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| 1. Corporate social responsibility is   |  |  |  | | --- | --- | --- | |  | a. | an organization's obligation to maximize its positive effects and minimize its negative effects on stakeholders. | |  | b. | principles, values, and norms that primarily guide individual and group behavior in the world of business. | |  | c. | the institutionalization of business ethics into all levels of business decision making. | |  | d. | a business's responsibility to manufacture products that function properly. | |  | e. | charitable contributions made by a business to enhance its reputation with stakeholders. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 2. The \_\_\_\_\_ was/were enacted to restore confidence in financial reporting and business ethics after the accounting scandals of the early 2000s.   |  |  |  | | --- | --- | --- | |  | a. | Defense Industry Initiative on Business Ethics and Conduct | |  | b. | Sarbanes-Oxley Act | |  | c. | Federal Sentencing Guidelines for Organizations | |  | d. | Foreign Corrupt Practices Act | |  | e. | Dodd-Frank Wall Street Reform and Consumer Protection Act |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 3. Which of the following is *not* one of the rights spelled out by John F. Kennedy in his "Consumers' Bill of Rights"?   |  |  |  | | --- | --- | --- | |  | a. | The right to choose | |  | b. | The right to safety | |  | c. | The right to be informed | |  | d. | The right to be ethical | |  | e. | The right to be heard |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 4. During the 1990s, the institutionalization of business ethics was largely driven by which piece of legislation?   |  |  |  | | --- | --- | --- | |  | a. | Sarbanes-Oxley Act | |  | b. | Federal Sentencing Guidelines for Organizations | |  | c. | Dodd-Frank Wall Street Reform and Consumer Protection Act | |  | d. | Foreign Corrupt Practices Act | |  | e. | UN Global Compact |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 5. Business ethics, as a field, has passed through which of the following states?   |  |  |  | | --- | --- | --- | |  | a. | A field of study to theological discussion to recognition of social issues | |  | b. | Recognition of social issues to a field of study to theological discussion | |  | c. | A field of study to recognition of social issues to theological discussion | |  | d. | Recognition of social issues to theological discussion to a field of study | |  | e. | Theological discussion to recognition of social issues to a field of study |  |  |  | | --- | --- | | *ANSWER:* | e | |

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| 6. The 1960s saw a rise of consumerism. What is consumerism?   |  |  |  | | --- | --- | --- | |  | a. | An increase in consumer rights by individuals, organizations, and governments | |  | b. | The growth of international retail chain stores that served global consumers | |  | c. | Activities undertaken by independent individuals, groups, and organizations to protect their rights as consumers | |  | d. | The widespread adoption of consumer-oriented marketing strategies among businesses | |  | e. | The tendency of organizations to view consumers as their most important stakeholder |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 7. Business ethics is a part of decision making   |  |  |  | | --- | --- | --- | |  | a. | at all levels of work and management. | |  | b. | made primarily by top management. | |  | c. | that stems from individual moral philosophies. | |  | d. | that is less important than other decision making processes. | |  | e. | that is not emphasized in most of today's organizations. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 8. Which of the following was developed in the 1980s to guide corporate support for ethical conduct by establishing a method for discussing best practices?   |  |  |  | | --- | --- | --- | |  | a. | Federal Sentencing Guidelines for Organizations | |  | b. | Defense Industry Initiative on Business Ethics and Conduct | |  | c. | Corporate codes of conduct | |  | d. | U.S. Sentencing Commission | |  | e. | The Southern Common Market |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 9. The \_\_\_\_\_ focus(es) on firms taking action to prevent and detect business misconduct in cooperation with government regulation.   |  |  |  | | --- | --- | --- | |  | a. | U.S. Sentencing Commission | |  | b. | Defense Industry Initiative on Business Ethics and Conduct | |  | c. | World Trade Organization | |  | d. | United Nations Global Compact | |  | e. | Federal Sentencing Guidelines for Organizations |  |  |  | | --- | --- | | *ANSWER:* | e | |

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| 10. Morals   |  |  |  | | --- | --- | --- | |  | a. | are the same as principles and ethics. | |  | b. | relate to the business's ethical culture. | |  | c. | are emphasized in business ethics programs. | |  | d. | relate to you and you alone. | |  | e. | do not have much influence over individual ethical decision making. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 11. Values are   |  |  |  | | --- | --- | --- | |  | a. | specific and pervasive boundaries for behavior that should not be violated. | |  | b. | acceptable behavior as defined by the company and industry. | |  | c. | attempts by businesses to minimize their negative impact on society. | |  | d. | a person's moral philosophies about what is right or wrong. | |  | e. | enduring beliefs and ideals that are socially enforced. |  |  |  | | --- | --- | | *ANSWER:* | e | |

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| 12. More than a compliance program, business ethics is becoming   |  |  |  | | --- | --- | --- | |  | a. | a management issue to achieve competitive advantage. | |  | b. | a guaranteed way to earn higher financial returns. | |  | c. | mainly a government regulatory issue. | |  | d. | an initiative led by nonprofit organizations. | |  | e. | a program that decreases profits but increases societal benefits. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 13. Employees who view their organizational culture as ethical are more likely to   |  |  |  | | --- | --- | --- | |  | a. | ask for a raise. | |  | b. | use their personal moral philosophies in decision making. | |  | c. | make personal sacrifices for the organization. | |  | d. | gain more organizational training. | |  | e. | have a greater desire to become managers themselves. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 14. One of the major ethical issues President Obama’s administration focused on was   |  |  |  | | --- | --- | --- | |  | a. | decreasing environmental legislation. | |  | b. | deregulation. | |  | c. | tax decreases. | |  | d. | incentives to oil companies. | |  | e. | health care and consumer protection. |  |  |  | | --- | --- | | *ANSWER:* | e | |

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| 15. Which of the following statements is true about business ethics?   |  |  |  | | --- | --- | --- | |  | a. | A firm that has ethical management will succeed financially. | |  | b. | Codes of ethics should cover every business ethics issue. | |  | c. | Business ethics focuses more on laws over values. | |  | d. | Individuals apply the same ethical rules in business as they do at home. | |  | e. | There is no conflict between profits and business ethics. |  |  |  | | --- | --- | | *ANSWER:* | e | |

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| 16. Which of the following represented a far-reaching change to organizational control and accounting systems, making securities fraud a criminal offense?   |  |  |  | | --- | --- | --- | |  | a. | Foreign Corrupt Practices Act | |  | b. | Sarbanes-Oxley Act | |  | c. | Consumer Protection Act | |  | d. | Defense Industry Initiative on Business Ethics and Conduct | |  | e. | Dodd-Frank Wall Street Reform and Consumer Protection Act |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 17. The Foreign Corrupt Practices Act outlawed   |  |  |  | | --- | --- | --- | |  | a. | global accounting fraud. | |  | b. | price collusion. | |  | c. | corruption in foreign governments. | |  | d. | bribery of officials in other countries. | |  | e. | executive misconduct. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 18. Which of the following was *not* a provision of the Sarbanes-Oxley Act?   |  |  |  | | --- | --- | --- | |  | a. | It stiffened penalties for corporate fraud. | |  | b. | It created an accounting oversight board that requires corporations to establish codes of ethics for financial reporting. | |  | c. | It required top executives to sign off on their firms' financial statements. | |  | d. | It outlawed bribery of officials in other countries. | |  | e. | It made securities fraud a criminal offense. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 19. Many people wrongly assume that a company will be ethical if it   |  |  |  | | --- | --- | --- | |  | a. | attracts high-profile investors. | |  | b. | rewards employees for high performance. | |  | c. | provides adequate compensation to employees. | |  | d. | simply hires ethical employees. | |  | e. | performs highly on the stock market. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 20. Because of Sarbanes-Oxley, publicly traded companies must develop \_\_\_\_\_ to assist in maintaining transparency in financial reporting.   |  |  |  | | --- | --- | --- | |  | a. | ethics officers | |  | b. | ethics programs | |  | c. | codes of ethics | |  | d. | legal counsel | |  | e. | accountants |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 21. \_\_\_\_\_ is essential in building long-term relationships between businesses and consumers.   |  |  |  | | --- | --- | --- | |  | a. | Profit | |  | b. | Governance | |  | c. | Trust | |  | d. | Knowledge | |  | e. | A code of ethics |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 22. The Dodd-Frank Wall Street Reform and Consumer Protection Act   |  |  |  | | --- | --- | --- | |  | a. | was very popular among Wall Street bankers. | |  | b. | represented modest reform to the finance industry. | |  | c. | came out of theological discussions in the 1920s. | |  | d. | was designed to make the financial services industry more responsible. | |  | e. | made it mandatory for public corporations to hire ethics officers. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 23. In the Reagan/Bush eras, the major focus of the business world was on   |  |  |  | | --- | --- | --- | |  | a. | self-regulation rather than regulation by government. | |  | b. | decreasing the number of mergers. | |  | c. | decreasing the multinational presence in the U.S. marketplace. | |  | d. | increasing government influence on the economic arena. | |  | e. | improving business ethics. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 24. The six principles of the Defense Industry Initiative on Business Ethics and Conduct became the foundation for   |  |  |  | | --- | --- | --- | |  | a. | the Foreign Corrupt Practices Act. | |  | b. | the Federal Sentencing Guidelines for Organizations. | |  | c. | the Ethical Trading Initiative. | |  | d. | the Federal Trade Commission compliance requirements. | |  | e. | the Sarbanes-Oxley Act. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 25. Ethical culture is defined as   |  |  |  | | --- | --- | --- | |  | a. | rules, standards, and moral principles regarding what is right or wrong in specific situations. | |  | b. | the establishment and enforcement of ethical codes throughout the organization. | |  | c. | the development of rules and norms that are socially enforced. | |  | d. | the codification of laws to reward organizations for taking action to prevent misconduct. | |  | e. | acceptable behavior as defined by the company and industry. |  |  |  | | --- | --- | | *ANSWER:* | e | |

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| 26. The Federal Sentencing Guidelines for Organizations set the tone for organizational ethics compliance programs by   |  |  |  | | --- | --- | --- | |  | a. | codifying into law incentives for organizations to take action such as developing ethical compliance programs to prevent misconduct. | |  | b. | forcing all organizations to develop mandatory reporting systems and ethics programs. | |  | c. | eliminating most of the federal legislation that created inefficient and time-consuming activities for businesses. | |  | d. | providing detailed guidelines for how to set up organizational ethics programs to guard against unethical conduct. | |  | e. | providing a thorough examination of company codes of ethics to determine whether they are sufficient. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 27. Which of the following statements about the Federal Sentencing Guidelines for Organizations is *false*?   |  |  |  | | --- | --- | --- | |  | a. | They use a routine mechanical approach that forces all firms to use the same means to avert serious penalties. | |  | b. | They strive to prevent misconduct. | |  | c. | They encourage companies to develop standards and procedures capable of detecting and preventing misconduct. | |  | d. | They utilize a carrot-and-stick approach by taking preventive action against misconduct. | |  | e. | They encourage the appointment of high-level personnel responsible for oversight of the compliance program. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 28. What will happen to a firm found to be in violation if the company had proactively tried to prevent misconduct from occurring?     |  |  |  | | --- | --- | --- | |  | a. | The government will rule that their actions were insufficient. | |  | b. | Penalties or fines may be reduced. | |  | c. | The firm will be forced to hire an ethics officer. | |  | d. | Regulators will charge the firm with criminal activities. | |  | e. | The firm will incur no punishment. |  |  |  | | --- | --- | | *ANSWER:* | b | |

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| 29. Employees' perceptions of their firm as having an ethical climate lead to   |  |  |  | | --- | --- | --- | |  | a. | lack of focus on goals. | |  | b. | greater focus on education. | |  | c. | increased community involvement. | |  | d. | improved relationships with competitors. | |  | e. | enhanced outcomes. |  |  |  | | --- | --- | | *ANSWER:* | e | |

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| 30. \_\_\_\_\_\_\_\_\_\_\_\_\_ is a global compliance management standard that addresses risks, legal requirements, and stakeholder needs.   |  |  |  | | --- | --- | --- | |  | a. | Ethical Trading Initiative | |  | b. | UN Global Compact | |  | c. | Defense Industry Initiative on Business Ethics and Conduct | |  | d. | Stakeholder theory | |  | e. | ISO 19600 |  |  |  | | --- | --- | | *ANSWER:* | e | |

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| 31. Investors are concerned about business ethics because they know that misconduct can   |  |  |  | | --- | --- | --- | |  | a. | harm the ability to monitor changes. | |  | b. | increase prices of consumer products. | |  | c. | cause delays in government intervention. | |  | d. | lower stock value and prices. | |  | e. | complicate business financial reporting. |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 32. *Most* organizations with strong ethical climates usually focus on the core value of placing \_\_\_\_\_ interests first.   |  |  |  | | --- | --- | --- | |  | a. | customers' | |  | b. | employees' | |  | c. | stockholders' | |  | d. | suppliers' | |  | e. | distributors' |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 33. Why is the public more tolerant of consumer misconduct than business misconduct?     |  |  |  | | --- | --- | --- | |  | a. | Businesses are expected to have a better idea of right and wrong. | |  | b. | The decisions of individuals have little to do with ethics in the business world. | |  | c. | There are big differences in wealth and success between businesses and consumers. | |  | d. | More organizations commit misconduct than individual consumers. | |  | e. | There is a large income disparity among professional businesspeople. |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 34. What happens when society deems a particular business action as wrong or unethical? ​   |  |  |  | | --- | --- | --- | |  | a. | ​Legislation usually follows. | |  | b. | ​The guilty individual is jailed. | |  | c. | ​Self-regulation is deemed a failure. | |  | d. | ​The company goes bankrupt. | |  | e. | ​Fines automatically follow. |  |  |  | | --- | --- | | *ANSWER:* | a | |

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| 35. ​What business ethics issue was a major concern during the 1920s?   |  |  |  | | --- | --- | --- | |  | a. | ​Sustainability | |  | b. | ​Consumerism | |  | c. | ​Living wage | |  | d. | ​Bribery | |  | e. | ​Abusive managers |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 36. How does ethics contribute to customer satisfaction?   |  |  | | --- | --- | | *ANSWER:* | High levels of perceived corporate misconduct decreases customer trust.  On the other hand, companies viewed as socially responsible increase customer trust and satisfaction.  The perceived ethicality of a firm is positively related to brand trust, emotional identification with the brand, and brand loyalty. | |

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| 37. Discuss the evolution of business ethics as a field of study from before 1960 to the 1980s.   |  |  | | --- | --- | | *ANSWER:* | The study of business ethics evolved through five distinct stages. Before 1960, business ethics issues were discussed primarily from a religious perspective. The 1960s saw the emergence of many social issues involving business and the concept of social conscience as well as a rise in consumerism, which culminated with Kennedy’s Consumers’ Bill of Rights. Business ethics began to develop as an independent field of study in the 1970s, with academics and practitioners exploring ethical issues and attempting to understand how individuals and organizations make ethical decisions. These experts began to teach and write about the idea of corporate social responsibility, an organization’s obligation to maximize its positive impact on stakeholders and minimize its negative impact. In the 1980s, centers of business ethics provided publications, courses, conferences, and seminars, and many companies established ethics committees and social policy committees. The Defense Industry Initiative (DII) on Business Ethics and Conduct was developed to guide corporate support for ethical conduct; its principles had a major impact on corporate ethics. | |

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| 38. Why is it important that businesspeople study business ethics?   |  |  | | --- | --- | | *ANSWER:* | Studying business ethics is important for many reasons. Recent incidents of unethical activity in business underscore the widespread need for a better understanding of the factors that contribute to ethical and unethical decisions. Individuals’ personal moral philosophies and decision-making experience may not be sufficient to guide them in the business world. Studying business ethics helps you begin to identify ethical issues and recognize the approaches available to resolve them. | |

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| 39. We all learn values from sources such as family, religion, and school. Why might these sources of individual values not prove very helpful when making complex business decisions?   |  |  | | --- | --- | | *ANSWER:* | An individual’s personal moral values are only one factor in the ethical decision-making process. True, moral values can be applied to a variety of situations in life, and some people do not distinguish everyday ethical issues from business ones. Although truthfulness, honesty, fairness, and openness are often assumed to be self-evident and accepted, business-strategy decisions involve complex and detailed discussions. Many people with limited business experience suddenly find themselves making decisions about product quality, advertising, pricing, sales techniques, hiring practices, and pollution control. The values they learned from family, religion, and school may not provide specific guidelines for these complex business decisions. | |

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| 40. Discuss the current state of business ethics in the twenty-first century.   |  |  | | --- | --- | | *ANSWER:* | The twenty-first century ushered in a new set of ethics scandals, suggesting many companies had not embraced the public’s desire for higher ethical standards. The Sarbanes–Oxley Act stiffened penalties for corporate fraud and established an accounting oversight board. The Dodd–Frank Wall Street Reform and Consumer Protection Act were later passed to reform the financial system. The current trend is away from legally based ethical initiatives in organizations and toward cultural initiatives that make ethics a part of core organizational values. | |

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| 41. How do values and judgments play a critical role when we make ethical decisions?   |  |  | | --- | --- | | *ANSWER:* | One difference between an ordinary decision and an ethical one lies in “the point where the accepted rules no longer serve, and the decision maker is faced with the responsibility for weighing values and reaching a judgment in a situation which is not quite the same as any he or she has faced before.” Another difference relates to the amount of emphasis decision makers place on their own values and accepted practices within their company. Consequently, values and judgments play a critical role when we make ethical decisions. | |

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| 42. ​Prior to the 1960s, ethical issues related to business were discussed mainly in the domain of theology or philosophy.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 43. ISO 19600 is a set of 10 principles concerning human rights, labor, the environment, and anti-corruption.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 44. ​Every organization has the potential for unethical behavior, even if it is not a business.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 45. ​Morals are enduring beliefs and ideals that are socially enforced.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 46. The Consumers' Bill of Rights developed by John F. Kennedy ​maintains that consumers have the right to safety, the right to be heard, the right to free speech, and the right to choose.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | |

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| 47. Many consumers are willing to pay more money for socially responsible products.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | |

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| 48. Specific and pervasive boundaries for behavior that should not be violated are known as \_\_\_\_\_.   |  |  |  | | --- | --- | --- | |  | a. | philosophy | |  | b. | values | |  | c. | principles | |  | d. | business ethics | |  | e. | morals |  |  |  | | --- | --- | | *ANSWER:* | c | |

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| 49. What concept refers to a person’s personal philosophy about what is right or wrong?   |  |  |  | | --- | --- | --- | |  | a. | Philosophy | |  | b. | Values | |  | c. | Principles | |  | d. | Integrity | |  | e. | Morals |  |  |  | | --- | --- | | *ANSWER:* | e | |

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| 50. The term that comprises organizational principles, values, and norms that may originate from individuals, organizational statements, or from the legal system that primarily guide individual and group behavior in business is defined as   |  |  |  | | --- | --- | --- | |  | a. | stakeholder orientation | |  | b. | values | |  | c. | principles | |  | d. | business ethics | |  | e. | integrity management |  |  |  | | --- | --- | | *ANSWER:* | d | |

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| 51. \_\_\_\_\_is defined as a situation where the person is faced with multiple choices, all of which are undesirable as defined by the person.   |  |  |  | | --- | --- | --- | |  | a. | Value dilemma | |  | b. | Integrity management | |  | c. | Philosophical dilemma | |  | d. | Legal dilemma | |  | e. | Moral dilemma |  |  |  | | --- | --- | | *ANSWER:* | e | |