

The groundwork for effective fraud prevention and detection is found in an ethical staff that is expected to make ethical decisions and then is fully supported in doing so. Organizations that enact robust ethics programs send a clear message to their employees about which behaviors are acceptable and which behaviors are prohibited. Do you know the hallmarks of an ethical corporate culture? Are you ready and able to help institute an effective ethics program at your organization? Take this quiz and find out.

1. According to the Ethics Resource Center, what percentage of workers observed ethical misconduct at their workplaces during 2013?

- a. 14%.
- b. 27%.
- c. 41%.
- d. 73%.

2. Generally speaking, what is the difference between a code of ethics and a code of conduct?

- a. A code of ethics applies exclusively to members of management, whereas a code of conduct applies to all employees.
- b. A code of ethics describes broad ethical standards, whereas a code of conduct describes acceptable behaviors for specific situations.
- c. A code of ethics instructs employees on how to comply with laws and regulations, whereas a code of conduct comprises the company's mission statement and core values.
- d. There is no difference—the terms *code of ethics* and *code of conduct* are synonymous.

3. As part of its current ethics program evaluation, Maple Inc. management is revisiting the company's code of conduct. During a discussion about the existing code, a member of the management team suggests that they should enact a specific code for just the company's executives. Which of the following is one of the goals of an executive-specific code of conduct?

- a. To provide a more stringent set of conduct standards for executives than for the rest of the staff.
- b. To reinforce policies addressing issues faced by all levels of employees.
- c. To establish harsher sanctions than legally required for executives who commit fraud.
- d. To replace the organization's general code of conduct for executives.

4. Which of the following statements regarding an ethics audit is true?

- a. The objective of an ethics audit is to determine whether the organization's financial statements were created in accordance with sound ethical principles.
- b. The same audit procedures should be used in each area of the company to ensure a consistent picture of the company's ethical culture is obtained.

- c. To be effective, ethics audits must be performed by an independent third party.
- d. An ethics audit examines both qualitative and quantitative data to arrive at an assessment of the company's ethical culture.

5. As part of its new ethics initiative, management at Green Co. is holding an ethics training session during which participants are surveyed regarding the specific character attributes they associate with ethical or unethical behaviors. Which of the following types of ethics workshops is Green Co. holding?

- a. A code of ethics assessment.
- b. A code of conduct violations and outcomes discussion.
- c. A personality analysis.
- d. An application of the ethics decision-making process.

6. Which of the following statements regarding organizations' cultural systems is true?

- a. A company's formal cultural system includes the language used to communicate values throughout the organization.
- b. Employees' perceptions of informal cultural systems influence their ethics-related behavior more than formal systems do.
- c. A company's informal cultural system includes the organization's mission and value statements.
- d. All of the above.

7. In the wake of a corporate scandal, XYZ Co. management is expanding the company's ethics program and has decided to create a new position for a chief ethics officer. To be most effective, the individual in this position should:

- a. Report directly to the company's legal counsel.
- b. Have direct, unimpeded access to the board of directors.
- c. Be hired directly by the company's vice president of operations.
- d. Be exempt from performance goals to boost independence.

8. Which of the following is NOT a recommended practice for incentivizing employees' ethical behavior?

- a. Providing employees with a list of general ethical qualities that they should strive for to be rewarded.
- b. Allowing employees to report instances of or other employees who exhibit exemplary ethical behavior.
- c. Including ethical behavior as a formal part of all performance evaluations.
- d. Empowering managers to reward employees who exhibit a high level of ethics.