituencies—customers, employees, investors, and society as a whole.	*Lecture Enhancer:* *Can you think of a situation in which the needs of investors might be in conflict with the needs of customers?*
b. Businesses must balance between doing what is right and doing what is profitable.	
c. Business ethics are shaped by:	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

i. the ethical values of executives and individual employees	
ii. the ethical climate—a company's stated beliefs and real actions	
iii. a company's code of conduct and ethical standards	
iv. a framework to encourage high ethical standards from workers.	

Notes:_____
_____
_____
_____
_____

Assessment Check Answers:

1.1 To whom do businesses have responsibilities*?*

Businesses are responsible to customers, employees, investors, and society.

1.2 If a firm is meeting all its responsibilities to others, why do ethical conflicts arise?

Ethical conflicts arise because businesses must balance doing what is right and doing what is profitable.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Learning Objective 2: Describe the factors that influence business ethics.

Among the many factors shaping individual ethics are personal experience, peer pressure, and organizational culture. Individual ethics also are influenced by family, cultural, and religious standards. In addition, the culture of the organization where a person works can be a factor.

Annotated Lecture Notes

THE CONTEMPORARY ETHICAL ENVIRONMENT	
1. The Ethical Environment	
a. Business ethics are in the spotlight as companies have to work harder to earn public trust.	*Lecture Enhancer:* *Can you think of an example where a company may have acted unethically?*
b. Most managers have led companies without breaking the rules. Johnson & Johnson provides one example of longstanding commitment to ethical practice:	
i. most-admired pharmaceutical maker	
ii. 9th most-admired company in the world	
iii. has abided by the same basic code of ethics, called its Credo, for more than 50 years	Figure 2.1
iv. the Credo remains the standard against which employees evaluate how well the firm is performing.	
c. Many companies are conscious of how ethical standards can translate into concern for the environment. Walmart provides one example:	
i. Walmart Canada introduced four broad categories into its social responsibility priorities: 1. Environmental sustainability 2. People 3. EthicalSourcing 4. Community giving and investment	
ii. Walmart created a sustainability index so that customers can assess the societal and	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

environmental impact of products in its stores.	
d. The ethical environment seems to be improving despite the recession. A survey conducted by the Ethics Resource Center in 2013found:	*Lecture Enhancer:* *Do you find these statistics surprising or expected?*
i. 41 percent of employees witnessed misconduct on the job, down from 55 percent in 2007	
ii. 63 percent of employees said they reported misconduct when they saw it	
iii. approximately 25 percent of employees said that the recent recession had had a negative impact on their company's ethical culture	*Lecture Enhancer: Why might some company leaders believe that lowering the company's ethical standards would help it survive the recession?*
2. Sarbanes-Oxley and Bill 198	
Sarbanes-Oxley Act of 2002: U.S. federal legislation designed to deter and punish corporate and accounting fraud and corruption. It is also designed to protect the interests of workers and shareholders by requiring enhanced financial disclosures, criminal penalties for CEOs and CFOs who defraud investors, and safeguards for whistle-blowers. The act also established a new regulatory body for public accounting firms. The provisions of this act apply to Canadian companies who trade on any American stock exchange. Similar legislation has been enacted in Canada, known as Bill 198 of 2003, which has come to be referred to as "C-SOX," or the Canadian version of Sarbanes-Oxley	
3. How Companies Regulate Themselves	
a. Companies appoint ethics compliance officers who:	*LECTURE ENHANCER: Why might some company leaders believe that lowering the company's*

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

	ethical standards would help it survive the recession?
i. conduct employee training programs that help spot potential fraud and abuse within the firm	
ii. investigate sexual harassment and discrimination charges	
iii. monitor any potential conflicts of interest.	
b. Many companies have a three-pronged approach to addressing ethics and social responsibility:	
i. Engaging in traditional corporate philanthropy, such as giving to worthy causes	*Lecture Enhancer: Share an example of a company that uses corporate philanthropy to highlight its social responsibility.*
ii. anticipate and manage risks	
iii. identify opportunities to create value by doing the right thing.	
4. Individuals Make a Difference	
a. Individuals can affect ethical expectations and behaviour in the workplace.	*Lecture Enhancer: How might one individual affect overall ethical behaviour in the workplace?*
b. Some workers act illegally or unethically on the job.	
i. evidence suggests that some individuals act unethically or illegally on the job. Their behaviour includes putting their own interests ahead of the organization, lying to employees, misreporting hours worked, Internet abuse, and safety violations	
c. Technology has expanded the range and impact of unethical behaviour.	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

i. Computers allow anyone with access the potential to steal data or shut down a system.	*Lecture Enhancer:* *Ask the class if anyone has heard of a large retailer that has had a 'data breach'*
ii. Data breaches can cost a company up to $6.6 million per incident.	
iii. Long-term customers may be lost if a company's image is tarnished after a breach in security.	
d. Nearly every employee wrestles with ethical questions at some point.	*Lecture Enhancer: Have you ever been challenged by an ethical question at work? What did you do?*
i. Some rationalize unethical behaviour by saying "Everybody's doing it."	
ii. Some act unethically when forced to meet performance quotas.	
iii. Others avoid actions that conflict with personal values and morals.	
5. Development of Individual Ethics	
a. An individual's stage in moral and ethical development is determined by many factors. - Experiences - Family - Education - Culture - Religions backgrounds - Company environment / role	*Ask students where their moral compass originates. Is it religion? Family? A combination of both?* ***CAREER KICKSTART:*** *HOW TO HANDLE ETHICAL DILEMMAS AT WORK*
6. On-the-Job Ethical Dilemmas	
Common Business Ethical Challenges today are :	*Figure 2.3*

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

- Conflict of interest - Honesty and integrity - Whistle-blowing - Loyalty versus truth H&M found in 2010 to be damaging unsold garments before discarding them to avoid for the purpose of ensuring clothing was unusable on the black market Cartier / Tiffany banning the purchase of gems from Myanmar as a protest against civil rights violations/ abuse by that country's government	
a. **conflict of interest:** a situation in which an employee must choose between a business's welfare and personal gain. Most Businesses can handle ethically by:	**CLASS ACTIVITY:** Ask students whether accepting concert tickets from a potential major supplier would affect their decision-making as a buyer of that company's products.
i. avoiding them - most businesses and government agencies have written policies that either prevent employees from accepting gifts or specify a maximum gift value.	
ii. disclosing them - some companies have policies against taking on clients who are competitors of existing clients. A member of a board of directors or a committee member might abstain from voting when he or she has a personal interest in the decision. In other situations, people state their potential conflict of interest so that others can decide whether to use another source instead.	
b. Honesty and Integrity An employee who is honest can be relied on to tell the truth. An employee with **integrity** goes beyond truthfulness. Having integrity means behaving according to one's deeply felt ethical principles in business situations.	*LECTURE ENHANCER: Think of a hypothetical situation where the honesty and integrity of an employee might help to inspire a customer's trust in the company.*
i. ADP survey revealed that one in five Canadians lies on his or her résumé. Recently, it was learned that an Osgoode Hall law student, Quami Frederick, had	*CLASS ACTIVITY: Ask students*

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

purchased a fake undergraduate degree to gain admission to law school. She also submitted an Osgoode Hall transcript with inflated grades to obtain an articling position at the Bay Street law firm Wildeboer Dellelce, LLP. Frederick now faces a disciplinary hearing that will likely result in her expulsion from Osgoode Hall. The law firm has withdrawn its offer.	*for examples of workplace situations where they struggled with whether their employer was misrepresenting important product information.*
ii. Some employees steal from their employers by taking home supplies or products without permission or by carrying out personal business when they are being paid to work	
iii. Internet misuse during the workday is increasing. Employees use the Internet during work hours for personal e-mail, shopping, gaming, and for visiting bulletin boards and blogs or social networking sites such as Facebook and YouTube	*Ask the class – if employees do their job should employers be concerned?*
iv. Some employers have resorted to electronic monitoring and surveillance. These employers have another reason to monitor their employees: complying with the laws regarding the privacy and security of client information.	*Ask the class if they see this as a concern? Open a discussion / debate on why / why not?*
c. Loyalty versus Truth Individual employees may need to decide between loyalty to the company and truthfulness in business relationships.	
iii. People resolve such dilemmas in various ways. Some place the highest value on loyalty, even at the expense of truth.	
iv. Others avoid volunteering negative information but answer truthfully when asked a direct question.	
d. Whistle-Blowing Disclosure to company officials, government authorities, or the media of illegal, immoral, or unethical practices committed by an organization.	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

i. a University of Saskatchewan dean, was fired after alerting the public to planned university budget cuts and expressing his opposition to the cuts. Shortly afterwards, he was reinstated at the University and the President was fired.	*Discuss with the class the facts surrounding this case and others that are currently in the news.* *What would the students do if they were in a managerial position and had to make a decision?*
ii.	
iii. Although no specific law protects whistle-blowers in Canada, many Canadian companies, such as Air Canada, have policies to protect whistle-blowers. In 2004, Bill C-25, the Public Servants Disclosure Protection Act, was introduced. This bill was intended to protect people who expose problems in the government's bureaucracy. The government said this act will help ensure "transparency, accountability, financial responsibility and ethical conduct.	

Notes:_____
_____
_____
_____
_____
_____
_____
_____

Assessment Check Answers:

2.1 What is the role of a firm's ethics compliance officer?

Ethics compliance officers are charged with deterring wrongdoing and ensuring that ethical standards are met.

2.2 What factors influence the ethical environment of a business?

Individual ethics and technology influence the ethical environment of a business.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Learning Objective 3:
Discuss how organizations shape ethical behaviour.

No individual makes decisions in a vacuum. Most organizations have established standards of conduct. These standards strongly influence the choices that employees make. Most ethical lapses in business reflect the values in the firms' corporate cultures.
As shown in Figure 2.4, a corporate culture that supports business ethics develops on four levels:
1. ethical awareness
2. ethical education
3. ethical action
4. ethical leadership

Annotated Lecture Notes

HOW ORGANIZATIONS SHAPE ETHICAL CONDUCT Development of a corporate cul to support business ethics happ on four levels: – ethical awarenes – ethical educatio – ethical action – ethical leadershi	Figure 2.4
1. Ethical Awareness	
a. The foundation of an ethical climate is ethical awareness.	
b. A code of conduct is a formal statement that defines how the firm expects its workers to resolve ethical questions.	Johnson & Johnson's credo, Figure 2.1 illustrates such a code.
i. It may specify rules for acceptable behaviour.	
ii. It may identify key corporate values and state	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

how to address moral and ethical issues.	
iii. Some firms incorporate codes in their policy manuals or mission statements.	***CLASS ACTIVITY:*** *Survey the class to see how many students work for companies that enforce a code of ethics*.
2. Ethical Education	
a. Businesses must provide the tools employees need to evaluate the options and arrive at suitable decisions.	
b. Some firms run ethics training programs.	
i. Workers practice using ethical values in hypothetical scenarios.	
ii. They then can apply the training to real-world situations.	
3. Ethical Action	
a. Firms provide structures that show how to turn decisions into actions. Have employees ask:	
i. Is the action legal? • Does it comply with our values? • If you do it, will you	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

feel bad? • How will it look in the newspaper? • If you know it's wrong, don't do it! • If you're not sure, ask. • Keep asking until you get an answer.	
b. Goals set for the organization, departments, or individuals affect ethical behaviour.	Visit Texas Instruments' website on the ethics quiz: http://www.ti.com/corp/docs/company/citizen/ethics/quicktest.shtml
i. Unrealistic goals may lead to questionable behaviour.	
ii. The value of speed creates a climate that prevents careful thought and challenges ethical behaviour.	
c. Companies can support employees facing moral dilemmas by offering a hotline.	
d. Ethics compliance officers can help workers.	
4. Ethical Leadership	
a. Executives must demonstrate ethical behaviour in their actions.	
b. Firms need to charge each employee with	**CLASS ACTIVITY:** Ask students for examples of leaders who "walked the talk" and provided

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

the responsibility to be an ethical leader.	strong ethical leadership.
i. "ethical mavericks" follow a moral code with three simple characteristics: 1. Use clear, explicit language rather than euphemisms for corrupt behaviour. 2. Encourage behaviour that generates and fosters ethical values. 3. Practise moral absolutism, insisting on doing right even if it proves financially costly	
c. All workers should be made aware of problems and defend company standards.	
d. Not all organizations build a framework of business ethics.	
i. Damage from misconduct affects **stakeholders**—customers, investors, employees, and the public who are affected by	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

	or have an interest in a company	
ii.	Legislation regulates businesses that fail to regulate themselves.	
iii.	Laws focus on international business, small business, labour unions, banking and securities.	

Notes:_____
_____
_____
_____
_____
_____
_____

Assessment Check Answers:

3.1 For an employee, when does loyalty conflict with truth?

Truth and loyalty can come into conflict when the truth about a company or situation is unfavorable.

3.2 How does ethical leadership contribute to ethical standards throughout a company?

Employees more readily commit to the company's core values when they see that leaders and managers behave ethically.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Learning Objective 4: Describe how businesses can act responsibly to satisfy society.

Today's businesses are expected to weigh their qualitative impact on consumers and society, in addition to their quantitative economic contributions such as sales, employment levels, and profits. One measure is their compliance with labour and consumer protection laws and their charitable contributions. Another measure some businesses take is to conduct social audits. Public-interest groups also create standards and measure companies' performance relative to those standards.

The responsibilities of business to the general public include protecting the public health and the environment and developing the quality of the workforce. In addition, many would argue that businesses have a social responsibility to support charitable and social causes in the communities in which they earn profits. Business also must treat customers fairly and protect consumers, upholding their rights to be safe, to be informed, to choose, and to be heard. Businesses have wide-ranging responsibilities to their workers. They should make sure that the workplace is safe, address quality-of-life issues, ensure equal opportunity, and prevent sexual harassment and other forms of discrimination.

Annotated Lecture Notes

ACTING RESPONSIBLY TO SATISFY SOCIETY	
1. Social Responsibility	
a. **Social responsibility**: a business's consideration of society's well-being and consumer satisfaction in addition to profits.	
i. Firms not only look at profit and sales.	
ii. They are concerned with employee, consumer, and societal benefits.	
b. Business is socially responsible because:	
i. it is required by law	
ii. it enhances the company's image	**Going Green: Starbucks Introduces a New Store-Design Strategy**
iii. it is ethical.	
suring Social Responsibility	
a. Historically, the social responsibility of a firm was measured by its contribution to the economy and the employment opportunities it offered.	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

b. Today, additional measurements of social responsibility include:	
i. equal employment	
ii. cultural diversity	
iii. environmental concerns	*Lecture Enhancer: Provide an example of a business in your local area that makes environmental concerns a priority.*
iv. safe work environment	
v. safe, high-quality products.	
c. Measurements include interactions with the community. Firms highlight their:	
i. charitable contributions	
ii. community service.	
d. **Social audits** formal procedures that identify and evaluate all company activities related to social issues, such as conservation, employment practices, environmental protection, and philanthropy	
i. Conservation, the environment, employment practices, and philanthropy.	
ii. Social audits show how a company performs and outline improvements.	
e. Outside groups evaluate businesses.	
i. Environmental, religious, or public-interest groups create standards of performance.	Have students look into the CBSR: Canadian Business for Social Responsibility. What do they do? How can an organization benefit from them?
ii. They make evaluations available to the public.	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

f. The social responsibility of a business can be classified according to its relationships with:	Figure 2.5
i. the general public	
ii. its customers	
iii. its employees	
iv. investors and the financial community.	
3. Responsibilities to the General Public	
a. Public-Health Issues	
i. What should businesses do about dangerous products?	**CLASS ACTIVITY:** Can students think of any companies that have portrayed or distorted their food products or beverages as "healthy" when, in fact, they are not?
ii. What should businesses do about serious health conditions such as heart disease, diabetes, obesity, and substance abuse?	**Solving an Ethical Controversy:** *Would Prescription Drug Advertisements be Helpful or Harmful to Canadians?*
b. Protecting the Environment	
i. Businesses consume huge amounts of energy, which increases the environmental hazards from coal and oil use.	
ii. Production methods leave behind polluting waste materials. Suncor, a large oil sands firm in Alberta, was recently fined $200,000 for dumping harmful materials into a river in Northern Alberta. This dumping took place on the same day that Ottawa promised to improve environmental monitoring of the Canadian oil sands.	
iii. Some products themselves are harmful to the environment, such as electronics that contain lead and mercury.	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

iv. Few manufacturers are equipped to handle recycled materials.	
v. Many electronic manufacturing and retail firms are offering take-back, mail-in, and trade-in programs for discarded electronic equipment.	*CLASS ACTIVITY: Discuss how students have disposed of their old computers or related electronic equipment.*
vi. Finding ways to minimize pollution has become an important economic, legal, and social issue.	
vii. **Recycling**—reprocessing used materials for reuse—can provide manufacturers with materials while reducing pollution.	**Hit & Miss:** **Pacific Biodiesel Recycles Oil from French Fries to Fuel**
viii. **Green marketing** - is a marketing strategy that promotes environmentally safe products and production methods. – Firms must follow FTC guidelines and provide scientific evidence of being environmentally friendly.	Table 2.1 *Lecture Enhancer:* *Can you think of a product that uses green marketing?*
ix. A growing focus is finding renewable sources of clean energy and developing sustainable (the capacity to endure in ecology) agriculture.	
c. Developing the Quality of the Workforce	
i. In the past, a nation's wealth was based on its money, production equipment, and natural resources.	
ii. A country's true wealth lies in its people.	
iii. An educated, skilled workforce provides the know-how to develop technology and compete globally.	
iv. To remain competitive, businesses must assume more responsibility for improving the quality of its workforce.	*Lecture Enhancer: What is one way in which a company could improve the quality of its workforce?*
v. Because many new jobs required college-educated workers, the gap between the highest-paid and lowest-paid workers has increased.	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

vi. Diversity programs allow women, minorities, and the physically challenged workers to contribute fully.	
d. Corporate Philanthropy	
i. **Corporate philanthropy:** an organization's contribution to the communities where it earns profits.	
ii. It can boost employee morale, enhance company image, and improve customer relationships.	
iii. In cause-related marketing, firms align advertising with charitable giving and corporate sponsorships.	
iv. Encouraging volunteerism among employees is another form of corporate philanthropy.	
4. Responsibilities to Customers	
Consumerism is the public demand that a business consider the wants and needs of its customers in making decisions.	
Consumerism is based on the belief that consumers have certain rights.	Figure 2.6
a. The Right to Be Safe	
i. Businesses must ensure that their products operate safely.	*Lecture Enhancer: What is a company ethically required to do if it discovers one of its products may not be safe?*
ii. Product liability is the responsibility of manufacturers for injuries and damages caused by their products.	
iii. A company must thoroughly test its products.	
b. The Right to Be Informed	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

i. Consumers should have access to product information to make responsible buying decisions.	
ii. Truth in advertising is protected by rules and regulations set up by the Competition Act and the Food and Drug Act as well as other agencies.	
iii. It is illegal for a business to make unsubstantiated claims about its merchandise. See The Competition Act for the rules and regulations	
iv. The Competition Bureau and Health Canada sets standards for advertising.	
v. All communications with customers—including salespeople's comments, warranties, and invoices—must be clear and accurate.	*LECTURE ENHANCER: Explain why cable companies have been a recent target of fair competition laws.*
c. The Right to Choose	
i. Consumers have the right to choose which goods and services they need and want to purchase.	
ii. Socially responsible companies preserve this right, even if it has a negative impact on sales and profits.	
d. The Right to Be Heard	
i. Consumers have the right to express legitimate complaints.	
ii. Many companies ensure full hearings for consumer complaints.	
5. Responsibilities to Employees	
Businesses are responsible to workers here and abroad in terms of safety, quality-of-life, and equal opportunity.	
They must avoid age discrimination, sexism, and sexual harassment.	
a. Workplace Safety	*CLASS ACTIVITY:*

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

	Ask students whether they have ever observed a workplace safety issue.
i. A century ago, workplace safety was of little concern. The Canadian Centre for Occupational Health And Safety (CCOHS) promotes workplace health and safety. Workers' compensation programs are managed mostly at the provincial level by organizations such as the Workplace Safety and Insurance Board in Ontario, the Workers' Compensation Board in Nova Scotia, and the Workers' Compensation Board of Alberta.	
i. It creates rules for specific industries, tracks workplace accidents, and has the authority to fine employers who are found liable for injuries and deaths.	
ii. According to a 2010 research study, each year, one in every 53 employed workers was injured and received workers' compensation	
b. Quality-of-Life Issues	
i. Balancing work and family is becoming harder due to changing demographics.	
ii. Working mothers and single parents must handle childcare issues while working long hours.	
iii. Many are in the sandwich generation, caring for young children and elderly parents at the same time.	
iv. Some firms offer flexible hours, job-sharing, backup childcare, and care for sick children.	
v. Some women are starting their own businesses so that they can set their own hours and goals.	**Hit & Miss: Balancing Life and Work with a Cup of Tea**

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

vi. Some companies are approaching paid time off in innovative ways, such as allowing open-ended vacation time as long as projects are completed.	*Lecture Enhancer: How do you think firms should handle absenteeism?*
vii. The Family Medical Leave Act says firms of 50 or more must give unpaid leave to workers dealing with parenting issues, family health, or their own serious illness.	
c. Ensuring Equal Opportunity on the Job	
i. Businesses face challenges in managing an increasingly diverse workforce.	
– Technological advances are expanding the ways people with disabilities can contribute in the workplace.	
– Businesses need to find ways to responsibly recruit and manage older workers.	
– Companies have begun to provide benefits regardless of the sexual orientation of employees.	
ii. Diversity in business is largely regulated by law.	
iii. The Canadian Charter of Rights and Freedoms addresses **Discrimination:** biased treatment toward a job candidate or employee.	Table 2.2
"Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability."	
iv. The Employment Equity Act (EEA)	
– to increase job opportunities for women and members of minority groups and to help end discrimination in any personnel	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

action that is based on race, colour, religion, disability, gender, or national origin.	
d. Age Discrimination	
i. More than half the workforce will be age 40 or older in a few years.	
ii. Some employers find it less expensive to hire and retain younger workers, who have lower salaries and fewer benefits than older workers.	
- The Canadian Human Rights Act (CHRA) prohibits age discrimination except in very specific cases	
e. Sexual Harassment and Sexism	
i. Sexual harassment refers to unwelcome or inappropriate action of a sexual nature in the workplace.	*CLASS ACTIVITY: Ask students to provide recent examples of sexual harassment in contemporary companies.*
ii. It is a form of sex discrimination that violates the CHRA	*LECTURE ENHANCER: What might be some consequences for investors if a business does not act ethically or legally?*
iii. Two types of sexual harassment: 1) When an employee is pressured to comply with unwelcome advances and requests for sexual favours in return for job security, promotions, or raises 2) A hostile work environment in which an employee feels hassled or degraded because of unwelcome flirting, lewd comments, or obscene jokes.	
iv. The rules include sexually oriented materials in the workplace as well as the behaviour of clients and customers of a firm.	

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

v.	The costs of lawsuit settlements or fines can be enormous.	
vi.	An effective program should include a policy statement, complaint procedure, open work atmosphere, and ways to investigate issues and discipline offenders.	
vii.	Sexism is a broad term applying to workplace discrimination against members of either sex, although usually women.	
viii.	Equal pay for equal work is an important sexism issue.	
ix.	On average, a Canadian woman earns 70.5 percent of what a man earns.	

Notes:_____
_____
_____
_____

Going Green:

Starbucks Introduces a New Store-Design Strategy

Summary

Starbucks announced in June 2009 that as it builds new stores and renovates existing ones, it will keep two goals in mind: reflecting the character of the neighborhood and reducing environmental impact. These goals are part of Starbucks' efforts to stay in step with its customers' interests, lifestyles, and values.

Questions for Critical Thinking

1. How do Starbucks' new plans for its stores reflect its sense of social responsibility?

Starbucks' new plans for its stores reflect its sense of social responsibility because they consider the well-being of society as a whole. Starbucks wants to respond to its customers' values by operating in an environmentally sound manner.

2. How has Starbucks involved its customers in these efforts?

Starbucks has involved its customers in these efforts by reducing its prices for customers who bring in their own travel cups. It also plans to design its stores in keeping with the individual character of its customers' neighborhoods.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Hit & Miss:

Pacific Biodiesel Recycles Oil from French Fries to Fuel

Summary

Robert King and Daryl Reece founded Pacific Biodiesel, which produces and sells biodiesel fuel made from used restaurant oil. Pacific Biodiesel also designs, builds, and supports biodiesel plants around the country. Biodiesel can be used in any diesel engine. It is produced from renewable resources, cuts down on pollutants, and reduces dependency on foreign oil.

Questions for Critical Thinking

1. How might Pacific Biodiesel spread the message that recycling is good business as well as good for the environment? How might it reach out to other industries?

Pacific Biodiesel could spread the message that recycling is good business as well as good for the environment by employing a green marketing campaign. It might reach out to other industries by offering to share its technology and methods for recycling restaurant oil into fuel for diesel engines.

2. How does Pacific Biodiesel fulfill its responsibilities to the general public?

Pacific Biodiesel fulfills its responsibilities to the general public by consuming fewer fossil fuels, polluting less, and recycling.

3. Would Canadian Pacific likely be as successful as Pacific Biodiesel in making a public impact, given that a U.S. competitor has already established the technology?

Yes, with its US competitor leading the way and setting an example then CP may use it as a benchmark.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Hit & Miss:

Balancing Life and Work with a Cup of Tea

Summary

Zhena Muzyka was the 25-year-old single mother of an infant boy in need of kidney surgery. She had no health insurance and no significant savings. Zhena started her own tea-selling business in order to have the flexibility to care for her son while earning a living. As her business grew, she became committed to using only Fair Trade teas when creating her blends. Fair Trade tea workers have guaranteed health care, clean water, education, and maternity leave and child care. Zhena's Gypsy Tea now embraces environmentally friendly business practices as well.

Questions for Critical Thinking

1. How did Zhena Muzyka translate her life experiences into her company's ethics culture?

Zhena Muzyka's life experiences taught her the importance of a healthy work–life balance because she had to care for her ill son while working. Subsequently, Zhena's business became committed to doing business only with Fair Trade providers of tea, which ensures that workers have health care, child care, and a safe working environment.

2. Do you have an idea for starting your own business? If so, brainstorm some ideas for balancing your life and values with your work.

Students answer individually.

3. What key provincial or federal legislation would you need to be aware of especially if your business was to grow and employ a significant number of staff members?

- *The Competition Bureau / Competition Act*
- *Industry Canada / Food and Drug Act*
- The Canadian Human Rights Act (CHRA)
- The Employment Equity Act (EEA)
- Refer to Table 2.2

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Assessment Check Answers:

4.1 What is meant by social responsibility, and why do firms exercise it?

Social responsibility is management's acceptance of its obligation to consider profit, consumer satisfaction, and societal well-being to be of equal value when evaluating the firm's performance. Businesses exercise it because it is required by law, because it enhances the company's image, or because management believes it is the right thing to do.

4.2 What is green marketing?

Green marketing is a marketing strategy that promotes environmentally safe products and production methods.

4.3 What are the four main consumer rights?

The four main consumer rights are the right to be safe, to be informed, to choose, and to be heard.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Learning Objective 5: Explain the ethical responsibilities of businesses to investors and the financial community.

Investors and the financial community demand that businesses behave ethically as well as legally in handling their financial transactions. Businesses must be honest in reporting their profits and financial performance to avoid misleading investors. Provincial regulators such as the Ontario Securities Commission and the Alberta Securities Commission are primarily responsible for protecting investors from financial misdeeds.

These provincial regulators investigate suspicions of unethical or illegal behaviour by publicly traded firms.

Annotated Lecture Notes

RESPONSIBILITIES TO INVESTORS AND THE FINANCIAL COMMUNITY	
Business has an obligation to make a profit for its shareholders.	
Investors expect legal and ethical behaviour.	
Agencies protect investors from financial misdeeds.	
a. Provincial regulators such as the Ontario Securities Commission and the Alberta Securities Commission are primarily responsible for protecting investors from financial misdeeds..	

Notes:_____
_____
_____
_____
_____
_____
_____
_____
_____

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Assessment Check Answers

5.1 Why do firms need to do more than just earn a profit?

Firms need to do more than just earn a profit because the law requires them to behave in a legal and ethical manner and because investors and shareholders demand such behaviour.

5.2 What is the role of the provincial securities regulators?

These bodies are primarily responsible for protecting investors from financial misdeeds. These provincial regulators investigate suspicions of unethical or illegal behaviour by publicly traded fi rms. They look into accusations that a business is using faulty accounting practices to inaccurately report its financial resources and profits to investors

Answers to Review Questions

1. What do the terms *business ethics* and *social responsibility* mean? Why are they important components of a firm's overall philosophy toward conducting business?

Business ethics are the standards of conduct and moral values governing actions and decisions in the work environment (examples: a firm keeps promises, honestly reports its financial status, expects employees to report concerns over unethical behaviour).

Social responsibility refers to the belief system of a company as well as its philosophies, policies, procedures, and actions that hope to enhance society's welfare (examples: a firm writes a code of conduct, considers the impact on the environment before making a decision, works with community groups or charitable causes).

They are important components of a firm's overall philosophy because businesses must find the delicate balance between doing what is right and doing what is profitable.

LO: 1.Explain the concepts of business ethics and social responsibility.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

2. How do individuals make a difference in a firm's commitment to ethics? Describe the three stages in which an individual develops ethical standards.

Individuals can make a difference in a firm's commitment to ethics through their ethical expectations and behaviour. As executives, managers, and employees demonstrate their personal ethical principles—or lack of ethical principles—the expectations and actions of those who work for and with them can change. Four factors are usually involved: life experiences; family, educational, cultural, and religious background; environment within the company; and personal style.

- *In the preconventional stage, people think of their own needs and desires and obey external rules due to fear of punishment or hope of reward.*

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

- *In the conventional stage, they respond based on duty to others (family, coworkers, and organizations) and decide what is acceptable or unacceptable based on the influence of these groups, with self-interest still playing a role.*

- *In the postconventional stage, they think of the larger needs of society, relying on their own ethical principles to decide what is right and what action to take.*

LO: 2 Describe the factors that influence business ethics.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

3. What type of ethical dilemma does each of the following illustrate? (A situation might involve more than one dilemma.)

a. Due to the breakup with a client, an advertising agency suddenly finds itself representing rival companies.
b. A newly hired employee learns that the office manager plays computer games on company time.
c. A drug manufacturer offers a doctor an expensive gift as an inducement to prescribe a new brand-name drug.
d. An employee is asked to destroy documents that implicate his or her firm in widespread pollution.
e. A company spokesperson agrees to give a press conference that puts a positive spin on his or her firm's use of sweatshop labour.

a. Conflict of interest—deciding on a course of action when it may benefit one person or group and harm another, or when it may benefit a personal situation

b. Honesty and integrity—deciding whether to act on deeply felt ethical principles, beyond just telling the truth.

c. Conflict of interest—deciding on a course of action when it may benefit one person or group and harm another, or when it may benefit a personal situation

d. Whistle-blowing—deciding whether to disclose to authorities an organization's unethical or illegal actions
Loyalty versus truth—deciding whether to go to authorities with information or to protect a company when the truth about a firm is unfavorable

e. Honesty and integrity—deciding whether to act on deeply felt ethical principles, beyond just telling the truth
Loyalty versus truth—deciding whether to go to authorities with information or to protect a company when the truth about a firm is unfavorable

LO: 1 Explain the concepts of business ethics and social responsibility.
LOD: Medium

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Bloomcode: Comprehension
AACSB: Reflective Thinking

4. Describe how ethical leadership contributes to the development of each of the other levels of ethical standards in a corporation.

Ethical leadership—dictates that managers not only talk about ethical behaviour but also show it in their actions, including admitting their mistakes and trying to correct them. Ethical leadership charges each employee at every level with the responsibility to be an ethical leader. Everyone should be aware of problems and be willing to defend the organization's standards. This requires the other levels of ethical standards. Ethical awareness allows employees to get help in identifying ethical problems when they occur and in understanding the firm's response. Ethical reasoning shows workers how to weigh options and make suitable decisions when complicated issues come up. Ethical action provides structures and approaches that show workers how to turn decisions into actions.

LO: 3 Discuss how organizations shape ethical behaviour.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

5. How do firms demonstrate their social responsibility?

They demonstrate social responsibility by contributing to the overall economy, providing for equal employment opportunity, respecting cultural diversity, developing the quality of the workforce, dealing with public health issues, responding to environmental concerns, providing a safe workplace, and supporting charitable or social not-for-profit organizations.

LO: 4 Describe how businesses can act responsibly to satisfy society.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

6. What are the four major areas in which businesses have responsibilities the general public? In what ways can meeting these responsibilities give a firm a competitive edge?

- *Public Health Issues: What to do about inherently dangerous products such as alcohol, tobacco, vaccines, and steroids.*
- *Protecting the Environment: Using resources efficiently, minimizing pollution. Recycling—Reprocessing used materials for reuse.*
- *Developing the Quality of the Workforce: Enhancing quality of the overall workforce through education and diversity initiatives.*
- *Corporate Philanthropy: Cash contributions, donations of equipment and products, and supporting the volunteer efforts of company employees.*

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

The firm will have a competitive advantage due to: increased employee morale, better team-building skills, enhanced company image, stronger customer relations, and an improved standing in the community.

LO: 4 Describe how businesses can act responsibly to satisfy society.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

7. Describe the four basic rights that consumerism tries to protect. How has consumerism improved the contemporary business environment? What challenges has it created for businesses?

Consumerism protects the right to be safe, to be informed, to choose, and to be heard. It has increased product safety, provided information to consumers, increased competition, offered a wider variety of choices, promoted truth in advertising, and monitored unethical activities and fraud.

Challenges include assuring product safety because contamination leaks in, causing illness or even death. Also, all communications with customers—from salespeople's comments to warranties and invoices—must be controlled to clearly and accurately inform customers. Businesses that fail to comply with truth in advertising face scrutiny from the Competition Bureau of Canada and consumer protection organizations.

LO: 4 Describe how businesses can act responsibly to satisfy society.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

8. What are the five major areas in which companies have responsibilities to their employees? What types of changes in society are now affecting these responsibilities?

Promoting workplace safety, addressing quality-of-life issues, ensuring equal opportunity in hiring and on the job, and providing a work environment with no tolerance for age discrimination, sexual harassment, or sexism. Today, employees have to balance time spent at work with time spent on personal and family issues such as caring for young children and elderly parents.

LO: 4 Describe how businesses can act responsibly to satisfy society.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

9. Which Equal Opportunity law (or laws) protects workers i ?

a. an employee who must care for an elderly parent
– *The Family Medical Leave Act*

b. a Canadian Armed Forces member who is returning from deployment overseas
– *Reservists Act*

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

c. a job applicant who is HIV positive
– *Canadian Charter of Rights and Freedoms, 1982*

d. a person who is over 40 years old
– *Canadian Human Rights Act and Provincial Human Rights Codes*

e. A woman who has been sexually harassed on the job
– *Canadian Charter of Rights and Freedoms, 1982*

f. A woman who has a family history of breast cancer
– *Canadian Charter of Rights and Freedoms, 1982*

LO: 4 Describe how businesses can act responsibly to satisfy society.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

10. How does a company demonstrate its responsibility to investors and the financial community?

One way a company can demonstrate its responsibility to investors and the financial community is to produce sound profits. But shareholders, investors, and financial partners also demand that a business acts legally and ethically, treats its employees fairly, reports its earnings and losses accurately, and considers the greater good when making decisions. Failure to do so can result in substantial losses to investors as well as to consumers and the public at large.

LO: 5 Explain the ethical responsibilities of businesses to investors and the financial community.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

Projects and Teamwork Applications

1. **Write your own personal code of ethics. Create standards for your behaviour at school, in personal relationships, and on the job. Then assess how well you meet your own standards and revise them if necessary.**

   Have students share the individual personal code of ethics that they wrote. How did the codes differ among classmates? What values or beliefs did many students stress? Which ones were left out?

LO: 1 Explain the concepts of business ethics and social responsibility.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

2. **On your own or with a classmate, visit the Web site of one of the following firms, or choose another that interests you. On the basis of what you can learn about the company from the site, construct a chart or figure that illustrates examples of the firm's ethical awareness, ethical education, ethical actions, and ethical leadership. Present your findings to class.**
   a. Tim Hortons
   b. National Hockey League (NHL), or any major professional sports league
   c. TELUS Mobility
   d. RBC Financial Group
   e. BlackBerry
   f. RONA
   g. IKEA
   Ask students to share their findings. How far does the firm's ethical awareness, ethical education, ethical actions and ethical leadership go? Students can give examples.

LO: 2 Describe the factors that influence business ethics.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

3. **Now take the company you studied for question 2 (or choose another one) and conduct a social audit on that firm. Do your findings match the firm's culture of ethics? If there are any differences, what are they and why might they occur?**

   Have students discuss the findings of their social audit. Do they match the firm's culture of ethics?

LO: 2 Describe the factors that influence business ethics.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

4. **On your own or with a classmate, go online, flip through a magazine, or surf television channels to identify a firm that is engaged in green marketing. If you see a commercial on television, go to the firm's Web site to learn more about the product or process advertised. Does the firm make claims that comply with the FTC guidelines? Present your findings in class.**

   Ask students whether they agree with the statement about how common it is to exaggerate in advertising. Is it just part of the nature of advertising to embellish and elaborate? Or can it truly be considered deception and misrepresentation?

LO: 4 Describe how businesses can act responsibly to satisfy society.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

5. **As a consumer, you have come to expect a certain level of responsibility toward you on the part of companies with which you do business. Describe a situation in which you felt that a company did not recognize your rights as a consumer. How did you handle the situation? How did the company handle it? What was the final outcome?**

   Students can give personal examples of negative experiences as a consumer. How did they decide to handle this situation? How did they weigh the issues and come up with a balanced

LO: 4 Describe how businesses can act responsibly to satisfy society.
LOD: Medium
Bloomcode: Comprehension
AACSB: Reflective Thinking

Web Assignments

1. Ethical standards. Go to the website listed below. It summarizes the ethical standards for all TELUS employees. Read the material and then write a brief report that compares TELUS's ethical standards to the discussion on corporate ethics in this chapter. In addition, consider how TELUS's ethical standards are integrated into the fi rm's overall efforts at global citizenship.
http://about.telus.com/community/english/investor_relations/corporate_governance

2. Starting a career. Each year, *Canada's Top 100* rates the best companies to work for. Visit the *Canada's Top 100* website and review
the most recent list. What criteria did *Canada's Top 100* use when building this list? What role does ethics and social responsibility play?
http://www.canadastop100.com/national/

3. Social responsibility. Footwear manufacturer La Canadienne is one of the few companies in its industry that still manufactures
products in the Canada. Go to the website listed below to learn more about the firm's commitment to Canadian manufacturing. Prepare
a report that relates this commitment to the firm's other core values.
http://www.lacanadienneshoes.com/

Note: Internet Web addresses change frequently. If you do not find the exact sites listed, you may need to access the organization's home page and search from there or use a search engine such as Bing or Google.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

CHAPTER 2: COLLABOURATIVE LEARNING EXERCISES

1 – Ethics and Legality

Learning Objective: 2

Purpose:

To clarify the difference between ethical and legal behaviour.

Background:

Many students have never thought about laws as the "floor" for ethical behaviour; some, in fact, regard laws as the standard rather than the base. The purpose of this exercise is to clarify the difference, and in doing so, to help students articulate their own personal ethical standards.

Relationship to Text:

The New Ethical Environment – Learning Objective 2

Estimated Class Time:

Approximately 10 minutes

Preparation/Materials:

None needed

Exercise:

Ask your class to identify examples of the following behaviours. You might find it helpful to present the categories on the board as quadrants, and to fill each quadrant with the examples that your students surface.

- Illegal and unethical behaviour (e.g., embezzling money, sexual harassment)
- Illegal and ethical behaviour (e.g., providing rock-bottom prices only to struggling wholesalers in an underserved rural area)
- Legal and unethical behaviour (e.g., promoting R-rated movies to young teens, engaging in favoritism, providing sub-par health insurance)
- Legal and ethical behaviour (e.g., leading by example, contributing to the local community, protecting whistle-blowers)

Ask your students why and how an official, explicit code of ethics is important in encouraging employees to engage in legal and ethical behaviour as a matter of course.

2 – Ethical Dilemmas

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Learning Objective: 3

Purpose:

To stimulate discussion about the gray areas in business ethics.

Background:

Many students have difficulty relating to the idea of ethical dilemmas in business, probably because the ethical meltdowns featured in the press seem so clear-cut: unscrupulous managers clearly did the wrong thing. But real world ethical dilemmas are usually not so obvious; all too often, there is no resolution that will not harm some party involved in the issue. These exercises are designed to explore the gray areas, and by doing so, to help students clarify their individual ethical principles.

Relationship to Text:

On-the-Job Ethical Dilemmas – Learning Objective 3

Estimated Class Time:

5–10 minutes per scenario

Preparation/Materials:

Consider making copies of the scenarios for each student… it is not crucial, but it really helps. (See the Appendix for a copy-friendly version.)

Exercise:

Divide your class into small groups to discuss each of the scenarios below. Ask each group to reach consensus on the best approach, but when you discuss as a class, ask students to respond with their personal viewpoints. You also may want to ask them if their personal viewpoints changed based on the group discussion. Here are the scenarios:

- You have just done a great job on a recent project at your company. Your boss has been very vocal about acknowledging your work and the increased revenue that resulted from it. Privately, she said that you clearly earned a bonus of at least 10 percent, but due to company politics, she was unable to secure the bonus for you. She also implied that if you were to submit inflated expense reports for the next few months, she would look the other way, and you could pocket the extra cash as well-deserved compensation for your contributions. What should you do? Why?

- You are the marketing director of a well-known private university. One of your managers has come to you with an innovative proposal for building "buzz" among young people. He recommends that the university marketing department host an evening—complete with punch, cookies, and music—for employees to come to the office, log onto the Web through their personal accounts, and surf a predetermined list of chat sites with "peer" recommendations to apply to the university. The marketing department would supply a list of bullet points for the employees to use as they "spread the word" about the school. Should you approve the proposal? What are the ethical implications?

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

- A top employee at your small company tells you he needs some time off because he has AIDS. You know the employee needs the job as well as the health insurance benefits. Providing health insurance has already stretched the company's budget, and this will send premiums through the roof. You recently read of a case in which federal courts upheld the right of an employer to modify health plans by putting a cap on AIDS benefits. Should you proactively explore this possibility for your company? What are the trade-offs? (Source: Richard L. Daft, *Management,* Sixth Edition, South-Western Publishing, 2003, p. 139.)

- One of the engineers on your staff has an excellent job offer from another company, and asks your advice on whether or not to accept the position. You need him to complete a project that is crucial to your company (and to your own career). You also have been told—in strictest confidence by senior management—that when this project is complete, the company will be outsourcing the engineering function, which means that all internal engineers will be laid-off. What are your options in advising this staff member? What are the implications of each option? What is the best choice? Why?

3 – Respect

Learning Objective: 3

Purpose:

To encourage students to opt for self-respect over the respect of others when faced with difficult choices.

Background:

This quick, discussion-based exercise is designed to encourage students to consider the long-term implications of tough ethical decisions. Caution: This works great for some classes but is completely irrelevant or too abstract for others, so you may want to consider the chemistry of your class before you use it.

Relationship to Text:

Individuals Make a Difference – Learning Objective 3

Estimated Class Time:

Less than 5 minutes

Preparation/Materials:

None needed

Exercise:

Share this quotation from Roy Rogers with your class: "I'd rather be the man who bought the Brooklyn Bridge than the one who sold it." Usually this sparks laughter and discussion, but if not, here are some starter questions:

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

- What does this quotation mean?
- When might this quotation apply in business? (Personnel/trust issues are a rich discussion area.)
- What are the long-term benefits of risking being perceived as foolish versus being unethical?

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

4 – Internet Usage

Learning Objective: 3

Purpose:

To highlight the growing ethical issue of surfing the Web on the company's dime.

Background:

Surfing the Web for personal use is a costly problem for many employers, and it is likely to grow as the Net Generation begins to pour into the workplace. This exercise is designed to approach the issue from a business owner perspective, which also may encourage students to re-evaluate their own behaviour from an employee perspective.

Relationship to Text:

Honesty and Integrity – Learning Objective 3

Estimated Class Time:

Approximately 10 minutes

Preparation/Materials:

None needed

Exercise:

- Share with your class a survey published in *Newsweek* magazine about nonwork-related Internet usage: 34 percent of employees spend between three and nine hours per week on the Internet, unrelated to their jobs (that is 7 to 23 percent of a standard work week… wow!). If forced to choose between giving up coffee and giving up the Internet, 56 percent would give up coffee. (Source: Brad Stone, "Is the Boss Watching?" *Newsweek*, September 30, 2002, p. 38L.) Why are these numbers so high? Who pays the price?

- Divide your class into groups of three to five students. Ask each group to assume that they are business owners and they are meeting to establish a policy to control nonwork-related Internet usage in light of the growing sophistication and dropping costs of software to monitor employee computer usage. Remind your students that their options range from no monitoring to complete blocking. Reconvene as a class to discuss. Questions might include:

    - What are the pros and cons of no monitoring? Of blocking measures?

    - What are the trade-offs between collegiality and productivity?

    - Are there any times when it makes sense to allow (or even encourage) employees to surf the Web for personal reasons?

    - Did the discussion change any minds on how they would handle this issue at their own companies?

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

5 – Corporate Philanthropy

Learning Objective: 4

Purpose:

To clarify the importance of corporate philanthropy as a tool to both serve the community and build profitability.

Background:

Some students might argue that extensive corporate philanthropy is a paternalistic approach to serving the community. Wouldn't it make more sense for companies to distribute that money to stockholders so that they could choose the organizations and causes to support (a form of trickle-down philanthropy)? One response could be that well-executed corporate philanthropy not only builds employee morale and burnishes a company's image but also builds long-term profits. For example, Richard Branson created a highly successful chain of car lots in England that plant trees for each car you purchase in order to compensate for the pollution that your car will generate. This exercise is designed to explore how that could happen across a range of businesses.

Relationship to Text:

Corporate Philanthropy – Learning Objective 4

Estimated Class Time:

Approximately 15 minutes

Preparation/Materials:

None needed

Exercise:

Divide your class into teams of three to five students. Direct each team to develop a focused philanthropy program for each of the following businesses, with the goal of both serving the community AND building long-term profits. Ask them to be prepared to explain how their program would achieve these goals.

- A major city newspaper (e.g., supporting a literacy program)
- An advertising agency (e.g., donating work to showcase creativity)
- An ophthalmologist office (e.g., collecting used glasses for poor countries)
- A supermarket (e.g., donating 3 percent of each single tab above $200 to a food bank)

Reconvene to discuss as a class. You may be pleasantly surprised by the creativity of the responses.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Package Title: Practice
Course Title: Boone, Contemporary Business, Third Canadian Edition
Chapter Number: 02
Shuffle: No

Question type: True/False

1) Business ethics refers to standards of conduct and moral values applied in business decision-making.

Answer: True

Difficulty: Easy
Learning Objective 1: LO2.1 Explain the concepts of business ethics and social responsibility.
Section Reference 1: Concern for Ethical and Societal Issues
Bloom's Taxonomy: Knowledge
AACSB: Communication

Question type: Multiple Choice

2) To enhance society's well-being through philosophies, policies, procedures, and actions is the primary objective of which of the following?

a) corporate ethical practices
b) corporate social responsibility
c) corporate philanthropy
d) corporate best practices

Answer: b

Difficulty: Easy
Learning Objective 1: LO2.1 Explain the concepts of business ethics and social responsibility.
Section Reference 1: Concern for Ethical and Societal Issues
Bloom's Taxonomy: Knowledge
AACSB: Communication

3) Companies in Canada are required to publish their codes of ethics and inform the public of any changes to them because of

a) Bill 198 or C-SOX.
b) the Ethics Compliance Act.
c) a lawsuit filed by the Fair Factories Clearinghouse.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

d) Fair Business Practices Act.

Answer: a

Difficulty: Medium
Learning Objective 1: LO2.2 Describe the factors that influence business ethics.
Section Reference 1: The Contemporary Ethical Environment
Bloom's Taxonomy: Comprehension
AACSB: Communication

4) Sometimes businesses refuse to purchase goods or services from a particular country because of human rights abuses or other unethical behaviour by that country's government. What term best describes this type of action?

a) embargo
b) boycott
c) ban
d) exclusion

Answer: b

Difficulty: Medium
Learning Objective 1: LO2.2 Describe the factors that influence business ethics.
Section Reference 1: The Contemporary Ethical Environment
Bloom's Taxonomy: Application
AACSB: Analytic

5) Floyd Aranowski worked for Pillsbury while serving on the Board of Directors for Entenmann's. This would be considered:

a) a smart career move.
b) a conflict of interest.
c) an insider trading violation.
d) a strategic partnership.

Answer: b

Difficulty: Medium
Learning Objective 1: LO2.2 Describe the factors that influence business ethics.
Section Reference 1: The Contemporary Ethical Environment
Bloom's Taxonomy: Application
AACSB: Analytic

6) A situation where an action benefiting one person has the potential to harm another is called:

a) a conflict of interest.
b) whistle-blowing.
c) a loyalty dilemma.
d) integrity.

Answer: a

Difficulty: Medium
Learning Objective 1: LO2.2 Describe the factors that influence business ethics.
Section Reference 1: The Contemporary Ethical Environment
Bloom's Taxonomy: Comprehension
AACSB: Communication

7) Which of the following refers to adhering to deeply-held ethical principles in business situations?

a) conscientiousness
b) integrity
c) commitment
d) leadership

Answer: b

Difficulty: Easy
Learning Objective 1: LO2.2 Describe the factors that influence business ethics.
Section Reference 1: The Contemporary Ethical Environment
Bloom's Taxonomy: Knowledge
AACSB: Communication

8) An employee's disclosure to company officials, government authorities, or the media of illegal, immoral, or unethical practices is called which of the following?

a) reporting
b) whistle-blowing
c) accusing
d) fingering

Answer: b

Difficulty: Medium
Learning Objective 1: LO2.2 Describe the factors that influence business ethics.
Section Reference 1: The Contemporary Ethical Environment

Bloom's Taxonomy: Knowledge
AACSB: Communication

Question type: True/False

9) Technology has expanded the range and impact of unethical business practices.

Answer: True

Difficulty: Medium
Learning Objective 1: LO2.2 Describe the factors that influence business ethics.
Section Reference 1: The Contemporary Ethical Environment

Question type: Multiple Choice
Bloom's Taxonomy: Comprehension
AACSB: Communication

10) Which of the following is a formal statement that outlines how a company or an organization expects its employees to handle an ethical situation?

a) code of conduct
b) behavioural rules
c) employee standards
d) ethical conflict guidelines

Answer: a

Difficulty: Medium
Learning Objective 1: LO2.3 Discuss how organizations shape ethical behaviour.
Section Reference 1: How Organizations Shape Ethical Conduct
Bloom's Taxonomy: Comprehension
AACSB: Communication

11) Lucent Technologies requires employees to participate in a Web-based compliance and business ethics training program. This type of program primarily serves which level of ethics development?

a) ethical awareness
b) ethical education
c) ethical action
d) ethical leadership

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Answer: b

Difficulty: Hard
Learning Objective 1: LO2.3 Discuss how organizations shape ethical behaviour.
Section Reference 1: How Organizations Shape Ethical Conduct
Bloom's Taxonomy: Analysis
AACSB: Analytic

12) Setting unrealistic goals for employee performance can lead to which of the following?

a) unethical behaviour
b) whistle-blowing
c) employee turnover
d) employee absenteeism

Answer: a

Difficulty: Medium
Learning Objective 1: LO2.3 Discuss how organizations shape ethical behaviour.
Section Reference 1: How Organizations Shape Ethical Conduct
Bloom's Taxonomy: Application
AACSB: Analytic

13) A firm's ability to behave ethically depends upon:

a) the ethical values of the firm's executives.
b) the ethical values of the firm's employees.
c) a climate within the organization that promotes ethical conduct.
d) all of these.

Answer: d

Difficulty: Medium
Learning Objective 1: LO2.3 Discuss how organizations shape ethical behaviour.
Section Reference 1: How Organizations Shape Ethical Conduct
Bloom's Taxonomy: Comprehension
AACSB: Analytic

14) Business ethics are shaped by:

a) the company's Code of Conduct.
b) the ethical climate in the organization.
c) the company's upper management.

d) all of these.

Answer: d

Difficulty: Medium
Learning Objective 1: LO2.3 Discuss how organizations shape ethical behaviour.
Section Reference 1: How Organizations Shape Ethical Conduct
Bloom's Taxonomy: Comprehension
AACSB: Analytic

15) Businesses must first rely on _____ to maintain an ethical organization.

a) policies
b) legislation
c) individual employees
d) customer complaints

Answer: c

Difficulty: Medium
Learning Objective 1: LO2.3 Discuss how organizations shape ethical behaviour.
Section Reference 1: How Organizations Shape Ethical Conduct
Bloom's Taxonomy: Knowledge
AACSB: Analytic

16) Which of the following would **not** be considered an appropriate response when asked for donations at work?

a) Always give the suggested donation amount or the amount that coworkers at your employment level are giving.
b) Decline if you simply cannot afford it at this time.
c) If you aren't sure about the organization, ask for more information before writing a cheque.
d) Offer to pool your resources with coworkers in order to make a larger single donation.

Answer: a

Difficulty: Medium
Learning Objective 1: LO2.3 Discuss how organizations shape ethical behaviour.
Section Reference 1: How Organizations Shape Ethical Conduct
Bloom's Taxonomy: Analysis
AACSB: Analytic

17) John spent at least an hour a day surfing the Internet at work. He justified his behaviour by

noting that “everyone’s doing it.” This type of behaviour is

a) expected by management, as long as John gets his regular work done.
b) appropriate as long as he isn’t the only one doing it.
c) inappropriate, unprofessional, and probably unethical.
d) inappropriate only if he visits certain kinds of websites at work, such as pornography or gambling.

Answer: c

Difficulty: Medium
Learning Objective 1: LO2.3 Discuss how organizations shape ethical behaviour.
Section Reference 1: How Organizations Shape Ethical Conduct
Bloom’s Taxonomy: Application
AACSB: Ethics

18) Which of the following are **not** stakeholders in a company?

a) customers
b) investors
c) employees
d) competitors

Answer: d

Difficulty: Medium
Learning Objective 1: LO2.3 Discuss how organizations shape ethical behaviour.
Section Reference 1: How Organizations Shape Ethical Conduct
Bloom’s Taxonomy: Knowledge
AACSB: Analytic

Question type: True/False

19) Ethical business practices create positive impact on profitable business operations.

Answer: True

Difficulty: Medium
Learning Objective 1: LO2.3 Discuss how organizations shape ethical behaviour.
Section Reference 1: How Organizations Shape Ethical Conduct
Bloom’s Taxonomy: Comprehension
AACSB: Communication

20) The foundation of an ethical environment is ethical awareness, and a Code of Conduct provides a good step in this direction.

Answer: True

Difficulty: Medium
Learning Objective 1: LO2.3 Discuss how organizations shape ethical behaviour.
Section Reference 1: How Organizations Shape Ethical Conduct
Bloom's Taxonomy: Comprehension
AACSB: Analytic

Question type: Multiple Choice

21) Which of the following is **not** a reason for business to practice social responsibility?

a) It is required by law.
b) It enhances the company's image.
c) It is the ethical course of action.
d) It makes the executives look good.

Answer: d

Difficulty: Easy
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

22) In a social audit,

a) a firm attempts to measure its own performance relating to social responsibility.
b) outside auditors are called in to evaluate business practices.
c) the government audits the ethical practices of a firm.
d) the government estimates the social costs of individual business action.

Answer: a

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society..
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

23) Which organization offers corporate social responsibility (CSR) assessments that examine the internal activities of a company and compares them to CSR best practices?

a) Canadian Centre for Ethical Business
b) Canadian Social Responsibility Institute
c) Canadian Charitable Organization Centre
d) Canadian Business for Social Responsibility

Answer: d

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

24) In the Canada, the social responsibility of a firm is evaluated

a) by consumers who may patronize or avoid a firm based on its behaviour.
b) on the basis of the firm's contribution to economic growth and employment opportunities.
c) by outside groups who create and monitor standards of corporate performance.
d) all of the above.

Answer: d

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

25) Businesses giving back to the communities in which they earn profits is called which of the following?

a) corporate philanthropy
b) corporate charity
c) corporate giving
d) corporate assistance

Answer: a

Difficulty: Medium

Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

26) In September 1982, seven people died in the Cityplace Chicago area after swallowing Tylenol capsules that had been tainted with cyanide, replaced in their packaging, and put on store shelves for sale. Johnson & Johnson maintained that the tampering could not have been foreseen, and was therefore not its fault, but still recalled all Tylenol capsules and cancelled advertising at a pre-tax loss estimated at $100 million. It also developed a capsule-shaped tablet that would be more difficult to tamper with. In doing this, Johnson & Johnson

a) admitted product liability.
b) handled the situation in a socially responsible way.
c) raised awareness of the dangers of using Tylenol.
d) avoided accepting responsibility and therefore acted unethically.

Answer: b

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Analysis
AACSB: Analytic

27) Business responsibilities to the general public include

a) dealing with public health issues.
b) protecting the environment.
c) developing a quality workforce.
d) all of these.

Answer: d

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Comprehension
AACSB: Communication

28) Much of the raw material that manufacturers need can be obtained through which of the following?

a) recycling
b) outsourcing
c) improved technological extraction methods
d) new source countries

Answer: a

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society..
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

29) A strategy that targets consumers that like to support environmentally conscious businesses is called

a) green marketing.
b) cause-related marketing.
c) the Safe Environment Project.
d) a public health issue.

Answer: a

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

30) What is green marketing?

a) A marketing strategy that promotes environmentally safe products and production methods.
b) A color-coded market strategy designed to improve employee morale.
c) A marketing strategy that promotes environmentally questionable products and production methods.
d) None of these.

Answer: a

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

31) Tying firms marketing efforts to their charitable giving is known as which of the following?

a) corporate philanthropy
b) cause-related marketing
c) targeted marketing
d) corporate charity marketing

Answer: b

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

32) The public demand that companies take into consideration the needs and wants of its customers when making decisions is called which of the following?

a) consumer empowerment
b) consumerism
c) consumer behaviour
d) consumer awareness

Answer: b

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

33) The responsibility of manufacturers for injuries and damages caused by their product is referred to as which of the following?

a) product protection
b) product liability
c) product negligence
d) product responsibility

Answer: b

Difficulty: Medium

Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

34) Which of the following is **not** a consumer right?

a) right to be safe
b) right to choose
c) right to be informed
d) right to protest

Answer: d

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

35) A market-based approach of paying higher prices to producers for goods exported from developing countries in an effort to promote sustainability and to ensure the people in developing countries receive better trading conditions is which of the following?

a) social audit
b) ethical business
c) fair trade
d) corporate philanthropy

Answer: c

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

36) Family and Medical Leave governed by Provincial Labour Ministries

a) affects firms with more than 100 employees.
b) requires firms with 50 or more employees to provide up to 12 weeks of paid leave for workers who need to attend to family matters.
c) allows an employee to take up to 8 weeks of unpaid leave in a 26-week period to care for

seriously ill family members.
d) does not include a guarantee that employees will be returned to an equivalent job when they come back to work.

Answer: c

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society .
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Comprehension
AACSB: Communication

37) The law that ensures universal access to jobs and ending discrimination in the workplace is the

a) Universal Access Act.
b) Employment Equity Act.
c) Discrimination Free Workplace Act.
d) Fair Employment Act.

Answer: b

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

38) The federal agency which investigates charges of discrimination and harassment is the

a) Canadian Equal Rights Agency.
b) Federal Equity Commission.
c) RCMP.
d) Canadian Human Rights Commission.

Answer: d

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Knowledge
AACSB: Communication

39) After graduating from trade school, Ann accepted a position as a mechanic in a shop where she is the only woman. After a few months she complained to her supervisor about lewd jokes and sexually explicit posters in the workplace. Her supervisor should:

a) tell Ann to relax and try to be one of the boys.
b) listen to Ann and help her adjust to the environment.
c) realize that these occurrences can be construed as sexual harassment and need to be addressed.
d) realize that women have no place in a work environment that was previously all male.

Answer: c

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Application
AACSB: Analytic

40) Discrimination based on gender…

a) is known as sexual harassment.
b) is known as sexism.
c) is to be expected in a culturally diverse workforce.
d) was outlawed by the Sarbanes-Oxley Act.

Answer: b

Difficulty: Medium
Learning Objective 1: LO2.4 Describe how businesses can act responsibly to satisfy society.
Section Reference 1: Acting Responsibly to Satisfy Society
Bloom's Taxonomy: Comprehension
AACSB: Communication

41) Identify the provincial regulator responsible for investigating alleged unethical or illegal financial behaviour of publicly traded firms in Ontario.

a) The Canada Deposit Insurance Corporation
b) Ontario Fraud Bureau
c) Ontario Securities Commission
d) Ontario Stock Market Regulator

Answer: c

Difficulty: Medium
Learning Objective 1: LO2.5 Explain the ethical responsibilities of businesses to investors and

the financial community..
Section Reference 1: Responsibilities to Investors and the Financial Community
Bloom's Taxonomy: Knowledge
AACSB: Communication

42) In Alberta, the _____ protects investors from financial misdeeds.

a) Alberta Securities Commission
b) Alberta Safe Business Practices Organization
c) Alberta Ethical Trading Commission
d) Alberta Financial Fraud Investigators

Answer: a

Difficulty: Medium
Learning Objective 1: LO2.5Explain the ethical responsibilities of businesses to investors and the financial community.
Section Reference 1: Responsibilities to Investors and the Financial Community
Bloom's Taxonomy: Knowledge
AACSB: Communication

Study Guide Solutions
Chapter 2: Business Ethics and Social Responsibility

Application of Vocabulary

1. Employers with 50 or more employees must provide **family leave**, an unpaid leave of up to 12 weeks to deal with new births, adoptions, or illness of workers or their relatives.

2. **Pollution** is the tainting or destroying of the natural environment.

3. **Recycling** is reprocessing of reusable materials.

4. A **code of conduct** is a formal statement that defines how the organization expects and requires employees to resolve ethical questions.

5. **Social audit** is the term used to describe a firm's formal examination of its social responsibility programs.

6. **Consumerism** is the demand that businesses give proper consideration to consumer wants and needs when making decisions, and is based on the belief that consumers have certain rights.

7. The **Employment Equity Act** is the federal act created to aid in the elimination of discrimination in any personnel action and to increase job opportunities for women and minorities.

8. Employees should be careful to avoid the appearance of any **conflict of interest** that is, any situation where a business decision benefiting one person has the potential to harm another person.

9. Many argue that social responsibility to the general public means businesses should give back to the communities in which they earn profits through **corporate philanthropy**.

10. In addition to making a profit, there are obligations businesses have to the wider society, known as **social responsibility**.

11. **Business ethics** deals with standards of conduct and moral values that arise in any work environment.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

12. **Whistle blowing** has occurred when an employee discloses to the media or government authorities any suspected illegal, immoral, or unethical practices of the organization.

13. **Sexual harassment** can include unwelcomed sexual advances, requests for sexual favors as a condition of employment or promotion, and/or the creation of what feels like a "hostile" work environment due to unwelcomed flirting, lewd comments, or obscene jokes.

14. **Integrity** is demonstrated by people who adhere to deeply felt ethical principles in business situations.

15. **Sexism** is a type of discrimination in which people are treated differently in the workplace due to their gender.

16. Environmental issues such as renewable sources of clean energy and developing **sustainable** agriculture are major environmental concerns for firms wishing to protect the environment.

17. Customers, employees, and investors are example of **stakeholders**.

18. The responsibility that manufacturers face for injuries or damages caused by their products is called **product liability**.

19. Companies who work to promote environmentally safe products and production methods are engaged in **green marketing**.

20. The biased treatment of a job candidate or employee in the workplace is known as **discrimination**.

Analysis of Learning Objectives

Learning Objective 2.1: Explain the concepts of business ethics and social responsibility.

True or False

1. __T___ Social responsibility refers to management's consideration of the social as well as the economic effects of its decisions.

2. __T___ Business ethics refers to standards of conduct and moral values applied in business decision making.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

3. __F___ Social responsibility and ethical conduct generally cost more than they create in business value.

4. __F___ Practicing social responsibility cannot enhance a company's image.

5. __T___ Employees, customers, government, and the general public all have a stake in the performance of modern organizations.

Learning Objective 2.2: Describe the factors that influence business ethics.

Multiple Choice

1. Individual ethics in the workplace are influenced by:
a. behaviours of managers.
b. the organization's culture.
c. ethical training.
d. all of the above.

2. A firm's ability to behave ethically depends on:
a. the ethical values of the firm's executives.
b. the ethical values of the firm's employees.
c. a climate within the organization that promotes ethical conduct.
d. all of the above.

3. Unrealistic goals set by managers:
a. can promote unethical behaviour.
b. is common among Canadian firms.
c. makes the firm more competitive.
d. all of the above.

4 Managers who behave unethically:
a. are more likely to be promoted.
b. are commonly reported by employees.
c. influence employees to do the same.
d. enforce the code of conduct.

Learning Objective 2.3: Discuss how organizations shape ethical behaviour.

Fill-in

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

1. The foundation of an ethical climate is **ethical awareness**.

2. At the most basic level, a **code of conduct** may simply be the ground rules for acceptable behaviour, such as the laws and regulations that employees must obey.

3. Because the damage from ethical misconduct can powerfully affect a firm's **stakeholders**, businesses are pressured to act in acceptable ways.

True or False

4. __T____ Top management plays a crucial role in developing an organizational culture that encourages ethical behaviour.

5. __F____ Most companies today don't bother with a code of conduct.

6. __T____ A code of conduct gives guidance on how the organization expects employees to resolve ethical questions.

7. __T____ A firm whose managers set unrealistic goals for employees invites unethical behaviour.

Learning Objective 2.4: Describe how businesses can act responsibly to satisfy society.

True or False

1. __F___ Social audits are regularly conducted by the government.

2. __F___ Quantitative economic measures such as employment levels, sales, and profits are irrelevant in evaluating a firm's social performance.

3. __T___ Conducting a social audit can help a firm measure its progress in meeting social responsibility objectives.

4. __T___ Consumers and public-interest groups have played an active role in helping firms recognize and meet their social responsibilities.

5. __F___ Environmental protection, avoiding pollution, and promoting recycling are the responsibility of government, not the business community.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

6. __T___ North American firms have found a significant competitive advantage in developing a culturally diverse and highly skilled workforce.

7. __T___ In our current high-skill work environment, businesses need to encourage education and skill development among their employees.

8. ___T___ According to U.S. President John F. Kennedy's Consumer Bill of Rights, consumers have the rights to safety, to be informed, to choose, and to be heard.

9. __F__ Family leave is a benefit companies may choose to offer, but no Canadian firm is legally required to provide family leave.

10. __F___Sexism, or discrimination based solely on a person's gender, has been completely eliminated in today's global business environment.

11. __T___Businesses have both a legal and an ethical requirement to eliminate sexual harassment in the workplace.

12. __F__ Corporate philanthropy involves businesses getting as much as possible from the communities in which they earn profits for the sole benefit of their shareholders.

Learning Objective 2.5: Explain the ethical responsibilities of businesses to investors and the financial community.

True or False

1. ___F___ Because investors are risk takers, there are no ethical requirements for managers to protect investor interests.

2. ___T___ Investors who believe management has not dealt honestly with them have legal recourse.

3. ___T___ Unethical business practices can have adverse effects on the financial community as a whole, both nationally and internationally.

4. ___T___ Provincial regulators such as the Ontario Securities Commission and the Alberta Securities Commission are responsible for investigating alleged unethical or illegal financial behaviour of publicly traded firms.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Self-Review

True or False

1. ___F___ Distribution of information about dangerous products and other public health issues is the sole responsibility of government, and there is no need for business to be involved.

2. __T____ Social audits measure a firm's performance relating to such issues as employment practices, environmental responsibility, and philanthropy.

3. __F____ While managers may conduct internal audits on social responsibility, public opinion rarely has any real impact on business practices.

4. __F____ Consumerism is becoming an antiquated concept because of the rise in imported products.

5. ___F___ Smoking and alcohol use are legal and private matters and do not impact business responsibility to the wider society.

6. ___T___ Green marketing targets consumers who care whether or not businesses demonstrate environmental responsibility.

7. ___T___ Business ethics deal with the right and wrong actions that arise in any business environment.

8. __T____ A firm must be able to prove that any claim made about the quality or superiority of a good or service has been substantiated.

9. __T____ Before you accept a job, it is a good idea to review your new employer's code of ethics.

10. __T___ It makes good sense to have all employees aware of the firm's stance on social and ethical issues.

11. __T___ Most new jobs in developed countries require college-educated workers.

12. __F_ All charges of sexual harassment involve unwelcome sexual advances.

13. __F__ Today we find no significant differences between the average pay of men and women.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

14. __F__ Programs that increase social responsibility and ethical practices in a firm may be good for public relations, but they generally cost more than they create in economic benefits.

15. __T_ Social responsibility and business ethics reach beyond national borders and are a factor of growing importance in global business.

Multiple Choice

16. An organization can promote ethical behaviour by:
a. clearly stating and communicating ethical guidelines to employees.
b. providing ethical leadership through managers who demonstrate a commitment to ethical values and a willingness to enforce them.
c. designing training programs to help employees develop ethical reasoning skills.
d. all of the above.

17. The legislation in Canada that established new rules and regulations for securities trading and accounting practices is referred to as:
a. SEC
b. FTC
c. C-SOX
d. SOX

18. In a social audit:
a. a firm attempts to measure its own performance relating to social responsibility.
b. outside auditors are called in to evaluate business practices.
c. the CBSR organization offers assessments.
d. the government estimates the social costs of individual business actions.

19. Business responsibilities to the general public include:
a. dealing with public health issues.
b. protecting the environment.
c. developing a quality workforce.
d. all of the above.

20. Discrimination based on gender:
a. is known as sexual harassment.
b. is known as sexism.
c. is to be expected in a culturally diverse workforce.
d. was outlawed by the Sarbanes-Oxley Act.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

21. The outside group that offers assessments that examine the internal activities of a company and compare it to industry best practices is the:

a. FTC.
b. SEC.
c. EPA.
d. CBSR.

22. In the Canadian economy, the social responsibility of a firm can be evaluated:

a. by consumers who may patronize or avoid a firm based on its behaviour.
b. on the basis of the firm's contribution to economic growth and employment opportunities.
c. by outside groups who create and monitor standards of corporate performance.
d. all of these are methods for evaluating social responsibility.

23. After graduating from trade school, Ann accepted a position as a mechanic in a shop where she is the only woman. After a few months she complained to her supervisor about lewd jokes and sexually explicit posters in the workplace. Her supervisor should:

a. tell Ann to relax and try to be one of the boys.
b. listen to Ann and help her adjust to the environment.
c. realize that these occurrences can be construed as sexual harassment and need to be addressed.
d. realize that women have no place in a work environment that was previously all male.

Application Exercises

The following situations deal with ethical issues in business. Write a short explanation of why you think the participants did or did not act in a socially responsible or ethical manner.

1. Two sales representatives from competing companies regularly have lunch together and discuss corporate decisions about new products that their companies are developing.

   The sales representatives did not act in an ethical manner because the situation demonstrates an undisclosed conflict of interest and the sales reps do not display honesty and integrity. While the sales people want to engage in collegial social behaviour, their lunches pose a conflict of interest because they are releasing confidential company information. Businesspeople expect their employees to be loyal and to act in the best interests of the company, which the sales reps fail to do by disclosing confidential information.

2. A wheelchair-bound secretary is denied a job because the employer has no restroom that can accommodate a wheelchair.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

The employer is not acting ethically. The Canadian Human Rights Act and provincial human rights codes prohibit discrimination against people with disabilities in employment, transportation, public accommodation, communications, and governmental activities. This employer is obligated to make the appropriate accommodations so that the qualified candidate can work despite her disability.

3. Jill is an executive secretary and John is an assistant administrator for the same company. They both oversee large budgets, handle some contract negotiations, deal with customers, and have otherwise similar responsibilities. The company pay scale for assistant administrators is significantly higher than its pay scale for executive secretaries. Hence, John makes a lot more than Jill does.

   Even though Jill is an executive secretary and John is an assistant administrator, Canadian provincial employment standards acts ensure equal pay for equal work when work is substantially the same, requires the same effort, and is performed under the same working conditions at the same establishment. Therefore, the company is not acting ethically by paying Jill significantly less than John.

4. Patty is the owner of her own small business. She is a smoker, and has always felt free to smoke in her own office. She hires a worker who objects to cigarette smoke in the work environment. Health Canada has identified second-hand smoke as a public health risk.

   Patty's behaviour is not socially responsible. She may have to start smoking outside, even though this is her business. As the employer, if she exposes employees to second-hand smoke she may later be held liable for any smoke-related illness an employee develops. There are workplace smoking laws by state, and the labor or employment department within the state should have up-to-date information about such laws. Smoke-sensitive workers may also ask for an accommodation, which may include installing additional ventilation systems, restricting smoking to outside areas or special rooms, and segregating smokers and non-smokers.

Short Essay Questions

5. Aside from earning a profit for owners, what responsibilities should business managers have?

   Managers have a responsibility to be socially responsible individuals. They must behave ethically, so that employees are more likely to commit to the company's core values. The behaviour of managers can affect the expectations and actions of those who work for them and with them. Managers should treat their employees with honestly and with integrity to ensure a positive working relationship is established. They must also minimize pollution and other environmental damage caused by their products or their operating processes.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

6. How can firms and their employees promote ethical business practices?

Organizations shape ethical conduct by developing a corporate culture that supports ethical awareness, ethical education, ethical action, and ethical leadership. This can include developing a code of conduct to define how the organization expects its employees to resolve ethical questions, ethics training programs where employees practice applying ethical values to sample situations, company-wide goals that encourage ethical behaviour and decision-making, and developing employees' dedication to the company's core values and their willingness to act on them through strong leadership.

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

Package Title: Clickers
Course Title: Boone, Kurtz, Khan, Canzer, Contemporary Business, Third Canadian Edition
Chapter Number: 02

Question type: Multiple Choice

1) Business ethics are shaped by:

a) the company's Code of Ethics.
b) the ethical climate in the organization.
c) the company's upper management.
d) all of these.

Answer: d

2) Kate witnessed a senior manager ordering a subordinate to put in place a contract with his brother's company even though the price was higher than four bids of the same quality from other companies. When she got home she sent an email to the Chairman of the Board disclosing what she saw. In this scenario, Kate would be best described as:

a) Being in a conflict of interest
b) A loyal employee
c) A whistleblower
d) An untrustworthy employee

Answer: c

3) Lucent Technologies requires employees to participate in a Web-based compliance and business ethics training program. This type of program primarily serves which level of ethics development?

a) ethical awareness
b) ethical education
c) ethical action
d) ethical leadership

Answer: b

4) In which stage of ethical decision making do individuals primarily consider their own needs and desires in making decisions?

Contemporary Business (Canadian) 3rd edition Boone Solutions Manual

a) at all three stages
b) the preconventional stage
c) the conventional stage
d) the postconventional stage

Answer: b

5) When Benjamin's Coffee Company purchases coffee beans from a developing country and pays more for them than necessary in an effort to promote better trading conditions in developing countries, the company is engaging in:

a) Free trade
b) Fair trade
c) Local trade
d) Corporate philanthropy

Answer: b

6) Management's acceptance of its obligation, when evaluating company performance, to consider profit to be of equal value as indicators such as employee satisfaction, consumer satisfaction, and societal well-being is referred to as:

a) Social responsiveness
b) Social persuasiveness
c) Social responsibility
d) Social audits

Answer: c

7) A strategy that promotes environmentally safe products and production methods is called:

a) green marketing.
b) cause-related marketing.
c) the Safe Environment Project.
d) a public health issue.

Answer: a

8) In September 1982, seven people died in the Chicago area after swallowing Tylenol capsules that had been tainted with cyanide, replaced in their packaging and put on store shelves for sale. Johnson & Johnson maintained that the tampering could not have been foreseen, and was therefore not their fault, but still recalled all Tylenol capsules and canceled advertising at a pre-tax loss estimated at $100 million. It also developed a capsule-shaped tablet that would be more difficult to tamper with. In doing this, Johnson & Johnson…

a) admitted product liability.
b) handled the situation in a socially responsible way.
c) raised awareness of the dangers of using Tylenol.
d) avoided accepting responsibility and therefore acted unethically.

Answer: b

9) According to the Competition Bureau of Canada's Guidelines for Environmental Claims in Green Marketing, a product or package that is reusable for its original purpose is correctly described as:

a) Refillable
b) Recyclable
c) Compostable
d) Degradable

Answer: a

10) The Exodus Company is a producer of plastic water bottles for athletes. Exodus contributed to the Olympics and then created an advertising campaign that featured the company's sponsorship of the Olympics. The Exodus Company is undertaking:

a) Corporate philanthropy
b) Corporate social responsibility activities
c) Green marketing
d) Cause-related marketing

Answer: d