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| **True / False** |

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| 1. An organization's mission statement highlights its key ethical issues and identifies the overarching values and principles that are important to the organization and its decision making.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Establish a Corporate Code of Ethics | |

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| 2. Line operations personnel can be appointed as corporate ethics officers.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Appoint a Corporate Ethics Officer | |

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| 3. In a nonprofit organization, the board of directors reports to the local community that it serves.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Require the Board of Directors to Set and Model High Ethical Standards | |

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| 4. Consistency means that shareholders, customers, suppliers, and the community know what they can expect of an organization-that it will behave in the future much as it has in the past.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Creating an Organization That Operates Consistently | |

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| 5. The greater reliance of information systems in all aspects of life has decreased the risk that information technology will be used unethically.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Ethics in Information Technology | |

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| 6. Increasingly, managers are including ethical conduct as part of an employee's performance appraisal.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Include Ethical Criteria in Employee Appraisals | |

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| 7. Employees may suppress their tendency to act in a manner that seems ethical to them and instead act in a manner that will protect them against anticipated punishment.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Fostering Good Business Practices | |

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| 8. The term morality refers to social conventions about right and wrong that are so widely shared that they become the basis for an established consensus.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | What is Ethics? | |

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| 9. Laws can proclaim an act as legal, although many people may consider the act immoral.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | The Difference Between Morals, Ethics, and Laws | |

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| 10. Fairness and generosity are examples of virtues.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | What is Ethics? | |

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| 11. Lawrence Kohlberg found that the most crucial factor that stimulates a person's moral development is monetary reward for good behavior.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Require Employees to Take Ethics Training | |

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| 12. Multinational and global organizations must not present a consistent face to their shareholders, customers, and suppliers but instead must operate with a different value system in each country they do business in.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Creating an Organization That Operates Consistently | |

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| 13. Legal acts conform to what an individual believes to be the right thing to do.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | The Difference Between Morals, Ethics, and Laws | |

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| 14. Ethics has risen to the top of the business agenda because risks associated with inappropriate behavior have increased, both in their likelihood and in their potential negative impact.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Ethics in the Business World | |

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| 15. Setting corporate social responsibility (CSR) goals encourages an organization to achieve higher moral and ethical standards.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Corporate Social Responsibility | |

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| 16. A mission statement is a clear, concise description of the issue that needs to be addressed.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Develop Problem Statement | |

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| 17. The board of directors of an organization is normally responsible for day-to-day management and operations of the organization.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Require the Board of Directors to Set and Model High Ethical Standards | |

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| 18. An individual's manager has very little impact on his or her ethical behavior.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | The Difference Between Morals, Ethics, and Laws | |

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| 19. In the business world, important decisions are too often left to the technical experts; general business managers must assume greater responsibility for these decisions.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Ethics in Information Technology | |

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| 20. Individual views on what is moral are so strongly held that there is nearly universal agreement in spite of differences in age, cultural group, ethnic background, religion, life experience, education, and gender.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | What is Ethics? | |

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| 21. Most people have developed a decision-making process they use almost automatically, without thinking about the steps they go through.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Including Ethical Considerations in Decision Making | |

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| 22. The countries with the highest software piracy rate in the world include Luxembourg, Japan, and New Zealand.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | What is Ethics? | |

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| 23. Stakeholders who stand to lose or gain from a situation should be kept out of the decision making process as they will simply introduce their personal biases.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Identify Alternatives | |

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| 24. The term ethics describes standards or codes of behavior expected of an individual by a group to which the individual belongs.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | What is Ethics? | |

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| 25. If the desired results are not achieved upon implementation of a solution, one should return to the "identify alternatives" step of the decision making process and rework the decision.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | |

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| **Multiple Choice** |

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| 26. Which of the following identifies the concept that an organization should act ethically by taking accountability for the impact of its actions on the environment, the community, and the welfare of its employees?   |  |  |  | | --- | --- | --- | |  | a. | Corporate social responsibility | |  | b. | Corporate governance | |  | c. | Corporate social entrepreneurship | |  | d. | Corporate sustainability |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Corporate Social Responsiblity | |

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| 27. Which of the following steps in the decision-making process gathers and analyzes facts and also identifies stakeholders affected by the decision?   |  |  |  | | --- | --- | --- | |  | a. | Develop problem statement | |  | b. | Evaluate result | |  | c. | Identify alternatives | |  | d. | Implement decision |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Develop Problem Statement | |

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| 28. A set of beliefs about right and wrong behavior within a society is known as which of the following?   |  |  |  | | --- | --- | --- | |  | a. | ethics | |  | b. | moral code | |  | c. | law | |  | d. | vices and virtues |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | What is Ethics? | |

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| 29. Which of the following statements best describes a reason why organizations pursue corporate social responsibility (CSR) goals and promote a work environment in which employees are encouraged to act ethically when making business decisions?   |  |  |  | | --- | --- | --- | |  | a. | To enjoy higher employee turnover rates | |  | b. | To define a variable approach for dealing with stakeholders | |  | c. | To gain the goodwill of the community | |  | d. | To increase unfavorable publicity |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Gaining the Goodwill of the Community | |

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| 30. What term is used to describe a habit of unacceptable behavior?   |  |  |  | | --- | --- | --- | |  | a. | moral | |  | b. | virtue | |  | c. | ethic | |  | d. | vice |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | What is Ethics? | |

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| 31. Standards or codes of behavior expected of an individual by a group (nation, organization, profession) to which an individual belongs is known as which of the following?   |  |  |  | | --- | --- | --- | |  | a. | Ethics | |  | b. | Virtues | |  | c. | Laws | |  | d. | Morals |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | What is Ethics? | |

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| 32. Which of the following terms best describes a habit that inclines people to do what is acceptable?   |  |  |  | | --- | --- | --- | |  | a. | laws | |  | b. | ethics | |  | c. | virtue | |  | d. | vice |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | What is Ethics? | |

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| 33. The piracy rate is nearly 80 percent across which continent?   |  |  |  | | --- | --- | --- | |  | a. | Asia | |  | b. | North America | |  | c. | Europe | |  | d. | Africa |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | What is Ethics? | |

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| 34. Companies that develop and maintain strong employee relations:   |  |  |  | | --- | --- | --- | |  | a. | build indifference to the organization's goals. | |  | b. | erode employee involvement. | |  | c. | enjoy lower turnover rates. | |  | d. | face low employee morale. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Fostering Good Business Practices | |

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| 35. In the case of United States v. New York Central & Hudson River Railroad Co., the U.S. Supreme Court established that:   |  |  |  | | --- | --- | --- | |  | a. | executives in an organization with an effective ethics program can receive lesser sentences for unethical actions. | |  | b. | an employer can be held responsible for the acts of its employees even if the employees act in a manner contrary to their employer's directions. | |  | c. | organizations can escape criminal liability if they make strong efforts to prevent and detect misconduct in the workplace. | |  | d. | officers of companies cannot be given light sentences if their ethics program fail to deter criminal activity within their firms. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Protecting the Organization and Its Employees from Legal Action | |

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| 36. A rapid increase in the appointment of corporate ethics officers typically follows:   |  |  |  | | --- | --- | --- | |  | a. | the acquisition of one company by another. | |  | b. | the revelation of a major business scandal. | |  | c. | the appointment of a new CEO. | |  | d. | a substantial decrease in the stock price of a firm. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Appoint a Corporate Ethics Officer | |

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| 37. Based on a 2013 National Business Ethics Survey, the percentage of employees who said they reported misconduct in the workplace when they saw it is characterized by which of the following statements?   |  |  |  | | --- | --- | --- | |  | a. | increased from 2011 to 2013 | |  | b. | decreased from 2011 to 2013 | |  | c. | stayed essentially the same | |  | d. | increased by more than 10 percentage points from 2007 to 2009 |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | How Organizations Can Improve Their Ethics | |

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| 38. The goodwill that is created by which of the following can make it easier for corporations to conduct their business?   |  |  |  | | --- | --- | --- | |  | a. | profits | |  | b. | alliances | |  | c. | incentives | |  | d. | CSR activities |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Gaining the Goodwill of the Community | |

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| 39. In which step of the decision-making process should the decision makers consider laws, guidelines, policies, and principles that might apply to the decision?   |  |  |  | | --- | --- | --- | |  | a. | develop problem statement | |  | b. | implement decision | |  | c. | identify alternatives | |  | d. | evaluate and choose alternative |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Choose Alternative | |

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| 40. Which of the following is the most critical step in the decision-making process?   |  |  |  | | --- | --- | --- | |  | a. | Evaluation of the results | |  | b. | Identification of alternative solutions | |  | c. | Development of a problem statement | |  | d. | Implementation of a decision |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Develop Problem Statement | |

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| 41. A discrepancy between employee's own values and an organization's actions:   |  |  |  | | --- | --- | --- | |  | a. | encourages employee commitment. | |  | b. | increases employee involvement. | |  | c. | fosters poor performance. | |  | d. | creates high morale. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Fostering Good Business Practices | |

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| 42. Someone who stands to gain or lose, depending on how a situation is resolved is known as which of the following?   |  |  |  | | --- | --- | --- | |  | a. | negotiator | |  | b. | figurehead | |  | c. | stakeholder | |  | d. | philanthropist |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Gaining the Goodwill of the Community | |

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| 43. Which of the following activies describes when an organization reviews how well it is meeting its ethical and social responsibility goals, and communicates its new goals for the upcoming year?   |  |  |  | | --- | --- | --- | |  | a. | ethics review | |  | b. | performance appraisal | |  | c. | social audit | |  | d. | morals assessment |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Conduct Social Audits | |

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| 44. A well-implemented ethics and compliance program and a strong ethical culture can lead to:   |  |  |  | | --- | --- | --- | |  | a. | more fear of retaliation by management. | |  | b. | less comfort for employees reporting misconduct. | |  | c. | more negative views on the organization. | |  | d. | less pressure on employees to misbehave. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | How Organizations Can Improve Their Ethics | |

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| 45. Which of the following positions provides an organization with vision and leadership in the area of business conduct?   |  |  |  | | --- | --- | --- | |  | a. | spiritual leader | |  | b. | corporate ethics officer | |  | c. | disseminator | |  | d. | disturbance handler |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Appoint a Corporate Ethics Officer | |

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| 46. In a for-profit organization, the primary objective of which of the following is to oversee the organization's business activities and management for the benefit of shareholders, employees, customers, suppliers, and the community?   |  |  |  | | --- | --- | --- | |  | a. | negotiator | |  | b. | board of directors | |  | c. | corporate ethics officer | |  | d. | corporate compliance officer |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Require the Board of Directors to Set and Model High Ethical Standards | |

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| 47. To extend to all people the same respect and consideration that you expect from them is considered which of the following character traits?   |  |  |  | | --- | --- | --- | |  | a. | morality | |  | b. | ethical | |  | c. | integrity | |  | d. | consistency |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | The Importance of Integrity | |

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| 48. In an environment where employees are encouraged to do "whatever it takes" to get the job done, employees may feel pressure to act in which of the following ways?   |  |  |  | | --- | --- | --- | |  | a. | with integrity | |  | b. | unethically | |  | c. | morally | |  | d. | that which is culterally accepted |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Create an Ethical Work Environment | |

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| 49. One's personal beliefs about right and wrong are known as which of the following?   |  |  |  | | --- | --- | --- | |  | a. | virtues | |  | b. | vices | |  | c. | characteristics | |  | d. | morals |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | What Is Ethics? | |

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| 50. A statement that highlights an organization's key ethical issues and identifies the overarching values and principles that are important to the organization and its decision making is known as which of the following?   |  |  |  | | --- | --- | --- | |  | a. | mission statement | |  | b. | code of ethics | |  | c. | problem statement | |  | d. | acceptable use policy |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | The Difference Between Morals, Ethics, and Laws | |

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| 51. In the decision-making process of implementing the decision, what plan must be defined to explain to people how they will move from the old way of doing things to the new way?   |  |  |  | | --- | --- | --- | |  | a. | implementation | |  | b. | backup | |  | c. | transition | |  | d. | evaulation |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Implement the Decision | |

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| 52. Which of the following helps ensure that employees abide by the law, follow necessary regulations, and behave in an ethical manner?   |  |  |  | | --- | --- | --- | |  | a. | mission statement | |  | b. | acceptable use policy | |  | c. | problem statement | |  | d. | code of ethics |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | The Difference Between Morals, Ethics, and Laws | |

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| 53. A clear, concise statement of an issue that needs to be addressed is known as which of the following?   |  |  |  | | --- | --- | --- | |  | a. | mission statement | |  | b. | acceptable use policy | |  | c. | problem statement | |  | d. | code of ethics |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *REFERENCES:* | Develop Problem Statement | |

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| 54. A code of ethics cannot gain company-wide acceptance unless it is fully endorsed by the organization's leadership and developed with which of the following?   |  |  |  | | --- | --- | --- | |  | a. | employee participation | |  | b. | board of directors | |  | c. | business partners | |  | d. | shareholders |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Establish a Corporate Code of Ethics | |

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| 55. During which step of the decision-making process should one be extremely careful not to make assumptions about the situation?   |  |  |  | | --- | --- | --- | |  | a. | identify alternatives | |  | b. | implement decision | |  | c. | evaluate results | |  | d. | develop problem statement |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Develop Problem Statement | |

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| **Subjective Short Answer** |

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| 56. What is a social audit? Explain.   |  |  | | --- | --- | | *ANSWER:* | In a social audit, an organization reviews how well it is meeting its ethical and social responsibility goals, and communicates it new goals for the coming year. This information is shared with employees, shareholders, investors, market analysts, customers, suppliers, government agencies, and the communities in which the organization operates. | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Conduct Social Audits | |

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| 57. Describe two trends that have increased the likelihood of unethical behavior.   |  |  | | --- | --- | | *ANSWER:* | Several trends have increased the likelihood of unethical behavior. First, for many organizations, greater globalization has created a much more complex work environment that spans diverse cultures and societies, making it much more difficult to apply principles and codes of ethics consistently. For example, numerous U.S. companies have moved operations to developing countries, where employees work in conditions that would not be acceptable in most developed parts of the world. Second, in today's challenging and uncertain economic climate, organizations are extremely challenged to maintain revenue and profits.Some organizations are sorely tempted to resort to unethical behavior to maintain profits. | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Ethics in the Business World | |

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| 58. In the context of an ethical decision-making process, discuss the importance of communication in implementing a change.   |  |  | | --- | --- | | *ANSWER:* | Once the alternative is selected, it should be implemented in an efficient, effective, and timely manner. This is much easier said than done, because people tend to resist change. In fact, the bigger the change, the greater the resistance to it. Communication is the key in helping people accept a change. It is imperative that someone whom the stakeholders trust and respect answer the following questions: Why are we doing this? What is wrong with the current way we do things? What are the benefits of the new way for you? A transition plan must be defined to explain to people how they will move from the old way of doing things to the new way. It is essential that the transition be seen as relatively easy and pain free. | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Implement the Decision | |

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| 59. Discuss the role of the board of directors in creating an ethical organization.   |  |  | | --- | --- | | *ANSWER:* | Board of directors of a company are expected to conduct themselves according to the highest standards for personal and professional integrity, while setting the standard for company-wide ethical conduct and ensuring compliance with laws and regulations. Employees will "get the message" if the directors set an example of high level of ethical behavior. If they don't set a good example, employees will get that message as well. Importantly, board members must create an environment where employees feel they can seek advice about appropriate business conduct, raise issues, and report misconduct through appropriate channels. Failure of the board to set an example of high-level ethical behavior or to intervene to stop unethical behavior can result in serious consequences. | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | Require the Board of Directors to Set and Model High Ethical Standards | |

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| 60. Briefly describe the difference between morals, ethics, and laws.   |  |  | | --- | --- | | *ANSWER:* | Morals are one's own personal beliefs about right and wrong, while the term ethics describe standards or codes of behavior expected of an individual by a group (nation, organization, profession) to which an individual belongs. For example, the ethics of the law profession demand that defense attorneys defend an accused client to the best of their ability, even if they knows that the client is guilty of the most heinous and morally objectionable crime one could imagine. Law is a system of rules that tells people what one can and cannot do. Laws are enforced by a set of institutions (the police, courts, law making bodies). Legal acts are acts that conform to the law. Moral acts conform with what an individual believes to be the right thing to do. Laws can proclaim an act as legal, although many people may consider the act immoral-for example, abortion. | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *REFERENCES:* | What is Ethics? | |