

Chapter 1

Velasquez Test Bank

MULTIPLE CHOICE

1. Which of the following is one of the advantages of ethical decision-making as a long-term business strategy?

- a. Ethical behavior will increase short-term profits.
- b. Ethical behavior will provide positive press opportunities.
- c. Ethical behavior can ensure positive employee relationships.
- d. Ethical behavior can provide significant competitive advantage.

Answer: D

Topic: The Nature of Business Ethics

Learning Objective: 1.1: Analyze the basic nature of business ethics

Skill Level: Understand the concepts

Difficulty Level: Moderate

2. Which of the following is defined as standards of what a group or individual feels is right or wrong, or good or evil?

- a. Morality
- b. Ethics
- c. Standards
- d. Values

Answer: A

Topic: Moral Reasoning and Moral Decision Making

Learning Objective: 1.2: Emphasize the importance of moral reasoning and moral decision-making in business ethics

Skill Level: Understand the concepts

Difficulty Level: Difficult

3. Which of the following best describes the criteria by which we judge manners and rules of behavior?

- a. Ethical norms
- b. Moral norms
- c. Nonmoral standards
- d. Standard values

Answer: C

Topic: Moral Reasoning and Moral Decision Making

Learning Objective: 1.2: Emphasize the importance of moral reasoning and moral decision-making in business ethics

Skill Level: Understand the concepts
Difficulty Level: Moderate

4. Which of the following can be described as an example of a moral standard?
- a. Do not be late for a meeting.
 - b. Do not harm others.
 - c. Do not use a work computer for personal use.
 - d. Do not discuss pay issues with others.

Answer: B

Topic: Moral Reasoning and Moral Decision Making

Learning Objective: 1.2: Emphasize the importance of moral reasoning and moral decision-making in business ethics

Skill Level: Apply what you know

Difficulty Level: Moderate

5. Which of the following best describes the basis for moral standards?
- a. Moral standards are based on authority.
 - b. Moral standards deal with serious issues.
 - c. Moral standards are based on personal experiences.
 - d. Moral standards are based on personal beliefs.

Answer: B

Topic: Moral Reasoning and Moral Decision Making

Learning Objective: 1.2: Emphasize the importance of moral reasoning and moral decision-making in business ethics

Skill Level: Understand the concepts

Difficulty Level: Moderate

6. Which of the following best describes ethical standards?
- a. Norms of behavior in a society
 - b. Laws that govern acceptable behavior
 - c. How reasonable moral standards are when applied to your life
 - d. Universal standards based on impartial rules

Answer: C

Topic: Moral Reasoning and Moral Decision Making

Learning Objective: 1.2: Emphasize the importance of moral reasoning and moral decision-making in business ethics

Skill Level: Analyze it

Difficulty Level: Moderate

7. Ethical issues about the economic, political, or legal aspects that a business operates under are referred to as _____ issues.
- a. corporate
 - b. individual

- c. governmental
- d. systemic

Answer: D

Topic: Moral Reasoning and Moral Decision Making

Learning Objective: 1.2: Emphasize the importance of moral reasoning and moral decision-making in business ethics

Skill Level: Apply what you know

Difficulty Level: Moderate

8. Because companies intentionally engage in actions such as production and sales, some people believe they should be held morally responsible for their decisions and actions. This view considers companies as having to act as
- a. moral agents.
 - b. machines.
 - c. individuals.
 - d. regulators.

Answer: A

Topic: Moral Reasoning and Moral Decision Making

Learning Objective: 1.2: Emphasize the importance of moral reasoning and moral decision-making in business ethics

Skill Level: Analyze it

Difficulty Level: Easy

9. There have been several arguments against business ethics. Which argument best supports the idea that when an organization makes money, it improves society, so business ethics are not needed?
- a. If it's legal, it is ethical.
 - b. Profits benefit all.
 - c. The Loyal Agent states it.
 - d. Conflict is not unusual.

Answer: B

Topic: Moral Reasoning and Moral Decision Making

Learning Objective: 1.2: Emphasize the importance of moral reasoning and moral decision-making in business ethics

Skill Level: Analyze it

Difficulty Level: Easy

10. Which of the following best describes an organization's obligations toward society?
- a. Ethics
 - b. Morals
 - c. Values
 - d. Corporate social responsibility

Answer: D

Topic: Moral Reasoning and Moral Decision Making

Learning Objective: 1.2: Emphasize the importance of moral reasoning and moral decision-making in business ethics

Skill Level: Understand the concepts

Difficulty Level: Moderate

11. Which theory of corporate social responsibility says that an organization should be run with the best interests of anyone who can benefit from the organization in mind?

- a. Shareholder theory
- b. Normative theory
- c. Stakeholder theory
- d. Law of Agency theory

Answer: C

Topic: Moral Reasoning and Moral Decision Making

Learning Objective: 1.2: Emphasize the importance of moral reasoning and moral decision-making in business ethics

Skill Level: Understand the concepts

Difficulty Level: Moderate

12. With which area are many of the ethical issues related to information technology concerned?

- a. Privacy
- b. Costs
- c. Accessibility
- d. Biology

Answer: A

Topic: Ethical Issues in International Business

Learning Objective: 1.3: Examine ethical issues arising from globalization and international business connections and practices

Skill Level: Analyze it

Difficulty Level: Moderate

13. Technology now allows for the altering of cells in plants, humans, and animals in a process called

- a. genetic engineering.
- b. nanotechnology.
- c. biotechnology.
- d. information engineering.

Answer: A

Topic: Ethical Issues in International Business

Learning Objective: 1.3: Examine ethical issues arising from globalization and international business connections and practices

Skill Level: Apply what you know

Difficulty Level: Moderate

14. The process of sharing goods, services, knowledge, and cultures across national borders is referred to as

- a. multinationalism.
- b. relativism.
- c. hypernorms
- d. globalization.

Answer: D

Topic: Ethical Issues in International Business

Learning Objective: 1.3: Examine ethical issues arising from globalization and international business connections and practices

Skill Level: Understand the concepts

Difficulty Level: Moderate

15. According to World Bank reports, which of the following is a disadvantage of globalization?

- a. Business operations can move to countries with lower labor costs.
- b. Inequalities increase between and within nations.
- c. Consumers have access to lower priced goods.
- d. Developed nations only grew at about 2 percent per capita.

Answer: B

Topic: Ethical Issues in International Business

Learning Objective: 1.3: Examine ethical issues arising from globalization and international business connections and practices

Skill Level: Analyze it

Difficulty Level: Moderate

16. Which of the following best describes the idea that ethical standards are true based on a particular culture or society, and will change based on the society in which we find ourselves working?

- a. Traditionalism
- b. Globalization
- c. Relativism
- d. Microsocial norms

Answer: C

Topic: Ethical Issues in International Business

Learning Objective: 1.3: Examine ethical issues arising from globalization and international business connections and practices

Skill Level: Analyze it

Difficulty Level: Moderate

17. Which of the following best describes hypernorms as moral standards?

- a. Norms that differ from one community to the next

- b. Norms that can only be applied if the community accepts those norms
- c. Norms that a community accepts because it follows rules of microsocial norms
- d. Moral standards that should be applied to all people in all societies

Answer: D

Topic: Ethical Issues in International Business

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Skill Level: Analyze it

Difficulty Level: Moderate

18. According to Kohlberg, during which stage of moral development will a child behave in a specific way in the hopes that others will behave the same way toward him or her?

- a. Interpersonal concordance orientation
- b. Social contract orientation
- c. Instrumental and relative orientation
- d. Punishment and obedience orientation

Answer: C

Topic: Foundations of Moral Reasoning

Learning Objective: 1.4: Explain the deep foundations and structure of moral reasoning

Skill Level: Analyze it

Difficulty Level: Moderate

19. According to Kohlberg, during which stage of moral development does one realize there are conflicting moral views and believes there is a fair way to reach consensus about them?

- a. Social contract orientation
- b. Universal moral principles orientation
- c. Law and order orientation
- d. Interpersonal concordance orientation

Answer: A

Topic: Foundations of Moral Reasoning

Learning Objective: 1.4: Explain the deep foundations and structure of moral reasoning

Skill Level: Analyze it

Difficulty Level: Moderate

20. Which of the following component of moral reasoning is based on an individual's conclusions about people, policies, institutions, or behaviors?

- a. Factual information
- b. Facility for moral judgment
- c. Ability for emotional reasoning
- d. Understanding of moral standards

Answer: B

Topic: Foundations of Moral Reasoning

Learning Objective: 1.4: Explain the deep foundations and structure of moral reasoning
Skill Level: Analyze it
Difficulty Level: Difficult

21. Which criteria are used to evaluate moral reasoning?
- a. Standards universal to all cultures
 - b. Factual evidence limited only to that which supports the conclusion
 - c. Logic and evidence
 - d. Clearly defined choices

Answer: C

Topic: Foundations of Moral Reasoning

Learning Objective: 1.4: Explain the deep foundations and structure of moral reasoning

Skill Level: Understand the concepts

Difficulty Level: Moderate

22. What condition of moral responsibility has been met when a person fails to prevent an injury or wrong when he or she knew there was a potential for injury?
- a. Causality
 - b. Duty
 - c. Obligation
 - d. Freedom

Answer: A

Topic: Moral Responsibility and Blame

Learning Objective: 1.5: Assess the factors that define and refine the concept of moral responsibility

Skill Level: Understand the concepts

Difficulty Level: Moderate

23. Which of the following is used to reduce, but not eliminate, responsibility for a wrong?
- a. Causality
 - b. Freedom of choice
 - c. Mitigating factors
 - d. Knowledge

Answer: C

Topic: Moral Responsibility and Blame

Learning Objective: 1.5: Assess the factors that define and refine the concept of moral responsibility

Skill Level: Apply what you know

Difficulty Level: Moderate

24. A person might find it difficult to avoid a wrong because of coercion or a threat. What type of moral defense could be used to reduce responsibility?
- a. Level of contribution

- b. Ignorance
- c. Differing moral standards
- d. Mitigating factors

Answer: D

Topic: Moral Responsibility and Blame

Learning Objective: 1.5: Assess the factors that define and refine the concept of moral responsibility

Skill Level: Analyze it

Difficulty Level: Moderate

25. Which of the following describes the level of moral responsibility when there is an absence of causality, knowledge, or freedom?

- a. The individual is morally responsible.
- b. Moral responsibility is mitigated.
- c. The organization is morally responsible.
- d. Moral responsibility is completely eliminated.

Answer: D

Topic: Moral Responsibility and Blame

Learning Objective: 1.5: Assess the factors that define and refine the concept of moral responsibility

Skill Level: Analyze it

Difficulty Level: Moderate

SHORT ANSWER

26. Discuss reasons why ethics are an important part of an organization.

Sample Answer: Ethical behavior can be good for a business in that it can promote trust, provide safeguards, and improve profit. Business interactions with employees and customers are ongoing. Ethical behavior can encourage mutually beneficial interactions with others.

Additionally, unethical behaviors tend to generate harmful reprisals instead of cooperative behavior. Second, ethical behaviors on the part of an organization can help the organization avoid reprisals, improve work relationships, and encourage people to reward the organization with loyalty and commitment. Third, ethical behaviors increase the chances of success for an organization. A majority of studies have found there is a positive relationship between socially responsible acts and profitability. Businesses cannot survive without ethics and ethics are consistent with profit seeking. This is because employees, customers, and people in general care about ethics.

Topic: Moral Reasoning and Moral Decision Making

Learning Objective: 1.2: Emphasize the importance of moral reasoning and moral decision-making in business ethics

27. Discuss the concept of organizations acting as moral agents and being held responsible for moral decisions.

Sample Answer: There are two views on the idea that organizations can be held responsible for moral decisions. One view is that when an organization acts intentionally, then it is a moral agent. The organization is an agent with moral rights and obligations, and it is responsible for its actions, just like humans. The other view is that companies act as machines and should not be considered to have moral duties. This argument claims businesses are like machines where members blindly conform to formal rules that may or may not have to do with morality. Just as a machine cannot be faulted for failing to act morally, neither can an organization when it is considered to be a machine.

Topic: Moral Reasoning and Moral Decision Making

Learning Objective: 1.2: Emphasize the importance of moral reasoning and moral decision-making in business ethics

28. Compare the shareholder view of corporate social responsibility to the stakeholder view of corporate social responsibility.

Sample Answer: According to Milton Friedman, shareholders own the company in which they have shares. These owners “hire” executives to run the organization in the best interest of the shareholders, with the goal of increasing profits and returns for the shareholders. Therefore, under the shareholder view of CSR, the company should not use resources to benefit society; those resources belong to the shareholders. However, by maximizing profits for stockholders, the companies will end up benefiting society.

According to Freeman and Reed, a stakeholder is any group or individual who can help the organization achieve its objectives or who are affected by the achievements of the organization. This means that a stakeholder can harm, benefit, or influence. Therefore, anyone can be a stakeholder in an organization. Under this theory, the organization should be run for the benefit of all stakeholders.

Topic: Moral Reasoning and Moral Decision Making

Learning Objective: 1.2: Emphasize the importance of moral reasoning and moral decision-making in business ethics

29. Discuss the ethical concerns that have surfaced regarding information technology and property rights.

Sample Answer: Property rights include information such as software, code, and digitized data such as a text, pictures, and sounds. Digitized information can be copied many times without changing the original. The issue of property rights of the original creator come into question along with comparing those rights to the person who owns one of the copies. Another issue is if it is wrong to make a copy without the permission of the original creator. Does it create harm to society or will individuals suffer because of these copies? Are there property rights for things created on the computer? The nature of technology is that we can gather, use, or generate information from a variety of sources very quickly and on a massive scale. Computers collect data on users, and they sort, analyze and retrieve this information rapidly. Some argue this is a violation of people’s right to privacy because other people may know things about us that are private.

Topic: Ethical Issues in International Business

Learning Objective: 1.3: Examine ethical issues arising from globalization and international business connections and practices

30. As a senior manager operating in another country, how should you enforce U.S. ethical standards in a culture that has different standards?

Sample Answer: Some scholars have suggested that senior managers who operate in a less well-developed country should follow the higher ethical standards that are typically used in their home country. However, those ethical standards must be used with care as they can sometimes create more harm than good in the host nation. Social norms and expectations must also be carefully considered. Therefore, each case must be judged individually, instead of attempting to apply one rule or level of standards to all issues. When determining how ethical a decision is in a host country, several things must be considered including the nature of the country's laws, how corrupt a government is, the level of technological, social, and economic development, and cultural acceptance.

Topic: Ethical Issues in International Business

Learning Objective: 1.3: Examine ethical issues arising from globalization and international business connections and practices

31. Discuss the ways emotions and moral reasoning work together.

Sample Answer: Ethics include logic, reasoning, and cognition, and our emotions, and feelings play a central role in moral decision-making. Moral thinking is aided by emotions. The link between moral reasoning and emotions is supported by studies of the brain that show activity when we engage in moral reasoning. Emotions can make us realize that a situation raises ethical issues for us, and motivate us to try and understand and reason about what is happening. The emotional response can motivate us to act. Reasoning about ethics is important, but without emotions, we would be unable to become focused on and concerned about ethics, and no longer be moved to engage in moral reasoning.

Topic: Foundations of Moral Reasoning

Learning Objective: 1.4: Explain the deep foundations and structure of moral reasoning

32. Identify and explain the three components of moral reasoning.

Sample Answer: One component of moral reasoning includes an understanding of our moral standards and what they require, prohibit, value, or condemn. The second component includes evidence or information about whether a person, policy, institution, or behavior has features that moral standards require, value, or condemn. The third component of moral reasoning is a conclusion or moral judgement about a person, policy, institution, or behavior that might be prohibited or required, right or wrong, or just or unjust.

Topic: Foundations of Moral Reasoning

Learning Objective: 1.4: Explain the deep foundations and structure of moral reasoning

33. Why is it important that companies have a good understanding of the relationship between blame and moral responsibility?

Sample Answer: Moral reasoning is sometimes directed at determining whether a person is morally responsible for an injury or for a wrong. A judgement about a person's moral responsibility for wrongdoing is a judgement as to whether that the person acted intentionally and should be blamed or punished, and pay restitution. Companies have the same moral responsibility as individuals, and they can be held accountable for decisions. Companies can be held morally responsible for a wrong and be required to correct the situation. It also helps ensure

that we do not mistakenly punish, penalize, or blame innocent persons. Determining moral responsibility can alleviate shame or guilt when a person is not morally responsible. When an organization knows and practices moral responsibility, it may refrain from trying to rationalize conduct and accept responsibility for what was done. It helps the company avoid blaming an individual and using rationalization and self-deception for poor business actions.

Topic: Moral Responsibility and Blame

Learning Objective: 1.5: Assess the factors that define and refine the concept of moral responsibility