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**Chapter 002 Ethics and the Law**

**True / False Questions**

1. The development of technology has introduced a burgeoning array of ethical questions.  
True False
2. Technological developments have created new ethical problems.  
True False
3. Ethics takes a more philosophical approach in determining what is good or bad. True False
4. Ethics concern behavior that is judged by society.  
True False
5. There is only one kind of value—individual value.  
True False
6. Values can vary from one individual to another.  
True False
7. An individual's values are significantly influenced by those held in the groups to which he or she belongs.  
True False
8. Ethical issues are seldom multifaceted.  
True False

## Chapter 002 Ethics and the Law

9. Businesses concerned with ethics usually focus on their corporate responsibility and the development of codes of conduct.

True False

10. Credo is a term that is used to describe unethical behavior.

True False

11. A corporate code of ethics is a set of guidelines limited to corporate management.

True False

12. It is not possible for a code to make clear what a company expects of its personnel in terms of the ethical dimensions of corporate policies and actions.

True False

13. Educational institutions have responded to the increased need to examine ethics by adding courses, workshops and programs, and have expanded the study of ethics in existing courses.

True False

14. Trade associations are against developing guidelines for ethical business practices for their diverse memberships.

True False

15. A whistleblower is one who calls attention to unpleasant conditions at the workplace.

True False

## Chapter 002 Ethics and the Law

### Multiple Choice Questions

16. The fact that the Enron and Arthur Andersen case dominated the media and resulted in numerous congressional investigations showed the widespread concern with:

- A. ethical behavior in business.
- B. the enforcement of law.
- C. the power of the government.
- D. the role of educational institutions in the field of ethics.

17. The Sarbanes-Oxley statute established a board to oversee accounting practices in (the):

- A. United States.
- B. Netherlands.
- C. United Kingdom.
- D. Australia.

18. Ethical issues involving Internet and computer technology also have prompted people to consider ethical issues such as:

- A. privacy.
- B. governance.
- C. discrimination.
- D. apartheid.

19. Today's business professionals involved in global markets are sometimes faced with ethical predicaments, because of different:

- A. modes of transport.
- B. languages.
- C. standards of ethics.
- D. values of money.

## Chapter 002 Ethics and the Law

20. Beliefs and standards that are considered to be worthwhile are known as:

- A. values.
- B. morals.
- C. ethics.
- D. discretions.

21. Ethical theories and moral standards are derived from:

- A. law.
- B. religion.
- C. values.
- D. codes.

22. All of the following are the influencing factors on both group values and individual values, EXCEPT:

- A. religion.
- B. wealth. C.
- traditions. D.
- customs.

23. A larger culture has a certain genre of values that are different from the values held by employees of a corporation or department within a company, or what may be known as a:

- A. macro-culture.
- B. subculture.
- C. para-culture.
- D. cross-culture.

24. Governments may impose on individuals a set of duties known as:

- A. legal mandates.
- B. ethical considerations.
- C. legal imperatives.
- D. national imperatives.

## Chapter 002 Ethics and the Law

25. A distinction between law and ethics is that legal mandates are usually more:
- A. flexible.
  - B. precise.
  - C. obscure.
  - D. flawed.
26. The actions of corporations that are intended to demonstrate their wish to behave responsibly take many forms and are conducted under the banner of:
- A. corporate liability.
  - B. national mandate.
  - C. patriotic duties.
  - D. corporate responsibility.
27. Code of ethics is also known as:
- A. kudo.
  - B. credo.
  - C. an epilogue.
  - D. quantum.
28. A \_\_\_\_\_ makes clear that the company expects its personnel to recognize the ethical dimensions of corporate policies and actions.
- A. rule
  - B. regulation
  - C. code
  - D. social action
29. Some firms or industries have established a code of ethics, sometimes called a "credo." The objective of a code of ethics is to:
- A. specify the principles of ethical behavior expected of its employees.
  - B. set down the principles to be followed in dealing with government agencies.
  - C. establish guidelines in dealing with suppliers.
  - D. establish rules for management to follow in dealing with employee grievances.

## Chapter 002 Ethics and the Law

30. Which of the following activities are not under the direct purview of governmental bodies?
- A. Legislation concerning fair labor practices.
  - B. Consumer protection.
  - C. Protection of the environment.
  - D. Supervision of small businesses.
31. Incentives for corporations to act more ethically are provided by:
- A. Federal Sentencing Guidelines.
  - B. Foreign Corrupt Practices Act.
  - C. Civil Rights Act.
  - D. Federal Indictments Act.
32. American firms are prohibited from bribing foreign officials under the:
- A. Federal Indictments Act.
  - B. Civil Rights Act.
  - C. Federal Sentencing Guidelines.
  - D. Foreign Corrupt Practices Act.
33. All of the following are examples of self-regulatory standards of conduct created by trade associations, EXCEPT:
- A. telephone marketing.
  - B. billboard marketing.
  - C. marketing to children.
  - D. sweepstakes.
34. The threat of legal prosecution and penalties:
- A. does not eliminate all unethical practices.
  - B. helps to eliminate all unethical practices.
  - C. has caused an increase in unethical practices.
  - D. does not make any impact on unethical practices.

## Chapter 002 Ethics and the Law

35. Sometimes, the driving force for reform may be the:

- A. ethic guru.
- B. quality assesor.
- C. whistleblower.
- D. protagonist.

36. A person who reveals to a governmental authority, or to news media, confidential information regarding some wrong doing or conduct that he or she regards as unethical is called a(n):

- A. whistleblower.
- B. ethic guru.
- C. quality assesor.
- D. protagonist.

37. The whistleblower may be confronted with an ethical:

- A. practice.
- B. observation.
- C. quantum.
- D. dilemma.

38. The federal government and many states have statutes that protect whistleblowers from:

- A. retaliation.
- B. rebuke. C.
- appraisal. D.
- indictments.

39. The usual motivation behind whistleblowing is the outrage to a person's sense of:

- A. knowledge.
- B. self-esteem.
- C. ethics.
- D. confidence.

## Chapter 002 Ethics and the Law

40. Ethical beliefs are the foundation of many of our:

- A. reports.
- B. laws.
- C. books.
- D. religious practices.

### **Short Answer Questions**

41. How important is a code of ethics for companies today?

42. Briefly explain the Federal Sentencing Guidelines.

43. What are the basic functions of the U.S. Office of Government Ethics?



## Chapter 002 Ethics and the Law

44. What are some non-legal penalties experienced by firms that engage in unethical practices?

**True / False Questions**

1. (p. 23) The development of technology has introduced a burgeoning array of ethical questions.

**TRUE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.1 Cite some examples of how unethical behavior in our world has negatively affected business practices.*

2. (p. 23) Technological developments have created new ethical problems.

**TRUE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.3 Cite several influences on group and individual values.*

3. (p. 23) Ethics takes a more philosophical approach in determining what is good or bad. **TRUE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.2 Distinguish among ethics, morals, and values.*

4. (p. 23) Ethics concern behavior that is judged by society.

**FALSE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.2 Distinguish among ethics, morals, and values.*

5. (p. 23) There is only one kind of value—individual value.

**FALSE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.3 Cite several influences on group and individual values.*

## Chapter 002 Ethics and the Law **Key**

6. (p. 23) Values can vary from one individual to another.

**TRUE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.3 Cite several influences on group and individual values.*

7. (p. 23) An individual's values are significantly influenced by those held in the groups to which he or she belongs.

**TRUE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.3 Cite several influences on group and individual values.*

8. (p. 24) Ethical issues are seldom multifaceted.

**FALSE**

*Bloom's: Analysis*

*Learning Outcomes: 2.4 Discuss the relationship between law and ethics.*

9. (p. 24) Businesses concerned with ethics usually focus on their corporate responsibility and the development of codes of conduct.

**TRUE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

10. (p. 25) Credo is a term that is used to describe unethical behavior.

**FALSE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

## Chapter 002 Ethics and the Law **Key**

11. (p. 25) A corporate code of ethics is a set of guidelines limited to corporate management. **FALSE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

12. (p. 25) It is not possible for a code to make clear what a company expects of its personnel in terms of the ethical dimensions of corporate policies and actions.

**FALSE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

13. (p. 27) Educational institutions have responded to the increased need to examine ethics by adding courses, workshops and programs, and have expanded the study of ethics in existing courses.

**TRUE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

14. (p. 27) Trade associations are against developing guidelines for ethical business practices for their diverse memberships.

**FALSE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

## Chapter 002 Ethics and the Law **Key**

15. (p. 28) A whistleblower is one who calls attention to unpleasant conditions at the workplace.

**TRUE**

*Bloom's: Knowledge*

*Learning Outcomes: 2.6 Discuss some ways businesses can ensure ethical practices.*

### **Multiple Choice Questions**

16. (p. 22) The fact that the Enron and Arthur Andersen case dominated the media and resulted in numerous congressional investigations showed the widespread concern with: **A.** ethical behavior in business.

B. the enforcement of law.

C. the power of the government.

D. the role of educational institutions in the field of ethics.

*Bloom's: Knowledge*

*Learning Outcomes: 2.1 Cite some examples of how unethical behavior in our world has negatively affected business practices.*

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*Bloom's: Knowledge*

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19. (p. 19) Today's business professionals involved in global markets are sometimes faced with ethical predicaments, because of different:

- A. modes of transport.
- B. languages.
- C. standards of ethics.
- D. values of money.

*Bloom's: Knowledge*

*Learning Outcomes: 2.1 Cite some examples of how unethical behavior in our world has negatively affected business practices.*

20. (p. 23) Beliefs and standards that are considered to be worthwhile are known as:

- A. values.
- B. morals.
- C. ethics.
- D. discretions.

*Bloom's: Knowledge*

*Learning Outcomes: 2.2 Distinguish among ethics, morals, and values.*

21. (p. 23) Ethical theories and moral standards are derived from:

- A. law.
- B. religion.
- C. values.
- D. codes.

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*Learning Outcomes: 2.2 Distinguish among ethics, morals, and values.*

## Chapter 002 Ethics and the Law **Key**

22. (p. 23) All of the following are the influencing factors on both group values and individual values, EXCEPT:

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- B. wealth.
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*Bloom's: Knowledge*

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23. (p. 23) A larger culture has a certain genre of values that are different from the values held by employees of a corporation or department within a company, or what may be known as a:

- A. macro-culture.
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- C. para-culture.
- D. cross-culture.

*Bloom's: Knowledge*

*Learning Outcomes: 2.3 Cite several influences on group and individual values.*

24. (p. 24) Governments may impose on individuals a set of duties known as:

- A. legal mandates.
- B. ethical considerations.
- C. legal imperatives.
- D. national imperatives.

*Bloom's: Knowledge*

*Learning Outcomes: 2.4 Discuss the relationship between law and ethics.*

25. (p. 24) A distinction between law and ethics is that legal mandates are usually more:

- A. flexible.
- B. precise.
- C. obscure.
- D. flawed.

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*Learning Outcomes: 2.4 Discuss the relationship between law and ethics.*

## Chapter 002 Ethics and the Law **Key**

26. (p. 25) The actions of corporations that are intended to demonstrate their wish to behave responsively take many forms and are conducted under the banner of:

- A. corporate liability.
- B. national mandate.
- C. patriotic duties.
- D. corporate responsibility.

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

27. (p. 25) Code of ethics is also known as:

- A. kudo.
- B. credo.
- C. an epilogue.
- D. quantum.

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

28. (p. 25) A\_\_\_\_\_makes clear that the company expects its personnel to recognize the ethical dimensions of corporate policies and actions.

- A. rule
- B. regulation
- C. code
- D. social action

*Bloom's: Analysis*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*



## Chapter 002 Ethics and the Law **Key**

29. (p. 25) Some firms or industries have established a code of ethics, sometimes called a "credo." The objective of a code of ethics is to:
- A. specify the principles of ethical behavior expected of its employees.
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  - C. establish guidelines in dealing with suppliers.
  - D. establish rules for management to follow in dealing with employee grievances.

*Bloom's: Knowledge*

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30. (p. 27) Which of the following activities are not under the direct purview of governmental bodies?
- A. Legislation concerning fair labor practices.
  - B. Consumer protection.
  - C. Protection of the environment.
  - D. Supervision of small businesses.

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

31. (p. 27) Incentives for corporations to act more ethically are provided by:
- A. Federal Sentencing Guidelines.
  - B. Foreign Corrupt Practices Act.
  - C. Civil Rights Act.
  - D. Federal Indictments Act.

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

## Chapter 002 Ethics and the Law **Key**

32. (p. 27) American firms are prohibited from bribing foreign officials under the:
- A. Federal Indictments Act.
  - B. Civil Rights Act.
  - C. Federal Sentencing Guidelines.
  - D. Foreign Corrupt Practices Act.

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

33. (p. 27) All of the following are examples of self-regulatory standards of conduct created by trade associations, EXCEPT:
- A. telephone marketing.
  - B. billboard marketing.
  - C. marketing to children.
  - D. sweepstakes.

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

34. (p. 27) The threat of legal prosecution and penalties:
- A. does not eliminate all unethical practices.
  - B. helps to eliminate all unethical practices.
  - C. has caused an increase in unethical practices.
  - D. does not make any impact on unethical practices.

*Bloom's: Knowledge, Analysis*

*Learning Outcomes: 2.6 Discuss some ways businesses can ensure ethical practices.*

35. (p. 28) Sometimes, the driving force for reform may be the:
- A. ethic guru.
  - B. quality assessor.
  - C. whistleblower.
  - D. protagonist.

*Bloom's: Knowledge*

*Learning Outcomes: 2.6 Discuss some ways businesses can ensure ethical practices.*

## Chapter 002 Ethics and the Law **Key**

36. (p. 28) A person who reveals to a governmental authority, or to news media, confidential information regarding some wrong doing or conduct that he or she regards as unethical is called a(n):

- A. whistleblower.
- B. ethic guru.
- C. quality assesor.
- D. protagonist.

*Bloom's: Knowledge*

*Learning Outcomes: 2.6 Discuss some ways businesses can ensure ethical practices.*

37. (p. 28) The whistleblower may be confronted with an ethical:

- A. practice.
- B. observation.
- C. quantum.
- D. dilemma.

*Bloom's: Comprehension*

*Learning Outcomes: 2.6 Discuss some ways businesses can ensure ethical practices.*

38. (p. 28) The federal government and many states have statutes that protect whistleblowers from:

- A. retaliation.
- B. rebuke.
- C. appraisal.
- D. indictments.

*Bloom's: Knowledge*

*Learning Outcomes: 2.6 Discuss some ways businesses can ensure ethical practices.*

## Chapter 002 Ethics and the Law **Key**

39. (p. 28) The usual motivation behind whistleblowing is the outrage to a person's sense of:
- A. knowledge.
  - B. self-esteem.
  - C. ethics.
  - D. confidence.

*Bloom's: Knowledge, Analysis*

*Learning Outcomes: 2.6 Discuss some ways businesses can ensure ethical practices.*

40. (p. 24) Ethical beliefs are the foundation of many of our:
- A. reports.
  - B. laws.
  - C. books.
  - D. religious practices.

*Bloom's: Knowledge*

*Learning Outcomes: 2.4 Discuss the relationship between law and ethics.*

### **Short Answer Questions**

41. (p. 25) How important is a code of ethics for companies today?

Despite a few glaring lapses, many companies today understand the need to maintain ethical standards in their dealings with customers, suppliers and employees. To do this, some firms or industries establish a code of ethics, sometimes called a credo, that sets down the principle of ethical behavior expected of its personnel in various situations.

*Bloom's: Analysis*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

## Chapter 002 Ethics and the Law **Key**

42. (p. 27) Briefly explain the Federal Sentencing Guidelines.

Under this mandate, when an employee violates a law in the course of his or her employment, a firm can reduce its possible liability if it can show that it took action to develop moral guidelines for its employees.

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

43. (p. 27) What are the basic functions of the U.S. Office of Government Ethics?

The U.S. Office of Government Ethics is concerned with conflicting financial interests, misuse of position, financial disclosure, impartiality in performing official duties, and other areas of concern.

*Bloom's: Knowledge*

*Learning Outcomes: 2.5 Provide examples of responses to ethical issues by business firms, educational institutions, governments, and trade and professional associations.*

44. (p. 22) What are some non-legal penalties experienced by firms that engage in unethical practices?

Results may include unfavorable public relations, loss of consumer good will, and poor employee morale.

*Bloom's: Knowledge*

*Learning Outcomes: 2.6 Discuss some ways businesses can ensure ethical practices.*