

Exam
Name _____

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 1) The classical view of organizational social responsibility is that management's only social responsibility is to maximize profits. 1) _____
Answer: ☒ True ☐ False
- 2) The most outspoken advocate of the classical view of organizational social responsibility is Milton Friedman. 2) _____
Answer: ☒ True ☐ False
- 3) In the socioeconomic view of organizational social responsibility, maximizing profits is not a company's only priority. 3) _____
Answer: ☒ True ☐ False
- 4) Managers in countries like Syria and Jordan, do not embrace corporate social responsibility. 4) _____
Answer: ☐ True ☒ False
- 5) A business has fulfilled its social obligation when it meets economic, legal, and ethical obligations. 5) _____
Answer: ☐ True ☒ False
- 6) The difference between an organization's social obligation and social responsiveness is the legal aspect. 6) _____
Answer: ☐ True ☒ False
- 7) Though the outcomes are not perfectly measured, the majority of research studies show a positive relationship between corporate social involvement and economic performance. 7) _____
Answer: ☒ True ☐ False
- 8) The term "shades of green" refers to the level of environmental responsibility that a company has. 8) _____
Answer: ☒ True ☐ False
- 9) Socially responsible businesses tend to have less-secure long-run profits. 9) _____
Answer: ☐ True ☒ False
- 10) One argument against businesses championing social responsibility issues is that businesses already have too much power. 10) _____
Answer: ☒ True ☐ False
- 11) Possession of resources is an argument for social responsibility. 11) _____
Answer: ☒ True ☐ False
- 12) The market approach to going green is when organizations respond to multiple demands of stakeholders. 12) _____
Answer: ☐ True ☒ False
- 13) The activist approach to going green is when an organization looks for ways to respect and preserve the earth and its natural resources. 13) _____
Answer: ☒ True ☐ False

- 14) A company that displays a superior ability to effectively manage environmental and social factors may be named as one of the 100 most sustainable corporations in the world. 14) _____
Answer: ☒ True ☐ False
- 15) In the Arab region, companies are not widely acknowledged for their social responsibilities or green management actions. 15) _____
Answer: ☐ True ☒ False
- 16) 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. 16) _____
Answer: ☐ True ☒ False
- 17) People proceed through the six stages of moral development in lockstep fashion. 17) _____
Answer: ☒ True ☐ False
- 18) The term "values" refers to the rules and principles that define right and wrong conduct. 18) _____
Answer: ☐ True ☒ False
- 19) A structural design that continuously reminds employees of what is ethical is less likely to encourage ethical behavior. 19) _____
Answer: ☐ True ☒ False
- 20) Employees may be pressured to do "whatever is necessary" to look good on the outcome variables when they are evaluated only on the results. 20) _____
Answer: ☒ True ☐ False
- 21) Sharing corporate values is an approach to managing in which managers establish, promote, and practice an organization's shared values. 21) _____
Answer: ☐ True ☒ False
- 22) A company's shared values act as guideposts for managerial decisions and actions. 22) _____
Answer: ☒ True ☐ False
- 23) Values-based management is based on the close link between an organization's decisions and activities and its impact on the natural environment. 23) _____
Answer: ☐ True ☒ False
- 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. 24) _____
Answer: ☒ True ☐ False
- 25) The Organization for Economic Co-Operation and Development (OECD) developed a global code of ethics. 25) _____
Answer: ☐ True ☒ False
- 26) The best thing managers can do to provide ethical leadership is be a good role model. 26) _____
Answer: ☒ True ☐ False
- 27) Employees who raise ethical concerns or issues to others inside or outside the organization are call ed

social 27) _____
activists. _____

Answer: True ☒ False

28) Fair trade proponents are examples of whistleblowers. 28) _____

Answer: True ☒ False

29) "Wasta" is not unique to the Arab world as it exists under different names in different countries. 29) _____

Answer: ☒ True ☐ False

30) Linking religion to CSR adoptions is very common among Arab managers. 30) _____

Answer: True ☒ False

31) "Guanxi" is a Japanese term which is similar to "wasta" in Arab contexts. 31) _____

Answer: True ☒ False

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

32) The classical view of social responsibility holds that management's only social responsibility is to 32) _____
_____.

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

Answer: C

33) The most outspoken advocate of the classical view of social responsibility is economist and Nobel laureate, _____. 33) _____

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

Answer: B

34) Individuals and groups affected by an organization's actions are _____. 34) _____

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

Answer: D

35) According to the classical view, corporate managers should _____. 35) _____

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

Answer: C

36) A company that meets pollution control standards as dictated by law and follows the law in hiring, promotion, and pay _____. 36) _____

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

Answer: B

- 37) 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 _____. 37) _____
- A) contributing social benefits in the name of goodwill
 - B) helping make society a better place for everyone to live
 - C) adding to the costs of doing business
 - D) following governmental regulations
- Answer: C
- 38) Which of the following is associated with the classical view of social responsibility? 38) _____
- A) stockholder financial return
 - B) concern for social welfare
 - C) voluntary activities
 - D) economist Robert Reich
- Answer: A
- 39) The socioeconomic view is that management's social responsibility goes beyond making profits to include _____. 39) _____
- A) protecting and improving society's welfare
 - B) placing members of society on welfare
 - C) minimizing the welfare of society in exchange for profits
 - D) protecting and improving the organization's profits
- Answer: A
- 40) Proponents of the socioeconomic view of social responsibility believe that business organizations are _____. 40) _____
- A) not just merely economic institutions
 - B) to be leaders in social responsibility
 - C) not to be involved in social responsibility, but should maximize profits for stakeholders
 - D) just merely economic institutions
- Answer: A
- 41) Social obligation is the obligation of a business to meet its _____. 41) _____
- A) economic and social responsibilities
 - B) economic and legal responsibilities
 - C) technological and economic responsibilities
 - D) social and technological responsibilities
- Answer: B
- 42) Employee relations, philanthropy, pricing, resource conservation, product quality and safety, and doing business in countries that violate human rights are some obvious examples of _____. 42) _____
- A) social responsibility issues that employees must confront while at work
 - B) areas of social responsibility that influence managers, not employees
 - C) social responsibility ethics that managers must decide on a daily basis
 - D) decisions that managers face that have a social responsibility dimension
- Answer: D
- 43) 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? 43) _____
- A) costs
 - B) lack of broad public support
 - C) too much power
 - D) lack of skills
- Answer: C
- 44) Under the concept of social obligation, the organization _____. 44) _____

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

Answer: A

45) Social responsiveness refers to the capacity of a firm to adapt to changing _____. 45) _____

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

Answer: C

46) _____ 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. 46) _____

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

Answer: A

47) The aspect that differentiates social responsibility from other similar concepts is that it _____. 47) _____

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

Answer: D

48) When a firm advertises that it only uses recycled paper products, it is _____. 48) _____

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

Answer: B

49) 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? 49) _____

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

Answer: A

50) _____ provides a way for individual investors to support socially responsible companies. 50) _____

- A) A socially responsible investment fund
- B) The stock exchange
- C) A bond
- D) Going green

Answer: A

51) Applying social criteria to an investment decision refers to _____. 51) _____

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

Answer: C

52) There is _____ to say that a company's socially responsible actions significantly hurt its long-term economic performance. 52) _____

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

Answer: A

- 53) The belief that businesses should be responsible because such actions are right for their own sake is known as which argument for social responsibility? 53) _____
A) discouragement of further government regulation
B) public expectation
C) ethical obligation
D) public image
Answer: C
- 54) 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? 54) _____
A) too much power
B) costs
C) lack of accountability
D) dilution of purpose
Answer: C
- 55) 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? 55) _____
A) public image
B) ethical obligation
C) better environment
D) possession of resources
Answer: C
- 56) Which argument for social responsibility puts forth the belief that by becoming socially responsible businesses can expect to have less government regulation? 56) _____
A) stockholder interests
B) public image
C) public expectations
D) discouragement of further government regulation
Answer: D
- 57) 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? 57) _____
A) ethical obligation
B) balance of responsibility and power
C) public expectation
D) public image
Answer: B
- 58) The belief that businesses have the financial, technical, and managerial resources to support needed public and charitable projects is known as which argument? 58) _____
A) possession of resources
B) ethical obligations
C) public expectations
D) public image
Answer: A
- 59) 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? 59) _____
A) dilution of purpose
B) too much power
C) costs
D) violation of profit maximization
Answer: D
- 60) 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? 60) _____
A) costs
B) violation of profit maximization
C) lack of skills
D) dilution of purpose

Answer: A

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

Answer: C

- 62) Which of the following is not an approach organizations can take with respect to environmental issues? 62) _____
- A) legal B) market C) responsibility D) stakeholder

Answer: C

- 63) The _____ approach to environmental issues is when organizations respond to environmental preferences of their customers.
- A) legal B) stakeholder C) responsibility D) market

Answer: D

- 64) With the *stakeholder approach* of dealing with environmental issues, the organization chooses to respond to _____. 64) _____
- A) the demands made by governmental stakeholders
 - B) multiple demands made by social activists
 - C) the demands made by the strongest stakeholders
 - D) multiple demands made by stakeholders

Answer: D

- 65) Which of the following approaches toward environmental issues exhibits the highest degree of environmental sensitivity and is a good illustration of social responsibility? _____
- A) activist approach B) stakeholder approach
C) market approach D) legal approach

Answer: A

- [illegible]

Answer: A

- 67) Which of the following is a basic definition of ethics?
- A) moral guidelines for behavior
- B) Principles or beliefs that define right and wrong conduct
- C) rules for acknowledging the spirit of the law
- D) principles for legal and moral development
- 67) _____

Answer: B

- 68) Reasoning at the _____ level of moral development indicates that moral values reside in maintaining the conventional order and the expectations of others. 68) _____
- A) arrival B) conventional
C) preconventional D) principled

Answer: B

- 69) To shape employees' ethical behavior, managers should understand that _____. 69) _____
- A) ethical judgement is unrelated to a person's upbringing
 - B) people typically use only one approach to ethical decision-making
 - C) people's judgement about right and wrong differ
 - D) all employees reach the highest stage in moral development
- Answer: C
- 70) A personality measure of a person's convictions is _____. 70) _____
- A) locus of control
 - B) social desirability
 - C) moral development
 - D) ego strength
- Answer: D
- 71) _____ is a personality attribute that measures the degree to which people believe they control their own fate. 71) _____
- A) Ego strength
 - B) Locus of control
 - C) Social obligation
 - D) Social responsibility
- Answer: B
- 72) A manager who believes that "she worked hard and met the productivity goals despite bad weather" is displaying what individual characteristic? 72) _____
- A) Internal locus of control
 - B) Strong self-image
 - C) Low impression management
 - D) High moral development
- Answer: A
- 73) Which of the following organizational structural characteristics would most likely result in managerial ethical behavior? 73) _____
- A) Formal rules
 - B) Performance appraisal systems focused on outcomes
 - C) Mixed messages from authority figures
 - D) Few job descriptions
- Answer: A
- 74) Which of the following is true concerning the impact of organizational culture on ethical behavior? 74) _____
- A) Conflict tolerance is related to unethical behavior.
 - B) A strong culture will support high ethical standards.
 - C) A culture that is high in control tends to encourage unethical behavior.
 - D) Low conflict tolerance leads to ethical behavior.
- Answer: B
- 75) Issue intensity, as an issue that affects ethical behavior, is described as _____. 75) _____
- A) the cultural strength of the organization
 - B) the level of control and influence one has over the event
 - C) the characteristics of the ethical issue itself
 - D) the organizational structure
- Answer: C
- 76) Which of the following is not one of the six determinants that are relevant in deciding issue intensity? 76) _____
- A) What is the length of time between the act in question and its expected consequences?
 - B) What is the probability that your act will be discovered?
 - C) How great a harm (or benefit) is done to victims (or beneficiaries) of the ethical act in

question?

D) How much consensus is there that the act is evil (or good)?

Answer: B

77) _____ is an approach to managing in which managers establish, promote, and practice what an organization stands for and believes in. 77) _____

A) Cause-related marketing

B) Belief management

C) Ethical marketing

D) Values-based management

Answer: D

78) An organization's values reflect _____. 78) _____

A) their profit goals

B) what it stands for and what it believes in

C) management

D) the board of directors' values

Answer: B

79) Values shared among the organizational members can serve as _____. 79) _____

A) a guidepost for managerial decisions and actions

B) a guidepost for managerial decisions to invest in new technology

C) a reason to follow federal and state environmental laws

D) a way to shape managerial decisions to invest in economic conditions

Answer: A

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

A) the environment

B) human rights

C) labor

D) anticorruption

Answer: C

81) Global organizations must _____ their ethical guidelines so that employees know what is expected of them while working in a foreign location. 81) _____

A) establish

B) broaden

C) provide

D) clarify

Answer: D

82) _____ is a document that outlines principles for doing business globally in the areas of human rights, labor, the environment, and anticorruption. 82) _____

A) The corruption perceptions index

B) The Global Compact

C) Global Ethics

D) A code of ethics

Answer: B

83) 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 _____. 83) _____

A) labor

B) the environment

C) anticorruption

D) human rights

Answer: B

84) Which of the following is not a way for management to reduce unethical behavior? 84) _____

A) Monitor employee telephone calls

B) Provide ethics training

C) Select individuals with high ethical standards

D) Establish codes of conduct

Answer: A

- 85) A _____ is a formal statement of an organization's primary values and the ethical rules it expects its employees to follow. 85) _____
A) vision statement B) mission statement
C) statement of purpose D) code of ethics
Answer: D
- 86) The primary debate about ethics training programs is whether _____. 86) _____
A) ethics is what causes misconduct
B) the programs give unethical individuals more ammunition
C) the programs cover misconduct outside the workplace
D) ethics can be taught
Answer: D
- 87) Why should managers assure whistle blowers that they will face no personal or career risks? 87) _____
A) Most do not want to lead by example.
B) Many may be reluctant to raise ethical concerns or issues because of the perceived risks.
C) Using the rewards system is often not enough.
D) Some may not wish to push their values on to other employees.
Answer: B
- 88) Many companies have _____ to encourage whistle blowers to come forward. 88) _____
A) shared their values
B) paid more attention to employees' behavior
C) communicated the relevant laws on their websites
D) set up toll-free ethics hotlines
Answer: D
- 89) A _____ is an individual or organization who seeks out opportunities to improve society by using practical, innovative, and sustainable approaches. 89) _____
A) social entrepreneur B) whistle blower
C) social impact manager D) business entrepreneur
Answer: A
- 90) Muslims' religious requirement to give a portion of their wealth to the poor is called: 90) _____
A) Qard B) Zakat C) Charity D) Khidma
Answer: B

ENOC (Scenario)

ENOC, Emirates National Oil Company, launched a training program called Enoc Challenge III, aimed at providing disadvantaged teenagers with an opportunity to attain professional skills that is essential when embarking on new careers. ENOC will provide training apprenticeships at its various departments for 20 candidates.

- 91) This initiative best comes under the category of _____. 91) _____
A) social obligation B) social responsiveness
C) social responsibility D) societal welfare
Answer: B

Two Opposing Views of Social Responsibility (Scenario)

The board of directors at Acme Generating Corporation is meeting to consider the construction of a new electrical generation facility somewhere along the coast. Director Adnan 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 Wael wants a nuclear plant located near a major city 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 Jabir 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.

- 92) Director Wael is following which of the social responsibility views? 92) _____
- A) classical view of social responsibility
 - B) socioeconomic view of social responsibility
 - C) social responsiveness
 - D) social obligation

Answer: A

- 93) Director Adnan is following which of the social responsibility views? 93) _____
- A) social responsiveness
 - B) socioeconomic view of social responsibility
 - C) classical view of social responsibility
 - D) social obligation

Answer: B

- 94) Director Jabir is being mostly _____. 94) _____
- A) classically social responsive
 - B) socially obligated
 - C) classically social responsible
 - D) socially responsive

Answer: D

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.

- 95) If your university were paying minimum wage when necessary and applying the minimum standard to laws, it would be said to have fulfilled its _____. 95) _____
- A) social responsibility
 - B) social obligation
 - C) social responsiveness
 - D) social expectation

Answer: B

- 96) If your university provides job-share programs, builds a day-care facility, and only uses recycled paper, it could be said to be _____. 96) _____
- A) socially image conscious
 - B) socially responsive
 - C) fulfilling its social obligation
 - D) socially aware

Answer: B

- 97) Which of the following is not a reason why it makes sense for your university to continue to be socially responsive? 97) _____
- A) more motivated workforce
 - B) more dedicated workforce
 - C) lower cost
 - D) positive consumer image

Answer: C

- 98) Your university has tried to promote the establishment of shared values so that all members will understand its beliefs. The university has established _____ management. 98) _____

A) socially respectable

B) values-based

C) social impact

D) image

Answer: B

- 99) If someone 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 _____.

99) _____

A) negative

B) very negative

C) neutral

D) positive

Answer: D

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.

- 100) 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?

100) _____

A) activist approach

B) stakeholder approach

C) market approach

D) legal approach

Answer: D

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

101) _____

A) market approach

B) activist approach

C) legal approach

D) stakeholder approach

Answer: A

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

102) _____

A) activist approach

B) market approach

C) legal approach

D) stakeholder approach

Answer: D

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

103) _____

A) legal approach

B) stakeholder approach

C) activist approach

D) market approach

Answer: C

Moral Development (Scenario)

You have had serious ideas lately 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.

- 104) 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?

104) _____

A) conventional level

B) principled level

C) preconventional level

D) value level

Answer: C

- 105) At what level does ethical reasoning indicate that moral values reside in maintaining expected standards and living up to the expectations of others? 105) ____
- A) conventional level B) principled level
C) value level D) preconventional level

Answer: A

- 106) 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? 106) ____
- A) preconventional level B) conventional level
C) principled level D) value level

Answer: C

Summing Up Social Responsibility (Scenario)

Maher, 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, Sawsan and Mansur, and the vice president of product development, Raed. Sawsan 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. Mansur argues that the initial tests that their R&D department completed indicate minimal problems with both durability and flame retardance. Raed states that in several meetings he has recently attended, the company president had repeatedly emphasized the need to increase earnings per share. Raed tells Maher that a decision has to be made within the week about the new products use by National Products Company.

- 107) Mansur's support of using the new product is an indication that he probably _____. 107) ____
- A) has a weak ego strength
B) supports the greening of the organization's profits
C) is using the socioeconomic view of social responsibility
D) has a strong ego strength

Answer: A

- 108) If Maher 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 _____. 108) ____
- A) will lose Sawson as an employee because she will quit
B) has an external locus of control
C) will be demoted to a lower-paying job
D) has a strong ego strength

Answer: D

- 109) If Maher 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 _____. 109) ____
- A) has an internal locus of control
B) is using the socioeconomic view of social responsibility
C) has a strong ego strength
D) has an external locus of control

Answer: D

- 110) Sawsan's opposition to the use of the new product is an indication that she probably _____. 110) ____
- A) has an external locus of control
B) has a weak ego strength
C) is using the classical view of social responsibility
D) has an internal locus of control

Answer: D

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 employees excessively waste company time before returning to work. In addition to this inappropriate behavior, several male coworkers use impolite gestures against female co-workers. 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 _____. 111) _____

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

Answer: C

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

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

Answer: B

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

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

Answer: C

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 _____. 114) _____

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

Answer: C

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

115) 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.

116) 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.

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.

118) 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.

119) 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; 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.

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.

121) 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.

122) 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.

123) In a short essay, describe and discuss "wasta" in the Arab world, and whether or not it is unique to Arab contexts.

Answer: The Arabic word *wasta* means intermediary. Wasta, as a social process, has played a significant role in many Arab societies and has become deeply entrenched in Arab culture. Through wasta, people have traditionally bonded together, resolved their conflicts, and built coalitions that were necessary for social harmony and survival. Yet wasta could sometimes give the benefiting person a head start over others. In employment, wasta could mean getting employed ahead of equally or even more qualified persons. In business transactions, wasta could also mean getting contracts or sales that would otherwise not have materialized. In fact, some Arabs jokingly label wasta as "Vitamin W" because it facilitates completion of paperwork, evasion of speeding tickets, admission to public university, attainment of promotions, and so on. People in the Arab world are often socialized to accept the notion that lots of things cannot be done without wasta.

It is fair to note, however, that wasta is not something unique to Arab contexts. It is found in various forms in different parts of the world. In the West, for example, the label "networking" is sometimes used, and similar practices are used in China where strong connections are called *Guanxi*. But it needs to be acknowledged that such practices, whether they happen in New York, Beijing, or Beirut, are often used by some to justify unethical behavior. Such occurrences should accordingly be addressed at a societal and educational level in order to mitigate their negative impacts.

124) Briefly list some of the drivers or choices that result in the adoption of CSR by companies in the Middle East.

Answer: 1. A desire to develop the investment climate (Turkey, Morocco, Egypt);
 2. Intensity of rivalry and a desire for better efficiency and productivity (Jordan, Turkey, Egypt);
 3. A desire to emulate models by the International business environment (all countries);
 4. International codes of conduct (Morocco, Turkey);
 5. Governmental regulations (Turkey, Morocco, Palestine, Jordan);
 6. Activism of civil society groups such as Transparency International and Greenpeace, either directly or through local chapters (Turkey, Lebanon);
 7. Awards and prizes (Morocco, Turkey).

- 1) TRUE
- 2) TRUE
- 3) TRUE
- 4) FALSE
- 5) FALSE
- 6) FALSE
- 7) TRUE
- 8) TRUE
- 9) FALSE
- 10) TRUE
- 11) TRUE
- 12) FALSE
- 13) TRUE
- 14) TRUE
- 15) FALSE
- 16) FALSE
- 17) TRUE
- 18) FALSE
- 19) FALSE
- 20) TRUE
- 21) FALSE
- 22) TRUE
- 23) FALSE
- 24) TRUE
- 25) FALSE
- 26) TRUE
- 27) FALSE
- 28) FALSE
- 29) TRUE
- 30) FALSE
- 31) FALSE
- 32) C
- 33) B
- 34) D
- 35) C
- 36) B
- 37) C
- 38) A
- 39) A
- 40) A
- 41) B
- 42) D
- 43) C
- 44) A
- 45) C
- 46) A
- 47) D
- 48) B
- 49) A
- 50) A
- 51) C

- 52) A
- 53) C
- 54) C
- 55) C
- 56) D
- 57) B
- 58) A
- 59) D
- 60) A
- 61) C
- 62) C
- 63) D
- 64) D
- 65) A
- 66) A
- 67) B
- 68) B
- 69) C
- 70) D
- 71) B
- 72) A
- 73) A
- 74) B
- 75) C
- 76) B
- 77) D
- 78) B
- 79) A
- 80) C
- 81) D
- 82) B
- 83) B
- 84) A
- 85) D
- 86) D
- 87) B
- 88) D
- 89) A
- 90) B
- 91) B
- 92) A
- 93) B
- 94) D
- 95) B
- 96) B
- 97) C
- 98) B
- 99) D
- 100) D
- 101) A
- 102) D
- 103) C

- 104) C
- 105) A
- 106) C
- 107) A
- 108) D
- 109) D
- 110) D
- 111) C
- 112) B
- 113) C
- 114) C

- 115) 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.
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 - e. Better environment—business involvement can help solve difficult social problems.
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assist cures—businesses should address social problems before they become serious and costly to correct.
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- Superiority of prevention over
- a. Violation of profit maximization—business is being socially responsible only when it pursues its economic interests.
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