

Chapter 4: Business Ethics and Social Responsibility

I-Summary: This chapter discusses business ethics and social responsibility. Ethics are moral principles that guide how people conduct themselves. Business ethics involve such things as treating employees fairly, protecting the environment, and being truthful about finances. Ethics may be hard to define; most companies have their own code of ethics. Unethical behaviors have caused the government to pass laws to ban those behaviors, such as running sweatshops. Now, the Occupational Safety and Health Administration (OSHA) enforces safety rules in the U.S. Unethical business practices, such as conflicts of interest, are not always illegal, but they can still be damaging to a business. Social responsibility means doing what is good for all of society. A company's first responsibility is to make a good, safe product or service for the customer at a reasonable price. Businesses are also responsible to their employees, owners, creditors, and society.

I-Quiz

Quiz yourself to check your understanding. For each question, you will hear four answer choices. After you hear all four answer choices, choose your answer during the pause. Then you will hear the correct answer. Let's begin.

Question 1

Which phrase could be used in the United States to describe the act of a businessperson who offers another money to agree to a business deal?

- a. ethical behavior
- b. good business
- c. unlawful bribery
- d. conduct unbecoming

Question 2

Which is NOT considered unethical business practice?

- a. selling substandard products
- b. treating employees unfairly
- c. hiring unqualified family over more qualified applicants

- d. training employees right out of school

Question 3

What does the Equal Pay Act do?

- a. It requires that men and women get paid the same for the same job.
- b. It creates fair pricing in a competitive market.
- c. It demands people with disabilities get paid the same, even if they work fewer hours.
- d. It allows people to be paid for recycling.

Question 4

Which is a consequence of good business ethics?

- a. no repeat business
- b. good word of mouth from customers
- c. high employee turnover
- d. low employee morale

Question 5

Which government agency is responsible for enforcing rules that control pollution?

- a. EPA
- b. CEO
- c. FDA
- d. OSHA

Answer Key

1. The correct answer is C, unlawful bribery. In the U.S., this practice is unethical. In other cultures, money given in this way may be simply considered a gift. Understanding the laws and business customs of the country where you are doing business is important.

2. The correct answer is D, training employees right out of school. Businesses should always treat employees well. Treating employees—and customers—badly will only negatively affect a company's business.

- 3.** The correct answer is A, It requires that men and women get paid the same for the same job. The Equal Pay Act has the force of law, although it is not always easy to enforce.
- 4.** The correct answer is B, good word of mouth from customers. When customers are happy, they tell others, which brings others into a business, driving up sales - always a good thing!
- 5.** The correct answer is A, EPA. The Environmental Protection Agency does much to try to protect the environment in the U.S.