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| *Indicate the answer choice that best completes the statement or answers the question.* |

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| 1. Vandium, a high-end smartphone, is known for its excellent audio quality and processing speed. However, most of its users complain of certain technical issues after a period of five months. The company, however, is well aware of these issues because it deliberately designs these products to fail after a certain period—a strategy to generate revenue through service charges. In the context of business behavior, Vandium's business conduct is:   |  |  |  | | --- | --- | --- | |  | a. | legal but ethical. | |  | b. | legal but unethical. | |  | c. | illegal but unethical. | |  | d. | illegal but ethical. | |

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| 2. Which of the following statements is true of ethics?   |  |  |  | | --- | --- | --- | |  | a. | All ethical standards are codified in the law. | |  | b. | Ethics and social responsibility are independent of each other. | |  | c. | Establishing broad agreement on ethical standards is easier when society is diverse. | |  | d. | Actions that are completely legal can still be unethical. | |

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| 3. In the context of the legal and ethical dimensions of business conduct, it is illegal and unethical to:   |  |  |  | | --- | --- | --- | |  | a. | provide rock-bottom prices only to distributors in underserved areas. | |  | b. | engage in sexual harassment. | |  | c. | pay nonliving wages to workers in developing countries. | |  | d. | endorse low-nutrient foods with inadequate information about the risks. | |

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| 4. In the context of business ethics, \_\_\_\_\_ refers to a decision that involves a conflict of values.   |  |  |  | | --- | --- | --- | |  | a. | an ethical lapse | |  | b. | ethical hacking | |  | c. | an ethical dilemma | |  | d. | ethical consumerism | |

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| 5. Robert Lane, former CEO of Deere, a highly performing, highly ethical corporation, believes in the importance of senior management commitment to ethics, but he points out that the "tone at the  top" must be reinforced by the actual behavior observed by suppliers, dealers, customers, and employees. At Deere, this is summed up in highly visible, frequently referenced shorthand known as:   |  |  |  | | --- | --- | --- | |  | a. | the when. | |  | b. | the who. | |  | c. | the where. | |  | d. | the how. | |

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| 6. In the context of research from the Ethics Resource Center (ERC), which of the following statements is true of companies facing economic difficulties?   |  |  |  | | --- | --- | --- | |  | a. | Organizational culture during economic difficulties has very little impact on individual employees' decisions. | |  | b. | The decisions and behaviors of company leaders are perceived by employees as a heightened commitment to ethics. | |  | c. | More-engaged employees of companies facing economic difficulties are less likely to report employees who behave unethically. | |  | d. | When employees perceive more management commitment, they become less engaged with the tasks assigned to them. | |

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| 7. In the context of ethical choices, research results from the Ethics Resource Center (ERC) illustrate that:   |  |  |  | | --- | --- | --- | |  | a. | organizational culture has very little impact on individual employees' decisions. | |  | b. | misconduct by employees rose when they felt that the Great Recession negatively impacted the ethical culture of their company. | |  | c. | more engaged and dedicated employees of a company are much less likely to report individuals who behave badly. | |  | d. | when employees perceived more management commitment, they became less engaged with the tasks assigned to them. | |

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| 8. Finoret, a petroleum company, was infamous for its wasteful production methods and continuous violation of the emission standards set by the Environmental Protection Agency. However, when the new CEO took over, the company completely changed its environmental philosophy and adopted an eco-friendly technology to minimize the emission of harmful gases. In the given scenario, the company took a step toward decreasing its \_\_\_\_\_.   |  |  |  | | --- | --- | --- | |  | a. | liquid-to-gas ratio | |  | b. | ecological debt | |  | c. | carbon footprint | |  | d. | green procurement | |

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| 9. In the context of a company's responsibility to the environment, which of the following is the idea behind sustainable development?   |  |  |  | | --- | --- | --- | |  | a. | To raise money by increasing sales of a company's products so that a significant amount can be donated to nonprofit organizations | |  | b. | To be able to wisely choose between two bad options by judging the losses associated with each | |  | c. | To report unethical and illegal societal activities of employees to the relevant authorities or the media | |  | d. | To meet the needs of the current generation without harming the ability of future generations to meet their needs | |

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| 10. Companies that step in with on-site day care programs for employees facing challenges such as caring for elderly parents are fulfilling their:   |  |  |  | | --- | --- | --- | |  | a. | stakeholder criterion. | |  | b. | social responsibility. | |  | c. | legal obligation. | |  | d. | fiduciary duty. | |

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| 11. In the context of social responsibility, a corporation that does not have profits as a first priority is referred to as a B-Corp, which stands for \_\_\_\_\_.   |  |  |  | | --- | --- | --- | |  | a. | basic corporation | |  | b. | benefit corporation | |  | c. | bench corporation | |  | d. | blanket corporation | |

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| 12. The trade union members of a wool manufacturing company are the company's \_\_\_\_\_.   |  |  |  | | --- | --- | --- | |  | a. | middlemen | |  | b. | shop stewards | |  | c. | philanthropists | |  | d. | stakeholders | |

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| 13. Crumbie, a cereal company, not only provides nutritional information on the packaging box of its product but also goes a step ahead by providing a pamphlet that gives a detailed description of the production process. Given this information, it can be deduced that Crumbie is an advocate of \_\_\_\_\_.   |  |  |  | | --- | --- | --- | |  | a. | consumerism | |  | b. | protectionism | |  | c. | developmentalism | |  | d. | integralism | |

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| 14. In the context of ethics and social responsibility in the global arena, which of the following statements is true of a business's responsibility to workers abroad?   |  |  |  | | --- | --- | --- | |  | a. | Companies must base their employee performance and appraisal decisions on the average wage standards in the United States. | |  | b. | American businesses should mandate banning child labor in countries where families depend on their children's wages to survive. | |  | c. | Companies must pay wages according to the quality of work done, irrespective of working hours or working conditions. | |  | d. | When deciding living wages, companies must bring together their own values with the laws of both the United States and their host countries. | |

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| 15. Andrew, an employee in a corporate company, is asked to conduct a systematic evaluation of how well the company is meeting its ethics and corporate responsibility goals. In the given scenario, Andrew is most likely asked to do a \_\_\_\_\_.   |  |  |  | | --- | --- | --- | |  | a. | social audit | |  | b. | continuous audit | |  | c. | statutory audit | |  | d. | horizontal audit | |

**Answer Key**

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| 2. d |

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| 3. b |

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| 4. c |

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| 5. d |

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| 6. b |

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| 7. b |

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| 8. c |

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| 9. d |

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| 10. b |

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| 11. b |

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| 12. d |

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| 13. a |

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| 14. d |

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| 15. a |