

Student name: _____

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) Ethics is the study and practice of decisions that meet, but do not exceed, minimum standards of behavior prescribed by law.

- ☐ true
- ☐ false

2) Business ethics is concerned with making correct decisions when making important decisions about the future of the business.

- ☐ true
- ☐ false

3) An ethical dilemma is a problem about what a firm should do for which no clear, right decision is available.

- ☐ true
- ☐ false

4) Reasonable people can expect to disagree about optimal solutions to ethical dilemmas.

- ☐ true
- ☐ false

5) A business decision cannot be legal but unethical.

- ☐ true
- ☐ false

- 6) Ethical standards are uniform across the United States but are not uniform
- Ⓐ true
 - Ⓑ false

7) The stakeholders of a business are limited to those who have an ownership interest in the business.

- ☐ true
- ☐ false

8) Business managers should make sure they consider all relevant stakeholders when they engage in ethical reasoning.

- ☐ true
- ☐ false

9) Employees are one of the major stakeholders of a business.

- ☐ true
- ☐ false

10) The social responsibility of business consists of the expectations the community imposes on firms doing business within its borders.

- ☐ true
- ☐ false

11) We derive our ethics from the interplay of values.

- ☐ true
- ☐ false

12) The Golden Rule is the idea that we should interact with other people in a manner consistent with the way we would like them to interact with us.

☐ true

☐ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

13) Hulio and Helena work for Corporate Enterprise. Both see what they believe to be unethical treatment of a certain group of employees. The employees do not complain and do not say anything about this treatment. Hulio and Helena are not sure whether to report the potential violation. This is an example of an ethical _____.

- A) standard
- B) mandate

- C) imperative
- D) dilemma
- E) hypothesis

14) The social responsibility of business consists of the expectations _____ impose(s) on firms.

- A) the community
- B) future generations

- C) management
- D) employees
- E) shareholders

- A) Values are positive abstractions.
- B) Values capture our sense of what is good or desirable.
- C) Values come from the interplay of ethics.
- D) Values are ideas that underlie conversations about business ethics.

E) Values represent our understanding of the purposes we will fulfill by making particular decisions.

16) Which of the following is an example of the primary value of freedom?

- A) To embrace and promulgate notions of nationalism
- B) To possess the capacity or resources to act as one wishes
- C) To provide resources in proportion to need

D) To maximize the amount of wealth in society

E) To get the most from a particular output

17) When Dole Food Company (Dole) was sued by a bunch of its employees for the use of a chemical on its bananas, the jury ordered Dole to pay \$2.5 million in punitive

damages. What became of this punitive damage award?

- A) On appeal, the appellate court doubled the punitive damage award to \$5 million.
- B) A judge vacated the punitive damage award.
- C) A judge capped the punitive damage award to the level of actual damages.
- D) On appeal, the appellate court tripled the punitive

damage award to \$7.5 million.

E) The punitive damages were distributed to various charitable organizations.

18) The "Who" in the WH process of ethical decision making means what?

- A) Who are the corporate decision makers?
- B) Who are the people in power?
- C) Who are the stakeholders affected by the

decisions a firm makes?

- D) Who determines what is right or wrong?
- E) Who is able to sue in a lawsuit?

19) What do values generally represent?

- A) Our understanding of the purposes we will fulfill by making particular decisions.
- B) Our belief in what is right and wrong.
- C) Our subconscious demands.
- D) Government imposed moral minimums.
- E) Action-oriented goals set by the state

20) What does the “Golden Rule” mean when discussing ethics?

- A) It suggests that before we act, we should imagine the act being broadcast across national television channels.
- B) It asks us to consider what the world would be like if our decision was copied by everyone else.
- C) It asks us to consider what the government would deem right and wrong when making business decisions.
- D) It suggests that we interact with other people in a manner consistent with the way we would like for them to interact with us.
- E) It suggests that we use a cost-benefit-analysis approach in all decision-making.

21) What does the so called public disclosure or “television test” mean in regard to ethical considerations?

- A) It requires us to imagine that our actions are being broadcast on national television.
- B) It requires that actions be discussed with local officials before any action is taken.
- C) It suggests that we interact with other people in a manner consistent with the way we would like for them to interact with us.
- D) It asks us to consider what the world would be like if our decision was copied by everyone else.
- E) It asks us to consult with the public before any major industry decision is made.

22) If Lamar decides that it is okay to cheat on his taxes, and he believes that it is okay for everyone to cheat on their

taxes, which ethical test does he believe in?

- A) The public disclosure test
- B) The universalization test
- C) The Golden Rule

- D) The universal ethical dilemma test
- E) The ethical paradigm standard

23) Environmental Concerns. Connie, the president of a company that makes paper, has a new interest in the environment. She recently went to a seminar on environmental dangers and has decided to take steps to clean things up. She started at home and was also committed to change things at work. Connie had to face the fact that her company has been cheating and is not in compliance with applicable environmental regulations due to dumping in a nearby river. Her company has never been cited, however, because it employs a very large number of people in the community, including the mayor's wife and the chief-of-police's brother. On her mission to clean things up, Connie has decided to go even further than the law requires and install the very latest environmental protections. When she announced her plan, the chair of the company's board of directors, Brooke, had a meeting with Connie. Brooke told Connie to analyze the situation carefully because the cost of the additional equipment would mean no dividend to shareholders and no raise for employees. Furthermore, Brooke told Connie that installing all the new equipment would result in higher prices for the company's paper products and could bankrupt the company because of foreign competition. Brooke hinted that Connie could be fired if she persisted. Brooke suggested that Connie just be concerned with a minimal standard of ethics. Which of the following is

the minimal standard that a business must meet in a consideration of business ethics?

- A) Decisions must be legal.
- B) Decisions must meet the criteria of a follower of the WH Framework for Business Ethics.
- C) Decisions must meet the requirements of the most important stakeholders.
- D) Decisions must receive a majority vote of

acceptance by employees.

- E) Both that decisions must be legal and that decisions receive a majority vote of acceptance by employees.

24) Environmental Concerns. Connie, the president of a company that makes paper, has a new interest in the environment. She recently went to a seminar on environmental dangers and has decided to take steps to clean things up. She started at home and was also committed to change things at work. Connie had to face the fact that her company has been cheating and is not in compliance with applicable environmental regulations due to dumping in a nearby river. Her company has never been cited, however, because it employs a very large number of people in the community, including the mayor's wife and the chief-of-police's brother. On her mission to clean things up, Connie has decided to go even further than the law requires and install the very latest environmental protections. When she announced her plan, the chair of the company's board of directors, Brooke, had a meeting with Connie. Brooke told Connie to analyze the situation carefully because the cost of the additional equipment would mean no dividend to shareholders and no raise for employees. Furthermore,

- A) The community only
- B) The shareholders only
- C) Future generations only
- D) The community and shareholders only

Brooke told Connie that installing all the new equipment would result in higher prices for the company's paper products and could bankrupt the company because of foreign competition. Brooke hinted that Connie could be fired if she persisted. Brooke suggested that Connie just be concerned with a minimal standard of ethics. Which of the following would be a stakeholder in the company?

- E) The community, shareholders, and future generations

25) Environmental Concerns. Connie, the president of a company that makes paper, has a new interest in the environment. She recently went to a seminar on environmental dangers and has decided to take steps to clean things up. She started at home and was also committed to change

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- A) Golden Rule
- B) public disclosure test
- C) universalization test

26) Business ethics requires all except the following:

- A) weighing the benefits of a decision compared to its harm
- B) consideration of duties owed to other human beings
- C) the characteristics possessed by a virtuous person
- D) contemplation of Christian principles of faith

27) Before business managers consider the social responsibilities of firms in their communities, they need to:

- A) see who the local mayor is and determine if they are business friendly.

Connie could be fired if she persisted. Brooke suggested that Connie just be concerned with a minimal standard of ethics. Connie, however, decides to go forward with her plan to clean things up because she wants to treat others in the same manner that she wants to be treated. Connie's approach is best referred to as the _____.

- D) Sarbanes-Oxley Rule
- E) television test

- E) the care we have for the well-being of those affected by business decisions

- B) determine how corporate friendly the community is.

C) determine the relevant educational background of the community.

D) determine if the tax base is fair.

E) gather all the relevant facts.

28) According to the textbook, which of the following is not one of the core values associated with Adidas?

A) We are committed to continuously strengthening our brands and products to improve our competitive position.

B) We are dedicated to consistently delivering outstanding financial results.

C) We will create an environment that does absolutely no harm.

D) We are consumer focused and therefore we

continuously improve the quality, look, feel and image of our product.

E) We are a global organization that is socially and environmentally responsible.

29) When evaluating primary values, what is not one of the alternative meanings to “justice” described in the textbook?

A) To receive the products of your labor

B) To maximize the amount of wealth to society

C) To treat all humans identically, regardless of class, gender, age and sexual preference

D) To provide resources in proportion to need

E) To possess anything that someone else is willing to grant you

30) The many groups of people affected by a firm’s decisions are known as:

A) Stockholders

B) Lobbyists

C) Third party beneficiaries

D) Outliers

E) Stakeholders

31) Which of the

following would not be considered a stakeholder for the purposes of the WH framework?

- A) Owners or shareholders
- B) Employees
- C) Customers
- D) Administrative agencies in charge of regulating

the firm

- E) Future generations

32) What happened that caused WorldCom's CEO Bernard Ebbers to go to jail?

A) Ebbers and other WorldCom officials used fraudulent accounting methods to overstate their financial status.

B) Ebbers and other WorldCom officials were embezzling money from the company.

C) Ebbers and other WorldCom officials were caught selling fraudulent company stock.

D) High level officials including Ebbers allowed unsafe working conditions in the workplace in violation of

OSHA regulations.

E) Worldcom's board of directors caught Ebbers selling trade secrets to China, in violation of the company's intellectual property rights.

33) In 2011, Tyson Foods of Arkansas was found guilty of violating which law when it was found to be receiving bribes from Mexican officials?

- A) The Anti-Corruption Act
- B) The Foreign Corrupt Practices Act
- C) The Bribery and Defamation Act
- D) The Occupational Safety and Health Act

E) The International Agreement on Free Trade Act

34) Kristin Richmond, one of the founders of Revolution Foods, believes that the objective of Revolution Foods is to

do what in response to Kraft's Lunchables?

healthier life styles

- A) To provide higher-quality ingredients to cultivate

- B) To show that

Kraft Lunchables are too high in fat and sodium and therefore unhealthy

C) To dominate the market with healthier alternatives by using only natural foods, and thereby force Kraft out of the packaged lunch market

D) To prove that Revolution Foods products are

more ethically prepared and distributed

E) To show consumers that Kraft was falsely advertising its calorie and fat contents

35) In the “WH” process of ethical decision making, what does the “H” stand for? Use Exhibit 2-6

A) Handlers

B) Help

C) How

D) Happen

E) History

Answer Key

Test name: ch2

- 1) FALSE
- 2) FALSE
- 3) TRUE
- 4) TRUE
- 5) FALSE
- 6) FALSE
- 7) FALSE
- 8) TRUE
- 9) TRUE
- 10) TRUE
- 11) TRUE
- 12) TRUE
- 13) D
- 14) A
- 15) C
- 16) B
- 17) B
- 18) C
- 19) A
- 20) D
- 21) A

22) B

23) A

24) E

25) A

26) D

27) E

28) C

29) B

30) E

31) D

32) A

33) B

34) A

35) C