

Management, 10e (Robbins)

Chapter 5 Social Responsibility and Managerial Ethics

1) The classical view of organizational social responsibility is that management's only social responsibility is to maximize profits.

Answer: TRUE

Diff: 2 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

2) The most outspoken advocate of the classical view of organizational social responsibility is Milton Friedman.

Answer: TRUE

Diff: 2 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

3) In the socioeconomic view of organizational social responsibility, maximizing profits is not a company's only priority.

Answer: TRUE

Diff: 2 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

4) Socially responsible businesses tend to have less-secure long-run profits.

Answer: FALSE

Diff: 3 Page Ref: 95

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

5) One argument against businesses championing social responsibility issues is that businesses already have too much power.

Answer: TRUE

Diff: 3 Page Ref: 95

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

6) Possession of resources is an argument for social responsibility.

Answer: TRUE

Diff: 2 Page Ref: 95

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

7) A business has fulfilled its social obligation when it meets economic, legal, and ethical obligations.

Answer: FALSE

Diff: 2 Page Ref: 92-93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

8) The difference between an organization's social obligation and social responsiveness is the legal aspect.

Answer: FALSE

Diff: 2 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

9) Though the outcomes are not perfectly measured, the majority of research studies show a positive relationship between corporate social involvement and economic performance.

Answer: TRUE

Diff: 1 Page Ref: 94

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

10) Socially responsible mutual stock funds may offer insight into the issue of social responsibility and economic performance.

Answer: TRUE

Diff: 1 Page Ref: 94

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

11) Socially responsible mutual stock funds use some type of greening of management.

Answer: FALSE

Diff: 2 Page Ref: 94

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

12) The term "shades of green" refers to the level of environmental responsibility that a company has.

Answer: TRUE

Diff: 1 Page Ref: 97

Topic: Green Management

13) The market approach to going green is when organizations respond to multiple demands of stakeholders.

Answer: FALSE

Diff: 2 Page Ref: 97

Topic: Green Management

14) The activist approach to going green is when an organization looks for ways to respect and preserve the earth and its natural resources.

Answer: TRUE

Diff: 2 Page Ref: 97

Topic: Green Management

15) A company that displays an ability to effectively manage environmental and social factors may be named as one of the 100 most sustainable corporations in the world.

Answer: TRUE

Diff: 1 Page Ref: 98

Topic: Green Management

16) Sharing corporate values is an approach to managing in which managers establish, promote, and practice an organization's shared values.

Answer: FALSE

Diff: 1 Page Ref: 101

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

17) A company's shared values act as guideposts for managerial decisions and actions.

Answer: TRUE

Diff: 2 Page Ref: 101

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

18) Values-based management is based on the close link between an organization's decisions and activities and its impact on the natural environment.

Answer: FALSE

Diff: 2 Page Ref: 101

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

19) In the preconventional stage of moral development, individuals make a clear effort to define moral principles apart from the authority of the groups to which they belong or of society in general.

Answer: FALSE

Diff: 2 Page Ref: 99

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

20) People proceed through the six stages of moral development in lockstep fashion.

Answer: TRUE

Diff: 2 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

21) The term "values" refers to the rules and principles that define right and wrong conduct.

Answer: FALSE

Diff: 2 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

22) A structural design that continuously reminds employees of what is ethical is less likely to encourage ethical behavior.

Answer: FALSE

Diff: 1 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

23) Employees may be pressured to do "whatever is necessary" to look good on the outcome variables when they are evaluated only on the results.

Answer: TRUE

Diff: 1 Page Ref: 101

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

24) The Global Compact identifies human rights principles for doing business globally that includes making certain that corporations are not complicit in human rights abuses.

Answer: TRUE

Diff: 2 Page Ref: 103

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

25) The Organization for Economic Co-Operation and Development (OECD) developed a global code of ethics.

Answer: FALSE

Diff: 2 Page Ref: 103

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

26) The best thing managers can do to provide ethical leadership is be a good role model.

Answer: TRUE

Diff: 1 Page Ref: 109

Topic: Social Responsibility and Ethics Issues in Today's World

Skill: AACSB: Ethics

27) Employees who raise ethical concerns or issues to others inside or outside the organization are called social activists.

Answer: FALSE

Diff: 2 Page Ref: 109

Topic: Social Responsibility and Ethics Issues in Today's World

Skill: AACSB: Ethics

28) Fair trade proponents are examples of whistleblowers.

Answer: FALSE

Diff: 3 Page Ref: 109

Topic: Social Responsibility and Ethics Issues in Today's World

Skill: AACSB: Ethics

29) Under the Sarbanes-Oxley Act, whistleblowers in the United States who report suspected corporate violations of laws now have broad protection from reprisals and retaliation.

Answer: TRUE

Diff: 2 Page Ref: 109

Topic: Social Responsibility and Ethics Issues in Today's World

Skill: AACSB: Ethics

30) Employee relations, philanthropy, pricing, resource conservation, product quality and safety, and doing business in countries that violate human rights are some obvious examples of _____.

- A) social responsibility ethics that managers must decide on a daily basis
- B) social responsibility issues that employees must confront while at work
- C) areas of social responsibility that influence managers, not employees
- D) decisions that managers face that have a social responsibility dimension

Answer: D

Diff: 3 Page Ref: 92

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

31) The classical view of social responsibility holds that management's only social responsibility is to _____.

- A) maximize organizational profits for stockholders
- B) maximize adherence to the laws for stockholders
- C) maximize organizational profits for stakeholders
- D) minimize adherence to the laws for stockholders

Answer: A

Diff: 1 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

32) The most outspoken advocate of the classical view of social responsibility is economist and Nobel laureate, _____.

- A) Carnegie Milton
- B) Charles Darwin
- C) Milton Freeman
- D) Milton Friedman

Answer: D

Diff: 3 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

33) Individuals and groups affected by an organization's actions are _____.

- A) consumers
- B) interested parties
- C) stockholders
- D) beneficiaries

Answer: C

Diff: 2 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

34) According to the classical view, corporate managers should _____.

- A) emphasize charitable donations
- B) maximize value to stockholders
- C) maximize value to shareholders
- D) represent society whenever possible

Answer: B

Diff: 1 Page Ref: 93

Topic: What Is Social Responsibility?

35) A leading proponent of the classical view argues that anytime managers decide on their own to spend their organization's resources for the "social good," they are _____.

- A) contributing social benefits in the name of goodwill
- B) following governmental regulations
- C) helping make society a better place for everyone to live
- D) adding to the costs of doing business

Answer: D

Diff: 3 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

36) Which of the following is associated with the classical view of social responsibility?

- A) economist Robert Reich
- B) concern for social welfare
- C) stockholder financial return
- D) voluntary activities

Answer: C

Diff: 2 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

37) The socioeconomic view is that management's social responsibility goes beyond making profits to include _____.

- A) placing members of society on welfare
- B) protecting and improving society's welfare
- C) minimizing the welfare of society in exchange for profits
- D) protecting and improving the organization's profits

Answer: B

Diff: 2 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

38) Proponents of the socioeconomic view of social responsibility believe that business organizations are _____.

- A) not just merely economic institutions
- B) just merely economic institutions
- C) to be leaders in social responsibility
- D) not to be involved in social responsibility, but should maximize profits for stakeholders

Answer: A

Diff: 2 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

39) The belief that businesses should be responsible because such actions are right for their own sake is known as which argument for social responsibility?

- A) public expectation
- B) ethical obligation
- C) public image
- D) discouragement of further government regulation

Answer: B

Diff: 2 Page Ref: 95

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

40) The belief that businesses that help solve difficult social problems create a desirable community and attract and keep skilled employees is known as which argument for social responsibility?

- A) ethical obligation
- B) public image
- C) better environment
- D) possession of resources

Answer: C

Diff: 2 Page Ref: 95

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

41) Which argument for social responsibility puts forth the belief that by becoming socially responsible businesses can expect to have less government regulation?

- A) discouragement of further government regulation
- B) stockholder interests
- C) public expectations
- D) public image

Answer: A

Diff: 2 Page Ref: 95

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

42) Which argument for social responsibility puts forth the belief that an imbalance between the large amount of power held by firms and their responsibility is harmful to the public good?

- A) public expectation
- B) ethical obligation
- C) public image
- D) balance of responsibility and power

Answer: D

Diff: 1 Page Ref: 95

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

43) The belief that businesses have the financial, technical, and managerial resources to support needed public and charitable projects is known as which argument?

- A) public expectations
- B) ethical obligations
- C) public image
- D) possession of resources

Answer: D

Diff: 2 Page Ref: 95

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

44) The belief that businesses are being socially responsible when they attend only to economic interests is known as which argument against a firm being socially responsible?

- A) dilution of purpose
- B) violation of profit maximization
- C) costs
- D) too much power

Answer: B

Diff: 1 Page Ref: 95

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

45) The belief that the costs of social activity are passed on as higher prices to consumers is known as which argument against a firm being socially responsible?

- A) violation of profit maximization
- B) dilution of purpose
- C) costs
- D) lack of skills

Answer: C

Diff: 2 Page Ref: 95

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

46) The belief that a firm's pursuit of social goals would give them too much power is known as what argument in opposition to a firm being socially responsible?

- A) costs
- B) lack of skills
- C) lack of broad public support
- D) too much power

Answer: D

Diff: 2 Page Ref: 95

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

47) The belief that business leaders should not direct social policy because there is no direct line of social accountability to the public is known as what argument against a firm being socially responsible?

- A) dilution of purpose
- B) costs
- C) too much power
- D) lack of accountability

Answer: D

Diff: 2 Page Ref: 95

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

48) Social obligation is the obligation of a business to meet its _____.

- A) social and technological responsibilities
- B) economic and social responsibilities
- C) technological and economic responsibilities
- D) economic and legal responsibilities

Answer: D

Diff: 3 Page Ref: 92-93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

- 49) Under the concept of social obligation, the organization _____.
- A) does what it can to meet the law, and a little bit more for stakeholders
 - B) fulfills its obligation to the law and its stakeholders
 - C) fulfills its obligation to the stakeholders, which makes it fulfill the law, too
 - D) does the minimum required by law

Answer: D

Diff: 2 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

- 50) Social responsiveness refers to the capacity of a firm to adapt to changing _____.

- A) societal conditions
- B) organizational conditions
- C) societal leaders
- D) organizational managers

Answer: A

Diff: 1 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

- 51) _____ is defined as a business firm's obligation, beyond that required by law and economics, to pursue long-term goals that are good for society.

- A) Social obligation
- B) Social responsibility
- C) Social screening
- D) Values-based management

Answer: B

Diff: 2 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

- 52) The aspect that differentiates social responsibility from other similar concepts is that it _____.

- A) adds an ethical imperative
- B) adds a legal imperative
- C) adds a moral imperative
- D) considers social norms

Answer: A

Diff: 1 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

53) In the United States, a company that meets federal pollution control standards and does not discriminate in hiring, promotion, and pay _____.

- A) is meeting its social obligation and more because it is trying to be a good citizen
- B) is not even meeting its social obligation, though there are laws in some of these areas of social responsibility
- C) is meeting its social obligation and nothing more because laws mandate these actions
- D) is meeting its social responsiveness and nothing more because society demands these actions

Answer: C

Diff: 3 Page Ref: 94

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

54) When a firm advertises that it only uses recycled paper products, it is _____.

- A) meeting its social obligation
- B) meeting social responsibilities
- C) being socially responsive
- D) paying attention to the bottom line

Answer: C

Diff: 3 Page Ref: 94

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

55) One should be cautious in the interpretation, but a summary of more than a dozen studies analyzing the relationship between organizational social responsibility and economic performance provides what conclusion?

- A) Being socially responsible causes good economic performance.
- B) Good economic performance allows firms to be socially responsible.
- C) There is a positive relationship between corporate social involvement and economic performance.
- D) Corporate social involvement tends to devalue stock prices in the long run.

Answer: C

Diff: 3 Page Ref: 94

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

56) _____ provides a way for individual investors to support socially responsible companies.

- A) NASDAQ
- B) A socially responsible mutual stock fund
- C) A bond
- D) Going green

Answer: B

Diff: 2 Page Ref: 94

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

57) Applying social criteria to an investment decision refers to _____.

- A) socioeconomic view
- B) social responsiveness
- C) social responsibility
- D) social screening

Answer: D

Diff: 2 Page Ref: 94

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

58) There is _____ to say that a company's socially responsible actions significantly hurt its long-term economic performance.

- A) not any evidence
- B) little evidence
- C) a lot of evidence
- D) mounting evidence

Answer: A

Diff: 3 Page Ref: 96

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

59) The recognition of the close link between an organization's decisions and activities and its impact on the natural environment is referred to as _____.

- A) corporate social responsibility
- B) social responsiveness
- C) shared corporate values
- D) the greening of management

Answer: D

Diff: 2 Page Ref: 96

Topic: Green Management

60) Which of the following is not an approach organizations can take with respect to environmental issues?

- A) legal
- B) market
- C) stakeholder
- D) responsibility

Answer: D

Diff: 2 Page Ref: 97

Topic: Green Management

61) The _____ approach to environmental issues is when organizations respond to environmental preferences of their customers.

- A) legal
- B) market
- C) stakeholder
- D) responsibility

Answer: B

Diff: 2 Page Ref: 97

Topic: Green Management

62) With the *stakeholder approach* of dealing with environmental issues, the organization chooses to respond to _____.

- A) the demands made by the strongest stakeholders
- B) multiple demands made by social activists
- C) the demands made by governmental stakeholders
- D) multiple demands made by stakeholders

Answer: D

Diff: 3 Page Ref: 97

Topic: Green Management

63) Which of the following approaches toward environmental issues exhibits the highest degree of environmental sensitivity and is a good illustration of social responsibility?

- A) legal approach
- B) market approach
- C) stakeholder approach
- D) activist approach

Answer: D

Diff: 2 Page Ref: 97

Topic: Green Management

64) _____ is an approach to managing in which managers establish, promote, and practice what an organization stands for and believes in.

- A) Cause-related marketing
- B) Values-based management
- C) Ethical marketing
- D) Belief management

Answer: B

Diff: 2 Page Ref: 101

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

65) An organization's values reflect _____.

- A) what it stands for and what it believes in
- B) management
- C) the board of directors' values
- D) their profit goals

Answer: A

Diff: 3 Page Ref: 101

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

66) Values shared among the organizational members can serve as _____.

- A) a reason to follow federal and state environmental laws
- B) a guidepost for managerial decisions to invest in new technology
- C) a way to shape managerial decisions to invest in economic conditions
- D) a guidepost for managerial decisions and actions

Answer: D

Diff: 3 Page Ref: 101

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

67) Which of the following is a basic definition of ethics?

- A) moral guidelines for behavior
- B) rules for acknowledging the spirit of the law
- C) rules or principles that define right and wrong conduct
- D) principles for legal and moral development

Answer: C

Diff: 2 Page Ref: 99

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

68) Reasoning at the _____ level of moral development indicates that moral values reside in maintaining the conventional order and the expectations of others.

- A) preconventional
- B) conventional
- C) principled
- D) arrival

Answer: B

Diff: 1 Page Ref: 99

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

69) A personality measure of a person's convictions is _____.

- A) moral development
- B) ego strength
- C) locus of control
- D) social desirability

Answer: B

Diff: 2 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

70) _____ is a personality attribute that measures the degree to which people believe they control their own fate.

- A) Ego strength
- B) Locus of control
- C) Social responsibility
- D) Social obligation

Answer: B

Diff: 1 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

71) To shape employees' ethical behavior, managers should understand that _____.

- A) people's judgement about right and wrong differ
- B) ethical judgement is unrelated to a person's upbringing
- C) people typically use only one approach to ethical decision-making
- D) all employees reach the highest stage in moral development

Answer: A

Diff: 2 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

72) A manager who believes that "she worked hard and met the productivity goals despite bad weather" is displaying what individual characteristic?

- A) strong self-image
- B) high moral development
- C) low impression management
- D) internal locus of control

Answer: D

Diff: 2 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

73) Which of the following organizational structural characteristics would most likely result in managerial ethical behavior?

- A) few job descriptions
- B) formal rules
- C) mixed messages from authority figures
- D) performance appraisal systems focused on outcomes

Answer: B

Diff: 2 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

74) Which of the following is true concerning the impact of organizational culture on ethical behavior?

- A) Low conflict tolerance leads to ethical behavior.
- B) A strong culture will support high ethical standards.
- C) Conflict tolerance is related to unethical behavior.
- D) A culture that is high in control tends to encourage unethical behavior.

Answer: B

Diff: 2 Page Ref: 101

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

75) Issue intensity, as an issue that affects ethical behavior, is described as _____.

- A) the characteristics of the ethical issue itself
- B) the level of control and influence one has over the event
- C) the cultural strength of the organization
- D) the organizational structure

Answer: A

Diff: 3 Page Ref: 102

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

76) Which of the following is not one of the six determinants that are relevant in deciding issue intensity?

- A) How great a harm (or benefit) is done to victims (or beneficiaries) of the ethical act in question?
- B) What is the probability that your act will be discovered?
- C) How much consensus is there that the act is evil (or good)?
- D) What is the length of time between the act in question and its expected consequences?

Answer: B

Diff: 2 Page Ref: 102

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

77) The Foreign Corrupt Practices Act makes it illegal for U.S. firms to _____.
A) make any cash payment for deferential treatment in a foreign transaction
B) make any payment over 5 percent of total cost toward administrative overhead in foreign transactions
C) knowingly corrupt a foreign official
D) make any payment to foreign clerical or ministerial employees in exchange for service

Answer: C

Diff: 3 Page Ref: 103

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

78) Global organizations must _____ their ethical guidelines so that employees know what is expected of them while working in a foreign location.

- A) clarify
- B) provide
- C) establish
- D) broaden

Answer: A

Diff: 3 Page Ref: 103

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

79) _____ is a document that outlines principles for doing business globally in the areas of human rights, labor, the environment, and anticorruption.

- A) A code of ethics
- B) The Global Compact
- C) The Foreign Corrupt Practices Act
- D) Global Ethics

Answer: B

Diff: 2 Page Ref: 103

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

80) Freedom of association and the effective recognition of the right to collective bargaining are principles for doing business globally in the area of _____.

- A) anticorruption
- B) human rights
- C) labor
- D) the environment

Answer: C

Diff: 2 Page Ref: 103

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

81) The Global Compact principle that businesses should undertake initiatives to promote greater environmental responsibility, is a principle for doing business globally in the area of _____.

- A) anticorruption
- B) human rights
- C) labor
- D) the environment

Answer: D

Diff: 3 Page Ref: 103

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

82) Which of the following is not a way for management to reduce unethical behavior?

- A) select individuals with high ethical standards
- B) establish codes of conduct
- C) provide ethics training
- D) monitor employee telephone calls

Answer: D

Diff: 2 Page Ref: 104-108

Topic: Encouraging Ethical Behavior

Skill: AACSB: Ethics

83) A _____ is a formal statement of an organization's primary values and the ethical rules it expects its employees to follow.

- A) mission statement
- B) statement of purpose
- C) code of ethics
- D) vision statement

Answer: C

Diff: 2 Page Ref: 104

Topic: Encouraging Ethical Behavior

Skill: AACSB: Ethics

84) The primary debate about ethics training programs is whether _____.

- A) ethics can be taught
- B) ethics is what causes misconduct
- C) the programs cover misconduct outside the workplace
- D) the programs give unethical individuals more ammunition

Answer: A

Diff: 2 Page Ref: 107

Topic: Encouraging Ethical Behavior

Skill: AACSB: Ethics

- 85) Why should managers assure whistle blowers that they will face no personal or career risks?
- A) Using the rewards system is often not enough.
 - B) Many may be reluctant to raise ethical concerns or issues because of the perceived risks.
 - C) Some may not wish to push their values on to other employees.
 - D) Most do not want to lead by example.

Answer: B

Diff: 3 Page Ref: 109

Topic: Social Responsibility and Ethics Issues in Today's World

Skill: AACSB: Ethics

- 86) Many companies have _____ to encourage whistle blowers to come forward.
- A) paid more attention to employees' behavior
 - B) posted the Sarbanes-Oxley Act
 - C) set up toll-free ethics hotlines
 - D) shared their values

Answer: C

Diff: 2 Page Ref: 109

Topic: Social Responsibility and Ethics Issues in Today's World

Skill: AACSB: Ethics

- 87) A _____ is an individual or organization who seeks out opportunities to improve society by using practical, innovative, and sustainable approaches.
- A) business entrepreneur
 - B) social entrepreneur
 - C) social impact manager
 - D) whistle blower

Answer: B

Diff: 1 Page Ref: 110

Topic: Social Responsibility and Ethics Issues in Today's World

Skill: AACSB: Ethics

Two Opposing Views of Social Responsibility (Scenario)

The board of directors of Acme Generating Corporation is meeting to consider the construction of a new electrical generation facility somewhere along the Muspetan River basin. Director Appleton would like the facility to be a coal-burning plant located in a remote area because the costs of this method of generating electricity are moderate and any ash from the smokestacks would not affect the city. Director Witworth wants a nuclear plant located near the city of Muspetan since the city needs the electricity the most, and not only is nuclear production the least-expensive generating method but it also utilizes renewable fuels. Director Jossleman wants a generating plant that uses combustible fuels collected from the city's garbage; moreover, he wants the metals and glass sent to recycling and the food materials buried in the city landfill. By locating near the downtown government area, steam could be used for heating the government buildings after it has passed through the generating turbines, and the exhaust would be "scrubbed" to make it clean. He believes that this approach would provide the electricity needed for the growing city and the heat for government buildings, and they would be recycling resources and minimizing the impact on the city's landfill. The other directors have not offered any input to the discussion.

88) Director Witworth is following which of the social responsibility views?

- A) social responsiveness
- B) social obligation
- C) classical view of social responsibility
- D) socioeconomic view of social responsibility

Answer: C

Diff: 2 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

89) Director Appleton is following which of the social responsibility views?

- A) social responsiveness
- B) social obligation
- C) classical view of social responsibility
- D) socioeconomic view of social responsibility

Answer: D

Diff: 2 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

90) Director Jossleman is being mostly _____.

- A) classically social responsible
- B) classically social responsive
- C) socially obligated
- D) socially responsive

Answer: D

Diff: 3 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

An Academic Question (Scenario)

As a university student, you wonder about some of the practices in the university and just how some of these practices should be evaluated in reference to social issues.

91) If your university were paying minimum wage when necessary and applying the minimum standard to laws, such as affirmative action, it would be said to have fulfilled its _____.

- A) social obligation
- B) social responsibility
- C) social responsiveness
- D) social expectation

Answer: A

Diff: 2 Page Ref: 92-93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

92) If your university provides job-share programs, builds a day-care facility, and only uses recycled paper, it could be said to be _____.

- A) fulfilling its social obligation
- B) socially aware
- C) socially responsive
- D) socially image conscious

Answer: C

Diff: 2 Page Ref: 94

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

93) Which of the following is not a reason why it makes sense for your university to continue to be socially responsive?

- A) positive consumer image
- B) lower cost
- C) more dedicated workforce
- D) more motivated workforce

Answer: B

Diff: 1 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

94) If your state legislature criticized your university for incurring the cost of being socially responsive, the university might point to a series of studies that indicates that the relationship between corporate social involvement and economic performance is _____.

- A) very negative
- B) negative
- C) neutral
- D) positive

Answer: D

Diff: 2 Page Ref: 94

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

The Environmental Study (Scenario)

You have just been challenged by your supervisor to study and report your findings on approaches that organizations use when dealing with the environment. Your boss tells you to study the four major approaches, differentiate among them, and report to him in a week.

95) Under what approach do organizations exhibit little environmental sensitivity, obey rules and regulations willingly without legal challenge, and even try to use these rules to their own advantage?

- A) stakeholder approach
- B) market approach
- C) legal approach
- D) activist approach

Answer: C

Diff: 1 Page Ref: 97

Topic: Green Management

96) What approach deals with an organization responding to the environment because of the preferences of their customers?

- A) stakeholder approach
- B) market approach
- C) legal approach
- D) activist approach

Answer: B

Diff: 1 Page Ref: 97

Topic: Green Management

97) Under what approach does the organization work to meet the environmental demands of multiple groups of people including employees, suppliers, or the community?

- A) stakeholder approach
- B) market approach
- C) legal approach
- D) activist approach

Answer: A

Diff: 1 Page Ref: 97

Topic: Green Management

98) Under what approach does the organization look for ways to respect and preserve the earth and its natural resources?

- A) stakeholder approach
- B) market approach
- C) legal approach
- D) activist approach

Answer: D

Diff: 1 Page Ref: 97

Topic: Green Management

An Academic Question (Scenario)

As a university student, you wonder about some of the practices in the university and just how some of these practices should be evaluated in reference to social issues.

99) Your university has tried to promote the establishment of shared values so that all members will understand its beliefs. The university has established _____ management.

- A) values-based
- B) image
- C) socially respectable
- D) social impact

Answer: A

Diff: 1 Page Ref: 101

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

Moral Development (Scenario)

You have had serious ideas of late about stealing money from petty cash in order to get back on top of your back rent. Upon reading Chapter 5 of the textbook, you learn there are levels of moral development, each composed of two stages. You are ashamed of your thoughts and read more to see where you are in terms of your own moral development.

100) At what level is a person's choice between right or wrong based on personal characteristics involved, such as physical punishment, reward, or exchange of favors?

- A) principled level
- B) preconventional level
- C) conventional level
- D) value level

Answer: B

Diff: 2 Page Ref: 99

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

101) At what level does ethical reasoning indicate that moral values reside in maintaining expected standards and living up to the expectations of others?

- A) principled level
- B) preconventional level
- C) conventional level
- D) value level

Answer: C

Diff: 2 Page Ref: 99

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

102) At what level do individuals make a clear effort to define moral principles apart from authority of the groups to which they belong or society in general?

- A) principled level
- B) preconventional level
- C) conventional level
- D) value level

Answer: A

Diff: 2 Page Ref: 99

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

Summing Up Social Responsibility (Scenario)

Max Proffit, director of research and development for National Products Company, has learned that a new material has been developed in his department that appears as though it will work in several products already being manufactured by National Products Company. He has discussed the potential savings with his two assistants, Susie Merriweather and Moe Gaines, and Rush Onward, vice president of product development. Susie has stated her opposition to the use of the new product because its durability and flame retardance have not completed testing and have not been certified by the company's third-party testing laboratory. Moe argues that the initial tests that their R&D department completed indicate minimal problems with both durability and flame retardance. Rush states that in several meetings he has recently attended, the company president had repeatedly emphasized the need to increase earnings per share. Rush tells Max that a decision has to be made within the week about the new products use by National Products Company.

103) Moe Gaines's support of using the new product is an indication that he probably _____.

- A) supports the greening of the organization's profits
- B) has a strong ego strength
- C) has a weak ego strength
- D) is using the socioeconomic view of social responsibility

Answer: C

Diff: 3 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

104) If Max resists his impulse to okay the use of the product because of the need for increased earnings per share, though the product has not been certified, he probably _____.

- A) will be demoted to a lower-paying job
- B) has a strong ego strength
- C) will lose Susie as an employee because she will quit
- D) has an external locus of control

Answer: B

Diff: 3 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

105) If Max approves the use of the product because of perceived pressure for the need of increased earnings per share, though it has not been certified, he probably _____.

- A) has a strong ego strength
- B) is using the socioeconomic view of social responsibility
- C) has an internal locus of control
- D) has an external locus of control

Answer: D

Diff: 3 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

106) Susie's opposition to the use of the new product is an indication that she probably _____.

- A) has an internal locus of control
- B) has an external locus of control
- C) has a weak ego strength
- D) is using the classical view of social responsibility

Answer: A

Diff: 2 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

The Fee (Scenario)

Isaac Razzlefrat has been the import and export manager for Overseas Exports Company of New Orleans, Louisiana, in a foreign country during the last 5 years. During this time, he has become quite familiar with the national laws and with the local culture when sending goods through the Customs inspectors step of the import/export process. Isaac has learned that the Customs inspectors are paid low wages. He has also become well acquainted with the administrator of customs for imports and exports in this country. Because of these familiarities, he has learned that it is a normal practice to pay the Customs inspectors a payment prior to their accepting the goods for inspection. Isaac has decided to pay an additional small "fee" to the Customs inspectors when he has a rush order that needs to pass through customs quickly. Isaac recently learned that his competitor from Utibana is also making monthly payments to the administrator of customs, though other companies are not.

107) When Isaac follows the normal practice of payments to the Customs inspectors, he probably feels as though _____.

- A) his ego strength is weak
- B) his ego strength is strong
- C) his locus of control is internal
- D) his locus of control is external

Answer: D

Diff: 3 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

108) Under the Foreign Corrupt Practices Act, the normal practice of payments to the Customs inspectors is _____.

- A) against the law regardless of it being a normal practice
- B) okay because they receive low wages and it is an accepted part of doing business in that country
- C) okay because their duties are primarily clerical in nature
- D) against the law because it could lead to smuggling of contraband out of the country

Answer: B

Diff: 2 Page Ref: 103

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

109) If Isaac were to make a monthly payment to the administrator of Customs as his competitor from Utibana is doing, under the Foreign Corrupt Practices Act he would be _____.

- A) following the law, because his competitor has made it a common practice
- B) violating the law because it could lead to smuggling of contraband out of the country
- C) violating the law because the administrator is not in an administrative or clerical duty position that normally receives payments
- D) following the law if the payment unless the payment is in excess of \$1,000

Answer: C

Diff: 3 Page Ref: 103

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

110) When Isaac makes the small "fee" payments to get a rush order through the Customs inspectors, under the Foreign Corrupt Practices Act he could be _____.

- A) in violation of the law because of it not being a normal practice
- B) okay because they receive low wages
- C) okay because their duties are primarily clerical in nature
- D) in violation of the law because it could lead to smuggling of contraband out of the country

Answer: A

Diff: 3 Page Ref: 103

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

Ethics Training (Scenario)

You are an employee of a very large company, Corporate Company. Several employees routinely have lunch at a local restaurant where most drink alcoholic beverages before returning to work. In addition to this inappropriate behavior, several male coworkers call female employees "babes" and freely use racial slurs. There have been many complaints and the company has decided to use these issues as ethical training examples.

111) Taken individually, specific instances of ethics training to reduce or eliminate unethical behaviors in an organization will _____.

- A) definitely have some impact
- B) probably not have much impact
- C) significantly improve an organization's ethical climate
- D) work to completely eliminate the problems

Answer: B

Diff: 3 Page Ref: 104

Topic: Encouraging Ethical Behavior

Skill: AACSB: Ethics

112) How might managers have identified the ethically questionable applicants even before they became part of the workforce?

- A) by giving favored treatment to friends who apply
- B) by putting pressure on employees to complete more work in less time
- C) through communication
- D) through interviews, tests, and background checks

Answer: D

Diff: 2 Page Ref: 104

Topic: Encouraging Ethical Behavior

Skill: AACSB: Ethics

113) The company brings in help from outside to evaluate the situation. The routine evaluations that are performed regularly are called _____.

- A) ethical training sessions
- B) formal protective mechanisms
- C) independent social audits
- D) informal behavior modification

Answer: C

Diff: 1 Page Ref: 107

Topic: Encouraging Ethical Behavior

Skill: AACSB: Ethics

114) An alternative for the organization to provide formal means that protect employees who face ethical dilemmas so that they can do what is right without fear of reprimand would be

- _____.
- A) ethical training sessions
 - B) formal protective mechanisms
 - C) independent social audits
 - D) informal behavior modification

Answer: B

Diff: 2 Page Ref: 108

Topic: Encouraging Ethical Behavior

Skill: AACSB: Ethics

115) Compare and contrast the ideas of social obligation and social responsiveness.

Answer: Social obligation is the obligation of a business to meet its economic and legal responsibilities. The organization does only what it is obligated to do and reflects the classical view of social responsibility. In contrast to social obligation, however, both social responsibility and social responsiveness go beyond merely meeting basic economic and legal standards. Social responsiveness refers to the capacity of a firm to adapt to changing social conditions. The idea of social responsiveness stresses that managers make practical decisions about the societal actions in which they engage. A socially responsive organization is guided by social norms and acts the way it does because of its desire to satisfy some popular social need. The example the textbook gives is that managers at American Express Company identified three themes—community service, cultural heritage, and economic independence—to serve as guides for deciding which worldwide projects and organizations to support. By making these choices, managers were "responding" to what they felt were important social needs.

Diff: 2 Page Ref: 92-93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

116) In a short essay, list and discuss five arguments in favor of business social responsibility and five arguments against it.

Answer:

Arguments in favor of business social responsibility include:

- a. Public expectations □ public opinion now supports businesses pursuing economic and social goals.
- b. Long-run profits □ socially responsible companies tend to have more secure long-run profits.
- c. Ethical obligation □ businesses should be socially responsible because responsible actions are the right thing to do.
- d. Public image □ businesses can create a favorable public image by pursuing social goals.
- e. Better environment □ business involvement can help solve difficult social problems.
- f. Discouragement of further governmental regulation □ by becoming socially responsible, businesses can expect less government regulation.
- g. Balance of responsibility and power □ businesses have a lot of power and an equally large amount of responsibility is needed to balance against that power.
- h. Stockholder interests □ social responsibility will improve a business's stock price in the long run.
- i. Possession of resources □ businesses have the resources to support public and charitable projects that need assistance.
- j. Superiority of prevention over cures □ businesses should address social problems before they become serious and costly to correct.

Arguments against business social responsibility include:

- a. Violation of profit maximization □ business is being socially responsible only when it pursues its economic interests.
- b. Dilution of purpose □ pursuing social goals dilutes business's primary purpose—economic productivity.
- c. Costs □ many social responsibility actions do not cover their costs and someone must pay those costs.
- d. Too much power □ businesses have a lot of power already and if they pursue social goals they will have even more.
- e. Lack of skills □ business leaders lack the necessary skills to address social issues.
- f. Lack of accountability □ there are no direct lines of accountability for social actions.

Diff: 3 Page Ref: 95

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

117) In a short essay, describe how the relationship between social involvement and economic performance has been evaluated. What conclusions can be drawn from their relationship?

Answer: To evaluate the relationship between social involvement and economic performance, studies have been performed and socially responsible mutual stock funds have been gauged. Although the majority of studies showed a positive relationship between social involvement and economic performance, no definite association has been found: the studies did not use standardized measures of social responsibility and economic performance. Standardized measurements for these key management issues clearly need to be defined further before studies can have more conclusive results. Tracking mutual stock funds that use social screening or apply social criteria to investment decisions may be a better way to identify the relationship between social involvement and economic performance. For example, since, 2002, Morningstar shows high ratings for a larger percentage of the social funds than for large company mutual funds. Overall, little evidence shows that social actions are detrimental to long-term economic performance. Businesses should at least consider being socially involved to avoid creating significant business risks.

Diff: 3 Page Ref: 94

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

118) In a short essay, explain the four approaches that organizations can take with respect to environmental issues.

Answer: The first approach simply is doing what is required legally: the legal approach. Under this approach, organizations exhibit little environmental sensitivity. They obey laws, rules, and regulations willingly and without legal challenge, and they may even try to use the law to their own advantage, but that's the extent of their being green. This approach is a good illustration of social obligation: these organizations simply are following their legal obligations of pollution prevention and environmental protection. As an organization becomes more aware of and sensitive to environmental issues, it may adopt the market approach. In the market approach, organizations respond to the environmental preferences of their customers. Whatever customers demand in terms of environmentally-friendly products will be what the organization provides. Under the next approach, the stakeholder approach, the organization chooses to respond to multiple demands made by stakeholders. Under the stakeholder approach, the green organization will work to meet the environmental demands of groups such as employees, suppliers, or the community. Both the market approach and the stakeholder approach are good illustrations of social responsiveness. Finally, if an organization pursues an activist approach, it looks for ways to respect and preserve the earth and its natural resources. The activist approach exhibits the highest degree of environmental sensitivity and is a good illustration of social responsibility.

Diff: 2 Page Ref: 97

Topic: Green Management

119) In a short essay, define values-based management and discuss the purposes of shared values.

Answer: "Values-based management" is an approach to managing in which managers establish, promote, and practice an organization's shared values. An organization's values reflect what it stands for and what it believes in. The values that organizational members share serve at least three main purposes. The first purpose of shared values is that they act as guideposts for managerial decisions and actions. Another purpose of shared values is the impact they have on shaping employee behavior and communicating what the organization expects of its members. Shared corporate values also influence marketing efforts. Finally, shared values are a way to build team spirit in organizations. When employees embrace the stated corporate values, they develop a deeper personal commitment to their work and feel obligated to take responsibility for their actions. Because the shared values influence the way work is done, employees become more enthusiastic about working together as a team to support values that they believe in.

Diff: 1 Page Ref: 101

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

120) In a short essay, identify and describe the three levels and six stages of moral development.

Answer: The three levels of moral development are preconventional, conventional, and principled. When an individual is at the preconventional level, choices are made based on personal consequences involved. This level includes stage 1: following rules to avoid punishment; and stage 2: following rules only when doing so is in the individual's immediate interest. Ethical reasoning at the conventional level indicates that moral values reside in maintaining expected standards and living up to the expectations of others. The third and fourth stages are in the conventional level. In stage 3, an individual tries to live up to the expectations of people close to him or her. In stage 4, an individual fulfills obligations to which he or she has agreed and is limited to obeying the rules. Neither authority nor society regulates the rules that individuals at the principled level follow. Instead, they may challenge those rules or practices that violate their principles. The last two stages, 5 and 6, are in the principled level. At stage 5, an individual values the rights of others and upholds absolute values and rights over the majority's opinion. Finally, at stage 6, an individual follows his or her own ethical principles regardless of the law.

Diff: 2 Page Ref: 100

Topic: Managers and Ethical Behavior

Skill: AACSB: Ethics

121) In a short essay, compare and contrast the classical and socioeconomic views of social responsibility.

Answer: The differences between these two perspectives are easier to understand if we think in terms of the people to whom organizations are responsible. Classicists would say that stockholders or owners are the only legitimate concern. Others would respond that managers are responsible to any group affected by the organization's decisions and actions. A stage 1 manager is following the classical view of social responsibility and obeys all laws and regulations while caring for stockholders' interests. At stage 2, managers expand their responsibilities to another important stakeholder group—employees. Because they want to attract, keep, and motivate good employees, stage 2 managers improve working conditions, expand employee rights, increase job security, and focus on human resource concerns.

Diff: 2 Page Ref: 93

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics

122) In a short essay, describe how values and the stage of moral development differ. Identify and differentiate between the two personality variables that influence individuals' actions according to their beliefs about what is right or wrong.

Answer: Whereas the stage of moral development is a specific measurement of the effect of outside influences (e.g., the law and rules of organizations) on individuals' independence (i.e., decision-making processes), values are broad and cover many issues. Values are fundamental beliefs about what is right and wrong that individuals begin developing at a young age.

Influencing individuals' actions are ego strength and locus of control. Ego strength is a measure of individuals' beliefs, while locus of control measures the degree to which individuals believe they have power over their fate. Individuals with high ego strength are expected to follow their convictions and be more consistent in their moral judgments and actions than those with low ego strength. Individuals with an internal locus of control, who believe that they control their own destinies, are expected to take responsibility for their actions, use their beliefs to guide their behavior, and be more consistent in their moral judgments and actions than those with an external locus of control, who believe that luck or chance determines their fate.

Diff: 2 Page Ref: 100

Topic: What Is Social Responsibility?

Skill: AACSB: Ethics