

Chapter 1

Ethical Theory and Business Practice

Test Bank

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Difficulty: 1 = Easy; 2 = Medium; 3 = Challenging

Multiple Choice Questions

1) Which ethical theory has at its core the idea of respect for persons?

- a. Kantian Ethics
- b. Moral Relativism
- c. Utilitarianism
- d. Rights theory

Answer: A
Difficulty: 1

Bloom's Level: Knowledge

2) A person who uses confidential information obtained at work to enhance his or her own self-interest is acting primarily according to which ethical theory?

- a. Kantian ethics
- b. Egoism
- c. Utilitarianism
- d. Rights theory

Answer: B
Difficulty: 1

Bloom's Level: Knowledge

3) Which of the following methods can resolve moral disagreements?

- a. Making sure one's facts are right.
- b. Obtaining definitional clarity of the issues.
- c. Using reasoned analysis of arguments and positions
- d. All of the above

Answer: D
Difficulty: 1

Bloom's Level: Understanding

4) Psychological egoism is which of the following views?

- a. The view that people *do* act in their own perceived self-interest in all situations.
- b. The view that people *should* act in their own perceived self-interest.
- c. The view that not everyone has to act in their own self-interest.
- d. None of the above.

Answer: A
Difficulty: 1

Bloom's Level: Understanding

- 5) Which of the following is *not* a feature of the moral point of view.
- a. It is universal
 - b. It is impartial
 - c. It is fundamental
 - d. It is rational

Answer: C

Difficulty: 2

Bloom's Level: Understanding

True or False Questions

- 6) T or F: Morality, or ethics, is essentially the same as prudence.

Answer: F

Difficulty: 1

Bloom's Level: Understanding

- 7) T or F: Morality, or ethics, is essentially the same as the law.

Answer: F

Difficulty: 1

Bloom's Level: Understanding

- 8) T or F: Virtue ethics is fundamentally incompatible with Kantian ethics.

Answer: F

Difficulty: 1

Bloom's Level: Understanding

- 9) T or F: Human rights are essentially the same as legal rights.

Answer: F

Difficulty: 1

Bloom's Level: Understanding

- 10) T or F: The view that different societies have fundamentally different conceptions of right and wrong is known as common morality.

Answer: False

Difficulty: 2

Bloom's Level: Understanding

- 11) T or F: Virtue ethics emphasizes character over other ethical considerations such as duty or consequences.

Answer: True

Difficulty: 1

Bloom's Level: Understanding

- 12) T or F: The view that morally correct action should promote overall welfare for society is known as Kantian ethics.

Answer: False

Difficulty: 1

Bloom's Level: Understanding

13)T or F: Most of the theories discussed in this chapter are highly incompatible and should not be considered jointly.

Answer: False

Difficulty: 1

Bloom's Level: Understanding

14)T or F: According to the section "Morality and Law", A company's behavior in another country, while deemed illegal, may not necessarily be considered unethical.

Answer: True

Difficulty: 1

Bloom's Level: Evaluation

15)T or F: Disagreements between two parties regarding ethical issues is often attributable to different judgments rather than different underlying moral principles.

Answer: True

Difficulty: 1

Bloom's Level: Evaluation

16)T or F: Moral philosophy, although a very young tradition of roughly 200 years, has been an integral part of business curriculum for as many years.

Answer: False

Difficulty: 1

Bloom's Level: Evaluation

17)T or F: A pluralistic utilitarian believes that any act that maximizes pleasure is right.

Answer: False

Difficulty: 2

Bloom's Level: Evaluation

18)T or F: Issues of comparing the value of an increase in oil supply, jobs, and consumer purchasing power with the value of wildlife preservation and protection is an example of the measurement critique of utilitarianism.

Answer: True

Difficulty: 2

Bloom's Level: Evaluation

19)T or F: Writers in business ethics concern themselves not just with the justness of results but also with the procedures toward that result.

Answer: True

Difficulty: 2

Bloom's Level: Evaluation

20)T or F: In the case, "Should Everything Be For Sale?" the students identify a primary drawback of selling organs as the donors' health deterioration after the operation.

Answer: T

Difficulty: 1

Bloom's Level: Understanding

Short Answer Questions

21) Name the three approaches to the study of morality and ethical theory.

Difficulty: 2
Bloom's Level: Knowledge
Page References: 6-7

22) Differentiate between positive and negative obligations as defined by Rights theories.

Difficulty: 3
Bloom's Level: Analysis
Page References: 29

23) Describe Kant's principle of universalizability.

Difficulty: 3
Bloom's Level: Understanding
Page References: 25

24) Each of the theories in this chapter includes certain common features that may be characterized as the correct attitude to take in ethics. This attitude is rational, _____, and impartial.

Difficulty: 2
Bloom's Level: Knowledge
Page References: 37

25) A person who believes in a broad range of things or states that are intrinsically good is known as a _____.

Difficulty: 3
Bloom's Level: Knowledge
Page References: 18

Essay Questions

26) What are the main features of Kantian ethics? What are the main features of utilitarian ethics? Which view do you find most persuasive? Why?

Difficulty: 3
Bloom's Level: Evaluation
Page References: 17-27

27) What is the moral point of view and why is it regarded as important? Defend or criticize the view that business people must operate from the moral point of view.

Difficulty: 3
Bloom's Level: Analysis
Page References:

28) Explain the critiques of rights theories, virtue theories, and common morality theories to examine how one might refute the principles of each ethical theory.

Difficulty: 3
Bloom's Level: Evaluation
Page References: 28-34

- 29) Evaluate Rajiv's employer in the case "The Training Program" from both a utilitarian and Kantian ethics perspective. How do both moral theories see the company's actions thus far and what response from Rajiv would each theory expect?

Difficulty: 3
Bloom's Level: Evaluation
Page References: 17-27

- 30) Morality sometimes finds itself at odds with notions of business prudence and with the law. Explain first how ethics and prudence do not always coincide in business and second how often the law and ethics do not coincide.

Difficulty: 3
Bloom's Level: Analysis
Page References: 2-6

Chapter 2

Corporate Responsibility

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Difficulty: 1 = Easy; 2 = Medium; 3 = Challenging

Multiple Choice Questions

- 1) According to Milton Friedman in "The Social Responsibility of Business Is to Increase Its Profits," the managers of a company may spend corporate money on charitable enterprises only when:
- a. They are sure that doing so will increase profits.
 - b. They truly believe the cause to be worthy.
 - c. They have expertise in the area.
 - d. They have had a profitable year.

Answer: A

Difficulty: 1

Bloom's Level: Understanding

- 2) According to John Boatright in "What's Wrong -- and What's Right -- with Stakeholder Management," the contractual agreements and legal rules that secure the interests of each input group in a business is known as:
- a. Stockholder management.
 - b. Transaction cost economics.
 - c. Governance.
 - d. Public policy.

Answer: C

Difficulty: 1

Bloom's Level: Understanding

- 3) Which of the following does not appear on R. Edward Freeman's list of stakeholders in "Managing for Stakeholders"?
- a. Stockholders
 - b. Employees
 - c. Managers
 - d. Environment

Answer: D

Difficulty: 1

Bloom's Level: Knowledge

- 4) According to Wayne F. Cascio's article comparing Costco to Sam's Club, which of the following is a hallmark of Costco company values?
- a. Costco makes up for *low wages* with unusually *generous benefits*
 - b. Employees and customers take precedence over shareholders
 - c. Labor costs must remain as low as possible at all times
 - d. Top positions are primarily filled with hires from outside of the company

Answer: B

Difficulty: 2

Bloom's Level: Understanding

- 5) Which of the following is NOT mentioned in "Ethics as Organizational Culture" as part of the foundation of building a strong organizational culture?
- a. Moral managers
 - b. Socialization tactics
 - c. Values and Mission statement
 - d. The use of technology

Answer: D

Difficulty: 1

Bloom's Level: Knowledge

True or False Questions

- 6) T or F: According to Milton Friedman in "The Social Responsibility of Business Is to Increase Its Profits," the managers of a company have an obligation to ensure that employees are treated with dignity and respect.

Answer: F

Difficulty: 2

Bloom's Level: Evaluation

- 7) T or F: According to Milton Friedman in "The Social Responsibility of Business Is to Increase Its Profits," whether or not a company operates in a democracy is irrelevant to his view of corporate social responsibility.

Answer: F

Difficulty: 1

Bloom's Level: Understanding

- 8) T or F: According to R. Edward Freeman in "Managing for Stakeholders," the Separation Thesis holds that business questions are distinct from ethical questions.

Answer: T

Difficulty: 1

Bloom's Level: Understanding

- 9) T or F: According to R. Edward Freeman in "Managing for Stakeholders," stakeholder interests may be prioritized by different companies differently.

Answer: T

Difficulty: 1

Bloom's Level: Understanding

- 10) T or F: According to John Boatright in "What's Wrong -- and What's Right -- with Stakeholder Management," the stockholder model of corporate governance is, or should be, grounded in sociological analysis of markets.

Answer: F

Difficulty: 3

Bloom's Level: Evaluation

- 11) T or F: According to Wayne F. Cascio in "Decency Means More than 'Always Low Prices': A Comparison of Costco to Wal-Mart's Sam's Club," Sam's Club emphasizes its Code of Ethics in its everyday business operations including respect and priority for suppliers and employees.

Answer: F

Difficulty: 1

Bloom's Level: Understanding

- 12)T or F: According to Wayne F. Cascio in "Decency Means More than "Always Low Prices": A Comparison of Costco to Wal-Mart's Sam's Club," Costco was less profitable than Wal-Mart during the same five year period.

Answer: F

Difficulty: 2

Bloom's Level: Understanding

- 13)T or F: According to Wayne F. Cascio in "Decency Means More than "Always Low Prices": A Comparison of Costco to Wal-Mart's Sam's Club," employee turnover at both companies was relatively even.

Answer: F

Difficulty: 2

Bloom's Level: Understanding

- 14)T or F: Eric Orts and Alan Strudler, in "Putting a Stake in Stakeholder Theory", explain broad perspectives of stakeholders to include those affected by and who affect an organization's actions.

Answer: T

Difficulty: 3

Bloom's Level: Understanding

- 15)T or F: A theory of the firm perspective of the boundaries of stakeholder consideration is likely restricted to those who a firm is responsible to by law.

Answer: T

Difficulty: 3

Bloom's Level: Evaluation

- 16)T or F: Several of the articles in chapter 2 suggest that fair corporate strategy would be to weigh all stakeholder interests equally as none should ever be more important than any other.

Answer: F

Difficulty: 2

Bloom's Level: Evaluation

- 17)T or F: In "Ethics as Organizational Culture", Linda Trevino and Katherine Nelson emphasize the precedence of formal culture systems over the less important informal culture systems.

Answer: F

Difficulty: 1

Bloom's Level: Understanding

- 18)T or F: An employee's internalization of organizational culture is described by Trevino and Nelson as an instance when an employee makes the organization's culture and values their own.

Answer: T

Difficulty: 3

Bloom's Level: Understanding

19)T or F: According to John R. Boatright, the Sarbanes-Oxley Act fails to provide a provision in which corporate executives are forced to return compensation earned following misreported earnings reports and other unethical behavior.

Answer:

F

Difficulty:

3

Bloom's Level:

Understanding

20)T or F: John R. Boatright invokes a number of theories to argue, generally, that shareholders and corporations as a whole should shoulder more responsibility than any one employee/executive of the corporation.

Answer:

T

Difficulty:

2

Bloom's Level:

Evaluation

Short Answer Questions

21)Milton Friedman describes the responsibilities of a corporate executive differently when viewed as an agent of shareholders vs. as an individual, a principal in effect.

Briefly describe how these responsibilities could differ.

Difficulty:

2

Bloom's Level:

Understanding

Page Reference:

52

22)R. Edward Freeman, in "Managing for Stakeholders", identifies what might be called

"primary" stakeholders as well as "secondary" stakeholders. Explain the difference between the two.

Difficulty:

2

Bloom's Level:

Analysis

Page Reference: 61-62

23)Which stakeholder group does John R. Boatright explain is morally justified in its

claim to corporate control as a means for that group to protect their interests?

Difficulty:
3

Bloom's Level:
Understanding

Page Reference:

72

24) In "Decency Means More than 'Always Low Prices': A Comparison of Costco to Wal-

Mart's Sam's Club", what does Costco mean when it says it aims to turn inventory faster than people?

Difficulty:
2

Bloom's Level:
Knowledge

Page Reference:

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