ABCs of Relationship Selling through Service 13th edition Futrell Test Bank

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ABC's of Relationship Selling, 13e **(Futrell)**
Chapter 2 Ethics First . . . then Customer Relationships

1) The ethical behavior of an employee is influenced by managers, co-workers, and the organization.

Answer: TRUE
Explanation: The ethical behavior of individual employees is influenced by the organization and by other people, such as co-workers and managers. Top management plays a significant role in the ethical decisions made by employees.
Difficulty: 1 Easy
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

2) The world views and belief systems of employees from the same country are typically identical.

Answer: FALSE
Explanation: No two people are alike because of varying personalities, religious backgrounds, and family and personal experiences. Even people from the same culture will have different ideas of right and wrong.
Difficulty: 1 Easy
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

3) An individual in the pre-conventional stage of morality asks, "What can I get away with?"

Answer: TRUE
Explanation: At the pre-conventional moral development level, an individual acts in his or her own best interest and thus follows rules to avoid punishment or receive rewards. This individual would break moral and legal laws.
Difficulty: 1 Easy
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

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4) Individuals at the principled moral level base ethical decisions on laws and consequences.

Answer: FALSE
Explanation: At the principled moral development level, an individual lives by an internal set of morals, values, and ethics and would disobey laws to follow what he or she believes is right. At the conventional moral development level, an individual conforms to the expectations of others and legal laws.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

5) Most sales people operate at the conventional level of moral development.

Answer: TRUE
Explanation: The majority of sales personnel, as well as people in general, operate at the conventional level. However, a few individuals are at level 1, and it is estimated that less than 20 percent of individuals reach level 3.
Difficulty: 1 Easy
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

6) Sales representatives at the preconventional moral development level would most likely be unconcerned about lying to customers if getting caught was unlikely.

Answer: TRUE
Explanation: Individuals at the preconventional moral development stage break moral and legal laws when they can get away with it. So, they probably would feel no concern about lying to a customer.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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7) Morals refer to people's adherence to right or wrong behavior and right or wrong thinking.

Answer: TRUE
Explanation: People's morals are their adherence to right or wrong behavior and right or wrong thinking. As one thinks, one does.
Difficulty: 1 Easy
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

8) At the preconventional moral development level, an individual conforms to the expectations of others.

Answer: FALSE
Explanation: Individuals at the preconventional moral development stage break moral and legal laws when they can get away with them, no matter what others expect. Those at the conventional level conform to expectations and maintain laws.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

9) Based on levels of moral development, a professional salesperson is in the minority among sales personnel.

Answer: TRUE
Explanation: The majority of sales personnel, as well as people in general, operate at the conventional level. However, a few individuals are at level 1, and it is estimated that less than 20 percent of individuals reach level 3. Truly professional salespeople are in level 3, which is a minority.
Difficulty: 1 Easy
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

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10) The Core Principles of Professional Selling require people whose personal character is at level 2.

Answer: FALSE
Explanation: Professional salespeople are in Level 3, which involves making ethical and moral decisions as all costs. The salesperson does what is right not what is in his or her best interest.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

11) A fixed point of reference must be separate from you.

Answer: TRUE
Explanation: A fixed point of reference refers to something that provides the correct action to take in any situation and never gets tailored to fit an occasion. This fixed point of reference must be separate from you; otherwise you will be changing the rules based upon your best interest in various situations.
Difficulty: 2 Medium
Topic: Are there Any Ethical Guidelines?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

12) Multiple world religions adhere to the Core Principles.

Answer: TRUE
Explanation: Christians, Jews, Hindus, Buddhists, and Confucius' followers embrace the Core Principles, although each has its own interpretation.
Difficulty: 2 Medium
Topic: Are there Any Ethical Guidelines?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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13) Ethical behavior refers to conducting yourself in the proper manner and treating others fairly.

Answer: TRUE
Explanation: Ethical behavior involves treating others with fairness, being honest, and behaving in a proper manner.
Difficulty: 1 Easy
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

14) An ethical dilemma arises in a situation when each alternative choice has some undesirable elements due to potentially negative ethical consequences.

Answer: TRUE
Explanation: Right and wrong are unclear in ethical dilemmas. Such situations are faced by managers regularly.
Difficulty: 1 Easy
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

15) An ethical sales manager should set realistic and obtainable goals.

Answer: TRUE
Explanation: Realistic and obtainable goals eliminate excess pressure on salespeople to behave unethically. Pressure motivates salespeople, but managers must set reasonable ones to avoid unethical actions.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

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16) If management decides to increase the number of territories in a state, there is a possibility the earnings of the salespeople working that state will decrease.

Answer: TRUE
Explanation: Management makes decisions that affect sales territories and salespeople. For example, the company might increase the number of sales territories, which often necessitates splitting a single territory, which takes customers away from a salesperson and reduces his or her earnings.
Difficulty: 2 Medium
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

17) Josh Damon sells industrial-sized heating and cooling systems. His territory includes Illinois, Iowa, and Missouri. Management at Damon's firm has decided to increase the number of territories in each sales region. Damon will most likely be excited about the opportunity this presents for him to earn more money.

Answer: FALSE
Explanation: An increase in the number of sales territories usually necessitates splitting a single territory, which takes customers away from a salesperson. Josh will not be happy because his earnings will decrease.
Difficulty: 2 Medium
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

18) If a salesperson has a drug or alcohol problem, a manager has the ethical responsibility to fire the individual based on right-to-work laws.

Answer: FALSE
Explanation: Right-to-work laws relate to unions and are irrelevant to a salesperson with drug and alcohol problems. An ethical manager would most likely offer support to the salesperson and require the salesperson to seek substance abuse treatment.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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19) Today employers have the right to terminate salespeople for poor performance, excessive absenteeism, unsafe conduct, and poor organizational citizenship.

Answer: TRUE
Explanation: Due to the termination-at-will rule, employers have the right to terminate sales personnel for poor performance, excessive absenteeism, unsafe conduct, and poor organizational citizenship. It is crucial, however, for employers to maintain accurate records of these events for employees and to inform employees about where they stand.
Difficulty: 2 Medium
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

20) Cooperative acceptance means that employees cannot be discriminated against in employment practices and they have the right to be free of sexual and racial harassment.

Answer: TRUE
Explanation: Cooperative acceptance refers to the right of employees to be treated fairly and with respect regardless of race, sex, national origin, physical disability, age, or religion while on the job. Not only does this mean that employees have the right not to be discriminated against in employment practices and decisions, but it also means that employees have the right to be free of sexual and racial harassment.
Difficulty: 1 Easy
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

21) Although several federal laws influence record keeping, they are primarily directed at private employers.

Answer: TRUE
Explanation: Although several federal laws influence record keeping, they are primarily directed at public employers. However, many private employers are giving employees the right to access their personnel files and to prohibit the file information from being given to others without their consent.
Difficulty: 2 Medium
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Understand
AACSB: Ethics
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22) Although discrimination on the basis of a person's sex is illegal, there are no laws against sexual harassment.

Answer: FALSE
Explanation: Though the right to be free of sexual harassment is found explicitly in fewer laws, it has been made a part of the 1980 EEOC guidelines, which state that sexual harassment is a form of sex discrimination. The designation of sexual harassment as a form of sex discrimination under Title VII also is found in numerous court decisions.
Difficulty: 1 Easy
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

23) To prevent sexual harassment, companies rely on top management support, training for all employees, and clear procedures for filing grievances.

Answer: TRUE
Explanation: Employers must prevent racial and sexual harassment, which they can do with top management support, grievance procedures, verification procedures, training for all employees, and performance appraisal and compensation policies that reward anti-harassment behavior and punish harassment.
Difficulty: 1 Easy
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

24) The most often misused company assets are automobiles, expense accounts, samples, and damaged-merchandise credits.

Answer: TRUE
Explanation: Company assets most often misused are automobiles, expense accounts, samples, and damaged-merchandise credits. All can be used for personal gain or as bribes and kickbacks to customers.
Difficulty: 1 Easy
Topic: Salespeople's Ethics in Dealing with Their Employers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Ethics
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25) It is easy to distinguish between a gift and a bribe.

Answer: FALSE
Explanation: Distinguishing between gifts and bribes is problematic, which is why many firms forbid their buyers to accept any gifts from salespeople.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

26) A salesperson who exaggerates about product capabilities may be guilty of misrepresentation.

Answer: TRUE
Explanation: When a customer relies on a salesperson's statements, purchases the product or service, and then finds that it fails to perform as promised, the supplier can be sued for misrepresentation and breach of warranty. A salesperson's exaggerations may be unintentional but they can be costly.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

27) Generally, the more knowledgeable the customer, the greater the chances the court will interpret an incorrect statement by a salesperson as an actionable misrepresentation rather than as sales puffery.

Answer: FALSE
Explanation: There is a subtle difference between sales puffery and statements of fact; they can be difficult to distinguish. In general, the courts interpret a statement as actionable when a customer lacks knowledge about a product sold by a salesperson.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
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28) A salesperson should thoroughly educate all customers before making a sale to avoid future legal problems.

Answer: TRUE
Explanation: Salespeople should provide as much information as possible about a product to customers to avoid misrepresentation charges.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

29) Regardless of whether a buyer is knowledgeable about a product or not, he/she does not have a duty to look beyond the assertions of a salesperson and investigate the product individually.

Answer: FALSE
Explanation: Just as salespeople should educated buyers, buyers are responsible for investigating a salesperson's claims about a product.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

30) Durham Building Supplies requires anyone who wants to use its product to purchase only from it; this contractual arrangement is called an exclusive dealership.

Answer: TRUE
Explanation: When a contract requires that a wholesaler or retailer purchase products from one manufacturer, it is an exclusive dealership. If it lessens competition, it is prohibited under the Clayton Act.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
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31) Reciprocity occurs when Mario trades a load of firewood for an oil change for his Toyota Tacoma.

Answer: FALSE
Explanation: Reciprocity refers to buying a product from someone if the person or organization agrees to buy from you. Swapping firewood for an oil change is a bartering situation but not reciprocity because neither party is agreeing to future purchases.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

32) A cooling-off law gives the buyer three weeks to cancel the contract, return any merchandise, and obtain a full refund.

Answer: FALSE
Explanation: Cooling-off laws provide a cooling-off period (usually three days) in which the buyer may cancel the contract, return any merchandise, and obtain a full refund. The law covers sales of $25 or more made door-to-door. It also states that the buyer must receive from the seller a written, dated contract and/or receipt of the transaction and be told there is a three-day cancellation period.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

33) A code of ethics formally states a company's values regarding social and ethical issues.

Answer: TRUE
Explanation: A code of ethics is a formal statement of the company's values concerning ethics and social issues. It states those values or behaviors that are expected and those that are not tolerated.
Difficulty: 1 Easy
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Remember
AACSB: Ethics
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34) The single most important factor in improving the climate for ethical behavior in a sales force is the existence of a detailed code of ethics.

Answer: FALSE
Explanation: The single most important factor in improving the climate for ethical behavior in a sales force is the action taken by top-level managers. Sales managers must help develop and support their codes of ethics; however, a code of ethics by itself is not very influential.
Difficulty: 2 Medium
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

35) Control systems that monitor and penalize the ethical behavior of salespeople are a useful tool in creating an ethical work environment.

Answer: TRUE
Explanation: Control systems must be established to encourage ethical behavior. Methods should be employed to determine whether salespeople give bribes, falsify reports, or pad expenses. Dismissal, demotion, suspension, reprimand, and withholding of sales commissions would be possible penalties for unethical sales practices.
Difficulty: 1 Easy
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

36) A person with integrity is honest without compromise or corruption.

Answer: TRUE
Explanation: A person with integrity is honest without compromise or corruption. People with integrity have nothing to hide and nothing to fear.
Difficulty: 1 Easy
Topic: Ethics in Business and Sales
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

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37) Integrity, trust, and character are the building blocks of a professional salesperson's values.

Answer: TRUE
Explanation: Integrity, trust, and character help form the values or moral code of conduct toward others. Respect for the dignity of the individual is at the heart of the universal moral code referred to as "the Core Principles of Professional Selling" by most people of the world.
Difficulty: 1 Easy
Topic: Core Principles of Professional Selling
Learning Objective: 02-05 Write a short essay on the components of the Core Principles of Professional Selling and how it relates to sales ethics.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

38) Which term refers to the different beliefs people have about the world?
A) Multiculturalism
B) Social morals
C) World ethics
D) Worldview
E) Citizenship

Answer: D
Explanation: Because people have different beliefs about the world around them, referred to as a person's worldview, they tend to have different views on ethics and morality. Morals refer to a person's adherence to right or wrong behavior and thinking.
Difficulty: 1 Easy
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Remember
AACSB: Diversity
Accessibility: Keyboard Navigation

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39) Which of the following factors has the LEAST influence on an individual's core belief system?
A) physical appearance
B) religious background
C) family upbringing
D) life experiences
E) personality

Answer: A
Explanation: Personality, religious background, family upbringing, personal experiences, and the situation faced are examples of factors shaping our core belief system. Physical appearance is less influential than the other factors on a person's core beliefs.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Diversity
Accessibility: Keyboard Navigation

40) Which of the following questions would most likely be asked by a person at the preconventional level of moral development?
A) What can I get away with?
B) What does my family want me to do?
C) What am I legally required to do?
D) What is the right thing to do?
E) What does society expect from me?

Answer: A
Explanation: A person at the preconventional level makes decisions based on what he or she can get away with. A conventional level person is concerned about laws and the expectations of family and society.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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41) Which of the following questions would most likely be asked by a person at the principled level of moral development?
A) What does society expect from me?
B) What is the right thing to do?
C) What am I legally required to do?
D) What does my family want me to do?
E) What can I get away with?

Answer: B
Explanation: A principled person does the right thing even if it goes against the law or people's expectations. A person at the preconventional level makes decisions based on what he or she can get away with. A conventional level person is concerned about laws and the expectations of family and society.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

42) According to the text, why do most employees in organizations succumb to questionable ethical standards or only follow formal policies?
A) Most people are in the conventional and principled levels of moral development.
B) Few organizations develop and enforce very stringent codes of ethics.
C) Most people are in the preconventional and conventional levels of moral development.
D) Few people in an organization are considered stakeholders or stockholders.
E) Most people exhibit behavior that is close to the principled level of moral development.

Answer: C
Explanation: The vast majority of people in our society are at the preconventional or conventional level. Therefore, most employees in an organization feel they must "go along to get along"; in other words, they acquiesce to questionable ethical standards to keep their jobs. At most, they only follow formal policies and procedures.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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43) According to a survey of adult Americans, people are most likely to base ethical and moral decisions on the:
A) legal outcome.
B) current situation.
C) principle of justice.
D) historical culture.
E) religious standard.

Answer: B
Explanation: In a February 12, 2002, national poll, American adults said by a 3-to-1 margin that truth is always relative to a person's situation. People are most likely to make their moral and ethical decisions on the basis of whatever feels right or comfortable in a situation.
Difficulty: 2 Medium
Topic: Are there Any Ethical Guidelines?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

44) A Barna Research study finds that all of the following are primary influences on the ethical and moral decision-making process of Americans EXCEPT:
A) religion
B) books
C) the Internet
D) television
E) family

Answer: A
Explanation: Barna Research is conducting an ongoing study of sources influencing Americans' ethical and moral decision-making processes. In early returns, Barna found the leading influencers in American society to be movies, television, the Internet, books, music, public policy and law, and family.
Difficulty: 1 Easy
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

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45) According to the text, your conscience is usually not the best guide for making moral and ethical decisions because it:
A) is at the conventional level
B) remains too stationary
C) changes based on the situation
D) is too distant from the circumstances
E) relies on conflicting belief systems

Answer: C
Explanation: A fixed point of reference refers to something that provides the correct action to take in any situation and never gets tailored to fit an occasion. This fixed point of reference must be separate from you; otherwise you will be changing the rules based upon your best interest in various situations. This is why your conscience is usually not your best guide to making moral and ethical decisions.
Difficulty: 3 Hard
Topic: Are there Any Ethical Guidelines?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

46) All of the following may eliminate the need for additional laws governing right and wrong in business settings EXCEPT:
A) stringent codes of ethics.
B) moral organizational cultures.
C) ethical examples from top management.
D) standardization of fixed points of reference.
E) support for corporate social responsibility programs.

Answer: D
Explanation: As principles of ethics and social responsibility are more widely recognized, companies can use codes of ethics and their corporate cultures to govern behavior, thereby eliminating the need for additional laws governing right and wrong. A fixed point of reference is an individual's tool for determining right and wrong and cannot be standardized.
Difficulty: 2 Medium
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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47) All of the following are characteristics of ethical behavior EXCEPT:
A) being honest with customers.
B) following company policies.
C) showing loyalty to co-workers.
D) treating customers and peers fairly.
E) maintaining personal sales goals.

Answer: E
Explanation: Being honest, loyal, and fair are qualities of an ethical person as well as adhering to company policies. Maintaining sales goals is an action taken by hardworking employees, but it is not necessarily a characteristic of ethical behavior.
Difficulty: 2 Medium
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

48) All of the following are involved in the majority of sales people's ethical issues EXCEPT:
A) co-workers.
B) managers.
C) customers.
D) friends.
E) employers.

Answer: D
Explanation: Most ethical issues that sales personnel face involve other salespeople, employers, managers, and customers.
Difficulty: 1 Easy
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Remember
AACSB: Ethics
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49) Which of the following is LEAST likely one of the ethical issues faced by most sales managers?
A) Employee rights
B) Sales territories
C) Sales pressure
D) Benefits flexibility
E) Personnel substance abuse

Answer: D
Explanation: Five ethical considerations sales managers face are the level of sales pressure to place on a salesperson, decisions concerning a salesperson's territory, whether to be honest with the salesperson, what to do with an ill salesperson, and employee rights. Employee benefits are unlikely to cause ethical dilemmas for sales managers.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

50) Which of the following terms refers to an extra-large customer that generates significantly more revenue for a salesperson than other customers?
A) Balanced account
B) Outsourced account
C) Retail account
D) House account
E) Key account

Answer: E
Explanation: Key accounts are those that involve extra-large customers and generate a great deal of sales. House accounts are handled by a salesperson from the home office.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Analytical Thinking
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51) Sharon, a salesperson for a greeting card company, is responsible for sales in the northern part of California. Sharon's manager has decided to change Sharon's key account in the territory to a house account. Why would Sharon most likely dislike this decision?
A) Sharon will have to monitor the key account for less pay than she usually earns.
B) Sharon will be demoted from her position in the territory for losing the key account.
C) Sharon will have to share commissions from the key account with the home office.
D) Sharon will lose the commission for the key account.
E) Sharon will have to work from the firm's home office.

Answer: D
Explanation: Key accounts are extra-large customers and generate a great deal of sales commissions for salespeople. House accounts are handled by a salesperson from the home office so that the firm does not have to pay sales commissions. Sharon will be upset because she is losing commissions for a large account.
Difficulty: 3 Hard
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

52) Which term refers to the rights desired by employees regarding their job security and treatment by employers?
A) Cultural acceptance
B) Human rights
C) Affirmative action
D) Employee rights
E) Workers' compensation

Answer: D
Explanation: Employee rights are rights desired by employees regarding their job security and their treatment by employers while on the job, irrespective of whether those rights are currently protected by law or collective bargaining agreements of labor unions.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Analytical Thinking
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53) Suzanne, a sales representative at MedEx, a pharmaceutical firm, was being sexually harassed by her manager, Phil. After Suzanne refused to submit to Phil's advances, he threatened to fire her. Suzanne can most likely sue MedEx based on which type of sexual harassment?
A) Hostile environment
B) Cooperative acceptance
C) De facto termination
D) Quid pro quo
E) Employment-at-will

Answer: D
Explanation: Suzanne could sue based on quid pro quo, which is when an employee who refuses to submit to a superior's sexual advances is threatened with dismissal or other sanctions. The second type of sexual harassment is hostile environment harassment; it occurs when jokes, graffiti, and other behavior are directed at persons of the opposite sex.
Difficulty: 3 Hard
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Apply
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

54) An act of sexual harassment violates a victim's civil rights if it is unwelcome and "sufficiently severe" and _____.
A) Creates abusive working environment
B) Sets unfair labor standards
C) Interferes with employees' privacy
D) Empowers only selected few employees
E) Creates role ambiguity for employees

Answer: A
Explanation: In 1986, the Supreme Court held unanimously that sexual harassment violates Title VII of the 1964 Civil Rights Act if it is unwelcome and "sufficiently severe or pervasive to alter the conditions of the victim's employment and create an abusive working environment."
Difficulty: 1 Easy
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Remember
AACSB: Analytical Thinking
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55) How can an employer reduce its liability in sexual harassment complaints?
A) Requiring thorough background checks
B) Encouraging cross-cultural training exercises
C) Implementing effective internal grievance procedures
D) Monitoring the social environment of employees
E) Utilizing effective recruitment and selection practices

Answer: C
Explanation: Many companies are concerned about sexual harassment, and they educate employees about inappropriate behavior with brochures and training. A key factor in determining liability is whether the employer has an effective internal grievance procedure that allows employees to bypass immediate supervisors (who are often the offenders).
Difficulty: 1 Easy
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

56) Most federal laws regarding personnel files are directed at:
A) large corporations.
B) private firms.
C) government employers.
D) small businesses.
E) publicly-traded companies.

Answer: C
Explanation: Although several federal laws influence record keeping, they are primarily directed at public employers. However, many private employers are giving employees the right to access their personnel files.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
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57) Two major influences on the ethical behavior of sales personnel are:
A) the organization's employees and the organization itself.
B) the organization's production and finance departments.
C) internal and external organizational environments.
D) national and international policies.
E) the organization's customers and stockholders.

Answer: A
Explanation: The ethical behavior of sales personnel is influenced by co-workers and the organization. Top management at a firm has an especially strong influence on the firm and its employees.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

58) On the job, Gary acts purely in his own best interests. He follows the company's rules only to avoid being fired. At what level of moral development is Gary functioning?
A) Principled
B) Consensual
C) Conventional
D) Discretionary
E) Preconventional

Answer: E
Explanation: A person at the preconventional level of moral development follows rules to avoid punishment. At the conventional level, a person conforms to expectations and laws.
Difficulty: 2 Medium
Topic: Are there Any Ethical Guidelines?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
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59) In Turkey, a salesperson wants to sell a block of 75 symphony tickets to an Armenian senior citizen center to hand out to its members. If he can sell these remaining tickets, he will receive a $500 bonus. When the center director asks him if there will be adequate security at the event, the Turk assures her the arena has doubled its security force for the event even though no special security arrangements have been made in spite of recent threats made against Armenians. The Turkish salesperson is most likely functioning at the _____ stage of moral development.
A) postconventional
B) principled
C) conventional
D) discretionary
E) preconventional

Answer: E
Explanation: A person at the preconventional level of moral development follows rules to receive rewards, which in this case is a $500 bonus. At the conventional level, a person conforms to expectations and laws. A principled person does the right thing no matter what.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

60) Tina perceives herself to be a responsible person because she does not misuse company assets, she is always truthful, and she treats others fairly. She upholds moral and legal laws and conforms to the expectations of others. At which level of moral development is Tina operating?
A) Consensual
B) Principled
C) Conventional
D) Discretionary
E) Preconventional

Answer: C
Explanation: At the conventional level, a person conforms to expectations and laws. A principled person does the right thing no matter what and is guided by internal morals and values. A person at the preconventional level of moral development follows rules to receive rewards or avoid punishment.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
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61) A salesperson asks, "What am I legally required to do with this?" when deciding whether to return competitive intelligence that was gathered by stealing company data. At which level of moral development is this salesperson operating?
A) Economically
B) Principled
C) Conventional
D) Restricted
E) Preconventional

Answer: C
Explanation: At the conventional level, a person conforms to expectations and laws. A principled person does the right thing no matter what and is guided by internal morals and values. A person at the preconventional level of moral development follows rules to receive rewards or avoid punishment.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

62) Courtney Lee works for a travel agency. The company has spent several hundred dollars promoting a trip to a country that is undergoing a great deal of political unrest. Lee has been told that if she wants to keep her job, she needs to get at least three couples to sign up for this trip. Instead, Lee handed in her letter of resignation because she refused to sell a potentially dangerous trip to her customers. Lee is functioning at the _____ level of moral development.
A) biblical
B) principled
C) conventional
D) discretionary
E) preconventional

Answer: B
Explanation: A principled person, such as Lee, does the right thing no matter if it means losing her job. She is guided by internal morals and values. A person at the preconventional level of moral development follows rules to receive rewards or avoid punishment. At the conventional level, a person conforms to expectations and laws.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
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63) "I don't care what the boss said. It's wrong and I'm not going to do it. If I get fired, then that's just the way it'll have to be." The salesperson who just made this statement to a co-worker is apparently working at the _____ level of moral development.
A) nondiscriminatory
B) principled
C) conventional
D) consensual
E) preconventional

Answer: B
Explanation: A principled person does the right thing no matter what, even if it means getting fired. A person at the preconventional level of moral development follows rules to receive rewards or avoid punishment. At the conventional level, a person conforms to expectations and laws.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

64) Most salespeople operate at what level of moral development?
A) Consensual
B) Principled
C) Conventional
D) Discretionary
E) Responsive

Answer: C
Explanation: The majority of sales personnel, as well as people in general, operate at the conventional level. However, a few individuals are at level 1, and it is estimated that less than 20 percent of individuals reach level 3.
Difficulty: 1 Easy
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Remember
AACSB: Ethics
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65) The Core Principles of Professional Selling require people whose personal character is at level:
A) 0.
B) 1.
C) 2.
D) 3.
E) 4.

Answer: D
Explanation: The Core Principles of Professional Selling require people whose personal character is at level 3, which is the highest level of moral development. Such principled people have caring attitudes and recognize the rights of others, and they act based on personal, independently defined universal principles of justice and values.
Difficulty: 1 Easy
Topic: Are there Any Ethical Guidelines?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

66) According to the text, a(n) _____ refers to something that provides the correct action to take in any situation and never gets tailored to fit a situation.
A) ethical continuum
B) situational compass
C) ethical talisman
D) fixed point of reference
E) situational barometer

Answer: D
Explanation: A fixed point of reference refers to something that provides the correct action to take in any situation and never gets tailored to fit an occasion. This fixed point of reference must be separate from you; otherwise you will be changing the rules based upon your best interest in various situations.
Difficulty: 1 Easy
Topic: Are there Any Ethical Guidelines?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Remember
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67) According to the text, a _____ would tell Rob Loughton he should return the stolen competitive information to its owner without examining it even though the information would more than likely result in a large commission for Loughton.
A) fixed point of reference
B) frame of conventional reference
C) compass point
D) moral sextant
E) directional code of ethics

Answer: A
Explanation: A fixed point of reference refers to something that provides the correct action to take in any situation and never gets tailored to fit an occasion. This fixed point of reference would guide Rob to make the most ethical decision.
Difficulty: 3 Hard
Topic: Are there Any Ethical Guidelines?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

68) According to the text, businesses use the _____ to serve as a universal, practical, and helpful standard for businesspeople.
A) Hindu Mahabharata
B) sayings of Confucius
C) Core Principles of Professional Selling
D) Beatitudes
E) Torah

Answer: C
Explanation: The Core Principles of Professional Selling mean doing to others without expecting anything in return, and it is used by businesses as a standard for morality in the workplace. Many religions follow the Core Principles in one form or another.
Difficulty: 1 Easy
Topic: Are there Any Ethical Guidelines?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Remember
AACSB: Ethics
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69) _____ are the codes of moral principles and values that govern the behaviors of a person or a group with respect to what is wrong.
A) Laws
B) Ethics
C) Principled heuristics
D) Sociocultural norms
E) Governing norms

Answer: B
Explanation: In a general sense, ethics are the codes of moral principles and values that govern the behaviors of a person or a group with respect to what is right or wrong. Ethics set standards for what is good or bad in conduct and decision making.
Difficulty: 1 Easy
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

70) Ethical behavior:
A) assumes that an economic level of social responsibility exists in the organization.
B) assumes that the individual is operating at an unrestricted moral level.
C) refers to following the rules and treating others fairly.
D) assumes that human interaction is reciprocal.
E) refers to adhering to a generic religious principle.

Answer: C
Explanation: Ethical behavior means treating others fairly. It involves being honest, truthful, rule-abiding, and loyal.
Difficulty: 1 Easy
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

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71) Which of the following statements about ethical dilemmas is true?
A) Ethical dilemmas occur because many ethical standards are not classified.
B) Friends and family are never the cause of an ethical dilemma.
C) Cultural differences are never the source of ethical dilemmas.
D) Ethical dilemmas occur when right and wrong are clearly identified.
E) Ethical dilemmas are rare when the available choices all have unethical elements.

Answer: A
Explanation: Because ethical standards are not classified, disagreements and dilemmas about proper behavior often occur. An ethical dilemma arises in a situation when each alternative choice or behavior has some undesirable elements due to potentially negative ethical or personal consequences. Friends, family, and culture may or may not play roles in ethical dilemmas.
Difficulty: 2 Medium
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

72) Your brother Craig sells art collectibles. He knows that your boss collects early 20th century baseball memorabilia and he has asked that you introduce him to your boss and to endorse his background as an ethical antiques dealer. You know that in the past Craig has sold some items that were not what he claimed they were and you suspect that some of his baseball memorabilia might be forgeries. Your mother is pressuring you to help your brother make this sale. This is an example of a(n):
A) social impasse.
B) discretionary responsibility.
C) ethical dilemma.
D) policy-based moral development.
E) sales dilemma.

Answer: C
Explanation: Because ethical standards are not classified, disagreements and dilemmas about proper behavior often occur even among family members. An ethical dilemma arises in a situation when each alternative choice or behavior has some undesirable elements due to potentially negative ethical or personal consequences.
Difficulty: 2 Medium
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Understand
AACSB: Ethics
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73) Which of the following questions is LEAST relevant to the level of pressure a manager places on a salesperson?
A) What are the sales group goals?
B) What motivates the salesperson?
C) What is the industry standard?
D) How big is the territory?
E) What goals are realistic?

Answer: C
Explanation: Managers have to determine an appropriate level of pressure to place on salespeople. Factors to consider are the goals of the group, the personal motivation of each salesperson, the size of the territory, and the achievable nature of the goal.
Difficulty: 3 Hard
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Apply
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

74) Linda Moore is a commission salesperson whose territory for the last nine years has been the entire state of Virginia. Through hard work she has greatly increased her company's business in the region. Now her manager has decided to split the state into two territories. Moore can most likely expect to:
A) receive additional key accounts.
B) earn more sales revenue.
C) earn less sales revenue.
D) gain more customers.
E) be fired from her job.

Answer: C
Explanation: Reducing the size of Linda's territory will most likely cause a loss of revenue for Linda because she'll have fewer customers and accounts. Key accounts are extra-large customers, and Linda will probably have to share some of those with another salesperson.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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75) All of the following statements about employee termination are true EXCEPT:
A) many early 20th century courts strictly applied the termination-at-will rule.
B) many 1980s courts ruled in favor of employees by limiting the termination-at-will rule.
C) employers have the right to terminate sales personnel for poor performance.
D) employers have the right to terminate sales personnel for excessive absenteeism.
E) employers have the right to terminate sales personnel for union participation.

Answer: E
Explanation: Early termination-at-will cases favored employers and allowed them to terminate employees for any reason, even union membership. Current courts have favored employees, but terminations can still occur for poor performance and absenteeism but not union participation.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

76) Under current U.S. laws regarding termination-at-will, it is illegal to terminate an employee for:
A) excessive absenteeism.
B) poor organizational citizenship.
C) unsatisfactory performance.
D) unsafe conduct.
E) union activities.

Answer: E
Explanation: Early termination-at-will cases favored employers and allowed them to terminate employees for any reason, even union membership. Current courts have favored employees, but terminations can still occur for poor performance and absenteeism but not union participation.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Ethics
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77) Termination-at-will:
A) is a modern judicial term that came from court decisions in the 1980s.
B) refers to a firm's inability to terminate an employee without just cause.
C) was designed to protect the rights of the employees.
D) was designed to protect the rights of the employers.
E) supports the strategy of downsizing.

Answer: D
Explanation: The termination-at-will rule stemmed from a 1903 case that protected employer's rights to fire workers for union activities. Courts in the 1980s favored employees in such cases.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

78) Which of the following statements about employee rights is true?
A) Employee rights are based on what the employer deems is fair and equitable.
B) The terminate-at-will rule first came about during a 1940 court case.
C) Cooperative acceptance is an employee right referring to fair treatment.
D) Privacy is only an employee right with private firms not public entities.
E) Reciprocity is an employee right guaranteed by federal laws.

Answer: C
Explanation: Cooperative acceptance is the employee right to be treated fairly and without sexual or racial harassment. Termination-at-will was established by the courts in 1903. Employee rights apply to private and public employees.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
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79) _____ refers to the right of employees to be treated fairly and with respect regardless of race, sex, national origin, physical disability, age, or religion while on the job.
A) Discretionary approval
B) Hire-at-will
C) Discrimination
D) Cooperative acceptance
E) Terminate-at-will

Answer: D
Explanation: Cooperative acceptance is the employee right to be treated fairly and without sexual or racial harassment.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

80) Which of the following corporate actions would LEAST likely prevent racial and sexual harassment?
A) Getting the active support of top management in preventing workplace harassment
B) Establishing compensation policies that reward anti-harassment behavior
C) Establishing harassment grievance procedures
D) Providing anti-harassment training to employees
E) Eliminating cooperative acceptance

Answer: E
Explanation: Cooperative acceptance is the employee right to be treated fairly and without sexual or racial harassment. Top management support, policies, procedures, and training are methods for eliminating harassment in the workplace.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
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81) All of the following are employer benefits of respecting employee rights EXCEPT:
A) creating a positive work environment.
B) reducing employee turnover.
C) attracting good employees.
D) reducing legal fees and fines.
E) minimizing union control.

Answer: E
Explanation: Employers benefit from respecting employee rights by creating a high quality work life, attracting and retaining good personnel, and reducing legal fines. Union influence is less likely to be affected.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Salespeople
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

82) Which of the following would be an example of a salesperson who is moonlighting unethically?
A) A retail sales clerk who works Monday through Friday and is taking a weekend MBA program.
B) A building supply salesperson who sells vacation real estate on company time.
C) A travel agent who sells antiques on the Internet during the weekends.
D) A fire equipment salesperson who demonstrates her equipment to prospects by setting real fires.
E) A retail ad salesperson who tells his wife when store sales are scheduled before they are announced to the public.

Answer: B
Explanation: Moonlighting occurs when an employee takes a second job or attends classes on company time. Employees who work second jobs or take classes during their off hours are not moonlighting.
Difficulty: 2 Medium
Topic: Salespeople's Ethics in Dealing with Their Employers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Ethics
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83) Clark is a soft drink salesperson who is enrolled in a vocational technology program that meets at night. From time to time, he takes off most of the day before his night class meets in order to prepare assignments that are due that evening. From an ethical standpoint, it is correct to say that Clark is:
A) guilty of misrepresentation.
B) misusing company assets.
C) cheating.
D) moonlighting.
E) acting quite ethically.

Answer: D
Explanation: Moonlighting occurs when an employee takes a second job or attends classes on company time. Employees who work second jobs or take classes during their off hours are not moonlighting.
Difficulty: 2 Medium
Topic: Salespeople's Ethics in Dealing with Their Employers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

84) Which of the following sales personnel activities is considered ethically acceptable behavior?
A) Splitting commissions with fellow employees to win a sales contest.
B) Taking the family to Disneyworld and writing it off on the expense account.
C) Attending a college course on company time.
D) Attending college in the evening but taking an afternoon off to prepare for class.
E) Giving a $10 dollar gift to a $10,000 customer.

Answer: E
Explanation: Cheating to win a sales contest, misusing company assets, and moonlighting are unethical actions. Giving a small gift to a big customer is most likely not a bribe.
Difficulty: 2 Medium
Topic: Salespeople's Ethics in Dealing with Their Employers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Ethics
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85) Which of the following statements about bribery is most likely true?
A) Bribes always involve money.
B) Bribery accounts for more than half of all white-collar crimes in the U.S.
C) Commissioned salespeople cannot be bribed because of the commission system.
D) The difference between a business gift and a bribe is quite clear.
E) Bar bills, meals, and entertainment are always considered bribes.

Answer: B
Explanation: The U.S. Chamber of Commerce estimates that bribes and kickbacks account for $27 billion of the annual $50 billion in white collar crime. Bribes, which can involve gifts and travel, are often hard to detect because in some cases they may be legitimate gifts.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

86) While buying some land, Mike asked the seller's solicitor if there were any restrictive covenants on the land; the solicitor said he did not know of any. What the solicitor failed to mention was that he had not bothered to read the documents. This failure on the part of the solicitor to disclose the state of affairs to Mike amounts to:
A) misuse of relationship marketing.
B) sales puffery.
C) misrepresentation.
D) a warranty of fact.
E) a statement of fact.

Answer: C
Explanation: The solicitor is guilty of misrepresentation because he lied about reading the documents about the land. Mike relied on the solicitor to provide both knowledge and honesty.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Ethics
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87) A computer dealer induced a finance company to enter into a hire-purchase agreement by contributing false information about the amount of deposit paid by the customer unknowingly, who later defaulted and sold the computer to a third party. This is an example of:
A) misuse of relationship marketing.
B) sales puffery.
C) a warranty of fact.
D) misrepresentation.
E) a statement of fact.

Answer: D
Explanation: Misrepresentation occurs when a salesperson provides false information to a customer. Such statements can lead to lawsuits even if they are unintentional.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

88) The salesperson promised the radio station manager that the new $30,000 computer system would be compatible with the equipment already used by the station. When the new computer system proved not to be compatible even after an additional $10,000 worth of new software, the station manager sued the salesperson and his company for:
A) misrepresentation and breach of warranty.
B) misuse of relationship marketing.
C) violation of Title VII.
D) violation of the Robinson-Patman Act.
E) failure to adhere to the rules of full disclosure.

Answer: A
Explanation: Misrepresentation occurs when a salesperson provides false information to a customer. Companies around the United States have been liable for million-dollar judgments for making such mistakes, particularly when their salespeople sold high-ticket, high-tech products or services.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Ethics
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89) Which of the following pricing tactics is LEAST likely to be a source of an ethical dilemma?
A) Tie-in sales
B) Reciprocity
C) Price discrimination
D) Seasonal discounts
E) Exclusive dealership

Answer: D
Explanation: Salespeople use many tactics to encourage purchases, and some methods are unethical and perhaps illegal including tie-in sales, reciprocity, price discrimination, and exclusive dealerships. Reducing the prices of seasonal items to make room for new merchandise is a normal business practice.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

90) When the salesperson says to the new prospective customer, "I believe my company sells the best mattresses and that you can't find any better," it is an example of:
A) sales puffery.
B) an illegal act.
C) a statement of fact.
D) price discrimination.
E) a breach of warranty.

Answer: A
Explanation: Sales puffery refers to statements made by salespeople that describe a product in glowing terms. Such statements are viewed as opinions and are generally not considered unethical.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Ethics
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91) Which of the following statements about misrepresentation is most likely true?
A) When salespeople loosely describe their product or service in glowing terms, those statements can be relied upon by the potential buyer.
B) Generally, the more knowledgeable the customer, the greater the chances the court will interpret an incorrect statement by a salesperson as an actionable misrepresentation.
C) When a salesperson makes claims of a "factual nature" regarding a service's inherent capabilities, the law does not treat these comments as statements of fact and warranties.
D) A salesperson's opinion about the quality of the product being sold is known as sales puffery and is legally actionable.
E) Even if the salesperson misrepresentation statement is made innocently, many courts will award damages to the customer.

Answer: E
Explanation: It's generally easy for customers to recover damages on the grounds of misrepresentation and breach of warranty. In many states, this holds even when a salesperson's statement is made innocently. Sales puffery typically does not lead to legal actions.
Difficulty: 3 Hard
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Analyze
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

92) Which of the following statements about sales puffery is true?
A) The difference between sales puffery and statements of fact is easy to distinguish.
B) Misrepresentation cases are judged on the use of standardized words and phrases.
C) Generally, the less knowledgeable the customer, the greater the chances the court will interpret a statement as actionable.
D) A salesperson's statements of puffery should be taken at face value and considered factual.
E) Puffery typically occurs when a salesperson deliberately makes erroneous statements.

Answer: C
Explanation: Courts tend to rule in favor of customers who lack knowledge about a product. In contrast, when a knowledgeable person makes a poor purchase the courts tend to favor the salesperson assuming that the buyer should have been more wary of the product and the salesperson's inaccurate claims.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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ABCs of Relationship Selling through Service 13th edition Futrell Test Bank

93) Which of the following statements about misrepresentation is false?
A) When salespeople loosely describe their goods or services in glowing terms, those statements cannot be relied upon by the potential buyer.
B) Courts tend to favor salespersons in misrepresentation cases when the customer lacks product knowledge.
C) When a salesperson makes claims of a "factual nature" regarding a service's inherent capabilities, the law treats these comments as statements of fact and warranties.
D) A salesperson's opinion of the quality of the product being sold is known as sales puffery and is not legally actionable.
E) To "stay legal" a salesperson needs to understand the difference between general statements of praise and statements of fact.

Answer: B
Explanation: Courts tend to rule in favor of customers who lack knowledge about a product. In contrast, when a knowledgeable person makes a poor purchase the courts tend to favor the salesperson assuming that the buyer should have been more wary of the product and the salesperson's inaccurate claims.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

94) All of the following statements, if made by a salesperson, could have legally actionable consequences if the statement were incorrect EXCEPT:
A) "this refrigerator will preserve foods in the warmest weather."
B) "this is a safe, dependable helicopter."
C) "feel free to prescribe this drug to your patients, doctor. It's not addictive."
D) "this mace pen is capable of instantaneous incapacitation for a period of 15 to 20 minutes."
E) "this offer is valid only until the end of this month."

Answer: E
Explanation: A salesperson's claims that are factual in nature, such as a product's safety or capabilities, are treated by the law as statements of fact. However, indicating that an offer is only good for a certain time and a customer should act quickly would probably be considered puffery.
Difficulty: 3 Hard
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Apply
AACSB: Analytical Thinking
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95) A salesperson can minimize exposure to costly misrepresentation and breach of warranty lawsuits if he/she:
A) never negotiates.
B) avoids win-win sales situations.
C) never sells the customer more than he/she wants.
D) thoroughly educates customers before making a sale.
E) offers opinions when the customer asks what result a product will accomplish.

Answer: D
Explanation: A salesperson can minimize legal problems by educating customers about a product and its capabilities. Negotiating and offering opinions is not problematic for salespeople when done ethically and without exaggeration.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

96) Which of the following statements, if false, would most likely have legal consequences?
A) "You're going to love this new mattress!"
B) "We are the metropolitan area's low price leader."
C) "We offer a 100 percent order-fill rate; you'll never experience a back-order."
D) "Our employees have extensive training in how to pamper our customers."
E) "Your own mother can't care for you as well as our staff!"

Answer: C
Explanation: Making claims or predictions about specific results can lead to misrepresentation lawsuits if failure to uphold the claim occurs. Exaggerations are considered sales puffery and are typically not upheld by the law as statements of fact.
Difficulty: 3 Hard
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Apply
AACSB: Analytical Thinking
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97) Edna Wallace is a little worried concerning all the talk she has heard recently about lawsuits due to misrepresentation and breach of warranty. To help her "stay legal," her sales manager should advise her to do all of the following EXCEPT:
A) be accurate when describing her product's capabilities.
B) thoroughly educate all customers before making a sale.
C) avoid making exaggerated claims about product safety.
D) know the technical specifications of the products she sells.
E) make claims or promises of a factual nature.

Answer: E
Explanation: Providing accurate information, educating customers, and avoiding exaggeration are tactics for avoiding legal problems after the sale. Making statements that appear to be factual are often determined legally actionable.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

98) Which term refers to giving some customers promotional allowances and support while not making other customers aware of such opportunities?
A) customer discrimination
B) selective discounting
C) price discrimination
D) exclusive dealing
E) functional discounting

Answer: C
Explanation: Price discrimination refers to selling the same quantity of the same product to different buyers at different prices. This can be illegal if it injures or reduces competition and is considered unethical.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
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99) Sheridan decides to buy his first car. The car salesperson promises to arrange a car loan for him if he also purchases the auto insurance. This is a classic example of:
A) misrepresentation.
B) reciprocal selling.
C) a Green River dealership.
D) discriminatory selling.
E) a tie-in sale.

Answer: E
Explanation: Requiring a customer to buy one product when buying another product is known as a tie-in sale. Such actions are prohibited under the Clayton Act because they lessen competition.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

100) Which of the following marketing tactics would most likely trigger an ethical dilemma?
A) Prospecting
B) Reciprocity
C) Cooperative acceptance
D) Seasonal discounts
E) Loyalty programs

Answer: B
Explanation: Reciprocity involves agreeing to buy a product from once source if they agree to reciprocate and buy a product from you. Reciprocity can lead to ethical dilemmas unlike prospecting, discounts, and loyalty programs, which are ethical components of marketing.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
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101) If a video game manufacturer required its resellers to stock a line of games based on the financially-disappointing movie *War of the Worlds* in order to carry games based on the very popular TV show *Survivor*, it would be an example of:
A) misrepresentation.
B) a tie-in sale.
C) reciprocal selling.
D) a Green River dealership.
E) discriminatory selling.

Answer: B
Explanation: Requiring a customer to buy one product when buying another product is known as a tie-in sale. Such actions are prohibited under the Clayton Act because they lessen competition.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
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102) "I'll let you sell the Harley-Davidson designer clothes only if you'll also sell a new line of clothes designed by Paula Abdul, too." This statement made by a salesperson to a specialty retailer is potentially an example of _____ and may be in violation of the Clayton Act prohibition if the action substantially lessens competition.
A) misrepresentation
B) tie-in sales
C) reciprocity
D) price discrimination
E) kickbacks

Answer: B
Explanation: Requiring a customer to buy one product when buying another product is known as a tie-in sale and is prohibited under the Clayton Act. Reciprocity involves agreeing to buy a product from one person if they agree to buy a product from you.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
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103) The Clayton Act prohibits tie-in sales and exclusive agreements if they _____.
A) promote sexual harassment.
B) allow some customers to receive price reductions while others do not.
C) encourage price discrimination.
D) substantially lessen competition.
E) removes the employer's ability to terminate-at-will without justification.

Answer: D
Explanation: The Clayton Act serves to prohibit sales tactics such as tie-ins and exclusive dealerships when such actions lessen market competition.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

104) If a manufacturer requires that its wholesalers and retailers buy merchandise only from it, the contract is a(n) _____ contract.
A) exclusive dealership
B) reciprocity
C) product discrimination
D) deceptive slotting
E) price discrimination

Answer: A
Explanation: When a contract requires that a wholesaler or retailer purchase products from one manufacturer, it is an exclusive dealership. If it lessens competition, it is prohibited under the Clayton Act.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
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105) "I'll tell you what," said Tim. "I'll buy all my building supplies from your company if you'll make sure your people rent generators from my firm." Tim is proposing:
A) receivership.
B) reciprocity.
C) a tie-in sale.
D) price bartering.
E) discriminatory selling.

Answer: B
Explanation: Reciprocity involves agreeing to buy a product from one person if they return the favor. A tie-in sale occurs when a buyer is required to buy unwanted products in order to purchase another product.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
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106) NewShine Floor Co. manufactures floor mats. It has agreed to buy all of its light bulbs and fixtures from Luminous Lighting if Luminous will agree to buy and use NewShine safety mats in its factory. This is an example of:
A) reciprocity.
B) tie-in sales.
C) price discrimination.
D) a Green River dealership.
E) an exclusive kickback.

Answer: A
Explanation: Reciprocity involves agreeing to buy a product from one person if they return the favor. A tie-in sale occurs when a buyer is required to buy unwanted products in order to purchase another product.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
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107) What is reciprocity?
A) Obeying the Core Principles of Professional Selling
B) Buying a product from someone if that person agrees to buy from you
C) Sharing competitive intelligence
D) Creating win-win buying situations
E) A mutually-beneficial buying situation that does not lessen competition

Answer: B
Explanation: Reciprocity involves agreeing to buy a product from one person if they return the favor. Reciprocity is considered illegal if it hurts competition.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

108) Cooling-off laws apply only to:
A) sales made in out-of-town offices, regardless of value.
B) sales for which verbal guarantees are given.
C) sales over $25, made door-to-door.
D) sales over $50, made in hometown offices.
E) sales made in hometown offices over the value of $100.

Answer: C
Explanation: Cooling-off laws provide a cooling-off period (usually three days) in which the buyer may cancel the contract, return any merchandise, and obtain a full refund. The law covers sales of $25 or more made door-to-door.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
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109) A cooling-off law:
A) gives the buyer three weeks to return merchandise.
B) covers items sold through wholesale outlets.
C) deals with purchases between $25.00 and $50.00.
D) is in effect in all states.
E) covers some door-to-door transactions.

Answer: E
Explanation: Cooling-off claws provide a cooling-off period (usually three days) in which the buyer may cancel the contract, return any merchandise, and obtain a full refund. The law covers door-to-door sales of $25 or more.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

110) A Green River ordinance states that:
A) door-to-door sales are illegal unless being made for nonprofit organizations like schools and Girl Scouts.
B) door-to-door salespersons who are not residents of the city in which they do business must purchase sales licenses.
C) all persons selling directly to consumers must pay a bond.
D) door-to-door sales are not allowed within city limits.
E) all salespeople in a city must obtain a sales license.

Answer: B
Explanation: Under Green River ordinances, cities require persons selling directly to consumers to be licensed by the city in which they do business if they are not residents and to pay a license fee. A bond also may be required in some places.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
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111) What is the primary purpose of Green River ordinances and cooling-off laws?
A) Hold salespeople legally responsible for damaged products
B) Allow small businesses to compete fairly against large firms
C) Require persons selling directly to consumers to pay a license fee
D) Enforce federal laws regarding competition and monopolies
E) Protect consumers from high-pressure, unethical sales tactics

Answer: E
Explanation: Both the cooling-off laws and the Green River ordinances were passed to protect consumers from salespeople using unethical, high-pressure sales tactics. These statutes and others were necessary because some salespeople used unethical practices in sales transactions.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

112) According to surveys, which of the following statements about how managers view sales ethics is true?
A) Sales goals force managers to act even more ethically than they ordinarily would
B) Some sales managers lower their ethical standards to meet job goals
C) Few managers feel that they face ethical problems in the workplace
D) Most managers are unaware of any unethical behavior in their industry
E) Most managers feel that they and their employees are operating as ethically as possible

Answer: B
Explanation: Surveys show that most managers want to be more ethical but they sometimes lower their ethical standards to meet sales goals. All managers feel they face ethical problems, and most are aware of industry and company ethical issues.
Difficulty: 2 Medium
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
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113) A(n) _____ is a formal statement of a company's values concerning ethics and social issues.
A) social covenant
B) tying agreement
C) law of fairness
D) code of ethics
E) ethics ombudsperson

Answer: D
Explanation: A code of ethics is a formal statement of the company's values concerning ethics and social issues. It states those values or behaviors that are expected and those that are not tolerated.
Difficulty: 1 Easy
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Remember
AACSB: Ethics
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114) A code of ethics that _____ is classified as a principle-based statement.
A) communicates selection methods
B) affirms equal opportunities
C) defines conflicts of interest
D) outlines ethical tolerances
E) defines fundamental values

Answer: E
Explanation: Principle-based statements are designed to affect corporate culture, define fundamental values, and contain general language about company responsibilities, quality of products, and treatment of employees. Policy-based statements generally outline the procedures to be used in specific ethical situations.
Difficulty: 1 Easy
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
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115) A(n) _____ code of ethics generally outlines the procedures to be used in specific ethical situations.
A) operational
B) tactical
C) policy-based
D) credo-based
E) principle-based

Answer: C
Explanation: Policy-based statements generally outline the procedures to be used in specific ethical situations. Principle-based statements are designed to affect corporate culture, define fundamental values, and contain general language about company responsibilities, quality of products, and treatment of employees.
Difficulty: 1 Easy
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

116) Fostering a climate that encourages ethical behavior by the sales force requires management to do all of the following EXCEPT:
A) establish an ethics committee.
B) ensure that top management behaves ethically.
C) discipline wrongdoers.
D) formally discourage "whistle-blowing."
E) establish control systems.

Answer: D
Explanation: Encouraging an ethical climate requires managers to form ethics committees, discipline wrongdoing, establish control systems and encourage whistle-blowing. For such methods to have an impact, top management must exhibit support for high ethics.
Difficulty: 2 Medium
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
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117) According to the text, what is the single most important factor in improving the climate for ethical behavior in a sales force?
A) The actions taken by top management
B) The establishment of whistle-blowing procedures
C) Effective goal-setting programs
D) Quick disciplinary action against offenders
E) The development of ethics training seminars

Answer: A
Explanation: Studies show that it is critical for top management to guide the ethical character of an organization. Ethics training and committees are irrelevant if top managers do not exhibit and support ethical behavior from employees.
Difficulty: 2 Medium
Topic: Ethics in Business and Sales
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

118) An ethics committee is typically:
A) composed of employees from all functional areas and managerial levels.
B) a nonessential organization in multinational corporations.
C) assigned the task of writing employee handbooks.
D) responsible for disciplining wrongdoers.
E) charged with eliminating ethical dilemmas.

Answer: D
Explanation: An ethics committee is a group of executives appointed to oversee company ethics. The committee provides rulings on questionable ethical issues. The ethics committee assumes responsibility for disciplining wrongdoers. This responsibility is essential if the organization is to directly influence employee behavior.
Difficulty: 2 Medium
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
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119) An ethics ombudsperson:
A) interacts with the organizational stakeholders on a daily basis.
B) writes the company's code of ethics.
C) is also called a whistle-blower.
D) handles all negative publicity for an organization.
E) is an official who assumes the role of corporate conscience.

Answer: E
Explanation: An ethics ombudsperson is an official given the responsibility of corporate conscience that hears and investigates ethics complaints and informs top management of potential ethics issues.
Difficulty: 2 Medium
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

120) All employees who observe or become aware of criminal practices or unethical behavior should be encouraged to report the incident to their superiors, to a higher level of management, or to an appropriate unit of the organization. This reporting process is called:
A) reciprocating.
B) tattling.
C) intelligence gathering.
D) whistle-blowing.
E) fact-finding.

Answer: D
Explanation: Employee disclosure of illegal, immoral, or illegitimate practices on the employer's part is called whistle-blowing. Companies can provide a mechanism for whistleblowing as a matter of policy.
Difficulty: 2 Medium
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Understand
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121) Jason Montgomery, a hospital administrator in Montana, lodged a complaint against the hospital owners when he was asked to keep two sets of accounting records so that the hospital could reduce its tax liability. Montgomery was engaged in:
A) reciprocity.
B) preconventional moral development.
C) whistle-blowing.
D) consensual reporting.
E) ethical declarations of wrongdoing.

Answer: C
Explanation: Employee disclosure of illegal, immoral, or illegitimate practices on the employer's part is called whistle-blowing. Montgomery was asked to participate in a potentially unethical accounting practice, so he reported the practice to authorities, which made him a whistle-blower.
Difficulty: 2 Medium
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

122) Harold Williams was the Managing Director of Web Power, which was being merged with another company. He raised concerns that false invoices were being used to support the merger proposal. He was dismissed from the company unfairly for indulging in:
A) breach of trust.
B) intelligence gathering.
C) tattling.
D) whistle-blowing.
E) fact-finding.

Answer: D
Explanation: Employee disclosure of illegal, immoral, or illegitimate practices on the employer's part is called whistle-blowing. Employees who observe or become aware of criminal practices or unethical behavior should be encouraged to report the incident to their superiors, but in this case, Harold was unfairly dismissed.
Difficulty: 2 Medium
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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123) Which term refers to the adherence to a strict ethical and moral code?
A) humility
B) courage
C) sincerity
D) honesty
E) integrity

Answer: E
Explanation: Integrity means to stand by a strict moral and ethical code of conduct at all times. People with integrity may also be humble, courageous, sincere, and honest, but none of these adjectives are directly linked to strong moral values.
Difficulty: 1 Easy
Topic: Ethics in Business and Sales
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

124) According to the text, modern corporations seek salespeople with all of the following characteristics EXCEPT:
A) character
B) integrity
C) synergy
D) values
E) trust

Answer: C
Explanation: Salespeople with integrity, trustworthiness, character, and values are sought after and needed in today's business world. Being able to work well with others is important in sales but less desirable than the other four components.
Difficulty: 1 Easy
Topic: Ethics in Business and Sales
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

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125) Which of the following is the underlying focus of the Core Principles of Professional Selling?
A) Respecting the dignity of individuals
B) Showing fairness with competitors
C) Being conscientious at all times
D) Showing trustworthiness
E) Recognizing good deeds

Answer: A
Explanation: Respect for the dignity of the individual is at the heart of the universal moral code referred to as "the Core Principles of Professional Selling" by most people of the world. Salespeople with integrity, trustworthiness, character, and values are considered Professional Salespeople and are sought after and needed in today's business world.
Difficulty: 2 Medium
Topic: Core Principles of Professional Selling
Learning Objective: 02-05 Write a short essay on the components of the Core Principles of Professional Selling and how it relates to sales ethics.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

126) Which of the following is legal according to the Robinson-Patman Act of 1936?
A) Whistle-blowing
B) Exclusive dealerships
C) Reciprocity
D) Quantity discounts
E) Tie-in sales

Answer: D
Explanation: Some customers may receive price reductions, promotional allowances, and support while others do not, even though, under certain circumstances, this violates the Robinson-Patman Act of 1936. The act allows sellers to grant what are called quantity discounts to larger buyers based on savings in manufacturing costs.
Difficulty: 1 Easy
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

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127) What factors shape a person's belief system?

Answer: Personality, religious background, family upbringing, personal experiences, and the situation faced are examples of factors shaping our core belief system.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

128) What are some common ethical situations that occur between salespeople and customers? What control systems can an employer implement to create an ethical sales climate?

Answer: Some common problems sales personnel face include bribes, misrepresentation, price discrimination, tie-in sales, exclusive dealership, reciprocity, and sales restrictions. Control systems must be established to determine whether salespeople give bribes, falsify reports, or pad expenses. Dismissal, demotion, suspension, reprimand, and withholding of sales commissions would be possible penalties for unethical sales practices.
Difficulty: 3 Hard
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Analyze
AACSB: Ethics
Accessibility: Keyboard Navigation

129) What steps can a company take to ensure that it maintains an ethical environment?

Answer: Managers must take active steps to ensure that the company stays on ethical ground. Management methods for helping organizations be more responsive include (1) top management taking the lead, (2) carefully selecting leaders, (3) establishing and following a code of ethics, (4) creating ethical structures, (5) formally encouraging whistle-blowing, (6) creating an ethical sales climate, and (7) establishing control systems.
Difficulty: 3 Hard
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

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130) List the three levels of moral development. At what level do most salespeople operate?

Answer: The three levels of moral development are (1) preconventional, (2) conventional, and (3) principled. The majority of sales personnel operate at the conventional level.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

131) From the perspective of the world's religions, define the professionalism. What are the Core Principles of Professional Selling?

Answer: From a religions perspective, it is important to understand that professionalism does not involve reciprocity. The Core Principles of Professional Selling require people who are at the principled moral development level to have caring attitudes and recognize the rights of others and to act based on personal, independently defined principles of justice and values and not to act on the basis of how others treat them.
Difficulty: 3 Hard
Topic: Are there Any Ethical Guidelines?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

132) If the concept of ethics is so easy to understand, why do ethical dilemmas occur so frequently?

Answer: Ethics set standards as to what is good or bad in conduct and decision making. Because these ethical standards are not classified, disagreements about proper behavior often occur. An ethical dilemma arises in a situation when each alternative choice or behavior has some undesirable elements due to potentially negative ethical or personal consequences. Right or wrong cannot be clearly identified.
Difficulty: 3 Hard
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

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133) Imagine you sell automobiles. Develop a statement that is clearly an example of puffery. Develop a statement that could be interpreted as misrepresentation. What conditions would make this assignment easier?

Answer: Puffery is probably most easily defined as an opinion. Students should provide something similar to the following for their examples of puffery: "I think you look great sitting in the driver's seat." "I wish I could buy this car." "I think this car looks hot." A misrepresentation occurs when a salesperson makes claims or promises of a factual nature regarding a product's inherent capabilities. Examples should be similar to the following: "You can depend on this car for the next 20 years." "You don't have to worry about maintenance with a well-made car like this one." "Don't worry about that oil on the pavement. All cars leak some." This assignment would be easier if the student knew how knowledgeable the customer was.
Difficulty: 3 Hard
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Create
AACSB: Ethics
Accessibility: Keyboard Navigation

134) What is price discrimination? What law protects customers from price discrimination?

Answer: Price discrimination refers to selling the same quantity of the same product to different buyers at different prices. The Robinson-Patman Act protects customers from price discrimination.
Difficulty: 3 Hard
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

135) What is an ethics ombudsperson?

Answer: An ethics ombudsperson is an official given the responsibility of corporate conscience who hears and investigates ethical complaints and informs top managers of potential ethical issues.
Difficulty: 2 Medium
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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136) What are the two major influences on the ethical behavior of sales personnel?

Answer: Employees and the organization itself.
Difficulty: 2 Medium
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

137) At what level of moral development do most people operate?

Answer: The conventional level.
Difficulty: 1 Easy
Topic: What Influences Ethical Behavior?
Learning Objective: 02-01 Explain what influences ethical behavior.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

138) What complaint could be lodged against a salesperson who claimed that if you bought the mattress she was selling, you would never have any more backaches?

Answer: Misrepresentation and breach of warranty.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

139) What law protects customers from price discrimination?

Answer: The Robinson-Patman Act.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
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140) Under what condition(s) is it illegal for a manufacturer to offer a reseller an exclusive dealership?

Answer: When the exclusive dealership lessens competition.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

141) What are the two types of codes of ethics?

Answer: Principle-based statements and policy-based statements.
Difficulty: 1 Easy
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

142) What is the single most important factor in improving the climate for ethical behavior in a sales force?

Answer: The action taken by top-level managers.
Difficulty: 2 Medium
Topic: Managing Sales Ethics
Learning Objective: 02-04 Explain what is involved in managing sales ethics.
Bloom's: Understand
AACSB: Ethics
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143) California-based Innovative Installers, Inc. provides a variety of corporate services related to office space. The firm sells modular office furniture, offers space planning consultations, and provides office relocation services. The company was founded in 1992 and depended on the growth of dot.com companies for its early success. Innovative Installers has experienced cash flow problems during the recent economic recession, and top managers are eager for salespeople to obtain new accounts. Mierzett Evans and Glenda Heldris are two of Innovative Installers' salespeople.

Evan's income is based on commissions at Innovative Installers, and his income has declined in recent months. As a result, Evans has taken an additional job renting apartments. Although Evans mostly works on weekends, he sometimes shows apartments to clients during the week when he works for Innovative Installers. Which of the following best describes Evans's actions?
A) Misusing company assets
B) Accepting bribes
C) Misrepresentation
D) Sales puffery
E) Moonlighting

Answer: E
Explanation: Moonlighting occurs when a salesperson takes a second job or attends college classes during company time. It is often easy for salespeople to moonlight because they are not closely supervised; however, moonlighting is unethical.
Difficulty: 2 Medium
Topic: Salespeople's Ethics in Dealing with Their Employers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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Evans tells a potential client that Innovative Installers offers the most modern and stylish office furniture available on the market. Evans is most likely guilty of:
A) reciprocity.
B) profiteering.
C) sales puffery.
D) breach of warranty.
E) misrepresentation.

Answer: C
Explanation: When a salesperson describes a product in glowing terms, it is viewed by the courts as sales puffery and opinion, which should not be taken at face value. If Evans had made a claim or promise of a factual nature, then misrepresentation could be proved.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
AACSB: Ethics
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Glenda is meeting with an Office Pro store manager. Office Pro is interested in purchasing a line of Innovative Installers' desks to sell in the Office Pro retail stores. Glenda tells the Office Pro manager that she has a limited supply of the desks; however, she can obtain more desks if Office Pro also purchases desk chairs. Glenda is most likely guilty of:
A) establishing unfair sales restrictions.
B) practicing price discrimination.
C) setting an exclusive dealership.
D) encouraging a tie-in sale.
E) requiring reciprocity.

Answer: D
Explanation: A tie-in sale requires a buyer to purchase unwanted products, such as chairs, in order to purchase desired products, such as desks. Tie-in sales are prohibited under the Clayton Act.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
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Managerial concern about the solvency of Innovative Installers has led to excessive pressure on salespeople to sell unneeded services to customers. The issue of whether the company should be more concerned about maintaining its existence or providing the best possible service to its customers produces a(n):
A) social impasse.
B) discretionary responsibility.
C) ethical dilemma.
D) policy-based moral development.
E) sales dilemma.

Answer: C
Explanation: An ethical dilemma arises in a situation when each alternative choice or behavior has some undesirable elements due to potentially negative ethical or personal consequences. Salespeople want to boost sales for the firm but also need to be ethical with their customers.
Difficulty: 1 Easy
Topic: Management's Ethical Responsibilities
Learning Objective: 02-02 Define management's ethical responsibilities.
Bloom's: Remember
AACSB: Ethics
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After Glenda promises a potential customer that a new office arrangement will increase productivity by 50%, the customer signs a contract with Innovative Installers for the furniture and service. However, Glenda made this assertion without any valid data as support. Glenda could possibly be guilty of:
A) misrepresentation.
B) bribery.
C) reciprocity.
D) exclusive dealership.
E) sales restrictions.

Answer: A
Explanation: When a customer relies on a salesperson's statements, purchases the product or service, and then finds that it fails to perform as promised, the supplier can be sued for misrepresentation. Glenda could be guilty of misrepresentation for her assertions.
Difficulty: 2 Medium
Topic: Ethics in Dealing with Customers
Learning Objective: 02-03 Discuss ethical dealings among salespeople; employers; and customers.
Bloom's: Understand
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