Foundations of Business 5th edition Pride Test Bank

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Chapter 02 Being Ethical and Socially Responsible

ESSAY

1. Define business ethics.

Graders Info :

Ethics is the study of right and wrong and of the morality of the choices individuals make. Business ethics, more specifically defined, is the application of moral standards to business situations.

2. Why are fairness and honesty in business important ethical concerns? Give examples.

Graders Info :

Fairness and honesty in business are considered as two important ethical concerns. In addition to obeying all laws and regulations, businesspeople are expected to refrain from knowingly deceiving, misrepresenting, or intimidating others. The PricewaterhouseCoopers LLP and Anderson's Ark and Associates cases prove that the lack of fairness and honesty also is an expensive proposition.

3. What are the major ethical issues businesspeople face?

Graders Info :

Challenges to being fair and honest, temptations of placing personal welfare above the welfare of the organization, and conflicts of interest are among common ethical issues that businesspeople may regularly face. Business communications, especially advertising, can also present ethical questions for employees within organizations.

4. What are the three major sets of factors believed to affect ethical behavior in an organization?

Graders Info :

Individual factors such as individual knowledge of issues, personal values, and personal goals influence the level of ethical behavior in an organization. Social factors such as cultural norms, actions and decisions of co-workers, significant others, and the use of the Internet affect ethical behavior. Also, the amount of freedom an organization gives an employee to behave unethically affects ethical behavior in an organization.

5. What are some of the social factors that affect ethical decisions?

Graders Info :

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Cultural norms is an important factor in considering ethical decision making. The actions and decisions of co-workers impact other employees' sense of business ethics. Significant others--spouses, friends, and relatives--also can affect an employee's perception of ethical and unethical decisions in the workplace. Also, the use of the Internet by employees in a business setting is also an important social factor that affects ethical decision making.

6. How can the government encourage ethical behavior? Give an example.

Graders Info :

The government encourages ethical behavior by legislating regulations. One of the important landmark regulations that the government has created is the Sarbanes-Oxley Act of 2002 which deals with corporate responsibility, conflicts of interest, and corporate accountability.

7. Define a code of ethics. Do codes cover every business situation?

Graders Info :

A code of ethics is a written guide to acceptable and ethical behavior in an organization. A code outlines uniform policies, standards, and punishments for violations. A code of ethics cannot possibly cover every situation that might arise in an organization. An environment in which employees recognize the importance of complying with the written code must also be in place.

8. What might be the personal and social consequences of whistle-blowing within one's own firm?

Graders Info :

Whistle-blowing, the practice of informing the press or government officials about unethical practices within one's organization, could impact the employee who blew the whistle through loss of his or her job even though the Sarbanes-Oxley Act of 2002 protects whistle-blowers who report corporate misconduct. Retaliation by executives is a criminal offense but, nevertheless, retaliation does occur.

9. What are a few examples of companies acting socially responsible?

Graders Info :

Student answers will vary. Some possible answers include Walmart's donation of $20 million in cash, 100 truckloads of free merchandise, and food for 100,000 meals after Hurricane Katrina, General Mills' foundation that awards millions of dollars in grants to community organizations, and Dell's foundation that supports a wide range of programs that benefit children in Dell's principal U.S. locations.

10. Define the doctrine of *caveat emptor*.

Graders Info :

Caveat emptor is a Latin phrase meaning "let the buyer beware." During the early 1900s, business acted primarily without oversight by government regulation and consumers were left to their own devices to determine if a product or service was what was expected and what was portrayed.

11. How does the economic model of social responsibility differ from the socioeconomic model of social responsibility?

Graders Info :

The economic model of social responsibility ascribes that society benefits most when business is left alone to produce and market profitable products that society needs. This contrasts sharply with the socioeconomic model of social responsibility which places emphasis not only on profits but also on the impact of business decisions on society.

12. What would proponents of the socioeconomic model argue to support their position?

Graders Info :

Since a corporation is a creation of society and is deemed a part of society, a corporation must act as a good citizen or society has the right to demand changes by that entity. Businesses have a responsibility to not only stockholders but also to customers, employees, suppliers, and the general public.

13. What would opponents of the socioeconomic model argue to support their position?

Graders Info :

Businesses are most functional and successful and of most benefit to society when left alone to produce and market profitable products and services that society needs and wants. Social responsibility is someone else's job and is not a primary responsibility of a business. A firm is legally obligated to act in the economic interest of its stockholders and successful businesses pay taxes that are used to meet the needs of society.

14. Define consumerism. How have the rights of consumers changed since 1930?

Graders Info :

Consumerism consists of all activities undertaken to protect the rights of consumers. The three primary categories of the consumer movement include environmental protection, product performance and safety, and information disclosure. Before the 1930s, workers, consumers, and government had very little influence on business activities. Consumerism since the 1930s has shown

consumers that they do have rights and can expect businesses to meet environmental, safety, as well as other expectations.

15. Explain the six basic rights of consumers.

Graders Info :

The six basic rights of consumers include the right to safety, the right to be informed, the right to choose, and the right to be heard--all rights asserted in President Kennedy's Consumer Bill of Rights. Two additional rights--the right to consumer education and the right to service--were added in 1975 and 1994 respectively.

16. What are the three major consumerism forces today?

Graders Info :

The three major consumerism forces include individual consumer advocates and organizations, consumer education programs, and consumer laws. Consumer advocates and organizations take it upon themselves to protect the rights of consumers. Consumer education programs attempt to educate consumers to make wiser purchasing decisions. Numerous consumer laws have contributed to major advances in consumerism.

17. What is an affirmative action program? Be certain to detail the objectives of such programs in your answer.

Graders Info :

An affirmative action program is a plan designed to increase the number of minority employees at all levels within a business. The object of affirmative action programs is to ensure that minorities are represented within the organization in approximately the same proportion as in the community within which the organization exists.

18. Why did Congress create the Equal Employment Opportunity Commission?

Graders Info :

Congress created the Equal Employment Opportunity Commission, a government agency with the power to investigate complaints of employment discrimination and sue firms that practice it, in order to help solve discrimination that occurs against workers that may not fall within the affirmative action category.

19. Why is pollution of concern to most citizens? Why are some businesspeople particularly concerned about pollution?

Graders Info :

Even though environmentalists have been warning society about the dangers of industrial pollution for several decades, it has only been fairly recently that citizens have witnessed that pollution can be a threat to life and health. If businesses do not think it's their civil and social responsibility to act responsibly in regard to pollution, federal agencies such as the Environmental Protection Agency will take legal action to force firms to conform to pollution standards and requirements.

20. Describe the four types of pollution. Who should pay for a clean environment?

Graders Info :

The four types of pollution include water, air, land, and noise pollution. Many business leaders advocate for tax money to be used to clean up the environment and to keep it clean. They reason behind this is that businesses are not the only polluters and, therefore, government should be involved in cleanup costs.

21. What sort of information should be included in a social audit? Who would prepare the audit? How would such a document be used?

Graders Info :

A social audit typically includes human resources, community involvement, the quality and safety of products, business practices, and efforts to reduce pollution and improve the environment. A program director often prepares a social audit for the firm. A social audit should be used to evaluate what a business is doing with regard to social issues and to revise its social responsibility program.

22. How should social responsibility programs be funded? Explain your answer.

Graders Info :

Funding may likely come from one of three sources: (1) pass the cost on to consumers in the form of higher prices; (2) absorb the cost of the program; or (3) find government funding through tax reductions or other incentives.

MULTICHOICE

23. Excellent Air Incorporated (EAI)

Excellent Air Inc. is a well-known establishment in the airline business. It is currently one of the top firms in the industry. The company prides itself on good customer service and being concerned with the broader societal good. EAI management is not only concerned with doing things right, but also with doing the right things. Many of their decisions reflect this philosophy. Initially, the company had a problem with employees reporting their suspicions about unethical behavior to the press instead of to EAI management. As a result, the company made sure its employees knew the firm's

guidelines on fixing ethical issues. EAI also developed a code of conduct based on standards that continue to be upheld within the company. Since the code of conduct has been put in place, there have been fewer ethical violations.

Although employee salaries at EAI are not as high as those at competing firms, the company experiences very low employee turnover. The firm has created a corporate culture that not only makes its employees want to stay, but that also results in higher profits. If EAI can maintain the relationship it has built with its employees and customers, it will have little difficulty keeping up its remarkable success.

Refer to Excellent Air Incorporated. The principles that EAI choose to pride itself on show that the company has

(A) a moral minority.

(B) cultural diversity.

(C) social responsibility.

(D) caveat emptor.

(E) a social audit.

Answer : (C)

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Refer to Excellent Air Incorporated. Initially, employees were not willing to go to EAI management with ethical issues but would instead report them to the press. This is an example of

(A) whistle-blowing.

(B) a social audit.

(C) poor employees.

(D) opportunity emptor.

(E) a narc.

Answer : (A)

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Refer to Excellent Air Incorporated. To fix the ethical issue problems, EAI management should have implemented all of the following guidelines for making ethical decisions *except* which one?

(A) Listen and learn.

(B) Identify the ethical issue.

(C) Create and analyze options.

(D) Create an industry benchmark.

(E) Explain your decision and resolve any differences that arise.

Answer : (D)

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Refer to Excellent Air Incorporated. Since the company created its code of conduct, employees have limited ____, or amount of freedom to perform an unethical act.

(A) time

(B) responsibility

(C) moral dilemmas

(D) unethical options

(E) opportunity

Answer : (E)

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Refer to Excellent Air Incorporated. EAI's creation of its code of conduct demonstrated its application of moral standards to business situations, which is also known as

(A) moral responsibility.

(B) social consciousness.

(C) social responsibility.

(D) moral consciousness.

(E) business ethics.

Answer : (E)

28. XYZ Coffee

Nancy is a highly respected person within her community. She is Hispanic in a largely Caucasian-populated area. Since Nancy was looking for a new job, she went to a new company in the area called XYZ Coffee, where she applied for a position. After the interview, Nancy felt confident that she would be hired because of her qualifications. However, she did not get a call back. Initially, Nancy did not think twice about it, but she felt differently when she visited the same coffee store later to purchase something for a friend. The company had hired an inexperienced Caucasian male with a history of unemployment. At this point, Nancy was quite aggravated, but she left the issue alone.

She ended up asking an associate for an espresso machine. The employee informed Nancy where the machine was located and retrieved it for her. Nancy asked if there were any other espresso machines of higher quality. When the associate said no, Nancy purchased the item and left. After she gave the gift to her friend, she noticed a much better quality espresso machine that someone else had given her. Nancy asked where they had purchased it, and they responded, "XYZ Coffee."

Refer to XYZ Coffee. Nancy is a(n) ____ within her community.

(A) outcast

(B) active member

(C) minority

(D) bad influence

(E) unethical person

Answer : (C)

29. XYZ Coffee

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Refer to XYZ Coffee. If Nancy were Caucasian and the company employees were mostly Hispanic, the way she was treated would be referred to as

(A) affirmative action.

(B) legal discrimination.

(C) simply unethical.

(D) reverse discrimination.

(E) a perfect match.

Answer : (D)

30. XYZ Coffee

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Refer to XYZ Coffee. Before he got his job, another description for the employee who was hired over Nancy would be

(A) hard-core unemployed.

(B) minority.

(C) whistle-blower.

(D) *caveat emptor.*

(E) consumerist.

Answer : (A)

31. XYZ Coffee

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Refer to XYZ Coffee. Which basic consumer right was infringed when Nancy bought the espresso machine?

(A) The right to safety

(B) The right to be heard

(C) The right to service

(D) The right to respect

(E) The right to choose

Answer : (E)

32. XYZ Coffee

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had given her. Nancy asked where they had purchased it, and they responded, "XYZ Coffee."

Refer to XYZ Coffee. Nancy's right to product options in buying an espresso machine is known as

(A) *caveat emptor.*

(B) consumerism.

(C) affirmative action.

(D) social audit.

(E) business ethics.

Answer : (B)

33. The Jackson Springs Coal Mine recently discovered that the mine was contaminating the local drinking water. Cleaning up the mine and the surrounding areas would probably bankrupt the mine, causing the loss of hundreds of local jobs, but doing nothing would endanger the health of the community. The mine faces a serious ____ decision.

(A) business

(B) ethical

(C) environmental

(D) social responsibility

(E) cost

Answer : (B)

34. Business ethics

(A) is laws and regulations that govern business.

(B) is the application of moral standards to business situations.

(C) do not vary from one person to another.

(D) is most important for advertising agencies.

(E) is well-defined rules for appropriate business behavior.

Answer : (B)

35. The study of the morality of choices made by people is known as

(A) ethics.

(B) business ethics.

(C) freedom of choice.

(D) moral aptitude.

(E) standard of behavior.

Answer : (A)

36. Brant promised to repair Carolyn's car on Thursday. After picking up the necessary part at a junkyard, he discovered he could not do the job after all and that the junkyard would not buy back the part. Carolyn does not know about these developments. However, she thinks Brant will be finished with her car sometime today. What should Brant do?

(A) Try to repair the car even though he does not really know how.

(B) Try to repair the car so he can at least get his money's worth out of it.

(C) Call Carolyn to inform her of the problem, and recommend a reputable repair shop.

(D) Fake an emergency and contact Carolyn on Monday.

(E) Stall for time to read up on car repairs so he can practice on Carolyn's car.

Answer : (C)

37. Customers expect a firm's products to

(A) boost sales.

(B) be profitable.

(C) earn a reasonable return on investment.

(D) be available everywhere.

(E) be safe, reliable, and reasonably priced.

Answer : (E)

38. Investors expect management to do all of the following *except*

(A) consult them on ethical decisions.

(B) increase sales.

(C) boost the company's profit.

(D) increase the return to the investor.

(E) make sensible financial decisions.

Answer : (A)

39. Tony Shinn is applying for a mortgage to purchase his first home. His credit rating is mediocre due to several late payments on his credit cards and car loan. He is upset because his friend Jerry was offered an interest rate 3 percent less than what Tony was offered by the same mortgage company. This mortgage company's actions were

(A) unethical-both Tony and Jerry should have been charged the same interest rates, regardless of their credit histories.

(B) ethical-this is just a part of doing business because credit history is an important indicator of future payments.

(C) illegal-subjective factors may not be used when determining which credit offers may be extended to certain customers.

(D) unethical if Tony is a minority and Jerry is not.

(E) unethical and illegal-customers must all be treated the same.

Answer : (B)

40. Metabo-Miracle offers a guaranteed weight loss of 10 pounds in one week without dieting or exercise. Thousands of customers purchase the products and about 200 call in with complaints that the product was ineffective. What action should Metabo-Miracle take?

(A) It should immediately remove its products from the market, fully refund the thousands of customers' money, and close its business.

(B) It should use persuasive techniques to get the 200 disappointed customers to try the product again each time it fails in order to decrease refunds.

(C) It should explain to the customers that they misused the product and try to sell them more of the product.

(D) It should discuss the product failure with the customers and then provide them with a full refund of their purchase price.

(E) It should ignore the customers' complaints and hope they will tire of calling and writing letters.

Answer : (D)

41. Ranee is a businessperson who works for a successful and admired *Fortune* 500 company. About how often is Ranee likely to encounter ethical issues in the workplace?

(A) Once or twice during her career

(B) About two to three times per year

(C) Approximately once a month

(D) Almost every week

(E) On a daily basis

Answer : (E)

42. Mattel, the maker of Barbie dolls, frequently shows television ads aimed at children on Saturday mornings, when many children are known to watch cartoons. Some of these ads mix cartoon-type animation and "real" shots of the dolls so that it is sometimes difficult for even an adult to determine what the doll can or cannot do. This *most likely* represents

(A) a conflict of interest.

(B) an ethical problem because children may be deceived about what Barbie can do.

(C) an ethical concern for many creditors of Mattel.

(D) illegal payoffs, if parents are getting more than they actually know they are paying for.

(E) that Mattel employees need better working conditions and higher pay.

Answer : (B)

43. You are the executive vice president for Cooper Tire, the sixth largest U.S. tire maker. You have the responsibility to locate land for a new distribution center in Mississippi, and you own over 1,000 acres of land near one site in Tupelo. This could create for you

(A) a code of ethics.

(B) the usual decision-making problems of cost versus benefit to Cooper Tire.

(C) a wonderful, ethical opportunity to make a lot of money.

(D) an ethical opportunity to move the distribution center to your hometown.

(E) a conflict of interest.

Answer : (E)

44. Taking credit for others' ideas or work or not meeting one's commitments in a mutual agreement are ethical issues concerning

(A) fairness and honesty.

(B) organizational relationships.

(C) conflict of interest.

(D) communications.

(E) freedom of choice.

Answer : (B)

45. Bribes are

(A) unethical.

(B) ethical only under certain circumstances.

(C) uncommon in many foreign countries.

(D) economic returns.

(E) ethical.

Answer : (A)

46. When medical research indicated that a high-fiber diet might help reduce one's risk of colon cancer, a few producers of fiber cereals suggested in their advertisements that if you eat fiber cereal, you will not get cancer. This is an example of

(A) an unethical organizational relationship.

(B) a conflict of interest.

(C) social responsibility.

(D) unethical communications.

(E) ethical persuasion.

Answer : (D)

47. Publisher's Clearing House has a policy that no employees or their family members are eligible to win the big sweepstakes. This policy was likely implemented to

(A) shrink the pool of possible winners, which increases each individual's odds of winning.

(B) prevent employees from accepting gifts or bribes from other employees.

(C) encourage more magazine sales.

(D) avoid an apparent conflict of interest.

(E) satisfy the families of Publisher's Clearing House employees.

Answer : (D)

48. You are the decision maker for purchasing office equipment in your organization. One sales representative privately offers you season tickets to the Chicago Bears if you help him out. This tactic is

(A) a corporate discount.

(B) a common business practice.

(C) a bribe.

(D) personal selling.

(E) ethical.

Answer : (C)

49. A large computer manufacturer forbids its executives and managers from serving as directors or officers for Intel Corporation or any other corporations from which it might purchase component parts. The company is trying to prevent

(A) their employees from having other jobs.

(B) a conflict of interest.

(C) trade secrets from being revealed.

(D) losing its executives to other organizations.

(E) fairness and honesty.

Answer : (B)

50. For health-related companies such as Weight Watchers, one of the most frequent ethical issues related to communications that they face is

(A) deception.

(B) providing too much information.

(C) seeking FDA approval.

(D) experiments on animals.

(E) safe packaging.

Answer : (A)

51. What specific area of business communications presents ethical questions by sometimes containing false and misleading messages for adults and especially children?

(A) Press releases

(B) Newspaper articles

(C) *Consumer Reports*' rankings

(D) Advertising

(E) Audited financial reports

Answer : (D)

52. The ___ factor affecting ethical behavior includes one's moral values and central attitudes.

(A) individual

(B) social

(C) opportunity

(D) moral

(E) ethical

Answer : (A)

53. At Ledbetter Industries, employees are allowed one-hour lunches, but it has become common that most stroll back fifteen minutes late every day. The factor affecting the ethical behavior of Ledbetter's employees is

(A) individual.

(B) social.

(C) opportunity.

(D) code of ethics.

(E) whistle-blowing.

Answer : (B)

54. All of the following are factors that affect the level of ethical behavior in an organization *except*

(A) individual factors.

(B) social factors.

(C) opportunity.

(D) demographic factors.

(E) moral values.

Answer : (D)

55. Publix, a southeastern grocery store chain, has signs saying that tips are not accepted and

employees are all informed of this policy. However, many of the baggers commonly accept tips from customers anyway and they often compare to see who makes the most. The factor affecting the ethical behavior of Publix's employees is

(A) individual.

(B) social.

(C) opportunity.

(D) demographic.

(E) internal code.

Answer : (B)

56. What are the three sets of factors that influence the standards of behavior in an organization?

(A) Organizational norms, circumstances, morals

(B) Peer pressure, attitudes, social factors

(C) Historical factors, management attitudes, opportunity

(D) Opportunity, individual factors, social factors

(E) Financial factors, opportunity, morals

Answer : (D)

57. At Victoria's Secret, managerial approval is required whenever an employee makes a purchase at the store using an employee discount. Which factor affecting ethical behavior is Victoria's Secret seeking to control?

(A) Individual

(B) Social

(C) Moral

(D) Circumstantial

(E) Opportunity

Answer : (E)

58. Ed works in a position where there is very little supervision. In fact, although he considers himself ethical, he figures he could go away for a week without anyone noticing. Which general set of factors is *most likely* to influence Ed's ethical behavior?

(A) Individual

(B) Social

(C) Moral

(D) Circumstantial

(E) Opportunity

Answer : (E)

59. If a company deals with violations of its ethical codes ____, the opportunity to be unethical will be reduced.

(A) leisurely and lightly

(B) firmly and consistently

(C) on a case-by-case basis

(D) quietly and erratically

(E) frequently and severely

Answer : (B)

60. Rose Martinez walked into her office and found a large, extravagant bouquet on her desk. Before she had time to read the card, her secretary said it was from Mr. Tanner at Zero Corporation. The secretary knew Mr. Tanner was trying to negotiate a sales deal with the company. Thus, she remarked that the beautiful flowers should help Ms. Martinez make her decision. Although Ms. Martinez did not know how to respond to Mr. Tanner's gift, she thought an answer might be in her company's

(A) sales procedures.

(B) sales manual.

(C) employee handbook.

(D) code of ethics.

(E) sales training tapes.

Answer : (D)

61. What is probably the *most* effective way for a company to encourage ethical behavior?

(A) Hire employees who are ethical and in agreement with the company's views.

(B) Have ethics training sessions for interested employees.

(C) Threaten employees with immediate termination for unethical behavior.

(D) Post signs discouraging sexual harassment and discrimination.

(E) Develop and enforce a written code of ethics for the organization.

Answer : (E)

62. The American Apparel Manufacturers Association exerts pressure on its members to comply with the ethical standards of the industry and provides information and benefits for textile companies. This company is an example of a(n)

(A) regulatory agency.

(B) government agency.

(C) trade association.

(D) industry organization.

(E) membership club.

Answer : (C)

63. Texas Instruments expects its code of ethics and shared values to provide all of the following benefits *except*

(A) create an outline for ethical policies and standards.

(B) encourage employees to value integrity.

(C) communicate the company's expectations to the employees.

(D) describe what to do in every ethical situation.

(E) expect employees to trust one another and use sound judgment.

Answer : (D)

64. As a result of the Bhopal incident, in which a toxic gas leak killed thousands of people, leading officials at Union Carbide have dedicated themselves to operating their business ethically. Ways in which the company can encourage ethical behavior include all of the following *except*

(A) formalizing a corporate code of ethics.

(B) encouraging whistle-blowing.

(C) holding ethics training sessions.

(D) requiring that ethical behavior be profitable.

(E) promoting open decision making.

Answer : (D)

65. The human resources manager at Swingline, Inc., a manufacturer of office staplers, wants to encourage a more ethical climate in the organization. A likely way for Swingline to do this is to

(A) make certain that Swingline has a company code of ethics that is enforced.

(B) add an ethics department whose job is to constantly watch employees to be certain they behave.

(C) develop a system of security cameras, telephone monitoring, and one-way mirrors to be certain that employees behave appropriately.

(D) avoid any mention of ethics to employees so that they will not think unethical thoughts.

(E) do none of the above. All of these practices are illegal because they take away an employee's constitutional right of free choice.

Answer : (A)

66. Suppose a manager at the Rolodex Corporation has recently become aware that employees are taking office supplies home and taking longer coffee and lunch breaks than the personnel policy allows. The manager finds these are widespread practices and wants to solve the problem. The *best* way to do this would be to

(A) call the police and arrest both the "time" thieves and the office supplies thieves.

(B) fire all those who have taken office supplies, and suspend those who have taken too much time.

(C) change the code of ethics in the personnel policy manual to prohibit these practices.

(D) make the corporate culture encourage more ethical behavior.

(E) let the union know about the problem during next year's pay negotiations.

Answer : (D)

67. Megan Miller is an ethics officer at a large financial institution. She likely performs all of the following duties *except*

(A) coordinating ethical conduct.

(B) providing advice to employees when they are uncertain.

(C) giving top management advice about their decisions.

(D) encouraging all employees to be whistle-blowers.

(E) determining the punishment for ethical violations.

Answer : (D)

68. Which of the following is the most effective way to encourage ethical business behavior?

(A) Pass government regulations.

(B) Provide guidelines from trade associations.

(C) Include an ethics clause in a labor contract.

(D) Establish and enforce a corporate code of ethics.

(E) Rely on employees to blow the whistle.

Answer : (D)

69. Tom stormed into the office, exclaiming, "That's the last straw! I've experienced unethical behavior at this company one time too many. I'll be calling the press immediately." It appears that Tom is about to engage in

(A) an unethical practice.

(B) corporate ethics.

(C) whistling.

(D) trumpeting.

(E) whistle-blowing.

Answer : (E)

70. Informing the press or government officials about unethical practices within one's organization is called

(A) unethical behavior.

(B) whistling.

(C) whistle-blowing.

(D) trumpeting.

(E) a company violation.

Answer : (C)

71. A whistle-blower is a person who

(A) announces the beginning and end of a work shift.

(B) praises his or her own accomplishments.

(C) does public relations work for a company.

(D) accepts responsibility when a company is in trouble with the government.

(E) reports illegal or unethical conduct within his or her organization.

Answer : (E)

72. When faced with an ethical conflict, a manager should always

(A) ask the boss what to do, then do it without question.

(B) consider only what is best for the company.

(C) look at which decision will make the stockholder the most money today.

(D) worry only about what the law has to say, then take legal action because it will produce the least public outcry.

(E) think about his or her own ethics; the company's ethics; and the interest of employees, stockholders, and customers.

Answer : (E)

73. After consulting his company's code of ethics, Mark is still unsure of whether or not the decision he is about to make is ethical. Which of the following actions would be *most* appropriate?

(A) Ask his wife what she would do in this situation.

(B) Calculate the decision's bottom-line impact and do whatever increases profit the most.

(C) Determine whether coworkers, suppliers, and customers would approve of the action.

(D) Go with his gut feeling because Mark considers himself to be an ethical individual.

(E) Avoid making the decision and any other decision with ethical implications.

Answer : (C)

74. Which of the following scenarios provides the *best* example of whistle-blowing?

(A) Jonathon fails to meet his sales quota for the month and is reported to the regional manager for special review.

(B) Christine tells her husband about illegal environmental dumping she suspects her company is doing.

(C) William gives an interview on NBC's *Dateline* about the opportunities available at his company.

(D) Geena speaks to her boss about how uncomfortable she is with the sexual jokes one of her coworkers frequently tells at the office.

(E) Marie has grown tired of her company's unsafe practices and reports them to OSHA, a

governmental agency that regulates safety.

Answer : (E)

75. Dell's global outreach programs that help bring technology to underserved communities in various parts of the world is an example of

(A) social responsibility.

(B) business ethics.

(C) code of ethics.

(D) consumerism.

(E) affirmative action programs.

Answer : (A)

76. The recognition that business activities affect society and the consideration of that impact when making business decisions is referred to as

(A) business ethics.

(B) corporate ethics.

(C) code of ethics.

(D) community responsibility.

(E) social responsibility.

Answer : (E)

77. Social responsibility

(A) has little or no associated costs.

(B) can be extremely expensive and provides very little benefit to a company.

(C) has become less important as businesses become more competitive.

(D) is generally a crafty scheme to put competitors out of business.

(E) is costly but provides tremendous benefits to society and the business.

Answer : (E)

78. Which of the following examples *least* represents the definition of social responsibility?

(A) Home Depot provides resources and volunteers for Habitat for Humanity.

(B) GE supports food banks and helps renovate homeless shelters.

(C) Military members pledge a portion of their salary to the United Way.

(D) Avon donates a portion of its profits to breast cancer research.

(E) AT&T supports education, health, and the environment through donations and volunteers.

Answer : (C)

79. In 1915, Amanda Groves, mother of seven, lost her husband in a horrible industrial accident that could have easily been prevented. Soon after, Amanda decided to take legal action against the company. What obstacle did she likely encounter?

(A) Although going to court would be relatively inexpensive, Amanda is not very likely to win the case.

(B) It is likely that her legal action would result in the closure of the factory, thereby destroying the economy in her town for her friends and relatives.

(C) Although Amanda is likely to win such a strong case against the company, she will not be able to afford to go to court.

(D) The company responsible is likely to improve its working conditions significantly and make Amanda look like a liar.

(E) She will find out that court is very expensive, and her chances of winning are extremely slim.

Answer : (E)

80. Kenneth worked in the steel industry in the early 1900s. Which *most likely* describes the amount of time Kenneth worked per week?

(A) He was lucky to have the job at all and probably only got to work twenty hours per week.

(B) He shared his job with another individual and worked thirty hours per week.

(C) He worked a standard week of forty hours.

(D) He worked over sixty hours a week.

(E) He spent about sixteen hours a day, six days a week at the factory.

Answer : (D)

81. Dorothy worked at a meat packing plant during the 1920s. What would she have been most surprised to see happening at the plant?

(A) Employees earning vacation time

(B) Horrible working conditions

(C) The organization of labor unions

(D) Frequent accidents resulting in injury and death

(E) Employees working long hours

Answer : (A)

82. Early government regulations prior to 1920 that affected American business include all of the following *except* the

(A) Interstate Commerce Act.

(B) Sherman Antitrust Act.

(C) Federal Trade Commission.

(D) Clayton Antitrust Act.

(E) Americans with Disabilities Act.

Answer : (E)

83. As far as business is concerned, six of the most important federal laws passed between 1887 and 1914 supported

(A) foreign trade.

(B) increased production.

(C) more competition.

(D) elimination of unions.

(E) more social responsibility.

Answer : (C)

84. *Caveat emptor*

(A) is a French term that implies laissez faire.

(B) implies disagreements over peer evaluations.

(C) is a Latin phrase meaning "let the buyer beware."

(D) is a Latin phrase meaning "let the seller beware."

(E) is a Latin phrase meaning "the cave is empty."

Answer : (C)

85. Melissa purchases a DVD player at a store that sells refurbished merchandise. The store has a big sign stating "Caveat Emptor" posted out front and at the cash register. This sign *most likely* translates to a policy of

(A) refunds or exchanges at any time with a receipt.

(B) 100 percent satisfaction guaranteed with all merchandise.

(C) all sales are final (no refunds or exchanges).

(D) buying, selling, or trading electronic goods.

(E) selling only French-manufactured products.

Answer : (C)

86. Before the 1930s, most government involvement in day-to-day business was aimed at

(A) nonpayment of income taxes.

(B) discrimination.

(C) protection of the free-market system.

(D) consumer rights.

(E) employment practices of factories.

Answer : (C)

87. Each Saturday night, someone in the community called the local police to control the noisy, riotous activity at Billy Bob's Tavern. However, Mr. Bob never took action on his own and ignored the problem. Eventually, local residents forced him out of business. Mr. Bob might be in business today had he

(A) been less responsive to the community's needs.

(B) simply reopened his business in the same location.

(C) worked more with the community to solve the problem.

(D) read all complaint letters over coffee.

(E) asked the police to stop bothering him.

Answer : (C)

88. Harold Finn III and his son, father, and grandfather gathered last week to compare notes on the business. Harold's grandfather started the business in 1928. His father became active in 1947, Harold in 1965, and his son in 1983. During their conversations, they discovered that many things about the past were similar to conditions today, although others were quite different. For example,

after the 1930s,

(A) government protection of workers and consumers increased.

(B) working conditions were often deplorable by today's standards.

(C) there was a period of laissez-faire business conditions.

(D) the average work week under the law once exceeded fifty hours.

(E) businesses were free to operate pretty much as they chose.

Answer : (A)

89. In the first three decades of the twentieth century, working conditions were horrible and dangerous, and abuses were common. Most people of the time believed these abuses would be rectified by

(A) strict government action to punish the offenders.

(B) a shift to a communist economy.

(C) consumer advocacy groups who promoted social responsibility.

(D) competition and interaction in the marketplace.

(E) returning to a less industrialized society.

Answer : (D)

90. Which president led the way in creating programs to improve the working and social conditions in the United States in the 1930s?

(A) Theodore Roosevelt

(B) Calvin Coolidge

(C) Franklin Roosevelt

(D) Woodrow Wilson

(E) Herbert Hoover

Answer : (C)

91. What led most directly to increased government involvement with regulating business and its dealings with society?

(A) The Industrial Revolution

(B) President Kennedy's consumer bill of rights

(C) The collapse of the oil industry

(D) The Great Depression

(E) The end of World War I

Answer : (D)

92. With whom does social responsibility of business have to begin?

(A) Government

(B) Management

(C) Consumers

(D) Consumer protection groups

(E) Society

Answer : (B)

93. The manager of a large chain recently spoke to a group of college students about making it in the business world. He focused particularly on the importance of fulfilling the purpose of the business organization: that is, to produce and market profitable products needed by society. In so doing, he indicated that a stockholder, not the society as a whole, invests in a corporation to earn a return on his or her investment and that a firm is legally obligated to act in stockholders' interests. What concept do the manager's comments reveal?

(A) Socioeconomic model of social responsibility

(B) Economic model of social responsibility

(C) Strictest model of social responsibility

(D) Consumerism

(E) Rights of employees

Answer : (B)

94. The economic model of social responsibility places primary emphasis on

(A) quality of life.

(B) active government involvement.

(C) conservation of natural resources.

(D) economic return.

(E) the balance of economic return and social return.

Answer : (D)

95. The economic model of social responsibility was developed in a period when the primary concern of firms was

(A) long-term success and profitability.

(B) improving the quality of life.

(C) short-run profits and survival.

(D) complete customer satisfaction and expansion.

(E) having safe and satisfied employees.

Answer : (C)

96. The manager of a successful local restaurant believes his responsibilities are to provide delicious meals and excellent service, provide jobs, comply with laws and the IRS, and earn a respectable profit on the restaurant. These are the manager's only concerns. What concept does this indicate?

(A) Socialism

(B) The economic model of social responsibility

(C) The socioeconomic model of social responsibility

(D) Consumer protectionism

(E) A lack of social responsibility

Answer : (B)

97. "We are busy producing and marketing profitable products for society to enjoy! Now you want us to provide legal services, day-care centers, and counseling for AIDS victims and alcohol and drug abusers. If we do all these things, what role will the government, church, and family play?" exclaimed the vice president of Milam Corporation. This manager's comments reveal what concept?

(A) The socioeconomic model of social responsibility

(B) The economic model of social responsibility

(C) The strictest model of social responsibility

(D) The need to preserve management rights

(E) Consumerism

Answer : (B)

98. By establishing Ronald McDonald Houses, temporary lodging for individuals with seriously ill family members, McDonald's has committed itself to more than just shareholder wealth maximization. The corporation's active role in improving societal conditions suggests that it is responsive to which of the following arguments?

(A) Corporate resources should be devoted to maximizing profits, not to solving society's problems.

(B) Individual businesses should not be responsible for solving problems that affect all of society.

(C) Socially responsible actions by business firms increase the role of government in business.

(D) Businesses are ill-equipped to handle today's complex social issues.

(E) Social responsibility promotes environmental stability and long-run profitability.

Answer : (E)

99. The socioeconomic model of social responsibility places primary emphasis on

(A) quality of life.

(B) production.

(C) economic return.

(D) exploitation of natural resources.

(E) profit.

Answer : (A)

100. You have been asked to complete this year's social responsibility report for the insurance industry. Which of the following statements would you include as a valid indication of socially responsible activities in this industry?

(A) This year, we sold more insurance policies than in the previous two years.

(B) This year marked a 200 percent increase in the number of new insurance products and services available to customers.

(C) To date, few women and minorities hold management positions in the insurance industry.

(D) This year, more than 300,000 volunteer hours were contributed by companies through loaned executives and release-time (time off) arrangements.

(E) Fewer than one-eighth of the companies' charitable contributions go to people-related activities.

Answer : (D)

101. Which of the following statements reflects the socioeconomic model of social responsibility?

(A) "I did it my way!" -Frank Sinatra

(B) "It's easier and better to ban smoking than to risk multimillion-dollar lawsuits." -a university professor

(C) "It's an absolutely preposterous proposal. The idea that any corporation has the right to reach beyond company gates to what you could even describe as the bedroom of the employee is ridiculous." -a spokesperson for the Tobacco Institute

(D) "In the private sector, employers can get away with quite a bit." -an attorney

(E) "We will not allow our motion pictures to be shown in any movie house in South Africa unless it is fully integrated." -the president of United International Pictures Corporation

Answer : (E)

102. Roger, a bank manager, holds the economic model of social responsibility view. What is he *most likely* to say about the connection between taxes and social responsibility?

(A) Because he is a responsible man, he pays his taxes and does not try to cheat the IRS.

(B) Although taxes contribute to social welfare, it is only the beginning of his bank's responsibility to society.

(C) Taxes are a required evil from which he sees very little benefit in his community.

(D) By making a profit and paying taxes that meet the needs of society, Roger has fulfilled his social responsibility.

(E) It is better to make a small profit and therefore pay less taxes than to contribute to social responsibility.

Answer : (D)

103. Joe, a restaurant supplies and equipment business manager, believes in the economic model of social responsibility. Which of the following would *most likely* be a quote from Joe in relation to social responsibility?

(A) "What a waste of time for everyone!"

(B) "I fully support it."

(C) "That is someone else's job."

(D) "It's expensive, but worth it."

(E) "Not in my line of work."

Answer : (C)

104. Long-distance providers are becoming increasingly concerned about certain activities within

their industry. Various companies come together voluntarily to implement new standards of social responsibility that members must abide by. What seems to be the primary motivation in this case for an increased interest in social responsibility?

(A) Because corporations are creations of society, they are responsible for giving back to the communities in which they operate.

(B) These companies have realized it is in their best interest to increase their social responsibility before they are once again subject to stricter regulations.

(C) These companies are using social responsibility as a means to increase their profitability, both short term and long term.

(D) Long-distance providers have started taking pride in their industry and its record for social responsibility.

(E) They feel a responsibility to their stockholders, employees, the government, investors, and society as a whole.

Answer : (B)

105. Which of the following is an argument for increased social responsibilities?

(A) Because business is part of our society, it cannot ignore social issues.

(B) Management must be concerned with providing a return on owners' investments.

(C) Corporate time and money should be used to maximize profits.

(D) Individual businesses should not be expected to solve society's problems.

(E) Social issues are the responsibility of government officials.

Answer : (A)

106. "We are busy producing and marketing profitable products for society to enjoy! Now you want us to provide legal services, day-care centers, and counseling for AIDS victims and alcohol and drug abusers. If we do all these things, what role will the government, church, and family play?" exclaimed the vice president of Milam Corporation. What persuasive argument would you use to influence this manager to become more socially responsive?

(A) Business has the technical, financial, and managerial resources needed to tackle today's complex economic issues.

(B) Social problems affect society in general, so individual businesses probably should not be expected to solve these problems.

(C) By helping to solve social issues, business can create a more stable environment for long-term profitability.

(D) Socially responsible decision making by business firms will not prevent increased government intervention, which only forces businesses to do what they fail to do voluntarily.

(E) Corporate time, money, and talent should be used to maximize profits, not to solve society's problems.

Answer : (C)

107. The socioeconomic model of social responsibility

(A) holds that society will benefit most when business is left alone to produce and market profitable products.

(B) emphasizes that social responsibility is someone else's responsibility.

(C) holds that a firm is legally obligated to act in the economic interests of its stockholders.

(D) states that managers who concentrate on profit indirectly fulfill their social responsibilities.

(E) emphasizes profits as well as the effect of business decisions on society.

Answer : (E)

108. Supporters of increased social responsibility would *most likely* say that the goal of a firm is to

(A) maximize shareholders' wealth.

(B) provide jobs for the community and make a reasonable profit.

(C) maximize profits while obeying the law.

(D) beat the competition and stay in business.

(E) create value and benefits for owners, employees, and society.

Answer : (E)

109. All of the following are arguments against increased social responsibility *except*

(A) social issues are the responsibility of government officials elected for that purpose.

(B) companies should maximize profits, not solve society's problems, with their time, money, and talent.

(C) because social problems affect society in general, businesses should not be expected to solve these problems.

(D) social responsibility by firms can prevent increased government intervention.

(E) business managers are primarily responsible to stockholders and providing them a good return.

Answer : (D)

110. Which of the following *best* describes the trend in social responsibility models used by companies?

(A) Most companies are changing from a socioeconomic approach to an economic approach to social responsibility.

(B) There has really been no pattern of change over the last century because most companies take a socioeconomic approach.

(C) There has been a sporadic shift back and forth between the economic and socioeconomic model as the best business solution.

(D) Relatively little transformation has left the economic model as the philosophy for most businesses.

(E) More companies have been bypassing the economic model in favor of the socioeconomic model in recent years.

Answer : (E)

111. Which of the following is an argument against social responsibility?

(A) Business has resources needed to tackle today's complex social issues.

(B) Because business is a part of our society, it cannot ignore social issues.

(C) Corporate time, money, and talent should be used to maximize profits.

(D) By helping resolve social issues, business can create a more stable environment.

(E) Socially responsible decision making by firms can prevent increased government intervention.

Answer : (C)

112. Primary emphasis in the economic model of social responsibility is on

(A) quality of life.

(B) conservation of resources.

(C) market-based decisions.

(D) production.

(E) firm's and community's interests.

Answer : (D)

113. Karen is the assistant manager of a midsized logistics firm. She believes her manager, Michael, has become carried away with supporting nonprofit organizations and encouraging employees to do community service. What argument would Karen *most likely* use to turn Michael to her point of

view?

(A) Socially responsible decision making by firms can prevent increased government regulation.

(B) Social problems affect society in general, so it is important to protect our society.

(C) The company's time and money should be spent maximizing the owner's wealth, not solving society's problems.

(D) By contributing to social issues, business will decrease its opportunity for long-run profitability.

(E) The logistics business has unique resources that could be used to address serious social issues.

Answer : (C)

114. By ensuring that products are safe and reliable, the Food and Drug Administration and the Consumer Product Safety Commission are taking part in a movement known as

(A) protectionism.

(B) consumerism.

(C) product activism.

(D) socialism.

(E) product liability management.

Answer : (B)

115. Which president stated that consumers have the right to safety, to be informed, to choose, and to be heard?

(A) Franklin D. Roosevelt

(B) Dwight D. Eisenhower

(C) Lyndon B. Johnson

(D) John F. Kennedy

(E) George H. Bush

Answer : (D)

116. ____ is all activities undertaken to protect the rights of consumers.

(A) Consumerism

(B) Bill of rights

(C) Lobbying

(D) *Caveat emptor*

(E) Protectionism

Answer : (A)

117. What two additional rights have been added to Kennedy's original Consumer Bill of Rights?

(A) Right to choose and right to satisfaction

(B) Right to listen and right to education

(C) Right to consumer education and right to service

(D) Right to service and right to privacy

(E) Right to reparation and right to privacy

Answer : (C)

118. The Audi 5000S was investigated because of reported instances of unintended acceleration. The investigating body concluded that the acceleration was not a result of a system malfunction but was due instead to driver error. However, they also said that the awkward placement of the brake and accelerator pedals was the primary contributor to these driver errors. By designing this part of the 5000S in an ergonomically inefficient manner, Audi ignored which of the four basic rights of consumers?

(A) The right to be informed

(B) The right to choose

(C) The right to safety

(D) The right to be heard

(E) The right to comfort

Answer : (C)

119. Whirlpool fails to provide an instruction manual with a certain type of new washing machine. Which basic consumer right does Whirlpool's action violate?

(A) The right to convenience

(B) The right to choose

(C) The right to be heard

(D) The right to safety

(E) The right to courteous service

Answer : (D)

120. Erin decides to try out her new iron on the pesky wrinkles she has on her legs. She suffers rather severe burns and is infuriated with the manufacturer because she feels her right to safety has been violated. Is Erin correct?

(A) Yes, the right to safety implies that a customer will never be injured by a product.

(B) Yes, the iron should have been recalled when this defect was first discovered.

(C) No, products must be safe for their intended use, and Erin's experiment was clearly beyond the intended use.

(D) No, as long as the instructions mentioned that when ironing skin burns sometimes occur, they are not to blame.

(E) No, the company instead violated her right to choose.

Answer : (C)

121. MasterCard sends a customer a memo that discloses the true cost of borrowing with each billing statement. It does this because it realizes that the customer has the right to

(A) choose.

(B) obtain credit.

(C) be heard.

(D) be informed.

(E) safety.

Answer : (D)

122. The motion picture industry uses a rating system to describe the content of its movies. Movies are accompanied by ratings such as PG (parental guidance suggested) or R (not suitable for those under 17). This rating system satisfies consumers' right to

(A) be heard.

(B) safety.

(C) be informed.

(D) censorship.

(E) watch what they want to watch.

Answer : (C)

123. A credit card company is offering an annual percentage rate of 3.9 percent. However, the company fails to mention that this is an introductory rate, and when consumers receive their bills after six months the rate increases to 21.9 percent. The consumers feel their right to ____ has been abused.

(A) be treated fairly

(B) be informed

(C) safety

(D) be heard

(E) service

Answer : (B)

124. One reason American business must be concerned about product safety is that

(A) labor unions will demand better contracts.

(B) the government will increase its requirements for disclosure.

(C) consumers demand safe products.

(D) companies will be banned from competing.

(E) limitations will be placed on the sale of products.

Answer : (C)

125. Product labels on detergent that indicate ingredients and laundering methods are examples of which provision of Kennedy's Consumer Bill of Rights?

(A) The right to be heard

(B) The right to choose

(C) The right to purchase

(D) The right to be informed

(E) The right to safety

Answer : (D)

126. Wonder Bread advertised that its bread "builds strong bodies." This claim was considered deceptive and thus a violation of the consumer's right to ____. The claim was a violation not because it was untrue but because the same claim was true of other breads, and people seeing the advertisement might have thought that Wonder Bread was unique.

(A) safety

(B) be heard

(C) be informed

(D) choose

(E) life

Answer : (C)

127. An instruction pamphlet detailing steps for the care and use of a new electric appliance would fulfill which provisions of Kennedy's Consumer Bill of Rights?

(A) The right to safety and the right to be informed

(B) The right to be instructed and the right to safety

(C) The right to be aware and the right to choose

(D) The right to choose and the right to vote

(E) The right to be heard and the right to sue

Answer : (A)

128. The statement "Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health" supports the consumers' rights to

(A) safety and to be informed.

(B) life and to be informed.

(C) choose and to safety.

(D) work and to be informed.

(E) safety and to be heard.

Answer : (A)

129. Citizens have a right to demonstrate against unfair rate increases and safety violations as well as other issues. In doing so, they exercise their right to

(A) be heard.

(B) be informed.

(C) safety.

(D) choose.

(E) vote.

Answer : (A)

130. Steve had a problem with a coffee maker he purchased recently. He has been trying for days to speak with the company by calling its toll-free number, but it rings forever or sends him through a long menu with no opportunity to speak to an individual or to leave a message. Steve feels his basic consumer right to ____ has been violated.

(A) safety

(B) be informed

(C) be heard

(D) choose

(E) privacy

Answer : (C)

131. In the 1970s, the Pinto, a subcompact car manufactured by Ford, was known to catch on fire when rear-ended, even at inner-city speeds. This stripped consumers of their right to

(A) choose.

(B) be informed.

(C) be protected.

(D) be heard.

(E) safety.

Answer : (E)

132. When Ford discovered the fault with its Pinto model that caused the car to explode easily when hit from the rear, what action should it have taken to preserve basic consumer rights?

(A) Ford should have performed a cost benefit analysis to determine whether it would save more money by doing nothing or by rectifying the problem.

(B) Ford should have launched a campaign warning consumers of the defect so they would avoid getting in accidents.

(C) Ford should have warned consumers of the explosions, recalled all of the defective automobiles, and corrected the problem.

(D) Ford should have quietly ignored the problem and phased the Pinto out of its automobile lineup.

(E) Ford should have redesigned the automobile to make it safer for consumers in the future.

Answer : (C)

133. If Casio were to buy out all other calculator manufacturers, what consumer right would be at stake?

(A) The right to choose

(B) The right to be heard

(C) The right to safety

(D) The right to service

(E) The right to be informed

Answer : (A)

134. Lisa buys a new pillow and rips off the manufacturer's tag. She then reads the tag and is amused at its warning that, under penalty of law, the tag should not be removed and the pillow could cause suffocation. What consumer right is the manufacturer guarding against?

(A) The right to consumer education

(B) The right to choose

(C) The right to be informed

(D) The right to be heard

(E) The right to courteous service

Answer : (C)

135. What does the government encourage in order to protect the consumer's right to choose?

(A) Competition

(B) Monopolies

(C) Trust laws

(D) Divestitures

(E) Cooperation

Answer : (A)

136. The right to be heard implies that companies should listen to consumer complaints and

(A) thank them for their time.

(B) give them a full refund.

(C) do whatever the consumer requests.

(D) do nothing-just listening is enough.

(E) take appropriate action.

Answer : (E)

137. Anne's new necklace breaks the day after she purchases it. She tries to get it fixed or replaced and feels that she has been given the runaround by both the retailer and the manufacturer of the necklace. She is treated rudely and finally told she will have to drive two hours to a company-approved repair center to have the necklace fixed. Anne is certain that her consumer right to ____ has been ignored by both companies.

(A) be heard

(B) safety

(C) be informed

(D) service

(E) consumer education

Answer : (D)

138. When DVD players were first introduced, the price was very high, thereby preventing the average consumer from purchasing one. Today, however, as a result of increased competition in the market, most consumers can afford one because they are significantly cheaper. By reducing the price of these products and ensuring a large number of product offerings, competition has promoted consumers' right to

(A) inexpensive products.

(B) be informed.

(C) be heard.

(D) quality products.

(E) choose.

Answer : (E)

139. Which president stated that consumers have the right to consumer education?

(A) Franklin D. Roosevelt

(B) John F. Kennedy

(C) Lyndon B. Johnson

(D) Gerald R. Ford

(E) Bill Clinton

Answer : (D)

140. Which president stated that consumers have the right to service?

(A) Franklin D. Roosevelt

(B) John F. Kennedy

(C) Lyndon B. Johnson

(D) Gerald R. Ford

(E) Bill Clinton

Answer : (E)

141. The major forces in consumerism are

(A) individual consumer advocates.

(B) consumer organizations.

(C) consumer education programs.

(D) consumer laws.

(E) all of the above.

Answer : (E)

142. Louise registers for a consumer education course at her high school. She is likely to learn about all of the following topics *except*

(A) how to prepare for a successful job interview.

(B) what to consider when purchasing a car.

(C) the provisions of consumer protection laws.

(D) the available sources of consumer information.

(E) Kennedy's Consumer Bill of Rights.

Answer : (A)

143. Major advances in consumerism have come through

(A) federal legislation.

(B) state legislation.

(C) local legislation.

(D) business firms.

(E) trade organizations.

Answer : (A)

144. You were hired as a television anchorwoman this year. After a few months your supervisor demoted you because you were said to be too old, unattractive, and not deferential enough to men. You believe this supervisor has violated your right to

(A) safety and security.

(B) be heard.

(C) be informed.

(D) life.

(E) equal treatment in the workplace.

Answer : (E)

145. A plan designed to increase the number of minority employees within an organization is known as

(A) the Fair Labor Standards Act.

(B) the Equal Employment Opportunity Commission.

(C) the Better Business Bureau.

(D) an affirmative action program.

(E) the Clayton Act.

Answer : (D)

146. In 2001, Susan Scholz was fired from her sales clerk's job at the Walgreens store in North Mall after refusing to work on Sundays. The Christian Reformed Church, of which she was a member, prohibited working on Sunday. Therefore, she did not go to work on those days even though she was scheduled to do so. Ms. Scholz filed a lawsuit against the company because she felt her rights had been violated. Which rights were violated?

(A) The rights to be heard and to work

(B) The rights to safety and to be informed

(C) The rights to be informed and to be heard

(D) The rights to life and to work

(E) The rights to equal treatment in the workplace

Answer : (E)

147. Which of the following accurately describes the objective of affirmative action?

(A) If 30 percent of the local population is Hispanic, then 30 percent of a company's engineers should be Hispanic.

(B) If 55 percent of the local population is female, then 55 percent of all companies' employees should be female throughout all levels of the organizations.

(C) If 20 percent of the engineers in the local area are African American, then a company should have about 20 percent African American employees on its engineering staff.

(D) If 40 percent of the engineers available locally are African American, then a company should have about 1 out of 10 African American engineers.

(E) If 40 percent of the local population is Hispanic, the school systems should have 40 percent Hispanic teachers.

Answer : (C)

148. One problem affirmative action programs have encountered is

(A) that not all businesspeople favor such programs.

(B) identification of minority groups.

(C) the government's reclassification of groups.

(D) completing the required paperwork.

(E) training the hard-core unemployed.

Answer : (A)

149. A government agency with the power to investigate complaints of discrimination and to sue firms practicing employment discrimination is known as the

(A) Better Business Bureau.

(B) Congress.

(C) Civil Service Commission.

(D) Equal Employment Opportunity Commission.

(E) Interstate Commerce Commission.

Answer : (D)

150. What have the courts ruled about quotas as a part of affirmative action programs?

(A) Courts have confirmed their usefulness in correcting past failures.

(B) Courts have restricted the use of quotas to certain occupations with severe obstacles to overcome.

(C) Courts have ruled the quotas unconstitutional and condemned companies for using them.

(D) Courts have supported the use of quotas on a wide basis throughout the United States.

(E) Courts have ruled quotas unconstitutional but commended their purpose.

Answer : (E)

151. Historically a discrepancy exists between the pay for women and men of equal qualifications. Which statement *most* accurately describes this inequality?

(A) Although the pay discrepancy between men and women used to be quite large, it is nonexistent today.

(B) Despite threats of legal action, women still make significantly less than men of equal background.

(C) So much has been done to correct this discrepancy that women, on average, earn more than men of equal qualifications.

(D) The discrepancy in pay has shifted back and forth the last three decades; that is, sometimes women are paid more and sometimes men are paid more.

(E) Women and men of equal qualifications have, for the past two decades, made approximately the same amount of money from similar occupations.

Answer : (B)

152. What are the two major problems that affirmative action programs have faced?

(A) Quotas and lack of acceptance by some businesspeople

(B) Unrealistic expectations and strict enforcement

(C) Lack of enforcement and lack of acceptance

(D) Reverse discrimination and lawsuits

(E) Quotas and the EEOC

Answer : (A)

153. Elizabeth believes her company has discriminated against her because her minority coworkers, who are less qualified, have been promoted ahead of her. Which agency should Elizabeth contact?

(A) Consumer Financial Protection Agency

(B) Affirmative Action Council

(C) Equal Employment Opportunity Commission

(D) Federal Trade Commission

(E) Fair Employment Practices Agency

Answer : (C)

154. Bill Phillips dropped out of high school the day he turned sixteen. Over the next seven years he had brief employment at McDonald's and a lawn mowing business. Bill could be classified as

(A) a juvenile delinquent.

(B) terminally unemployable.

(C) a moocher.

(D) hard-core unemployed.

(E) a minority.

Answer : (D)

155. When people in an industrialized society contaminate the environment, the action is called

(A) wasteful.

(B) recycling.

(C) redesign.

(D) disposal.

(E) pollution.

Answer : (E)

156. The federal act which provided over $7 billion to the EPA to protect and promote "green" jobs

and a healthier environment is the

(A) National Environmental Policy Act.

(B) Resource Recovery Alliance.

(C) Resource Conservation and Recovery Act.

(D) American Recovery and Reinvestment Act.

(E) Clean Air Act Amendment.

Answer : (D)

157. The federal agency charged with enforcing laws to protect the environment is the

(A) National Environmental Commission.

(B) Resource Recovery Alliance.

(C) Pollution Control Committee.

(D) Environmental Protection Agency.

(E) Clean Air Agency.

Answer : (D)

158. Over the past several decades, concern for the environment has

(A) been relatively steady because people expect to live in a clean and safe environment.

(B) increased significantly because pollution became a threat to life and health.

(C) been carefully handled by businesses because they are the primary source of pollutants.

(D) become stronger in the United States but not yet in the rest of the world.

(E) decreased because today's industrialized processes are naturally more environmentally friendly.

Answer : (B)

159. Jennifer, a recent college graduate, has always been concerned about protecting the environment and now hopes to play a major role in seeing that legislation for protecting the environment is enforced. With whom should Jennifer seek employment?

(A) A large, environmentally friendly corporation

(B) The Equal Employment Opportunity Commission

(C) The Environmental Protection Agency

(D) A recycling center

(E) The Commission for Cleaner Air

Answer : (C)

160. HGR Chemical Company believes the environmental regulations for its industry are much more stringent than necessary, which likely means

(A) they are impossible to comply with.

(B) they will not improve the quality of the drinking water.

(C) they are unfair to chemical plants.

(D) they are too expensive to comply with.

(E) HGR is not concerned with the environment.

Answer : (D)

161. The law that established the Environmental Protection Agency was the

(A) National Environmental Policy Act of 1970.

(B) Clean Air Amendment of 1970.

(C) Resource Recovery Act of 1970.

(D) Resource Conservation and Recovery Act of 1984.

(E) Clean Air Act Amendment of 1977.

Answer : (A)

162. Residents around Lake Gunter have been warned not to drink their water because it contains some unknown chemical contaminant that could be harmful. What is this called?

(A) Pollution

(B) Negligence

(C) Carelessness

(D) Recovery

(E) Biological disaster

Answer : (A)

163. Which of the following is the *most* important legislation in improving the condition of U.S.

waters?

(A) National Environmental Policy Act

(B) Clean Water Act

(C) Water Quality Improvement Act

(D) Water Pollution Control Act

(E) Resource Conservation and Recovery Act

Answer : (B)

164. The governments of the United States and Canada have recently signed an agreement to cooperate in eliminating acid rain. Their efforts are primarily an attempt to reduce

(A) water pollution.

(B) hazardous waste.

(C) noise pollution.

(D) land pollution.

(E) northern precipitation.

Answer : (A)

165. When sulfur emitted by smokestacks combines with moisture in the atmosphere to form acids that are spread by the wind, ____ results.

(A) air pollution

(B) fire

(C) acid rain

(D) emissions

(E) wet pollution

Answer : (C)

166. What is the major source of human emissions of air pollution in the upper atmosphere?

(A) Aircraft

(B) Automobiles

(C) Acid rain

(D) Volcanoes

(E) Factories

Answer : (A)

167. What specific gas is internationally considered a top concern for air pollution?

(A) Carbon monoxide

(B) Nitrogen dioxide

(C) Carbon dioxide

(D) Greenhouse gas

(E) Hydrogen monoxide

Answer : (C)

168. Vicky drives a four-door sedan to work and other places everyday. How does her car affect the environment now compared to a similar car thirty years ago?

(A) A car is a car, so the environmental impact is likely the same.

(B) Her car is more economical today than it would have been thirty years ago.

(C) There are so many cars today that air pollution laws are nearly worthless.

(D) Today's car has a pollution-control device that reduces harmful emissions.

(E) Technology now produces cars that are completely harmless to the environment.

Answer : (D)

169. Which type of pollution has seen the *least* improvement since environmental issues became important?

(A) Land

(B) Air

(C) Ocean

(D) Water

(E) Factory

Answer : (A)

170. Congress created the ____ in 1980 to help pay for cleaning up land polluted with chemicals and

toxic wastes.

(A) Environmental Protection Agency

(B) Land Pollution Act

(C) Clean-Up Fund

(D) Landfill Recovery Fund

(E) Superfund

Answer : (E)

171. Kathy has noticed that the airport in her city is away from where most people live and work, and it takes a while to get there. This location was probably strategically designed to reduce

(A) air pollution.

(B) noise pollution.

(C) highway traffic.

(D) air traffic.

(E) land pollution.

Answer : (B)

172. Dinesh lives in Phoenix where he hears almost daily reports about the high levels of ozone along with suggestions on when individuals should purchase gasoline. As he views the hazy condition in the sky, he decides the government is basically ignoring environmental problems. Which statement *best* describes the government's involvement?

(A) The government relies mostly on businesses to control various types of pollution and expects them to cover the costs.

(B) Although the government has established several environmental agencies, actual spending on reducing pollution is only about $100 million per year.

(C) The government is delegating most of the responsibility for a cleaner environment to individuals and nonprofit organizations.

(D) The government is encouraging technology that will eliminate pollution but not supporting this research financially.

(E) The government is spending several billions of dollars a year to reduce various types of pollution.

Answer : (E)

173. A major way technology affects land pollution is the potential for

(A) worsening the problem.

(B) creating resource scarcity.

(C) decreasing pollution problems.

(D) exploitation.

(E) increasing pollution control.

Answer : (A)

174. Noise pollution can be reduced by

(A) cleaning up land polluted with chemicals and industrial waste.

(B) modifying machinery and equipment.

(C) banning strip-mining of coal.

(D) nonselective cutting of forests.

(E) the development of agricultural land for housing and industry.

Answer : (B)

175. Residents living near Los Angeles International Airport complained to the city that the airport was guilty of ____ pollution.

(A) land

(B) noise

(C) air

(D) water

(E) business

Answer : (B)

176. The Noise Control Act of 1972 established noise emission standards for all of the following *except*

(A) aircraft.

(B) airports.

(C) railroads.

(D) intracity cab services.

(E) interstate motor carriers.

Answer : (D)

177. Gabriel is an environmentalist with very strong beliefs about who should pay for environmental cleanup. What is *most likely* to be Gabriel's view?

(A) He believes that tax money should be used for environmental cleanup because everyone contributes to pollution.

(B) He feels that there should be a governmental tax imposed on every item to cover the cost of its pollution.

(C) He feels that individuals, not businesses, should foot the bill for environmental cleanup because individuals are the ones who benefit.

(D) He feels environmental costs are a part of doing business, which should be paid by businesses and in turn by higher prices for consumers.

(E) He believes those who are concerned about the environment and pollution should pay the costs.

Answer : (D)

178. A program to implement social responsibility in business begins with

(A) total commitment of top management.

(B) careful planning.

(C) appointment of a director.

(D) a board of directors meeting.

(E) conducting a social audit.

Answer : (A)

179. Babkok Corporation set up an effective program for social responsibility. Its top managers developed a policy statement outlining key areas of concern. This statement will serve as a guide for other employees as they become involved in the program. Now

(A) a committee of managers should be appointed to plan the program.

(B) employees should be appointed to submit suggestions to management.

(C) a top-level executive should be appointed to direct implementation of the program.

(D) employees should evaluate the program.

(E) the program director should prepare a social audit for the firm at specified intervals.

Answer : (A)

180. Which of the following is *not* one of the steps in developing and implementing a program of social responsibility?

(A) Planning

(B) The social audit

(C) Commitment of employees

(D) Appointment of a director

(E) Commitment of top executives

Answer : (C)

181. Travis is in charge of writing a report for his company that talks about the quality and safety of his company's products, business practices, involvement in the community, human resources, and efforts to reduce pollution. This is called a(n)

(A) ethics report.

(B) social audit.

(C) compliance review.

(D) responsibility policy.

(E) citizenship report.

Answer : (B)

182. A social audit is a

(A) review of the costs of operating a social program.

(B) report of what a business has done and is doing about social issues.

(C) review of a tax statement by the Internal Revenue Service.

(D) review of management's social activity for the year.

(E) report filed by social sector accountants.

Answer : (B)

183. The company you work for recently has committed itself to implementing a program of social responsibility. After the company has gotten the commitment of top executives, planned the program, and appointed a program director, you suggest that a(n) ____ be prepared periodically to

evaluate the success of the program.

(A) research report

(B) social audit

(C) ethics evaluation

(D) departmental memorandum

(E) social actions report

Answer : (B)

TRUEFALSE

184. Ethics is the study of right and wrong and of the morality of the choices we make.

(A) True

(B) False

Answer : (A)

185. An ethical decision or action is one that is right according to some standard of behavior.

(A) True

(B) False

Answer : (A)

186. The field of business ethics applies moral standards to business situations.

(A) True

(B) False

Answer : (A)

187. Business ethics rarely involves the application of moral standards to the business activity of a normal company.

(A) True

(B) False

Answer : (B)

188. Ethical issues often arise out of business's relationships with investors, customers, employees, creditors, or competitors.

(A) True

(B) False

Answer : (A)

189. Businesspeople face ethical issues every day, and some of these issues can be difficult to assess.

(A) True

(B) False

Answer : (A)

190. Businesspeople, by the very nature of their work, rarely face ethical issues to resolve.

(A) True

(B) False

Answer : (B)

191. Fairness and honesty in business are two important ethical concerns.

(A) True

(B) False

Answer : (A)

192. Relationships with customers and coworkers rarely create ethical problems.

(A) True

(B) False

Answer : (B)

193. False and misleading advertising is illegal and unethical.

(A) True

(B) False

Answer : (A)

194. All bribes are unethical.

(A) True

(B) False

Answer : (A)

195. Customers are so used to misleading advertising that it does not infuriate them anymore.

(A) True

(B) False

Answer : (B)

196. Sponsors of advertisements aimed at children must be especially careful to avoid misleading messages.

(A) True

(B) False

Answer : (A)

197. There is nothing unethical about accepting payments to do something you would normally do in your job anyway.

(A) True

(B) False

Answer : (B)

198. Ethical behavior is most likely to be compromised when the personal ethics of businesspeople are high.

(A) True

(B) False

Answer : (B)

199. An individual's moral values and central, value-related attitudes clearly influence one's business behavior.

(A) True

(B) False

Answer : (A)

200. Most authorities agree that business ethics should be improved.

(A) True

(B) False

Answer : (A)

201. Employees have an easier time determining what is acceptable behavior if their company provides them with a code of ethics.

(A) True

(B) False

Answer : (A)

202. A personnel manager of a large company would probably agree that the more ethical the company, the easier it is to attract good people.

(A) True

(B) False

Answer : (A)

203. A code of ethics is a written guide to acceptable and ethical behavior as defined by an organization.

(A) True

(B) False

Answer : (A)

204. During the 1980s, very few organizations created and implemented ethics codes.

(A) True

(B) False

Answer : (B)

205. The Sarbanes-Oxley Act of 2002 deals with corporate responsibility, conflicts of interest, and corporate accountability.

(A) True

(B) False

Answer : (A)

206. A corporate code of ethics officer informs the press about unethical practices within the organization.

(A) True

(B) False

Answer : (B)

207. A businessperson can take some comfort when faced with an ethical dilemma by talking openly about it with management because ethical decisions will always withstand scrutiny.

(A) True

(B) False

Answer : (A)

208. Those who "blow whistles" sometimes lose their jobs.

(A) True

(B) False

Answer : (A)

209. The Sarbanes-Oxley Act of 2002 gives those who report corporate misconduct sweeping new legal protection.

(A) True

(B) False

Answer : (A)

210. It is easy for an organization to develop ethics codes, policies, and procedures to deal with all relationships and every situation.

(A) True

(B) False

Answer : (B)

211. All companies practice social responsibility in the same manner.

(A) True

(B) False

Answer : (B)

212. Generally, social responsibility does not cost money.

(A) True

(B) False

Answer : (B)

213. Social responsibility is good business, but it does cost money.

(A) True

(B) False

Answer : (A)

214. Customers can't find out which firms are acting responsibly and which are not.

(A) True

(B) False

Answer : (B)

215. Businesses' record of social responsibility today is much better than in past decades.

(A) True

(B) False

Answer : (A)

216. During the first quarter of the twentieth century, working conditions were deplorable by today's standards.

(A) True

(B) False

Answer : (A)

217. Before the 1930s, the average work week prescribed by law was forty hours; however, workers were dissatisfied because there was no minimum wage.

(A) True

(B) False

Answer : (B)

218. When translated, *caveat emptor* means "let the buyer beware."

(A) True

(B) False

Answer : (A)

219. President Franklin D. Roosevelt's program for restoring the economy and improving social conditions became the foundation for increased government involvement in business.

(A) True

(B) False

Answer : (A)

220. Awareness of businesses' social responsibilities has increased along with government involvement.

(A) True

(B) False

Answer : (A)

221. Within a firm, social responsibility begins with management's attitude.

(A) True

(B) False

Answer : (A)

222. The economic model of social responsibility emphasizes profits.

(A) True

(B) False

Answer : (A)

223. The economic model of social responsibility emphasizes the effect of business decisions on society.

(A) True

(B) False

Answer : (B)

224. The socioeconomic model of social responsibility emphasizes the effect of business decisions on society.

(A) True

(B) False

Answer : (A)

225. Increasing numbers of managers have adopted the socioeconomic model of social responsibility.

(A) True

(B) False

Answer : (A)

226. There are many more socially responsible businesses today than there were ten years ago.

(A) True

(B) False

Answer : (A)

227. In support of their position, proponents of the socioeconomic model argue that businesses should be allowed to ignore social issues.

(A) True

(B) False

Answer : (B)

228. Much consumer-oriented legislation has grown out of the statement of six rights, which became known as the Consumer Bill of Rights.

(A) True

(B) False

Answer : (A)

229. President Franklin D. Roosevelt declared that consumers are entitled to safety, to be informed, to choose, and to be heard.

(A) True

(B) False

Answer : (B)

230. Consumerism consists of all activities undertaken to protect the rights of consumers.

(A) True

(B) False

Answer : (A)

231. The Food and Drug Administration's ability to force businesses making or selling defective products to recall them is most closely related to consumers' right to choose.

(A) True

(B) False

Answer : (B)

232. Recently, consumers and the government have been losing an increasing number of product liability lawsuits against sellers of defective products.

(A) True

(B) False

Answer : (B)

233. One major reason for improving product safety is the consumer's demand for safe products.

(A) True

(B) False

Answer : (A)

234. The right to consumer education entitles people to be fully informed about their rights as consumers.

(A) True

(B) False

Answer : (A)

235. The right to service entitles consumers to convenience, courtesy, and responsiveness from manufacturers and sellers of consumer products.

(A) True

(B) False

Answer : (A)

236. Two additional rights added in the last decade are the right to consumer education and the right to courteous service.

(A) True

(B) False

Answer : (A)

237. Manufacturers are not required by law to inform consumers about the potential dangers of using their products.

(A) True

(B) False

Answer : (B)

238. The right to choose means that consumers must have a choice of products offered by different manufacturers and sellers.

(A) True

(B) False

Answer : (A)

239. The lesser the competition, the greater the choice available to consumers.

(A) True

(B) False

Answer : (B)

240. Consumer advocates, such as Ralph Nader, take it upon themselves to protect the rights of consumers.

(A) True

(B) False

Answer : (A)

241. Increasingly, consumer education is becoming a part of high school and college curricula and adult-education programs.

(A) True

(B) False

Answer : (A)

242. Major advances in consumerism have come through federal legislation.

(A) True

(B) False

Answer : (A)

243. An affirmative action program is designed to ensure that minority employees are represented in about the same proportion as their representation within the community.

(A) True

(B) False

Answer : (A)

244. Affirmative action plans encompass all areas of human resources management, including recruiting, hiring, training, promotion, and pay.

(A) True

(B) False

Answer : (A)

245. To achieve affirmative action goals and to remedy past discrimination, hiring quotas are required.

(A) True

(B) False

Answer : (B)

246. The hard-core unemployed are made up of mentally ill individuals and those with prior criminal convictions.

(A) True

(B) False

Answer : (B)

247. The EPA was created by the government to develop new and improved ways to clean and improve the environment.

(A) True

(B) False

Answer : (B)

248. Once they are made aware of the pollution problem, most firms respond rather than waiting to be cited by the EPA.

(A) True

(B) False

Answer : (A)

249. Improved water quality is not only necessary, it is attainable at no cost.

(A) True

(B) False

Answer : (B)

250. Of the three factors mentioned as contributors to air pollution, only the combination of weather and geography cannot be changed.

(A) True

(B) False

Answer : (A)

251. Fortunately, the acid-rain problem has been solved in recent years.

(A) True

(B) False

Answer : (B)

252. Air and water quality may be improving, but land pollution is still a serious problem in many areas.

(A) True

(B) False

Answer : (A)

253. The fundamental issues concerning land pollution are how to restore already contaminated land and how to prevent further contamination.

(A) True

(B) False

Answer : (A)

254. The $1.6 billion Superfund created in 1980 is to be used to develop successful ways of storing land pollutants.

(A) True

(B) False

Answer : (B)

255. People exposed to loud noises for a long time can suffer permanent hearing loss.

(A) True

(B) False

Answer : (A)

256. Negotiated settlements for cleaning up hazardous wastes became known as sweetheart deals

because the EPA helped only those companies friendly to them.

(A) True

(B) False

Answer : (B)

257. Consumers will probably pay in large part for cleaning up our environment through increased taxes or increased product costs.

(A) True

(B) False

Answer : (A)

258. A firm's social responsibility program will be ineffective if it has less than the total commitment of the company's top business officials.

(A) True

(B) False

Answer : (A)

259. A key step in developing and implementing a social responsibility program is the environmental audit.

(A) True

(B) False

Answer : (B)

260. An effective program for social responsibility takes time, money, and organization.

(A) True

(B) False

Answer : (A)

261. The planning stage of a social responsibility program can involve outside consultants to help develop it.

(A) True

(B) False

Answer : (A)

262. The director of a company's social responsibility program should be a consumer advocate who can express the social issues facing the firm to the organization's management.

(A) True

(B) False

Answer : (B)

263. One way a social responsibility program can be funded is by passing on the cost to the consumer in the form of higher prices.

(A) True

(B) False

Answer : (A)

264. A social responsibility program may be funded by the federal government through tax reductions or other incentives.

(A) True

(B) False

Answer : (A)

MULTICHOICE

265. Copley Pharmaceutical, Inc. recently pled guilty to federal criminal charges for falsifying drug manufacturers' reports to the Food and Drug Administration. This is an example of a company that failed to exercise proper _____.

(A) business ethics.

(B) lassiez-faire.

(C) recordkeeping.

(D) monetary policies.

Answer : (A)

266. Michaela, age 25, has set a personal goal of being vice president of ABX Corp. by the time she is 32. She has determined that nothing will stand in her way of her goal. She hears that the

president of ABX Corp. is engaged in a business enterprise with the president of a competitor that is a conflict of interest with his role of president. She reports the business relationship to the press anonymously. Upon hearing the news, the board of directors of ABX Corp. calls a special meeting to investigate the charges. Finding them to be true, they terminate the president and promote the existing vice president to president and Michaela to vice president. What individual factor most affected Michaela's ethical decision?

(A) Personal goals.

(B) Personal values.

(C) Individual knowledge of an issue.

(D) Cultural norms.

Answer : (A)

267. Susan has worked with her officemates for two years. When she started working she was very careful to return from every break on time and to keep meticulous track of her time. Over the last month she has spent more time at breaks with her colleagues who encourage her to write down the proper amount of time for the break regardless of how long they were away from their workstations. "Everyone does it," one of her colleagues said, and the others agreed. Susan does as her colleagues have told her to do. What social factor(s) have affected her ethics?

(A) Co-workers.

(B) Co-workers and personal values.

(C) Significant others and co-workers.

(D) Co-workers and cultural norms.

Answer : (A)

268. Legislation requires that all non-salaried employees who work more than 40 hours a week be paid over-time for the week. This legislation is an example of

(A) government's role in encouraging ethics.

(B) trade associations' role in encouraging ethics.

(C) individual companies' role in encouraging ethics.

(D) personal application of ethics.

Answer : (A)

269. Starbucks investigates coffee bean growing regions and before it contracts to buy the beans from local growers, sets up clinics to inoculate residents from diseases in the area, provides sources of clean water for the villages, and otherwise works to improve the standard of living for the residents. This is an example of the company acting on its perception of its

(A) social responsibility.

(B) personal responsibility.

(C) way to improve profits.

(D) need for better public relations.

Answer : (A)

270. During the first quarter of the 20th century, consumers were responsible for any losses they suffered due to a defective product they purchased. This is because the doctrine of ___ was applied in business transactions.

(A) caveat emptor

(B) caravan emperor

(C) caveat empty

(D) emperor penguin

Answer : (A)

271. The economic model of social responsibility holds that society will benefit most when business is left alone to produce and market profitable products that society needs. This economic model is based on the notion that

(A) social responsibility is someone else's job.

(B) social responsibility is a privilege and duty of every business.

(C) social responsibility is a burden but should nonetheless be undertaken.

(D) social responsibility brings great benefits to the business that undertakes to act on it.

Answer : (A)

272. Harold, president of a national stationery store, believes that the business has a responsibility not only to stockholders but also to customers, employees, suppliers, and the general public. Harold subscribes to the _____ of social responsibility.

(A) socioeconomic model

(B) economic model

(C) personal model

(D) stakeholder model

Answer : (A)

273. Proponents of the socioeconomic model of social responsibility make all of the following arguments to support their position *except*

(A) by being social responsible the company will make more money.

(B) being socially responsible is important because the business has the technical, financial, and managerial resources needed to tackle today's complex social issues.

(C) by helping resolve social issues, businesses can create a more stable environment for long-term profitability.

(D) socially responsible decision making by firms can prevent increased government interventions, which would force businesses to do what they fail to do voluntarily.

Answer : (A)

274. Firms have routinely turned down work to individuals with little education or vocational training and a long history of unemployment. These people are known as

(A) hard-core unemployed.

(B) under-employed.

(C) college students.

(D) children.

Answer : (A)