# *Dynamic Business Law The Essentials 3rd edition Kubasek Test Bank*

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# Chapter 02

# Business Ethics and Social Responsibility

## True / False Questions

1. Ethics is the study and practice of decisions about what is good or right.

   True  False

2. Ethical conversation is primarily about finding the one and only right thing to do.

   True  False

3. There is only one correct answer for each ethical dilemma.

   True  False

4. An ethical dilemma has no clear, right decision.

   True  False

5. A business decision can be legal but unethical.

   True  False

6. Different countries have different ethical standards.

   True  False


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7. Stakeholders of a business consist of many different groups of people who are affected by the business's decisions.

   True  False

8. Business managers should only consider customers when they engage in ethical reasoning.

   True  False

9. Employees as well as management are stakeholders of a business.

   True  False

10. The social responsibility of a business is formed by expectations employees have of employers.

    True  False

11. Values are positive abstractions that capture one's sense of what is good and desirable.

    True  False

12. The universalization test provides that people should interact with others the way they would like to be treated.

    True  False

## Multiple Choice Questions


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13. Business ethics:

A. Results in a set of correct decisions made by a company
B. Refers to a standard of business conduct
C. Can improve business decisions
D. Refers to a standard of business conduct and can improve business decisions
E. Results in a set of correct decisions made by a company and can improve business decisions

14. The expectations that a community places on the actions of a business are referred to as:

A. Social responsibility of business
B. Business ethics
C. Values
D. Standards of business conduct
E. Business decisions

15. Positive abstractions that capture one's sense of what is good and desirable are:

A. Ethics
B. Social responsibility of business
C. Values
D. The Golden Rule
E. Stakeholders

16. In 2011, Tyson Foods was charged with conspiracy and violation of the Foreign Corrupt Practice Act for:

A. Selling mislabeled chicken parts to Canada
B. Bribing Mexican officials
C. Trademark infringement
D. Environmental violations
E. Securities fraud


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17. In 2007, Dole was sued by a group of its employees for:

A. Low wages
B. Age Discrimination
C. Bribery
D. Sex discrimination
E. Ignoring safety recommendations in their use of pesticides

18. Which of the following are stakeholders of a business?

A. Owners and employees
B. Employees and customers
C. Customers, owners, and management
D. Management, owners, and employees
E. Customers, owners, management, and employees

19. Positive abstractions that capture our sense of what is good or desirable are _____.

A. ethical ideas
B. values
C. conscience demands
D. desirable principles
E. action goals

20. The idea that we should interact with other people in a manner consistent with the manner in which we would like for them to interact with us is called _____.

A. the Equalization Rule
B. the Ethical Realization Rule
C. the Silver Rule
D. the Golden Rule
E. the Ten Commandments Rule


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21. The "public disclosure" test is also known as the _____ test.

A. television
B. Powell
C. self-conscious
D. golden
E. primary

22. If we consider what the world would be like if a decision is copied by everyone else, we would be using which of the following ethical guidelines?

A. Golden Rule
B. Universalization Test
C. Public Disclosure
D. Relevant Disclosure
E. World Rule


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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 WPH 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.


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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, 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?

A. The community only
B. The shareholders only
C. Future generations only
D. The community and shareholders only
E. The community, shareholders, and future generations


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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 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. Connie, however, decides to go forward with her plan to clean things up under the theory that she wants to treat others in the same manner that she wants to be treated. Under Connie's theory, if she did not understand the importance of the environmental improvements, she would want them to be thrust upon her. Connie's idea is best referred to as _____.

A. the Golden Rule
B. the Disclosure Principle
C. the Help Peers Test
D. the Sarbanes-Oxley Rule
E. the Greenhouse Rule


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## Essay Questions

26. Explain the WH process of ethical decision-making.


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# Chapter 02 Business Ethics and Social Responsibility Answer Key

## True / False Questions

1. Ethics is the study and practice of decisions about what is good or right.

   TRUE

   Ethics is the study and practice of decisions about what is good or right.

   *AACSB: Ethics*
   *Accessibility: Keyboard Navigation*
   *Blooms: Remember*
   *Difficulty: 1 Easy*
   *Learning Objective: 02-01 What are business ethics and the social responsibility of business?*
   *Topic: Business Law and Business Ethics*

2. Ethical conversation is primarily about finding the one and only right thing to do.

   FALSE

   Business ethics refers to standards ofbusiness conduct, not a set of correct decisions.

   *AACSB: Ethics*
   *Accessibility: Keyboard Navigation*
   *Blooms: Understand*
   *Difficulty: 2 Medium*
   *Learning Objective: 02-01 What are business ethics and the social responsibility of business?*
   *Topic: Business Law and Business Ethics*


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3. There is only one correct answer for each ethical dilemma.

FALSE

An ethical dilemma has no clear, right decision.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Understand*
*Difficulty: 2 Medium*
*Learning Objective: 02-01 What are business ethics and the social responsibility of business?*
*Topic: Business Law and Business Ethics*

4. An ethical dilemma has no clear, right decision.

TRUE

An ethical dilemma has no clear, right decision.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Understand*
*Difficulty: 2 Medium*
*Learning Objective: 02-01 What are business ethics and the social responsibility of business?*
*Topic: Business Law and Business Ethics*

5. A business decision can be legal but unethical.

TRUE

A business decision can be legal but unethical.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Apply*
*Difficulty: 3 Hard*
*Learning Objective: 02-02 How are business law and business ethics related?*
*Topic: Business Law and Business Ethics*


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6. Different countries have different ethical standards.

TRUE

Different countries have different ethical standards.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Remember*
*Difficulty: 1 Easy*
*Learning Objective: 02-02 How are business law and business ethics related?*
*Topic: Business Law and Business Ethics*

7. Stakeholders of a business consist of many different groups of people who are affected by the business's decisions.

TRUE

Stakeholders of a business consist of many different groups of people who are affected by the business's decisions.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Remember*
*Difficulty: 1 Easy*
*Learning Objective: 02-05 How can we use the WH framework to make ethical business decisions?*
*Topic: The WH Framework for Business Ethics*

8. Business managers should only consider customers when they engage in ethical reasoning.

FALSE

Business managers must consider all relevant stakeholders when they engage in ethical reasoning.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Understand*
*Difficulty: 2 Medium*


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*Learning Objective: 02-05 How can we use the WH framework to make ethical business decisions?*
*Topic: The WH Framework for Business Ethics*

9. Employees as well as management are stakeholders of a business.

TRUE

Employees as well as management are stakeholders of a business.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Remember*
*Difficulty: 1 Easy*
*Learning Objective: 02-05 How can we use the WH framework to make ethical business decisions?*
*Topic: The WH Framework for Business Ethics*

10. The social responsibility of a business is formed by expectations employees have of employers.

FALSE

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

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Understand*
*Difficulty: 2 Medium*
*Learning Objective: 02-02 How are business law and business ethics related?*
*Topic: Business Law and Business Ethics*

11. Values are positive abstractions that capture one's sense of what is good and desirable.

TRUE

Values are positive abstractions that capture one's sense of what is good and desirable.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Remember*
*Difficulty: 1 Easy*


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*Learning Objective: 02-03 What are values?*
*Topic: Business Law and Business Ethics*

12. The universalization test provides that people should interact with others the way they would like to be treated.

FALSE

The golden rule provides that people should interact with others the way they would like to be treated.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Remember*
*Difficulty: 1 Easy*
*Learning Objective: 02-04 How do values provide a starting point for thinking about business ethics?*
*Topic: Business Law and Business Ethics*

## Multiple Choice Questions

13. Business ethics:

A. Results in a set of correct decisions made by a company
B. Refers to a standard of business conduct
C. Can improve business decisions
D. Refers to a standard of business conduct and can improve business decisions
E. Results in a set of correct decisions made by a company and can improve business decisions

Business ethics refers to a standard of business conduct and can improve business decisions.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Understand*
*Difficulty: 2 Medium*
*Learning Objective: 02-01 What are business ethics and the social responsibility of business?*


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*Topic: Business Law and Business Ethics*

14. The expectations that a community places on the actions of a business are referred to as:

A. Social responsibility of business
B. Business ethics
C. Values
D. Standards of business conduct
E. Business decisions

The expectations that a community places on the actions of a business is referred to as social responsibility of business.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Remember*
*Difficulty: 1 Easy*
*Learning Objective: 02-01 What are business ethics and the social responsibility of business?*
*Topic: Business Law and Business Ethics*

15. Positive abstractions that capture one's sense of what is good and desirable are:

A. Ethics
B. Social responsibility of business
C. Values
D. The Golden Rule
E. Stakeholders

Values are positive abstractions that capture one's sense of what is good and desirable.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Remember*
*Difficulty: 1 Easy*
*Learning Objective: 02-03 What are values?*
*Topic: Business Law and Business Ethics*


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16. In 2011, Tyson Foods was charged with conspiracy and violation of the Foreign Corrupt Practice Act for:

A. Selling mislabeled chicken parts to Canada
**B.** Bribing Mexican officials
C. Trademark infringement
D. Environmental violations
E. Securities fraud

In 2011, Tyson Foods was charged with conspiracy and violation of the Foreign Corrupt Practice Act for bribing Mexican officials.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Remember*
*Difficulty: 1 Easy*
*Learning Objective: 02-05 How can we use the WH framework to make ethical business decisions?*
*Topic: The WH Framework for Business Ethics*

17. In 2007, Dole was sued by a group of its employees for:

A. Low wages
B. Age Discrimination
C. Bribery
D. Sex discrimination
**E.** Ignoring safety recommendations in their use of pesticides

In 2007, Dole was sued by a group of its employees for ignoring safety recommendations in their use of pesticides.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Remember*
*Difficulty: 1 Easy*
*Learning Objective: 02-04 How do values provide a starting point for thinking about business ethics?*
*Topic: Business Law and Business Ethics*


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18. Which of the following are stakeholders of a business?

A. Owners and employees
B. Employees and customers
C. Customers, owners, and management
D. Management, owners, and employees
**E.** Customers, owners, management, and employees

The stakeholders of a firm are the many groups of people affected by the firm's decisions.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Remember*
*Difficulty: 1 Easy*
*Learning Objective: 02-05 How can we use the WH framework to make ethical business decisions?*
*Topic: The WH Framework for Business Ethics*

19. Positive abstractions that capture our sense of what is good or desirable are _____.

A. ethical ideas
**B.** values
C. conscience demands
D. desirable principles
E. action goals

Values are positive abstractions that capture our sense of what is good or desirable and are ideas that underlie conversations about business ethics.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Understand*
*Difficulty: 2 Medium*
*Learning Objective: 02-03 What are values?*
*Topic: Business Law and Business Ethics*


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20. The idea that we should interact with other people in a manner consistent with the manner in which we would like for them to interact with us is called _____.

A. the Equalization Rule
B. the Ethical Realization Rule
C. the Silver Rule
D. the Golden Rule
E. the Ten Commandments Rule

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.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Understand*
*Difficulty: 2 Medium*
*Learning Objective: 02-05 How can we use the WH framework to make ethical business decisions?*
*Topic: The WH Framework for Business Ethics*

21. The "public disclosure" test is also known as the _____ test.

A. television
B. Powell
C. self-conscious
D. golden
E. primary

The public disclosure test is sometimes called the "television test," for it requires us to imagine that our actions are being broadcast on national television.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Understand*
*Difficulty: 2 Medium*
*Learning Objective: 02-05 How can we use the WH framework to make ethical business decisions?*
*Topic: The WH Framework for Business Ethics*


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22. If we consider what the world would be like if a decision is copied by everyone else, we would be using which of the following ethical guidelines?

A. Golden Rule
B. Universalization Test
C. Public Disclosure
D. Relevant Disclosure
E. World Rule

Before we act, the universalization test asks us to consider what the world would be like were our decision copied by everyone else.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Understand*
*Difficulty: 2 Medium*
*Learning Objective: 02-05 How can we use the WH framework to make ethical business decisions?*
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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 WPH 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.

The legality of a decision is the minimal standard that must be met in a consideration of business ethics.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Apply*
*Difficulty: 3 Hard*
*Learning Objective: 02-02 How are business law and business ethics related?*
*Topic: Business Law and Business Ethics*


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A. The community only
B. The shareholders only
C. Future generations only
D. The community and shareholders only
**E.** The community, shareholders, and future generations

Stakeholders of a firm are the many groups of people affected by the firm's decisions.

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Apply*
*Difficulty: 2 Medium*
*Learning Objective: 02-05 How can we use the WH framework to make ethical business decisions?*
*Topic: The WH Framework for Business Ethics*


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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 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. Connie, however, decides to go forward with her plan to clean things up under the theory that she wants to treat others in the same manner that she wants to be treated. Under Connie's theory, if she did not understand the importance of the environmental improvements, she would want them to be thrust upon her. Connie's idea is best referred to as _____.

A. the Golden Rule
B. the Disclosure Principle
C. the Help Peers Test
D. the Sarbanes-Oxley Rule
E. the Greenhouse Rule

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

*AACSB: Ethics*
*Accessibility: Keyboard Navigation*
*Blooms: Apply*
*Difficulty: 2 Medium*
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## Essay Questions

26. Explain the WH process of ethical decision-making.

In regard to the WH framework, students should reference who is involved, meaning stakeholders; the purpose decisions are made, referencing values; and how decisions are made, referencing ethical guidelines such as the Golden Rule.

*AACSB: Ethics*
*Blooms: Understana*
*Difficulty: 2 Medium*
*Learning Objective: 02-05 How can we use the WH framework to make ethical business decisions?*
*Topic: The WH Framework for Business Ethics*


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