

File: Chapter 1, Introducing Straight Talk about Managing Business Ethics: Where we're Going and Why

True/False

1. The interest in business ethics is just a fad that has only recently been created by popular scandals (i.e., Enron, WorldCom, etc.) reported in the news.

Ans: False

Response: See page 2.

Difficulty: Easy

2. Discarding the few "bad apples" will usually solve all of the ethical problems within an organization.

Ans: False

Response: See page 14.

Difficulty: Easy

3. Good character is the main factor determining whether an individual acts ethically within an organization.

Ans: False

Response: See page 16.

Difficulty: Moderate

4. Federal laws define what is ethical. Therefore, all unethical behavior is considered unlawful.

Ans: False

Response: See page 21. Some unethical behavior is not covered by law (for example, lying to a manager about the reason for taking a sick day).

Difficulty: Difficult

5. Both characteristics of the environment and the individual contribute to unethical behavior.

Ans: True
Response: See page 15.
Difficulty: Easy

6. When employees come to an organization, they have already developed into “good” or “bad” apples. Therefore, there is little a manager can do to impact an employee’s ethical behavior.

Ans: False
Response: See page 14.
Difficulty: Moderate

7. According to the authors, most people are guided by a strict internal moral compass and will not be swayed by organization factors.

Ans: False
Response: See page 15.
Difficulty: Moderate

8. By ignoring the topic of ethical behavior, an organization may actually be encouraging unethical behavior through benign neglect.

Ans: True
Response: See page 19.
Difficulty: Easy

9. It is unethical for managers to “control” employees’ ethical behavior through direct management and the organization’s formal and informal cultural systems.

Ans: False
Response: See page 19.
Difficulty: Difficult

10. For individuals, values can be defined as “one’s core beliefs about what is important, what is valued, and how one should behave across a wide variety of situations.”.

Ans: True

Response: See page 30.

Difficulty: Moderate

Multiple Choice

11. Which of these is Adam Smith’s first book?

- a) Wealth of Nations
- b) The Theory of Moral Sentiments
- c) The Corporation
- d) The Moral Dimension

Ans: b

Response: See page 3.

Difficulty: Moderate

12. The implosion of the financial markets in 2008 was largely the result of:

- a) illegal behavior
- b) the Federal government intervention
- c) government regulation
- d) unethical activities in that they ultimately produced great harm

Ans: d

Response: See page 4.

Difficulty: Moderate

13. According to the authors, all of these are factors that laid the groundwork for the disaster in the United States in 2008 EXCEPT:

- a) borrowing was expensive
- b) real estate became the investment of choice

- c) mortgage originators peddled “Liar Loans”
- d) banks securitized the poison and spread it around

Ans: a

Response: See page 4-9.

Difficulty: Difficult

14. According to the 2012 Edelman Trust Barometer, only _____ percent of Americans surveyed trust banks to be ethical—a _____-point drop since 2008

- a) 60; 20
- b) 20; 40
- c) 35; 34
- d) 15; 28

Ans: c

Response: See page 10.

Difficulty: Difficult

15. The Ethics Resource Center’s 2011 National Business Ethics Survey found that only _____ percent of employees of for-profit enterprises report feeling pressured to compromise their ethical standards.

- a) 7
- b) 13
- c) 19
- d) 23

Ans: b

Response: See page 12.

Difficulty: Difficult

16. Ethical behavior can be influenced by:

- a) an individual’s religion
- b) an organization’s culture
- c) ethical training
- d) an individual’s personality
- e) all of the above

Ans: e

Response: Pp. 14-16. Ethical behavior is influenced by both individual factors (such as personality, upbringing, etc.) and organization factors (such as culture, leadership, etc.).

Difficulty: Easy

17. Which of the following statements is true?

- a) “Bad apples” are just a few individuals who spoil it for the rest of us.
- b) Employees’ good behavior can be spoiled by a “bad barrel.”
- c) Ethics cannot be taught because individuals come into an organization already as a “bad apple.”
- d) “Bad barrels” are caused by “bad apples” in an organization.

Ans: b

Response: See page 15.

Difficulty: Difficult

18. _____ students may need more ethics training because research has found that they rank lower in moral reasoning than other students.

- a) Philosophy
- b) Political science
- c) Business
- d) Medicine

Ans: c

Response: See page 17.

Difficulty: Easy

19. Definition of ethics—“the principles, norms, and standards of conduct governing an individual or group”—focuses on _____.

- a) organization
- b) society
- c) business
- d) conduct

Ans: d

Response: See page 18.
Difficulty: Easy

20. According to the authors, ethical behavior is defined as:

- a) a set of moral principles or values that guide an individual
- b) rules of behavior set by the Federal government
- c) principles, norms, and standards agreed upon by society
- d) none of the above

Ans: c

Response: See page 20.
Difficulty: Moderate

21. In this book, the authors focus on _____ factors because _____:

- a) individual; these factors are the main determinant of unethical behavior
- b) organization; these factors can be directly controlled by managers
- c) individual; a few “bad apples” spoil it for the rest of us
- d) organization; these factors are particularly important in unambiguous situations

Ans: b

Response: See page 19.
Difficulty: Moderate

22. According to a national opinion survey, identify the goal that employees did not rank in the top five?

- a) Honest company communications
- b) Good pay
- c) Respectful treatment
- d) Ethical corporate behavior

Ans: b

Response: See page 24.
Difficulty: Moderate

23. The U.S. Chamber of Commerce estimates that workplace theft costs U.S. businesses between \$20 billion and \$40 billion each year, and _____ are thought to be responsible for much of it.

- a) employees
- b) customers
- c) community members
- d) government agencies

Ans: b

Response: See page 24.

Difficulty: Moderate

24. Parties who are affected by the business and its actions and who have an interest in what the business does and how it performs are called _____.

- a) stakeholders
- b) large customers
- c) community committees
- d) government parties

Ans: a

Response: See page 27.

Difficulty: Moderate