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True / False

1. Business ethics is not more complicated than personal ethics.
   a. True
   b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

2. Ethics is concerned with the fairness or justness of an action.

   a. True
   b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Legal
KEYWORDS: Bloom's: Knowledge

3. Adhering strictly to all business laws is all that is necessary to fulfill all business ethics obligations.
   a. True
   b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

4. Business ethics focuses on ethical behavior in the business world.
   a. True
   b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics

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LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Risk Analysis
KEYWORDS: Bloom's: Knowledge

5. Ethics is less certain than law.
a. True
b. False
ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Risk Analysis
KEYWORDS: Bloom's: Knowledge

6. Compliance with the law does *not* necessarily fulfill all ethical obligations.
a. True
b. False
ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

7. Focusing on a firm's short-term profits without considering the company’s long-term needs may be acting unethically.
a. True
b. False
ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

8. The legality of an action is always clear.
a. True
b. False
ANSWER: False
POINTS: 1

DIFFICULTY: Easy
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG - Analytic - Business knowledge and analytic skills
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

9. To be a "good citizen," when making decisions a business should not evaluate the public relations impact.
   a. True
   b. False
ANSWER: False
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

10. Ethics can be highly subjective and subject change over time.
   a. True
   b. False
ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

11. Acting in good faith gives a business firm a better chance of defending its actions in court.
   a. True
   b. False
ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Legal
KEYWORDS: Bloom's: Knowledge

12. An ethical code of conduct typically outlines a company’s policies.
   a. True
   b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

13. There is no debate that employees have an absolute right to free expression to make negative posts in social media about other employees and managers.
    a. True
    b. False
ANSWER: False
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics and Social Media
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Risk Analysis
KEYWORDS: Bloom's: Knowledge

14. Many companies have provided guidelines about what is appropriate when making posts on social media accounts.
    a. True
    b. False
ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics and Social Media
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

15. No one believes that judging a job candidate based on what he or she does outside the work environment is ethical.
    a. True
    b. False
ANSWER: False
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics and Social Media
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

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16. A company can broadly prohibit its employees from criticizing the company via social media.

a. True

b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Business Ethics and Social Media
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

17. Ethical reasoning is the process through which an individual links his or her moral convictions or ethical standards to the particular situation at hand.

a. True

b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Risk Analysis
KEYWORDS: Bloom's: Knowledge

18. Duty-based ethical standards often come from religious precepts or through philosophical reasoning.

a. True

b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

19. According to German philosopher Immanuel Kant, individuals should evaluate their actions in light of the consequences that would follow if they were the only members of society that acted in that way.

a. True

b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2

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NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

20. Absolute mandates such as the commandment “Thou shalt not steal” can be justifiably broken if there is a benevolent motive.

a. True
b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

21. The categorical imperative cannot be applied to many business actions.

a. True
b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

22. In ethical terms, a cost-benefit analysis is an assessment of the negative and positive effects of alternative actions on individuals.

a. True
b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

23. According to utilitarianism, it matters how many people suffer a negative effect from an act.

a. True
b. False

ANSWER: True

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POINTS: 1
DIFFICULTY: Easy
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Ethics
KEYWORDS: Bloom's: Knowledge

24. According to utilitarianism, an action that affects the majority adversely is morally wrong.
a. True
b. False
ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Comprehension

25. Corporations can be good citizens by promoting goals that society deems worthwhile.
a. True
b. False
ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Risk Analysis
KEYWORDS: Bloom's: Knowledge

26. Corporations can be perceived as owing ethical duties to groups other than their shareholders.
a. True
b. False
ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Risk Analysis
KEYWORDS: Bloom's: Knowledge

27. If the interests of different stakeholders conflict, it can be difficult to determine which group’s interest should receive greater weight.

a. True
b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - AACSB Diversity
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

28. A business firm's profits may suffer if the firm is not a “good corporate citizen.”
a. True
b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

29. Managers should apply the same ethical standards to themselves and to their employees.
a. True
b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Making Ethical Business Decisions
LEARNING OBJECTIVES: LO - 3
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

30. An ethics program can clarify what a company considers to be unacceptable conduct.
a. True
b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Making Ethical Business Decisions
LEARNING OBJECTIVES: LO - 3
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Risk Analysis
KEYWORDS: Bloom's: Knowledge

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31. The effectiveness of a company's code of ethics is determined by the commitment of the company leadership to enforcing the code.

a. True

b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Making Ethical Business Decisions
LEARNING OBJECTIVES: LO - 3
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

32. Some companies set up confidential systems for employees to "raise red flags" about suspected unethical practices.

a. True

b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Making Ethical Business Decisions
LEARNING OBJECTIVES: LO - 3
NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Risk Analysis
KEYWORDS: Bloom's: Knowledge

33. Setting realistic workplace goals can increase the probability that employees will act unethically.

a. True

b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Making Ethical Business Decisions
LEARNING OBJECTIVES: LO - 3
NATIONAL STANDARDS: United States - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

34. Management's behavior sets the ethical tone of a firm.

a. True

b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Making Ethical Business Decisions
LEARNING OBJECTIVES: LO - 3

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NATIONAL STANDARDS: United States - BUSPROG: Ethics
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

35. Bribery of foreign government officials is both an ethical *and* a legal issue.
    a. True
    b. False
ANSWER: True
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Global Business Ethics
LEARNING OBJECTIVES: LO - 5
NATIONAL STANDARDS: United States - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Knowledge

Multiple Choice

36. Any decision by the management of Fast-Food Franchise Corporation may significantly affect its
    a. operators only.
    b. operators, owners, suppliers, the community, or society as a whole.
    c. owners only.
    d. suppliers, the community, or society as a whole only.
ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Comprehension

37. Lia works for Media Marketing Company. Her job includes putting “spin” on the firm’s successes and failures. In this context, ethics consist of
    a. “bad” versus “good” publicity.
    b. questions of rightness and wrongness.
    c. the firm’s quarterly revenue.
    d. whatever is legal.
ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

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38. John is sales manager for Kleen ‘N Brite Products, Inc. Compared to John’s personal activities, his business activities most likely involve

a. more complex ethical issues.

b. no ethical issues.

c. simpler ethical issues.

d. the same ethical issues.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

39. Mary works in the public relations department of New Trends Sales Company. Her job includes portraying New Trends’s activities in their best light. In this context, ethics consist of

a. a different set of principles from those that apply to other activities.

b. the same moral principles that apply to non-business activities.

c. those principles that produce the most favorable financial outcome.

d. whatever saves New Trends’s “face.”

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

40. Flexo Trucking Company transports hazardous waste. Garn is a Flexo driver, whom the company knows drives longer hours than federal regulations permit. One night, Garn exceeds the limit and has an accident. Spilled chemicals contaminate Hill City’s water source, forcing the residents to move away. Flexo acted unethically because

a. Flexo showed reckless disregard for Hill City’s residents and others.

b. Garn exceeded the federal time limit.

c. harm was caused by an unfortunate accident.

d. Hill City should have better protected its water source.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Risk Analysis
KEYWORDS: Bloom's: Application

41. In studying the legal environment of business, Professor Dooley's students also review ethics in a business context. Ethics includes the study of what constitutes

a. fair or just behavior.

b. financially rewarding behavior.

c. legal behavior.

d. religious behavior.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

42. Peak & Vale Accountants provides other firms with accounting services. Questions of what is ethical involve the extent to which Peak & Vale has

a. a legal duty beyond those duties mandated by ethics.

b. an ethical duty beyond those duties mandated by law.

c. any duty beyond those mandated by both ethics and the law.

d. any duty when it is uncertain whether a legal duty exists.

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

43. According to the view that New Allied Manufacturing Corporation is a "citizen," New Allied is expected to

a. participate in bettering communities and society.

b. primarily generate revenue for its owners.

c. have no responsibility other than profit maximization.

d. efficiently allocate scarce resources.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Legal
KEYWORDS: Bloom's: Application

44. Destiny and Eduardo, investors in Competitive Acquisitions Corporation, are dissatisfied with the profit-maximization theory of corporate objectives. These investors and others who look beyond profits and dividends may consider the triple bottom line, which does *not* include a corporation's

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a. impact on people.
b. profits.
c. impact on the planet.
d. congressional lobbying activities.

ANSWER: d
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

45. David, the chief accounting officer of Tension Fencing Corporation, wants to be sure that all the company's accounts are legal and ethical. Sometimes, however, he is unsure exactly what is legal and what is illegal. David should
a. not worry about what is legal or illegal as long as the corporate executives benefit in the short run.
b. try his best to not do anything illegal and keep documentation showing that he always acts in good faith.
c. not worry about what is legal or illegal as long as it benefits the shareholders.
d. not worry about what is legal or illegal as long as it benefits the chief executive of the corporation.

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Legal
KEYWORDS: Bloom's: Application

46. Eden, the chief executive officer of Flo-Thru Piping Corporation, wants to en-sure that Flo-Thru's activities are legal and ethical. The best course for Eden and Flo-Thru is to act in
a. good faith.
b. ignorance of the law.
c. regard for the firm's shareholders only.
d. their own self interest.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

47. With respect to the potential for Great American Discount Stores, Inc., and any other major corporation to suffer damage to its reputation or loss of profits through negative publicity, the Internet has
a. increased the potential.

b. decreased the potential.

c. had no impact.

d. allowed a company to keep negative information or opinions hidden.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

48. PriceLess Retail Corporation specifies that its employees should not use social media to damage the company, harm another person's reputation, or violate company policies. An employee who violates these rules may be subject to discipline and could be fired. According to the National Labor Relations Board, this social media policy

a. violates federal labor law.

b. is too lenient toward employees.

c. is too stringent toward management.

d. is necessary to prevent inaccurate statements from being spread across the Internet.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Business Ethics and Social Media
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

49. Ridgeline Excavation & Construction, LLC, creates an internal code of ethics. Like the codes of other firms, Ridgeline's company code is *not*

a. law.

b. a set of rules that the company can enforce.

c. an outline of the company's policies.

d. a guide for decision makers facing ethical questions.

ANSWER: a
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: Business Ethics
LEARNING OBJECTIVES: LO - 1
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

50. In business deals, Fiona, the chief executive officer of Snacks n' Bites, Inc., follows duty-based ethical standards. These are most likely derived from

a. a corporate ethics code.

b. a cost-benefit analysis.
c. philosophical reasoning.
d. the law.

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

51. Lyle, vice-president of sales for Mi-T Electric, Inc., adheres to Judeo-Christian re-lig-ious ethical standards. With respect to their application, these standards are

a. absolute.
b. analytical.
c. discretionary.
d. utilitarian.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

52. Julia, the head executive of Fine Woolen Sweaters, Inc., is a committed Christian who strongly adheres to the Ten Commandments. One of Julia's employees is found to be stealing sweaters and giving them to a local homeless shelter. Julia is likely to

a. punish the employee for stealing even though the employee's motive was benevolent.
b. view the employee's actions as justified because the employee was clothing the poor.
c. contribute more sweaters to the homeless shelter.
d. gently reprimand the employee without suggesting that the employee's actions were unethical.

ANSWER: a
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

53. Carrie Ann works at Paper Products, Inc. She considers taking home a few sheets of stationery so she can write letters to her ailing grandmother. Since Paper Products produces thousands of sheets of stationery every day no one will miss the few sheets she takes and company profits will not be affected. Carrie Ann then considers what would happen if every employee took some stationery home and decides not to take any. Carrie Ann is being influenced by

a. the categorical imperative.
b. the principle of rights.
c. a cost-benefit analysis.
d. outcome-based ethics.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

54. In making business decisions, Glenda, personnel manager for HVAC Maintenance, Inc., applies her belief that all persons have fundamental rights. This is
a. a religious rule.
b. the categorical imperative.
c. the principle of rights.
d. utilitarianism.

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Risk Analysis
KEYWORDS: Bloom's: Application

55. Ryan, the owner of SuperMart Stores, Inc., adheres to the “principle of rights” theory. Under this theory, a key factor in determining whether a business decision is ethical is how that decision affects
a. the right determination under a cost-benefit analysis.
b. the rights of others.
c. the “right”thing to do.
d. the right to make a profit.

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

56. In making decisions for Smartt Investments, Rita uses a cost-benefit analysis. This is a part of
a. duty-based ethics.
b. Kantian ethics.

c. rights-based ethics.

d. utilitarian ethics.

ANSWER: d
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

57. Hailey, a lawyer on the staff of International Group, always considers the consequences of an action rather than the nature of the action itself when making ethical decisions in a business context. Hailey is applying

a. the utilitarian theory of ethics in business contexts.

b. religious beliefs in business contexts.

c. Kantian ethics in business contexts.

d. the principle of rights theory of ethics in business contexts.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

58. Bob, research manager for CornAgri Products, Inc., applies utilitarian ethics to determine that an action is morally correct when it produces the greatest good for

a. Bob.

b. CornAgri.

c. the fewest people.

d. the most people.

ANSWER: d
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

59. In deciding questions of corporate social responsibility, Valley Disposal & Recycling, Inc., is concerned with

a. how the corporation can best fulfill any ethical duty to society.

b. the effect on corporate profits of ignoring any ethical duty to society.

c. whether the corporation owes any ethical duty to society.

d. all of the choices.

ANSWER: d
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

60. MeatMen, Inc. spends a great deal of money and effort to ensure that all employees are safe on the job, that all products are safe for consumers, and that the environmental impact of the corporation is minimal. MeatMen appears to strongly believe in the concept of

a. the moral minimum.
b. corporate social responsibility.
c. “grey areas” in the law.
d. government oversight.

ANSWER: b
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

61. Applied Business Corporation makes and markets its products nationwide. Under the stakeholder approach, to be considered socially responsible when making a business decision, Applied must take into account the needs of

a. its consumers, the community, and society only.
b. its employees and owners only.
c. its employees, owners, consumers, the community, and society.
d. no one.

ANSWER: c
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Risk Analysis
KEYWORDS: Bloom's: Application

62. A common ethical dilemma faced by the management of Spencer Hydraulics Corporation involves the effect that its decision will have on

a. one group as opposed to another.
b. the firm's competitors.
c. the government.
d. the U.S. Chamber of Commerce.

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ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Approaches to Ethical Reasoning
LEARNING OBJECTIVES: LO - 2
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

63. At a meeting of employees, Fuel Injection Design & Manufacturing, Inc.'s managers announce the creation of a new company-wide code of ethical conduct and the initiation of an ad campaign to publicize the new code. They also say that any employees who do not adhere to the code will be discharged. The effectiveness of this code will be determined by

a. the commitment of company leadership to enforcing the code.
b. the extent to which the employees comply with the code.
c. a marketing campaign posted online to tout the firm's ethical tone.
d. management directing employees to "do as we say, not as we do."

ANSWER: a
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: Making Ethical Business Decisions
LEARNING OBJECTIVES: LO - 3
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

64. Precision Engineering Inc., like other corporations, is subject to laws that are broad in their purpose and their scope. Compliance with these laws is not always sufficient to determine "right" behavior because

a. the law does not codify all ethical requirements.
b. company codes are also sources of law.
c. business decisions can have negative impacts.
d. ethical problems occur in business.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Making Ethical Business Decisions
LEARNING OBJECTIVES: LO - 3
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

65. Ergonomic Corporation convenes its employees for its managers to announce (1) a new company-wide ethical code of conduct, (2) an ad campaign to publicize the new code, and (3) the discharge of employees who do not adhere to the code. One of the most effective ways to set a tone of ethical behavior within a business organization is

a. to create an ethical code of conduct.
b. to discharge employees who create the appearance of impropriety.
c. to post a marketing campaign online touting the firm's ethical tone.
d. for management to direct employees to "do as we say,not as we do."

ANSWER: a
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: Making Ethical Business Decisions
LEARNING OBJECTIVES: LO - 4
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

66. Straitway Company encourages its managers to behave ethically, reasoning that the employees will take their cues from management. One of the most important ways to create and maintain an ethical behavior workplace is for management to

a. demonstrate a commitment to ethical decision making.
b. discreetly engage in unethical or illegal acts.
c. look the other way when an employee engages in an unethical act.
d. direct employees to “do as we say,not as we do.”

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Making Ethical Business Decisions
LEARNING OBJECTIVES: LO - 4
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

67. Richard suspects his supervisor of unethical accounting practices. However, he does not want to lose his job if he reports the supervisor and the supervisor finds out who reported him. An important feature of online reporting systems like NAVEX Global is

a. the employee reporting the unethical behavior can do so anonymously.
b. the employee reporting the unethical behavior is financially compensated if he loses his job as a result of the report.
c. the employee reporting the unethical behavior must give his full name when making the report.
d. the employee reporting the unethical behavior must have another employee supporting him.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Making Ethical Business Decisions
LEARNING OBJECTIVES: LO - 4
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

68. Margaret is the top manager of Pecans, Inc. She sets strict ethical standards for all employees. Margaret, however, often takes some of the company’s best nuts and sells them from her house. The ethical tone at Pecans, Inc. is

a. likely to be good because Margaret has set such strict standards for her employees.
b. not likely to be good because although Margaret sets strict ethical standards for the other employees, she does not follow them.

c. not related to either Margaret's ethical standards or her own unethical behavior.

d. not likely to be good because employees tend to resent strict ethical standards.

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Making Ethical Business Decisions
LEARNING OBJECTIVES: LO - 4
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Decision Modeling
KEYWORDS: Bloom's: Application

69. Ethical standards would most likely be considered violated if Team Logos Merchandising Corporation deals with a company in a developing nation that

a. agrees to produce goods at Team Logos's desired price.

b. goes unnoticed by "corporate watch" groups.

c. routinely violates labor and environmental standards.

d. pays its workers less than the U.S. minimum wage.

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Global Business Ethics
LEARNING OBJECTIVES: LO - 5
NATIONAL STANDARDS: United States - BUSPROG: ReflectiveReflective - BUSPROG: Reflective
LOCAL STANDARDS: United States - OH - Default City - AICPA Critical Thinking
KEYWORDS: Bloom's: Application

70. To assist in detecting illegal bribes, International Civil Engineers, Inc., and all other U.S. companies must

a. conceal financial records that reveal past bribes.

b. keep records that "accurately and fairly" reflect their financial activities

c. make bribes through third parties rather than directly to officials.

d. permit payments to foreign officials that are unlawful in that country.

ANSWER: b
POINTS: 1
DIFFICULTY: Challenging
REFERENCES: Global Business Ethics
LEARNING OBJECTIVES: LO - 5
NATIONAL STANDARDS: United States - BUSPROG: Reflective Thinking: Re - BUSPROG: Reflective Thinking
LOCAL STANDARDS: United States - OH - Default City - AICPA Legal
KEYWORDS: Bloom's: Application

Essay

71. Olaf, an executive with Pharma Product Distribution, Inc., has to decide whether to market a product that might have undesirable side effects for a small percentage of users. How should Olaf decide whether to sell the product? How does the standard of ethics that is applied affect this answer?

ANSWER: When a corporate executive has to decide whether to market a product that might have undesirable side effects for a small percentage of users but that would be beneficial for most

users, the decision turns on the benefit to the many versus the harm to the few. Of course, all possible precautions should be taken to protect the few. A more specific answer depends on which system of ethics is applied.
From a religious duty-based perspective, the answer might be absolute: do not sell the product because some would be harmed, sell the product only to those who would not be harmed, or sell the product with clear warnings of the possible harm. Similar conclusions might be reached through a philosophical, "categorical imperative," duty-based approach, which would consider the result if every corporation chose to sell the product. A principle-of-rights duty-based approach might likewise come to the same conclusions, reasoning that all persons have a right to life, for example, and that the corporation has an ethical duty to respect that right and act accordingly. From a utilitarian perspective, under a cost-benefit analysis, if the product were sold, it could benefit the greatest number of persons—future and current employees, as well as shareholders, and most consumers. If there was "bad" publicity, and it was adverse enough to reduce sales, however, more persons could benefit from the decision not to market the product. Under any of the different corporate social responsibility theories, the decision whether to market the product would acknowledge the firm's duty to act ethically and be accountable to society. There might be a balancing of the interests of competing stakeholder groups or a shouldering of the responsibility to behave in a socially beneficial way as a good corporate citizen. Of course, the firm would likely have to accept any legal liability that would arise from its sale of the product.
To apply any of these approaches, the executive might evaluate the situation according to the six guidelines for making ethical business decision. Is the action legal? Is it in line with the company's rules? If so, is it in accord with the "spirit" of the law, those policies, and one's conscience? Could it withstand the glare of publicity and satisfy promises made to others? It seems probable that sales of the product would violate the company's rules—at the least because in the long run the sales could negatively impact corporate profits when some are harmed by the product's use—and that, thus, the sales could not withstand publicity, promises to others, or any individual's conscience. Under the five-step procedure to review the ethical conflicts, the first step is to specify the facts, the problem, and the ethical principles at issue. The second step is to discuss potential actions and their effects. The third step is to come to a consensus as to what to do. This consensus should withstand moral scrutiny (the fourth step) and fulfill corporate, community, and individual values (the fifth step). It seems unlikely that a proposed sale of the product would survive the fourth step, under either a duty-based or an outcome-based ethical standard.

POINTS: 1

DIFFICULTY: Challenging

REFERENCES: Approaches to Ethical Reasoning
Business Ethics
Making Ethical Business Decisions

LEARNING OBJECTIVES: LO - 1
LO - 2
LO - 3
LO - 4

NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Ethics

KEYWORDS: Bloom's: Application

72. Recreation & Sports Equipment Corporation sells a product that is capable of seriously injuring consumers who misuse it in a foreseeable way. Does the firm owe an ethical duty to take this product off the market? What conflicts might arise if the firm stops selling this product?

ANSWER: Ethical behavior can sometimes generate sufficient good will to warrant practicing it out of a desire for increased profits. By the same token, unethical behavior can sometimes generate enough bad publicity to warrant avoiding it out of the same desire. A business firm's activities that are perceived as ethical and receive wide publicity can benefit the firm's

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owners in the short run-and even in the long run if the firm's enhanced public image continues to attract more consumers to its products. There is nothing unethical about making a profit. It is the behavior that generates the profit that can be questionable. Business ethics thus has a practical element. A business firm should act in its best interest. A firm interested in profits should also be interested in the public's opinion. Of course, it is not a company's fault when consumers misuse its product. If continuing to sell a product is not a strict violation of the law, stopping its sale would likely reduce profits. This could impact the firm's owners, employees, and others. But suspending sales could reduce injuries, and it could lead to increased profits from the sales of other products, if the suspension stops negative publicity. When a business entity decides to respond to what it sees as a moral or ethical obligation by removing a product from the market, an ethical conflict is raised between the firm and its employees and between the firm and its shareholders. This conflict arises directly out of the impact that the decision has on the firm's profits. If meeting this perceived obligation increases the firm's profitability, then all parties "win" and the dilemma would be easily resolved in favor of "doing the right thing."

POINTS: 1

DIFFICULTY: Challenging

REFERENCES: Approaches to Ethical Reasoning
Business Ethics
Making Ethical Business Decisions

LEARNING OBJECTIVES: LO - 1
LO - 2
LO - 3
LO - 4

NATIONAL STANDARDS: United States - AICPA: BB-Critical Thinking
United States - BUSPROG: Ethics

KEYWORDS: Bloom's: Application

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