Chapter 8: Ethics Reporting Systems

1. External whistleblowing is the result of the failure of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ within an organization.

a) ethical values

b) internal communication systems

c) privacy

d) employee loyalty

e) none of the above

2. An employee who observes ethical misconduct at work but does not discuss the matter with the person engaged in the misconduct or with someone else in the organization with authority is engaging in \_\_\_\_\_\_\_\_\_\_\_\_\_.

a) whistleblowing

b) internal communications

c) employee silence

d) loyalty

e) none of the above

3. According to recent research by the Ethics Resource Center, which percentage of respondents who observed ethical misconduct did not report it?

a) 77%

b) 57%

c) 37%

d) 17%

e) none of the above

4. Employee silence about observed ethical conduct can be attributed to all but which of the following?

a) organizational factors such as work culture

b) observer factors such as lack of evidence

c) anticipated negative outcomes such as being viewed negatively

d) organizational factors such as the lack of an established reporting system

e) none of the above

5. Which of the following organizational factors are associated with employee silence?

a) work culture discourages dissent

b) loyalty to the organizational members is not aligned with ethics

c) no established reporting system exists

d) all of the above

e) none of the above

6. Which of the following observer factors are not associated with employee silence?

a) low moral intensity

b) lack of evidence

c) lack of empowerment

d) all of the above

e) none of the above

7. Which of the following is not an anticipated negative outcome associated with employee silence?

a) being labeled or viewed negatively

b) damaging a relationship

c) retaliation or punishment

d) no corrective action will be taken

e) no established reporting system

8. Based on factors of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, observers are likely to remain silent about ethical misconduct if the misconduct causes minimal consequences to the recipient or the organization, occurs in a physically distant part of the organization, or if there is a lack of consensus in the organization that the misconduct is actually unethical.

a) moral sensitivity

b) moral intensity

c) moral norms

d) moral diversity

e) none of the above

9. Even when the appropriate reporting systems are in place and when individual factors such as seniority and possession of clear evidence are available, some workers still fail to speak out against unethical misconduct due to a lack of \_\_\_\_\_\_\_\_\_\_\_\_\_.

a) moral courage

b) reward

c) moral incentive

d) all of the above

e) none of the above

10. The best ethics reporting system is:

a) an anonymous tip line

b) weekly ethics training

c) an ethically approachable manager

d) an ombudsperson

e) none of the above

11. An approachable manager displays which of the following characteristics?

a) authoritarian leadership

b) honesty and transparency

c) discourages dissent

d) all of the above

e) none of the above

12. In general, ethically approachable managers embody \_\_\_\_\_\_\_\_\_\_\_\_\_ behaviors.

a) dissenting

b) virtuous

c) inconsistent

d) all of the above

e) none of the above

13. The position in an organization charged with broad oversight of ethical performance is the:

a) ombudsperson

b) ethics & compliance officer

c) manager

d) CEO

e) none of the above

14. Which of the following duties is not consistent with those of the ethics and compliance officer?

a) managing internal reporting systems

b) offering guidance

c) developing and interpreting ethics policies

d) assigning all ethical issues equal standing

e) none of the above

15. Which of the following attributes should characterize an ethics and compliance officer?

a) insider status and well-networked

b) high position that exemplifies authority

c) operational experience

d) all of the above

e) none of the above

16. The ethics and compliance officer’s primary duty is to:

a) manage the organization’s internal reporting system

b) report wrongdoing to the management team

c) supervise whistleblowing within the organization

d) all of the above

e) none of the above

17. The position serving as a deterrent against managerial abuse of power and other unethical activities, a concept which originated in government, is known as a(n) \_\_\_\_\_\_\_\_\_\_\_\_.

a) ethics and compliance officer

b) whistleblower

c) ombudsperson

d) manager

e) none of the above

18. Which of the following principles is not consistent with the legal obligations of an organization’s ombudsperson?

a) independence

b) neutrality and impartiality

c) prosecution of wrongdoing

d) confidentiality

e) informality

19. Members of a religious clergy trained in providing spiritual advice, sometimes contracted by businesses in consulting functions, are known as \_\_\_\_\_\_\_\_\_\_\_.

a) priests

b) ombudspersons

c) ethics officers

d) chaplains

e) none of the above

20. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, previously referred to as “ethics hotlines,” have long been popular with organizations as a method of obtaining information about situations that may be unethical or illegal.

a) Assist lines

b) Asset lines

c) Answering services

d) all of the above

e) none of the above

21. Contacting someone outside the organization about potential or actual nontrivial misconduct inside the organization is referred to as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

a) reporting

b) whistleblowing

c) prosecuting

d) protecting

e) none of the above

22. Legislation that includes protections for whistleblowers includes all but which of the following?

a) the False Claims Act

b) the Sarbanes-Oxley Act

c) the Dodd-Frank Act

d) the Civil Rights Act

e) none of the above

23. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of 2002 was enacted directly following high-profile accounting scandals involving Enron, WorldCom, Tyco and other companies that cost investors billions during the early 2000s.

a) Dodd-Frank Act

b) Sarbanes-Oxley Act

c) Civil Rights Act

d) False Claims Act

e) none of the above

24. Which of the following is not a provision of the Sarbanes-Oxley Act (SOX)?

a) protection for whistleblowers

b) creation of the Public Company Accounting Oversight Board

c) establishment of an anonymous reporting mechanism for employees to report fraud

d) auditors cannot engage in consulting work for companies they are auditing without approval from the client’s audit committee

e) none of the above

25. Research indicates which of the following outcomes may be associated with blowing the whistle?

a) negative performance evaluations

b) demotions

c) physical, psychological and family problems

d) all of the above

e) none of the above

26. Provisions by which citizens can sue fraudulent suppliers on behalf of the government, and receive a percentage of the financial recovery, are called \_\_\_\_\_\_\_\_\_\_ provisions.

a) quid-pro-quo

b) qui tam

c) tit-for-tat

d) all of the above

e) none of the above

27. The False Claims Act compels the whistleblower to consider all but which of the following?

a) he/she must have actual knowledge of the fraud

b) the fraud must be tax fraud; tax fraud is the only type of fraud the act addresses

c) federal money must be involved

d) the financial amount of the fraud must be sizable, and the entity to be sued must be able to pay back the stolen money and associated fine

e) the evidence of the fraud cannot come from a publicly disclosed source such as a newspaper

28. Legislation developed in response to the 2008-2010 financial crisis, which includes rewards for information about securities violations successfully enforced by the Securities and Exchange Commission, is called the \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

a) Dodd-Frank Act

b) Sarbanes-Oxley Act

c) Civil Rights Act

d) False Claims Act

e) none of the above

29. Prior to the passage of Sarbanes-Oxley, the number of whistleblower reports averaged 6,400 per month; following Sarbanes-Oxley, the monthly average changed to \_\_\_\_\_\_\_\_\_\_\_\_ per month.

a) 4,000,000

b) 400,000

c) 40,000

d) 4,000

e) 400

30. Which of the following were not among reported ethical misconducts undertaken to benefit the individual, according to a 2009 Ethics Resource Center survey?

a) improper hiring practices

b) discrimination

c) internet abuse

d) bribes

e) sexual harassment

31. Observers of ethical misconduct will often remain silent when they perceive reporting as a violation of \_\_\_\_\_\_\_\_\_\_\_ to employees, managers, and the organization.

a) loyalty

b) whistleblowing

c) professionalism

d) silence

e) none of the above

32. The ethics and compliance officer in an organization must differentiate between which of the following types of ethical issues?

a) discrimination and harassment

b) material and immaterial issues

c) right and wrong

d) all of the above

e) none of the above

33. Ethical misconduct at the workplace can be undertaken for the purposes of enhancing the company’s financial performance agenda or for personal benefits for those engaging in the misconduct.

34. People are often uncomfortable conveying negative information to organizational leaders who welcome ethical discussions.

35. Authoritarian leaders rule according to the saying “my way or the highway,” tend to expect absolute loyalty, and consider taking suggestions from subordinates as a leadership weakness.

36. Employee silence is less likely when the chain of command is the only mechanism for reporting and when the person behaving unethically can readily identify the information source.

37. Fear of retaliation for reporting unethical conduct from colleagues and supervisors is a realistic concern.

38. Employees are more likely to discuss an ethical concern with a manager if these types of discussions occur on a regular basis.

39. An “open door” policy between supervisors and employees means the door remains open during every conversation, to ensure an open and transparent process of discussion.

40. Ethics-related information can come from suppliers and customers, in addition to employees.

41. Assist lines or “ethics hotlines” can help address issues of confidentiality and false accusations in reporting wrongdoing.

42. Legislation including Sarbanes-Oxley Act of 2002 ensures that whistleblowers will face no negative consequences after blowing the whistle.

43. The False Claims Act initially passed in 1863 and strengthened in 1986 is designed to protect employers from whistleblowers making false accusations.

44. It is not important whether or not the ethics and compliance officer is perceived as someone with authority in the organization.

45. In order to be effective, the ethics and compliance officer must be someone in a dedicated position, not someone who serves that function in addition to another role such as legal counsel.

46. Even smaller organizations with less than 50 employees can benefit from a clearly articulated internal reporting system for ethical issues.

47. In order to successfully prosecute wrongdoing in the workplace, the employee who raised the concern must identify him/herself during the investigation process.

48. The roles of the organization’s ethics and compliance officer and ombudsperson are interchangeable.

49. It is impossible to discourage false accusations with an effective assist line.

50. A method for preserving employee anonymity in the internal reporting system is to use an identification number for the case and filter communications through a resource such as EthicsPoint or other telephone services.

51. Whistleblowers are always perceived as disgruntled employees seeking revenge against a boss or employer.

52. Legal advisors recommend that it is irrelevant whether or not the whistleblower has convincing, documented evidence before moving forward with informing an external authority.

53. Several resources including nonprofit advocacy and lobbying organizations exist to provide support to potential or actual whistleblowers.

54. Though increasingly viewed as a public service in the interest of society, whistleblowing does not merit legal protections through the law.

55. With enhancements to the internal reporting process and development of an approachable management style, organizations can reduce the need for employee whistleblowing.

56. Discuss the steps associated with best practices in the internal reporting process.

57. Discuss the typical duties and skills of an ethics and compliance officer.

58. Discuss the attributes of an effective ethics and compliance officer.

59. Provide at least five examples of reasons why some employees do not report ethical misconduct.

60. Describe the process a manager can undertake to engage employees in discussion of ethical misconduct.