

Student name: \_\_\_\_\_

- 4) Explain the basis of Carol Gilligan's criticism on Kohlberg's views on moral development.

5) Describe some of the factors that encourage unethical behavior in the workplace.

6) Describe Section 406 of the Sarbanes-Oxley Act of 2002.

7) Are corporations required by law to develop a company-wide ethics code?

8) What is a major criticism of the Foreign Corrupt Practices Act?

9) The rapid creation and trading of \_\_\_\_\_ was a significant contributor to the collapse of the financial services industry, which triggered the Great \_\_\_\_\_.

A) dividends; Depression

B) dividends;  
Recession

- C) derivatives; Depression
- D) derivatives; Recession

10) Whose colossal Ponzi scheme stole as much as \$65 billion from his clients before he was caught and sent to prison in 2009?

- A) Bernard Madoff
- B) Dennis Kozlowski

- C) Kenneth Lay
- D) Richard Dreyfuss

11) According to a recent survey cited in the textbook, what percentage of respondents believe that U.S. moral values are getting worse?

- A) 19%
- B) 42%

- C) 77%
- D) 92%

12) According to sociologist David Callahan, America is a nation increasingly falling into two groups: a \_\_\_\_\_

class and a(n) \_\_\_\_\_ class.

- A) winning; anxious
- B) one percent; ninety-nine percent

- C) primary; secondary
- D) haves; have nots

13) According to Nobel Prize winner Jean-Paul Sartre, \_\_\_\_\_ precedes \_\_\_\_\_.

- A) diligence; self-actualization
- B) essence; existence
- C) self-actualization; perseverance

- D) existence; essence

14) A(n) \_\_\_\_\_ ethical system emphasizes a duty directed toward what ought to be right.

- A) deontological
- B) libertarian

- C) teleological
- D) existential

15) Which of the following ethical systems believes that the consequence of a decision or act is primary?

- A) Universalism
- B) Teleology

- C) Existentialism
- D) Deontology

16) Deontology is derived from the Greek work meaning \_\_\_\_\_.

- A) duty
- B) directive

- C) dissertation
- D) departmentalization

17) Teleological ethical systems are often referred to as \_\_\_\_\_ ethical systems.

- A) formalist
- B) existentialist

- C) deontologist
- D) consequentialist

18) A father may be morally committed to saving his son from a burning building rather than saving another person who might do more total good for society. The action of the father would be primarily dictated by the \_\_\_\_\_ ethical system.

- A) teleological

- B) deontological

- C) utilitarian
- D) consequentialist

19) Which of the following principles is most likely to be followed by a utilitarian?

- A) Moral judgment is guided by individual acts.
- B) Ethics are measured by the rightness of the rules.
- C) To determine the extent of universal morality, all good is to be weighed against all evil.

D) The greatest good for the greatest number determines the proper course of action.

20) German philosopher Immanuel Kant proposed the \_\_\_\_\_, the notion that every person should act on only those principles that he or she, as a rational person, would

- A) situational prerogative
- B) categorical prerogative
- C) situational imperative

prescribe as universal laws to be applied to the whole of humankind.

D) categorical imperative

21) What are the two (2) major branches of utilitarianism?

- A) Primary and secondary
- B) Act and rule
- C) Conditional and unconditional

D) Theoretical and pragmatic

22) Jenny is the chief executive officer of a company that has been affected by an economic downturn. She realizes that the only way for her company to remain in business during the period of recession is to cut costs drastically. She believes it would be better if all company employees took a 10 percent pay cut instead of laying off 10 percent of the workforce. She feels this is the correct decision, as it would benefit the

company and all of its employees. Jenny's approach is consistent with \_\_\_\_\_.

- A) rule-utilitarianism
- B) libertarianism

C) act-deontology  
D) nihilism

**23)** Psychologist Lawrence Kohlberg set forth a comprehensive theory of moral development in which he claimed that moral judgment evolves and improves primarily

- A) family; friends
- B) age; education

as a function of \_\_\_\_\_ and \_\_\_\_\_.

- C) religion; spirituality
- D) success; failure

**24)** According to Kohlberg's theory of moral development, which of the following universal stages is

- A) Conform to meet the expectations of others, please others, and adhere to stereotypical images.
- B) Obey rules to avoid punishment.
- C) Follow self-chosen universal ethical principles. In the event of conflicts, principles override laws.

grouped under the conventional level?

- D) Follow rules only if it is in own interest, but let others do the same. Conform to secure rewards.

**25)** Which of the following is an integral part of "stage 3" of Kohlberg's theory of moral development?

- A) Conform to meet the expectations of others.
- B) Obey rules to avoid punishment.
- C) Follow rules only if it is in one's own interest, but

let others do the same.

- D) Doing right is one's duty.

**26)** Which of the following is an integral part of "stage 4" of Kohlberg's theory of moral development?

- A) Obey rules to avoid punishment.
- B) Follow rules only if it is in one's own interest, but let others do the same.

C) Doing right is one's duty.

- D) Conform to secure rewards.

**27)** Which of the following is an integral part of “stage 6” of Kohlberg’s theory of moral development?

- A) Doing right is one’s duty.
- B) Follow self-chosen universal ethical principles.

- C) Obey the law.
- D) Uphold the social order.

**28)** Of the six universal stages of moral development identified by Kohlberg, which of the following traits is a manager most likely to display if she is at “stage 3”?

- A) Follow a rule only if it is in one’s own interest.
- B) Adhere to stereotypical images.
- C) Obey rules to avoid punishment.

- D) Conform to secure rewards.

**29)** Both Kohlberg and Gilligan take the position that moral decision making is the controlled product of \_\_\_\_\_.

- A) biological, unconscious, and involuntary processes
- B) analysis, deliberation, and experience

- C) emotion and/or intuition
- D) automatic and non-reflective processes

**30)** Which of the following is true regarding ethics codes in the workplace?

- A) The Sarbanes-Oxley Act specifically requires private companies to adopt a code of ethics for senior financial officers.
- B) Section 406 of the Sarbanes-Oxley Act defines a code of ethics as written standards composed and enforced by the federal government.
- C) Section 406 of the Sarbanes-Oxley Act defines a

code of ethics as informal,



“word-of-mouth” standards that are reasonably designed to deter wrongdoing.

D) Most big companies have voluntarily developed ethics codes.

**31)** Section 406 of the Sarbanes-Oxley Act is designed to promote which of the following?

A) Compliance with disclosure and reporting requirements associated with an initial public offering (IPO)

B) Compliance with the disclosure and reporting requirements associated with the dissolution and “winding up” of a publicly traded corporation

C) Honest conduct  
D) Adherence to the minimal legal requirements associated with operating a business entity

**32)** Wright Corporation, an American firm, is establishing an office in Africa with Mary as its manager. After two months of fruitless efforts trying to obtain electricity for the office, Mary is told that in order to do so, she must give some money to the government-based electric company agent as an “encouragement”, just as all other businesses have done.

A) The payment is illegal, even though that is the only way Mary can obtain electricity for the office.

B) The payment is illegal, since it is money paid to secure an improper advantage.

C) The payment is legal, since it is money paid merely to expedite or secure performance of a routine government

Under the Foreign Corrupt Practices Act, which of the following is true regarding the payment?

action.

D) The payment is legal, since Wright Corporation is only subject to African law while doing business in Africa.

**33)** Which of the following is false regarding the Foreign Corrupt Practices Act?

A) It allows grease payments to foreign officials.

B) It requires rigorous internal accounting controls to ensure bribes cannot be concealed as “slush” funds.

C) It creates civil and criminal fines that can be levied on both individuals and companies.

D) It requires all publicly traded companies to develop ethics codes for senior management.

**34)** According to the federal False Claims Act, whistleblowers are typically entitled to \_\_\_\_\_ to \_\_\_\_\_ percent of the recovery from the wrongdoer.

- A) 25; 33
- B) 25; 49

- C) 10; 20
- D) 10; 30

**35)** In fiscal year 2015, federal false claims recoveries totaled approximately \$\_\_\_\_\_.

- A) 7.4 billion
- B) 3.5 billion

- C) 1.25 billion
- D) 784 million

**36)** In fiscal year 2015, for their assistance in identifying fraud against the federal government, whistleblowers were

paid approximately \$\_\_\_\_\_.

- A) 600 million
- B) 525 million

- C) 300 million
- D) 1.2 billion

**37)** In the context of libertarianism, justice and fairness, right and wrong are measured by equality of results rather than from encouraging equal opportunity for all to engage in

informed choices about their own welfare.

- Ⓐ true
- Ⓑ false

**38)** Virtue ethics applauds the person who is motivated by faith to build absolute and universal standards.

- Ⓐ true
- Ⓑ false

**39)** To the deontologist, principle is primary and the end or result is the secondary measure of the ethical quality of a decision or act.

- ☐ true
- ☐ false

**40)** Immanuel Kant believed that every rational creature can act according to his or her categorical imperative because all such persons have “autonomous, self-legislating wills” that permit them to formulate and act on their own systems of rules.

- ☐ true
- ☐ false

**41)** A moral rule is “categorical” rather than “hypothetical” in that its prescriptive force is dependent on

the consequences of the rule.

- ☐ true
- ☐ false

**42)** Maximizing right rather than good is the teleological standard.

- ☐ true
- ☐ false

**43)** According to act-utilitarianism, our goal is to identify the consequences of a particular act to determine whether it is right or wrong.

☐ true

☐ false

44) Formalism requires us to follow our own categorical imperative.

- ☐ true
- ☐ false

45) The emotion or intuition approach differs from the biological theory which claims that moral decision making is an automatic, non-reflective process in which our minds, when confronted with a moral question, instantaneously

generate feelings of approval or disapproval.

- ☐ true
- ☐ false

46) A danger in the ethic of care is that it might be interpreted to restore and legitimize the stereotype of women as care-giving subordinates not deserving of moral autonomy.

- ☐ true
- ☐ false

47) A stronger sense of moral identity occurs if that identity is centered on one's own creativity.

- ☐ true
- ☐ false

48) Psychologist  
Lawrence Kohlberg

established a comprehensive theory of moral development in which he claimed that moral judgment, at least as applied to

judgments of justice, is irreversibly established at a young age.

- ☐ true
- ☐ false

**49)** Few big companies have voluntarily developed ethics codes.

- ☐ true
- ☐ false

**50)** A 2011 study of 392 international companies found no correlation between the quality of codes of conduct and ethical performance.

- ☐ true
- ☐ false

**51)** Section 406 of the Sarbanes-Oxley Act does not require publicly traded companies to adopt a code of ethics

for senior financial officers.

- ☐ true
- ☐ false

**52)** In all nations, the payment of bribes is considered an unlawful way of doing business.

- ☐ true
- ☐ false

**53)** The Foreign Corrupt Practices Act (FCPA) requires rigorous internal accounting controls and careful recordkeeping to ensure that bribes cannot be concealed via

- ☐ true
- ☐ false

"slush funds" and other devices.

**54)** Among its major provisions, the False Claims Act raises penalties for whistleblowers to as much as 25 years of

- ☐ true
- ☐ false

imprisonment along with heavy fines.

**55)** The federal False Claims Act rewards those who disclose fraud in the workplace with reduced prison sentences.

- ☐ true
- ☐ false

## **Answer Key**

Test name: Law, Business and Society ch2

9) D

10) A

11) C

12) A

13) D

14) A

15) B

16) A

17) D

18) B

19) D

20) D

21) B

22) A

23) B

24) A

25) A

26) C

27) B



- 28) B
- 29) B
- 30) D
- 31) C
- 32) C
- 33) D
- 34) D
- 35) B
- 36) A
- 37) FALSE
- 38) FALSE
- 39) TRUE
- 40) TRUE
- 41) FALSE
- 42) FALSE
- 43) TRUE
- 44) TRUE
- 45) FALSE
- 46) TRUE
- 47) FALSE
- 48) FALSE

49) FALSE

50) FALSE

51) FALSE

52) FALSE

53) TRUE

54) FALSE

55) FALSE