Chapter 3 Quiz

True / False Questions

1. Only shareholders have a vested interest in the ethical performance of an organization.
   True    False

2. An organization's operating culture is a sum of all the policies and procedures, both written and informal.
   True    False

3. A value chain is composed of the key functional inputs that an organization provides in the transformation of raw materials into a delivered product or service.
   True    False

4. Finance and marketing are key functions in a value chain.
   True    False

5. Human resources management supports each of the functional areas in a value chain.
   True    False

6. In a value chain, there are eight key functions and nine supporting functions.
   True    False

7. R&D professionals carry the responsibility for the future growth of the organization.
   True    False

8. Given that R&D does not interact directly with customers, the potential for ethical dilemmas is nonexistent.
   True    False

9. Product quality is the real ethical dilemma that R&D professionals face.
   True    False

10. The pressures in manufacturing are most similar to those of marketing.
    True    False

11. The manufacturing process is responsible for ensuring that the product reaches the hands of a satisfied customer.
    True    False

12. Marketers see themselves as providing products (services) to customers who have already expressed a need for and a desire to purchase those products.
    True    False

13. Universal ethics refer to the ethical choices that offer the greatest good for the greatest number of people.
    True    False
14. Marketing professionals abide by a code of ethics adapted by the American Marketing Association.
   True    False

15. The actions taken out of duty and obligation to a purely moral ideal refers to utilitarianism.
   True    False

16. If an employee leaves a company, the HR department should host an exit interview to ensure that anything the organization can learn from the departure is fed back into the company's strategic plan for future growth and development.
   True    False

17. Advocates of ethical business conduct argue that HR should be at the center of any corporate code of ethics.
   True    False

18. Marketing is responsible for ensuring that the right programs and policies on ethical business conduct are in place.
   True    False

19. The finance function of an organization can be divided into two distinct areas: financial transactions and the accounting function.
   True    False

20. The function that keeps track of all the company's financial transactions by documenting the money coming in and money going out and balancing the accounts at the end of the period refers to the auditing function.
   True    False

21. To ensure ethical practice, organizations must maintain their own internal auditors to monitor their financial functions.
   True    False

22. Internal auditors provide counsel for improving controls, processes and procedures, performance, and risk management.
   True    False

23. The accounting profession is governed by a set of laws and established legal precedents.
   True    False

24. The generally accepted accounting principles that govern the accounting profession are a set of standard operating procedures within the profession.
   True    False

25. It is legal to defer receipts from one quarter to the next to manage your tax liability.
   True    False
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26. A set of accurate financial statements that present an organization as financially stable, operationally efficient, and positioned for strong future growth can do a great deal to enhance the reputation and goodwill of an organization.
   True    False

27. A situation where one relationship or obligation places you in direct conflict with an existing relationship or obligation refers to value chain interest.
   True    False

28. Selling a product that has the potential to be harmful to your customers represents a conflict of interest.
   True    False

29. The most frequently observed misconduct by employees was lying to employees, customers, vendors, or the public.
   True    False

30. Profits are the main reason behind stretching the truth and bending the rules on a regular occurrence in the workplace.
   True    False

31. Breaking the rules is acceptable if it is necessary to compete with the competition in the industry.
   True    False

32. If the organization doesn't set the ethical standard, employees will adhere to the ethical standards of their boss.
   True    False

Multiple Choice Questions

33. An organization's ______ consists of the values, beliefs, and norms shared by all of the employees of that organization.
   A. external culture
   B. ethics
   C. environmental ombudsman
   D. operating culture

34. The key functional inputs that an organization provides during the transformation of raw materials into a delivered product or service is referred to as a(n) ______.
   A. value chain
   B. transformation process
   C. organizational culture
   D. operational ethics
35. All of the following are key functions of an organization except:
A. Sales
B. Information systems
C. Marketing
D. R&D

36. Which of the following serves as a support line function to key functional areas in an organization's value chain?
A. Advertising
B. Manufacturing
C. Human resources management
D. Customer service

37. From an ethical perspective, employees in each functional line area face ethical challenges and dilemmas that ______.
A. are common to the organization as a whole
B. are unique to their departmental responsibilities
C. are common to the industry
D. can be both unique to their departmental responsibilities and common to the organization as a whole

38. The R&D department of an organization ______.
A. is responsible mainly for updating current products offered by the organization
B. has a minute impact on the success of the organization
C. carries the responsibility for the future growth of the organization
D. is the most important department of the organization

39. In the R&D department, ______ is the ideal.
A. higher product quality
B. better, cheaper, faster
C. uniqueness
D. cheaper

40. What is the real ethical dilemma faced by the R&D department?
A. Product costs
B. Product quality
C. Production time
D. Product originality

41. Marketers see themselves as providing products (or services) to customers who ______.
A. are induced to buy products they don't really need
B. have a potential desire to purchase those products
C. think they need the newest products on the market
D. have already expressed a need for and a desire to purchase those products
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42. Marketers play the customer service card and therefore argue that, since their customers are satisfied, the outcome justifies the methods used to achieve it, no matter how misleading the messages or how unnecessary the product sold. This argument represents a ______ view of ethics.
   A. utilitarianism
   B. universal ethics
   C. descriptive
   D. normative

43. ______ refers to the actions placed within a strictly moral context instead of basing actions on the needs of the particular situation.
   A. Moral obligation theory
   B. Utilitarianism
   C. Freudian theory
   D. Universal ethics

44. Marketing professionals abide by a code of ethics adapted by the _____________.
   A. Society for Marketing Resources
   B. American Marketing Association
   C. American Ethics Association
   D. Marketers' Ethics Resource Center

45. Ideally, the human resources function within an organization should be directly involved in all of the following except:
   A. the creation of a career development program for the employee
   B. the creation of the job description for the position
   C. the marketing of the organization's products
   D. the documentation of periodic performance reviews

46. If an employee and company eventually part ways, the HR department should do all of the following except:
   A. hire the next available candidate
   B. provide a referral letter to the unemployment office
   C. host an exit interview
   D. modify the company's strategic plan based on employee departure information

47. The ______ Department should be at the center of any corporate code of ethics.
   A. Finance
   B. HR
   C. Marketing
   D. Manufacturing
48. Advocates of ethical business conduct argue that the HR department needs to ensure that all of the following critical areas are addressed except:
A. HR must keep track of all of the company's financial transactions
B. HR professionals must help ensure that ethics are a top priority
C. HR is responsible for ensuring that the right programs and policies are in place
D. HR must stay abreast ethical issues

49. The finance function of an organization can be divided into all of the following areas except:
A. auditing function
B. financial transactions
C. accounting function
D. marketing function

50. ________ refers to the function that keeps track of all of a company's financial transactions by documenting money coming in and going out and by balancing the accounts at the end of the period.
A. Auditing function
B. Compliance function
C. Accounting function
D. Finance function

51. The certification of an organization's financial statements or books as being accurate by an impartial third-party professional refers to the ________.
A. auditing function
B. compliance function
C. accounting function
D. finance function

52. A set of ________ governs the accounting profession.
A. Generally Accepted Accounting Principles
B. United States Accounting Principles
C. International Financial Principles
D. Corporate Ethical Principles

53. Illegal accounting practices include all of the following except:
A. Taking questionable deductions
B. Overvaluing assets
C. Deferring receipts from one quarter to the next to manage tax liabilities
D. Underreporting income for tax purposes

54. The last resort for ethical guidance is the Code of Ethics issued by the ________.
A. International Association of Certified Public Accountants
B. Certified Public Accountants Association
C. Accounting Institute of Ethical Conduct
D. American Institute of Certified Public Accountants
55. A situation where one relationship or obligation places you in direct conflict with an existing relationship or obligation defines a ______.
   A. relational conflict
   B. conflict of interest
   C. ethical ambiguity
   D. value chain

56. What percentage of U.S. employees have observed at least one instance of workplace ethical misconduct in the past year?
   A. Less than 10%
   B. Between 20% to 25%
   C. Less than 50%
   D. More than 50%

57. The NBES findings showed that more than ______ of U.S. employees observed at least one example of workplace ethical misconduct in the past year.
   A. 10%
   B. 25%
   C. 50%
   D. 75%

58. According to the NBES, the least often observed misconduct observed by employees was ______.
   A. misreporting of actual time worked
   B. abusive or intimidating behavior toward employees
   C. lying to employees and customers
   D. a situation that placed employee interests over organizational interests

59. What is the number one reason explaining why employees stretch the truth in the workplace?
   A. Acceptance by co-workers
   B. Profits
   C. Investor relations
   D. Stakeholder relations

60. If an organization fudged its numbers for one quarter, that could lead to ______.
   A. legal troubles, but only if the organization is caught
   B. a stronger corporate culture
   C. raised investor expectations that may require more number fudging
   D. high expectations among employees