Business Ethics Now 5th edition Ghillyer Test Bank

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Chapter 02

Defining Business Ethics

True / False Questions

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

   True False

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

   True False

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

   True False

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

   True False

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

   True False

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

   True False

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

   True False

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

   True False

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

   True False

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

    True False

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

    True False

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

    True False

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

    True False

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

    True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

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

True False

Multiple Choice Questions

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

A. Business structuralism
B. Business contingence
C. Business ethics
D. Business sourcing

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

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

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

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

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

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

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

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

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

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

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

A. The descriptive dimension of business ethics evaluates the degree to which the observed customs, attitudes, and rules within a business are ethical.
B. Business ethics should ideally not reflect the ethical concepts of the society within which an organization functions.
C. The normative dimension of business ethics is a summation of the customs, attitudes, and rules that are observed within a business.
D. Business ethics should not be applied as a separate set of moral standards or ethical concepts from general ethics.

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

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

49. Which of the following is true of stakeholders?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. profit-oriented
B. financial-assessment
C. performance-measurement
D. expenditure-maximization

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

77. As a message to an organization's stake-holders, _____ should represent a clear corporate commitment to the high-est standards of principled behavior.

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

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

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

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

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

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

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

Fill in the Blank Questions

81. _____ is the application of ethical standards to business behavior.

_____

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

_____

83. In the context of business ethics, a _____ perspective simply documents what is happening in a business environment.

_____

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84. In the context of business ethics, a _____ perspective is the evaluation of the degree to which the observed customs, attitudes, and rules within a business can be said to be ethical.

_____

85. In the context of business ethics, a _____ perspective recommends what should be happening in a business environment.

_____

86. Creditors, vendors, customers, suppliers, and wholesalers are all examples of an organization's _____.

_____

87. The standard of _____ is the extent to which the officers of a corporation are fulfilling the duties and responsibilities of their offices to the relevant stakeholders.

_____

88. The system by which business corporations are directed and controlled is termed _____.

_____

89. According to the _____ (ERC), a company's code of ethics should be a central guide to support day-to-day decision making at work.

_____

90. A _____ is a company's written standards of ethical behavior that are designed to guide managers and employees in making the decisions and choices they face every day.

_____

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91. A company's _____ should clarify its cornerstones—its mission, values, and principles—to its managers, employees, and stakeholders.

_____

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

_____

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

_____

94. Corporate ethics has moved from the domain of legal and human resource departments into the _____ with the appointment of corporate ethics officers with clear mandates.

_____

95. Codes of ethics have matured from cosmetic public relations documents into _____ documents that an increasing number of organizations are now committing to share with all their stakeholders.

_____

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

_____

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

_____

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98. Utilizing the _____ principle to resolve an ethical dilemma involves considering which decision would provide the greatest good for the greatest number of people.

_____

99. Utilizing the _____ principle to resolve an ethical dilemma involves considering what would happen if everybody made the same decision as you.

_____

100. Companies that rely on the deterrents of _____ and _____ make headway in discouraging unethical behavior.

_____

Essay Questions

101. What are the perspectives from which business ethics can be approached?

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102. What function does an organization's code of ethics perform?

103. Discuss five major changes that have taken place in the business environment over the last five decades.

104. What are the three principles available to resolve an ethical dilemma? Are they always successful?

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105. Describe the four commonly held rationalizations, identified by Saul Gellerman, which can lead to misconduct.

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Chapter 02 Defining Business Ethics Answer Key

True / False Questions

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

   TRUE

   Accessibility: Keyboard Navigation
   Blooms: Remember
   Difficulty: 1 Easy
   Learning Objective: 02-01 Define the term business ethics.

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

   FALSE

   Business ethics can be approached from two distinct perspectives: descriptive and normative.

   Accessibility: Keyboard Navigation
   Blooms: Remember
   Difficulty: 1 Easy
   Learning Objective: 02-01 Define the term business ethics.

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

   FALSE

   Business ethics should not be applied as a separate set of moral standards or ethical concepts from general ethics. Ethical behavior, it is argued, should be the same both inside and outside a business situation.

   Accessibility: Keyboard Navigation
   Blooms: Understand
   Difficulty: 2 Medium

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Learning Objective: 02-01 Define the term business ethics.

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

FALSE

Ethical behavior, it is argued, should be the same both inside and outside a business situation.

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define the term business ethics.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Identify an organization's stakeholders.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-02 Identify an organization's stakeholders.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Identify an organization's stakeholders.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Identify an organization's stakeholders.

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

FALSE

The interests of the creditors of an organization include repayment of debt according to an agreed upon schedule and principal and interest payments.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Identify an organization's stakeholders.

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

FALSE

Unethical corporate behavior impacts different stakeholders in different ways.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Identify an organization's stakeholders.

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

FALSE

Unethical corporate behavior could impact a community negatively if it were to lead to an economic decline.

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-02 Identify an organization's stakeholders.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

FALSE

The standard of corporate governance appears to be at the lowest level in business history. Several prominent organizations (all former "Wall Street darlings")—Enron, WorldCom, Lehman Brothers, Bear Stearns—have been found to have hidden the true state of their precarious finances from their stakeholders.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

FALSE

An oxymoron is the combination of two contradictory terms, such as "deafening silence" or "jumbo shrimp."

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

FALSE

The Ethics Resource Center defines a code of ethics as a central guide to support day-to-day decision making at work.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

TRUE

Accessibility: Keyboard Navigation

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Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

FALSE

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

FALSE

As an internal document, a code of ethics should represent a clear guide to managers and employees for making the decisions and choices they face every day.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

FALSE

As an internal document, a code of ethics should represent a clear guide to managers and employees for making the decisions and choices they face every day.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Summarize the history of business ethics.

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

FALSE

Corporate ethics has moved from the domain of legal and human resource departments into the organizational mainstream with the appointment of corporate ethics officers with clear mandates.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Summarize the history of business ethics.

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

FALSE

Codes of ethics have matured from cosmetic public relations documents into performance measurement documents that an increasing number of organizations are now committing to share with all their stakeholders.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Summarize the history of business ethics.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Summarize the history of business ethics.

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

FALSE

A major ethical dilemma of the 1970s was the employee versus management mentality.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

FALSE

International ethics centers that serve the needs of global businesses were formed in the 2000s.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

FALSE

Once the type of a particular ethical conflict has been determined, there are three resolution principles available: ends-based, rules-based, and the Golden Rule.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

FALSE

If one utilizes the ends-based principle to resolve an ethical dilemma, one would consider which decision would provide the greatest good for the greatest number of people.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

FALSE

If one utilizes the rules-based resolution principle, one would ask what would happen if everyone made the same decision as him or her.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

FALSE

When trying to resolve an ethical dilemma, the Golden Rule resolution principle considers "Do unto others as you would have them do unto you."

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

FALSE

None of the three resolution principles for solving ethical dilemmas can be said to offer a perfect solution or resolution to a problem since the reactions of the other people involved in the scenario cannot be predicted.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

FALSE

The ethicalness of an action is not determined by the number of people who take the action.

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Explain how executives and employees seek to justify unethical behavior.

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

FALSE

The notion that anything that isn't specifically labeled as wrong must be OK is an open invitation for ethically challenged employers and employees.

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Explain how executives and employees seek to justify unethical behavior.

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

TRUE

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Explain how executives and employees seek to justify unethical behavior.

Multiple Choice Questions

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

A. Business structuralism
B. Business contingence
C. Business ethics
D. Business sourcing

Accessibility: Keyboard Navigation
Blooms: Remember

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Difficulty: 1 Easy
Learning Objective: 02-01 Define the term business ethics.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define the term business ethics.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Define the term business ethics.

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

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

Accessibility: Keyboard Navigation

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Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Define the term business ethics.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Define the term business ethics.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Define the term business ethics.

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

A. The descriptive dimension of business ethics evaluates the degree to which the observed customs, attitudes, and rules within a business are ethical.
B. Business ethics should ideally not reflect the ethical concepts of the society within which an organization functions.
C. The normative dimension of business ethics is a summation of the customs, attitudes, and rules that are observed within a business.
D. Business ethics should not be applied as a separate set of moral standards or ethical concepts from general ethics.

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define the term business ethics.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Identify an organization's stakeholders.

49. Which of the following is true of stakeholders?

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

Accessibility: Keyboard Navigation

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Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-02 Identify an organization's stakeholders.

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

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

Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-02 Identify an organization's stakeholders.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Summarize the history of business ethics.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Summarize the history of business ethics.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Summarize the history of business ethics.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Summarize the history of business ethics.

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

A. profit-oriented
B. financial-assessment
C. performance-measurement
D. expenditure-maximization

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Summarize the history of business ethics.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Summarize the history of business ethics.

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

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

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Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Summarize the history of business ethics.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

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Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

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Learning Objective: 02-06 Explain how executives and employees seek to justify unethical behavior.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Explain how executives and employees seek to justify unethical behavior.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Explain how executives and employees seek to justify unethical behavior.

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

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

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Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

77. As a message to an organization's stake-holders, _____ should represent a clear corporate commitment to the high-est standards of principled behavior.

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Summarize the history of business ethics.

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

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

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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

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

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

Fill in the Blank Questions

81. _____ is the application of ethical standards to business behavior.

Business ethics

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Define the term business ethics.

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

descriptive

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Define the term business ethics.

83. In the context of business ethics, a _____ perspective simply documents what is happening in a business environment.

descriptive

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Define the term business ethics.

84. In the context of business ethics, a _____ perspective is the evaluation of the degree to which the observed customs, attitudes, and rules within a business can be said to be ethical.

normative (or prescriptive)

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Define the term business ethics.

85. In the context of business ethics, a _____ perspective recommends what should be happening in a business environment.

normative (or prescriptive)

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Define the term business ethics.

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86. Creditors, vendors, customers, suppliers, and wholesalers are all examples of an organization's _____.

stakeholders

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Identify an organization's stakeholders.

87. The standard of _____ is the extent to which the officers of a corporation are fulfilling the duties and responsibilities of their offices to the relevant stakeholders.

corporate governance

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

88. The system by which business corporations are directed and controlled is termed _____.

corporate governance

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

89. According to the _____ (ERC), a company's code of ethics should be a central guide to support day-to-day decision making at work.

Ethics Resource Center

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

90. A _____ is a company's written standards of ethical behavior that are designed to guide managers and employees in making the decisions and choices they face every day.

code of ethics

Blooms: Remember

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Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

91. A company's _____ should clarify its cornerstones—its mission, values, and principles—to its managers, employees, and stakeholders.

code of ethics

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

code of ethics

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

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

performance-assessment

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Summarize the history of business ethics.

94. Corporate ethics has moved from the domain of legal and human resource departments into the _____ with the appointment of corporate ethics officers with clear mandates.

organizational mainstream

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Summarize the history of business ethics.

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95. Codes of ethics have matured from cosmetic public relations documents into _____ documents that an increasing number of organizations are now committing to share with all their stakeholders.

performance-measurement

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Summarize the history of business ethics.

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

Sarbanes-Oxley Act

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Summarize the history of business ethics.

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

ethical dilemma

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

98. Utilizing the _____ principle to resolve an ethical dilemma involves considering which decision would provide the greatest good for the greatest number of people.

ends-based

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

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99. Utilizing the _____ principle to resolve an ethical dilemma involves considering what would happen if everybody made the same decision as you.

rules-based

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

100. Companies that rely on the deterrents of _____ and _____ make headway in discouraging unethical behavior.

audits; spot checks

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Explain how executives and employees seek to justify unethical behavior.

Essay Questions

101. What are the perspectives from which business ethics can be approached?

Business ethics can be approached from two distinct perspectives: descriptive and normative. The descriptive perspective is a summation of the customs, attitudes, and rules that are observed within a business. It simply documents what is happening in a business.
The normative (or prescriptive) perspective evaluates the degree to which the observed customs, attitudes, and rules within a business can be said to be ethical. It is concerned with recommending what should be happening in a business.

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Define the term business ethics.

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102. What function does an organization's code of ethics perform?

A code of ethics serves a dual function. As a message to an organization's stakeholders, the code should represent a clear corporate commitment to the highest standards of ethical behavior. As an internal document, the code should represent a clear guide to managers and employees for making the decisions they face every day. A good code of ethics should be structured to liberate and empower people to make more effective decisions with greater confidence.

Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Discuss the position that business ethics is an oxymoron.

103. Discuss five major changes that have taken place in the business environment over the last five decades.

Several major changes have taken place in the business environment over the last five decades. The increased presence of an employee voice has made individual employees feel more comfortable speaking out against actions of their employers that they feel to be irresponsible or unethical. They are also more willing to seek legal resolution for such issues as unsafe working conditions, harassment, discrimination, and invasion of privacy. The issue of corporate social responsibility has advanced from an abstract debate to a core performance-assessment issue with clearly established legal liabilities. Corporate ethics has moved from the domain of legal and human resource departments into the organizational mainstream with the appointment of corporate ethics officers with clear mandates. Codes of ethics have matured from cosmetic public relations documents into performance measurement documents that an increasing number of organizations are now committing to share with all their stakeholders. The 2002 Sarbanes-Oxley Act has introduced greater accountability for chief executive officers and boards of directors in signing off on the financial performance records of the organizations they represent.

Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Summarize the history of business ethics.

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104. What are the three principles available to resolve an ethical dilemma? Are they always successful?

Three resolution principles are available to resolve an ethical dilemma:

Ends-based principle considers which decision would provide the greatest good for the greatest number of people.
Rules-based principle considers what would happen if everyone made the same decision as one would.
The Golden Rule considers doing unto others as one would have them do unto him or her.
None of these principles can be said to offer a perfect solution or resolution to a problem since the reactions of other people involved in the scenario cannot be predicted.

Blooms: Understana
Difficulty: 2 Medium
Learning Objective: 02-05 Identify and propose a resolution for an ethical dilemma in your work environment.

105. Describe the four commonly held rationalizations, identified by Saul Gellerman, which can lead to misconduct.

Four commonly held rationalizations, identified by Saul Gellerman, can lead to misconduct:

A belief that an activity is within reasonable ethical and legal limits—that is, that it is not "really" illegal or immoral.
A belief that an activity is in a particular individual's or his or her corporation's best interests—that an individual would somehow be expected to undertake the activity.
A belief that an activity is safe because it will never be found out or publicized—the classic crime-and punishment issue of discovery.
A belief that because an activity helps a company, the company will condone it and even protect the person who engages in it.

Blooms: Understana
Difficulty: 2 Medium
Learning Objective: 02-06 Explain how executives and employees seek to justify unethical behavior.

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