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Chapter 02 Business Ethics

MULTIPLE CHOICE QUESTIONS

1) Ethical conversation is primarily about finding the one and only right thing to do.
   A) True
   B) False

2) Business ethics is the application of ethics to the special problems and opportunities experienced by business people.
   A) True
   B) False

3) Business ethics results in a set of correct decisions.
   A) True
   B) False

4) The only social responsibility that businesses have is to focus on how business decisions affect company operations.
   A) True
   B) False

5) Insurer American International Group (AIG) is well known in the insurance industry for its ethical business practices.
   A) True
   B) False

6) Legal rules governing contract laws have been shaped in large part by our sense of commercial ethics.
   A) True
   B) False

7) In some countries, businesses must pay bribes to receive supplies they need to stay in business.
   A) True
   B) False

8) In an ethical analysis using the WPH Framework referenced in the text, owners are the most important stakeholders and should receive the greatest consideration in decision making regardless of the type of problem addressed.
   A) True
   B) False

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9) Under the WPH framework for ethical business decisions, business decisions are made in pursuit of a particular purpose and are instruments toward an ethical end.
A) True
B) False

10) The terms shareholder and stakeholder have the same meaning.
A) True
B) False

11) The community in which a firm operates would not be considered a stakeholder of the firm.
A) True
B) False

12) Ethical relativism and situational ethics mean the same thing.
A) True
B) False

13) Consequentialism provides a rigid set of rules to follow regardless of the situation.
A) True
B) False

14) One form of consequentialism is utilitarianism.
A) True
B) False

15) Ethical issues do not exist in accounting because the field involves primarily objective data.
A) True
B) False

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16) In the Case Opener, a defendant sought to dismiss a plaintiff's case against Accutane arising from allegations that Accutane caused ulcerative colitis and irritable bowel syndrome. Which of the following court rulings was the result of the defendant's motion to dismiss based on statute of limitation grounds?
A) That the statute of limitations began to run on the plaintiff's claim when the risk of the drug was discovered by the manufacturer, not on the date on which the plaintiff became aware of the risk and that the statute of limitations, therefore, barred her claim.
B) That the defendant committed fraud preventing it from relying on the statute of limitations.
C) That because the plaintiff was warned by her doctor of specific risks caused by the medication, the statute of limitations began to run prior to the time she became aware of an advertisement discussing the risk; and the statute of limitations barred her claim.
D) That in lawsuits involving this type of drug, there is no statute of limitations because each day the plaintiff suffers from pain results in the beginning of a new cause of action.
E) That because the plaintiff was not warned by her doctor of specific risks caused by the medication, the statute of limitations did not begin to run until she became aware of an advertisement discussing the risk.

17) Which of the following presents a problem when considering the theory of ethics known as absolutism?
A) The fact that most individuals associated with this theory have been proven to have acted to the detriment of their followers in one way or another.
B) The allegation that an excessive number of followers actually follow consequentialism.
C) The unquestionable nature of the rules in most absolutist repositories seems overly inflexible when applied to different situations.
D) The lack of objectivity.
E) The questionable nature of the rules in most absolutist repositories seems overly flexible when applied to different situations.

18) Which of the following is the application of ethics to special problems and opportunities experienced by those in business?
A) Business utilitarianism
B) Business ethics
C) Situational ethics
D) Sarbanes-Oxley principles
E) Consequentialism

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19) Which of the following is the study and practice of decisions about what is good, or right?
A) Business
B) Consequences
C) Law
D) Morals
E) Ethics

20) A company is struggling to make a decision but the manager finds there is no clear right decision available. This is an example of
A) A no-win situation
B) An ethical dilemma
C) A consequential dilemma
D) A win-win situation
E) A legal dilemma

21) An electrician working in a small town is the only electrician within a 100-mile radius. He knows that people who have medical equipment at home have the highest need for power, so he charges them double to fix problems with their electricity, compared with the average customer. The community is angry about this choice. This business practice is most likely:
A) Ethical because it is not illegal for a company to set its prices based on maximizing profits.
B) Ethical because owners should focus only on the impact of decisions on the firm.
C) Unethical because businesses operate in a community and communities have expectations for behavior of individuals, groups, and businesses.
D) Unethical because it is against the law for a company to charge one customer more than another.
E) Unethical because there is only one morally proper thing to do in any situation.

22) A local Chamber of Commerce plans a seminar on "the social responsibility of business in our community." What does that term reference?
A) The responsibility of business to make profit for shareholders.
B) The expectations of employees regarding wage rates.
C) The expectations that the community imposes on firms doing business inside its borders.
D) The responsibility of business to have annual meetings.
E) The expectations of management in regard to adequate utility resources.

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23) If a company does not care about community expectations:
A) It should honor them anyway, to a certain extent, because of the threat that legislation will impose social obligations on them.
B) It should ignore them completely because a company's ethical obligation is to maximize profits to shareholders.
C) It should ignore them completely because a company's only obligation is to obey the law.
D) It should ignore them completely because it is the company's choice whether to comply with the desires of the community.
E) It should inform the community it will not honor its expectations because the company has a moral obligation to provide this information.

24) The Economist published an interview of 500 top American business executives, who listed four factors they believe are essential for profits and corporate citizenship to function as partners. These four factors are:
A) Compliance with community standards at all levels, focus on profit above ethics, community engagement, and a focus on fairness
B) Ethics at all levels, leadership at all levels, community engagement at all levels, and a focus on profit as the ultimate goal for all levels.
C) Ethics at all levels, leadership at all levels, community engagement at all levels, and private ownership
D) Leadership at all levels, ethics at the upper level, community engagement at all levels, and positive employee/employer feedback.
E) Leadership at all levels; employee engagement; rigorous measurement of achievement; and public private partnerships.

25) Which of the following is a consideration in meeting the minimal standard for a firm to be considered an ethical business?
A) Meeting the requirement of the public disclosure test.
B) Considering the legality of a decision when choosing the means of production.
C) Meeting the requirements of deontology.
D) Meeting the requirement of utilitarianism.
E) Satisfying the company's board of directors.

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26) A company wants to open a branch in a foreign country but discovers it would have to bribe government officials to get a permit to obtain the materials necessary to build its headquarters. Which of the following is an example of an ethical response?
A) Paying the bribe because the company's first obligation is to its shareholders.
B) Not paying the bribe and convincing a local company to illegally sell materials to them, since demanding bribes is unethical behavior.
C) Paying the bribe because it is customary in the country where the business is to be constructed.
D) Paying the bribe because the company only has to comply with the community standards in the community where it will be operating.
E) Not paying the bribe and bringing in outside materials from a foreign country to complete the construction.

27) A company pays bribes in foreign countries in order to conduct operations there. What legal consequences can the company face?
A) Legal consequences under Glass-Steagall
B) No legal consequences as long as the bribe was legal in the country where it was paid.
C) Legal consequences under the Foreign Corrupt Practices Act
D) No legal consequences as long as the company was acting in the best interests of shareholders
E) No legal consequences as long as the company had no choice but to pay the bribe if it wished to do business in the foreign country.

28) Which of the following is true regarding business ethics?
A) Business ethics results in a set of correct decisions and does not simply refer to standards of business conduct.
B) Business ethics produces a list of correct business decisions that all ethical businesses will make so long as the theory of rule utilitarianism is followed.
C) Business ethics produces a list of correct business decisions that all ethical businesses will make so long as the theory of virtue ethics is followed.
D) Business ethics produces a list of correct business decisions that all ethical businesses will make so long as the theory of deontology is followed.
E) Business ethics refers to standards of business conduct but does not result in a set of correct decisions.

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29) How do law and business ethics relate to each other?
A) Ethics is unrelated to the law because ethics answers only moral questions.
B) The law establishes ethical rules and boundaries, because laws take multiple stakeholders into consideration.
C) Ethics entirely determines what the laws will be, as ethics is focused on finding one right answer to every question.
D) Law and business ethics serve as an interactive system, informing and assessing each other.
E) The law establishes what is ethical, as anything which is legal is automatically ethical.

30) Which of the following is an example of how ethics shapes business laws?
A) Business law requires companies to put profits above all else, because protecting the rights of shareholders is the ethically proper course of action.
B) Bribery is legal for U.S. companies doing business in foreign countries because respecting foreign cultures is part of our community ethics.
C) Contract laws require parties to obey even unenforceable agreements because of our ethical belief that every promise must be kept at all times.
D) Contract laws require parties to live up to promises because keeping promises is part of our ethical inclination to encourage trust.
E) Bribery is legal for U.S. companies doing business in foreign countries because foreign businesses can pay bribes and our ethical inclination is to level the playing field for American businesses.

31) Which of the following is true about how ethical conceptions shape business law and business relationships in different countries?
A) Different ethical understandings prevail in different countries, so ethical conceptions shape business law and business relationships uniquely in each country.
B) Business law should be the same in all countries because protecting the rights of shareholders is always the ethically proper course of action.
C) Different ethical understandings exist in different countries, but fairness is the highest ethical standard so countries must create uniform laws.
D) Ethics does not shape business law or business relationships because law and ethics are separate and not interrelated.
E) Business law and business relationships should be the same in all countries because ethics provides one correct answer to all questions.

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32) Which of the following is true regarding revelations involving Enron and WorldCom?
A) That their upholding of high ethical standards in regard to accounting practices supports the conclusion that the business world should be allowed to regulate itself.
B) That although illegal accounting practices occurred, it is so difficult to find and regulate such practices that any regulation should be left to the free market.
C) That accounting issues with these companies illustrate that the business world cannot be allowed to regulate itself ethically and that government oversight is needed.
D) That WorldCom, a privately held company, had high ethical standards but that Enron, a publicly traded company, engaged in illegal accounting practices supporting the conclusion that privately held companies should be allowed to regulate themselves whereas publicly held companies need significant government regulation.
E) That WorldCom, a privately held company, engaged in illegal accounting practices but that Enron, a publicly traded company, had high ethical standards supporting the conclusion that privately held companies need significant government regulation whereas publicly held companies should be allowed to regulate themselves.

33) Which of the following is asserted by the principle of rights?
A) That whether a business decision is ethical depends on how the decision affects the rights of employees without consideration of other stakeholders.
B) That whether a business decision is ethical depends on how the decision affects the rights of organized labor without consideration of other stakeholders.
C) That whether a business decision is ethical depends on how the decision affects the rights of stockholders without consideration of other stakeholders.
D) That whether a business decision is ethical depends on how the decision affects the rights of all involved.
E) That whether a business decision is ethical depends on how the decision affects the overall economy.

34) What is the system of "guanxi" used in China?
A) It refers to a system by which business people attempt to avoid strict Chinese regulations.
B) It refers to a system of strict ethical rules.
C) It refers to a system of smuggling.
D) It refers to a prohibition against criticism of government rules and regulations.
E) It refers to a system of relationship building woven together by social ties.

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35) What do the letters "WPH" mean in reference to the "WPH Framework for Business Ethics" discussed in the text?
A) Where, Plan, and Hope
B) Why, Procedure, and Hope
C) Who, Purpose, and How
D) Where, Procedure, and How
E) When, Plan, and How

36) Which of the following is true under the WPH process of ethical decision making?
A) When decisions are made, the interest of the community as a whole is considered last.
B) The interest of owners is ranked higher than that of both employees and management when decisions are made.
C) There is not a framework under WPH for ranking one stakeholder above another.
D) The interest of management is ranked higher than that of employees when decisions are made.
E) The interest of management is ranked higher than that of employees when decisions are made, but the interest of owners is ranked higher than the interest of any group.

37) Which of the following are stakeholders of a business?
A) Employees but not shareholders
B) Management but not employees
C) Shareholders, employees, customers, and management
D) Shareholders but not employees
E) Customers but not employees or shareholders

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[Environmental Concerns] Sana, the president of a company that makes paper, has an 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 has now felt compelled to change things at work. Sana 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 because it employs a very large number of people in the community, including the mayor's husband and the chief-of-police's brother. On her mission to clean things up, Sana has decided to go even further than the law requires and implement the very latest environmental protections. When she announced her plan, the chair of the company's board of directors, Jessica, had a meeting with Sana. Jessica told Sana to analyze the situation carefully because the cost of the additional equipment would mean no dividend to shareholders and no raise for employees. Furthermore, Jessica told Sana that installing all the new equipment would result in higher prices for the company's paper product and could bankrupt the company because of foreign competition. Jessica hinted that Sana could be fired if she persisted. Jessica suggested that Sana should just be concerned with a minimal standard of ethics. Sana 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 Sana's theory, if she did not understand the importance of the environmental improvements, she would want them to be thrust upon her.

38) Which statement is true regarding meeting the minimal standard of business ethics suggested by Jessica?
   A) Decisions must receive a majority vote of acceptance by employees.
   B) Decisions must meet the criteria of a follower of utilitarianism.
   C) Decisions must meet the criteria of a follower of deontology.
   D) Decisions must be legal.
   E) Decisions must be legal and decisions must also receive a majority vote of acceptance by employees.

39) Which of these would be a stakeholder in the above company?
   A) The community, shareholders, and future generations
   B) The community and shareholders only
   C) Future generations only
   D) The community only
   E) The shareholders only

40) Sana's idea is best referred to as _____.
   A) The Sarbanes-Oxley Rule
   B) The Greenhouse Rule
   C) The Golden Rule
   D) The Help Peers Test
   E) The Disclosure Principle

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41) Positive abstractions that capture our sense of what is good or desirable are called _____.
A) Values
B) Ethical ideas
C) Conscience demands
D) Desirable principles
E) Action goals

42) Which of these is or are in the WPH process of ethical decision-making?
A) Freedom, security, and efficiency
B) Security only
C) Freedom only
D) Efficiency only
E) Freedom and security, but not efficiency

43) The idea that we should interact with other people in a manner consistent with the manner in which we would like them to interact with us is called the _____.
A) Ethical Realization Rule
B) Equalization Rule
C) Ten Commandments Rule
D) Golden Rule
E) Silver Rule

44) What is the law signed by President George W. Bush as a result of several corporate accounting scandals?
A) The Sarbanes-Oxley Act
B) The Certified Public Accounting Act
C) The Public Accounting Act
D) The Whaley-Mallicoat Act
E) The Corporate Scandal Act

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45) Which of the following is true regarding activities of the Public Company Accounting Oversight Board?
A) The Board requires that companies devise a system that allows employees to report suspicions of unethical behavior, but it does not address financial reports prepared by auditors and public accounting firms.
B) The Board requires that the universalization test be used as the primary ethical guideline and also mandates protection for whistle-blowers who report suspicious activity involving financial reports.
C) The Public Company Accounting Oversight Board was abolished during the Obama administration and no longer exists.
D) The Board ensures that auditors and public accounting firms compile accurate and truthful financial reports for the companies they audit, but it has no responsibility in regard to whistle-blowing protection.
E) The Board ensures that auditors and public accounting firms compile accurate and truthful financial reports for the companies they audit and also requires that companies devise a system that allows employees to report suspicions of unethical behavior.

46) According to the text, which of the following may be a part of the "how" in the WPH process of decision making?
A) Values, public disclosure, and security
B) Public disclosure, universalization, security, and the Golden Rule
C) Profit maximization, security, and public disclosure
D) Public disclosure, universalization, and the Golden Rule
E) Whistle-blowing, the Golden Rule, values, and public disclosure

47) According to the text, which of the following may be a part of the "WHO" in the WPH process of decision making?
A) Foreign entities, government officials, public/private partnerships
B) Legislatures, ethicists, owners
C) Consumers, owners and management
D) Shareholders, foreign entities, legislatures
E) Communities, public/private partnerships, and owners

48) According to the text, which of the following may be a part of the "Purpose" in the WPH process of decision making?
A) Efficiency, security, profit maximization, and ethics
B) Security, ethics, community standards, and universalization
C) Ethics, efficiency, golden, and television test
D) Ethics, community standards, golden rule, and universalization
E) Freedom, security, justice, and efficiency

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49) The "public disclosure" test for ethical behavior is sometimes referred to as the_____test.
A) Self-conscious
B) Television
C) Primary
D) Powell
E) Golden

50) A company has to dispose of bio-hazardous waste products. Dropping them in the landfill anonymously would be the cheapest solution, but the company does not do this because it is frightened of the bad publicity which could result if it was found out. In considering the possible complicity, the company's decision was shaped by the:
A) Golden rule
B) Public disclosure test
C) Universalization
D) Profit Motive
E) WPH Method

51) A company has to dispose of bio-hazardous waste products. Dropping them in the landfill anonymously would be the cheapest solution, but the company does not do this because it is frightened that other companies might do the same and its workers would end up breathing in or drinking pollutants. In considering the possible complicity, the company's decision was shaped by the:
A) WPH Method
B) Golden rule
C) Public disclosure test
D) Universalization test
E) Profit Motive

52) The ultimate reason or purpose for why we make decisions in a business firm is based on:
A) Values
B) Golden Rule
C) Profit Motive
D) Universalization
E) Legal ethics

53) What does the value of freedom mean?
A) To possess a large enough supply of goods and services to meet basic demands
B) To maximize the amount of wealth in society
C) To possess the capacity or resources to act as one wishes
D) To treat all humans identically, regardless of race, class, gender, age and sexual preference.
E) To possess anything that someone is willing to grant you.

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54) What does the value of security mean?
A) To possess the capacity or resources to act as one wishes
B) To possess anything that someone is willing to grant you.
C) To possess a large enough supply of goods and services to meet basic needs
D) To maximize the amount of wealth in society
E) To treat all humans identically, regardless of race, class, gender, age and sexual preference.

55) What does the value of justice mean?
A) To maximize the amount of wealth in society
B) To possess a large enough supply of goods and services to meet basic demands
C) To be safe from those wishing to interfere with your property rights.
D) To treat all humans identically, regardless of race, class, gender, age and sexual preference.
E) To possess the capacity or resources to act as one wishes

56) What does the value of efficiency mean?
A) To be safe from those wishing to interfere with your property rights.
B) To possess a large enough supply of goods and services to meet basic demands
C) To possess the capacity or resources to act as one wishes
D) To maximize the amount of wealth in society
E) To treat all humans identically, regardless of race, class, gender, age and sexual preference.

57) The _____ for ethical behavior seeks consideration of what the world would be like if a decision is copied by everyone else.
A) Golden rule
B) World rule
C) Public disclosure
D) Relevant disclosure
E) Universalization test

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58) Which is a true statement regarding actions taken by news corporations to protect confidential records?
A) News corporations are not bothering with security barriers to the extent as in previous decades because government regulation requires that information be turned over, and there is no point in taking drastic measures to protect such information.
B) Because of the respect given to confidential records by the U.S. government and its enforcement agencies, news corporations see little need to enhance protection of confidential records.
C) News corporations are attempting to protect information written by their own employees, but efforts are not made to protect confidential sources because constitutional protection does not extend to confidential sources.
D) New regulations make significant privacy barriers illegal in regard to news corporations, so many barriers have been or are being removed.
E) News corporations are putting numerous security barriers and encryptions around their records so that nobody can gain access to them.

[Accounting Advice] Chris, a newly hired Certified Public Accountant, was asked by a business client, a chief executive officer, about the effect of the Sarbanes-Oxley Act on an accounting issue. Chris assured the client that the client should not be concerned about the Act because it is very vague, unspecific, and difficult to understand. Chris also told the CEO that the CEO could not be held personally responsible, regardless of what happened, because only company business was involved. Finally, Chris told the CEO that there is no oversight involved with the act. Later that same day, Chris's coworker discovered that the CEO had been involved in misstating some financial reports and had also destroyed financial documents to cover up fraud. An employee at the company, Olivia, had informed the coworker as well as the SEC. When the issue was mentioned to the CEO, he immediately fired Olivia.

59) Which statement is true regarding Chris's statement that the CEO could not be held liable for violations of the act?
A) Chris is incorrect, but any fine against a CEO under the act cannot exceed a nominal amount of $1,000.
B) Chris is incorrect. The act provides for harsh penalties, and a CEO who knows that the company's financial reports are incorrect, but who claims that they are truthful, can be heavily fined. Additionally, a CEO who destroys or changes financial documents to mislead can be heavily fined.
C) Chris is correct. Under no circumstances can a CEO be held personally responsible for violations under the act. Any fines would be imposed upon the business entity.
D) Chris is incorrect. The act provides for harsh penalties, and a CEO who destroys or changes financial documents to mislead can be heavily fined. There are no penalties, however, for misstatements of a company's financial reports because the company is solely responsible for its statements.
E) Chris is incorrect. The act provides for harsh penalties, and a CEO who knows that the company's financial reports are incorrect but claims that they are truthful, can be heavily fined. There are no penalties, however, for destruction of financial documents.

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60) Which statement is true regarding the Act and Olivia's firing?
A) The act provides protection for whistle-blowers only if it can be shown that a significant amount of money, in excess of $5,000, was involved in the incident involved.
B) The act provides protection for whistle-blowers only if it can be shown that a significant amount of money, in excess of $10,000, was involved in the incident involved.
C) The act provides protection for whistle-blowers who work for an accounting firm, but not for any other employees.
D) Olivia's whistle-blowing would be protected under the Act, and her firing was illegal.
E) The Act does not provide protection for whistle-blowers such as Olivia.

61) Does the Sarbanes-Oxley Act create a board of oversight; and, if so, what is it called?
A) Yes, a board called the Public Company Accounting Oversight Board was created by the Act.
B) Yes, a board called the CPA Oversight Commission was created by the Act.
C) Chris is correct. No oversight board was created by the Act.
D) Yes, a board called the Federal Accountability Commission was created by the Act.
E) Yes, a board called the Public Accountability Commission was created by the Act.

62) The ethical theory that requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma is called _____.
A) Ethical relativism
B) Relativity ethics
C) Absolutism
D) Situational ethics
E) Consequentialism

63) How is absolutism different from ethical relativism and situational ethics?
A) It applies utilitarianism.
B) It applies corporate ethics principles.
C) It holds that a cost-benefit analysis should be applied.
D) It holds that whether an action is moral does not depend on the perspective of the person facing the ethical dilemma.
E) It applies virtue ethics and concentrates on the accepted values of the person at issue as well as those of the community involved.

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64) Which statement is true concerning the relationship between ethical relativism and situational ethics?
A) Like ethical relativism, situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma; but unlike ethical relativism, situational ethics allows us to judge other people's actions.
B) While the two theories are similar, ethical relativism upholds the existence of objective moral standards whereas situational ethics refuses to recognize the existence of objective moral standards.
C) Like ethical relativism, situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma and also like ethical relativism, situational ethics allows us to judge the actions of others.
D) There is no relationship between ethical relativism and situational ethics because the theories are fundamentally opposed to each other.
E) Ethical relativism and situational ethics are the same theory.

65) Which of the following requires that we see murder as a moral action as long as the murderer believes that the action is best for himself or herself?
A) Uncertainty of thought
B) Deontology
C) Ethical relativism
D) Categorical imperative
E) Absolutism

66) Ethical fundamentalism is also referred to as_____.
A) Absolutism
B) Social responsibility
C) Ethical relativism
D) Ethical absolutism
E) Absolute theory

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[Fast Food Dilemma] Aiden, who just started at his new job as an assistant manager at a fast-food restaurant, wants to make a good impression. He thinks that things are going well. On only the second day on the job, however, he sees his manager, Debbie, slink out of the restaurant with a big box of hamburgers. She puts them in her car and speeds away. Aiden is fairly certain that Debbie did not pay for the hamburgers. Aiden asks advice of his best friend, Kyle; his girlfriend, Mia; his sister, Katie; and his dad, Joe. Kyle says that there are no real objective standards and that Aiden should just decide to do what is best for himself. Mia says that Aiden should think about the consequences and focus on the greatest benefit to all involved. She believes that it will do no real harm for Aiden to keep his mouth shut because the fast-food restaurant is making plenty of money and probably does not pay Debbie enough anyway. Plus, getting in trouble with Debbie could cause problems at work, and if Aiden loses his job, Aiden and Mia might have to put off their impending marriage. Katie says that on balance, following the rule of producing the greatest good would mean that he should report Debbie to her boss because stealing does not generally produce the greatest satisfaction. Aiden's dad says that as a matter of principle, Aiden should report Debbie to her boss because stealing is simply wrong.

67) Which theory most accurately fits the advice given by Kyle?
A) Ethical relativism
B) Deontology
C) Virtue ethics
D) Act utilitarianism
E) Rule utilitarianism

68) Which theory most accurately fits the advice given by Mia?
A) Act utilitarianism
B) Rule utilitarianism
C) Virtue ethics
D) Deontology
E) Ethical relativism

69) Which theory most accurately fits the advice given by Katie?
A) Deontology
B) Rule utilitarianism
C) Ethical relativism
D) Act utilitarianism
E) Virtue ethics

70) The advice given by Joe most accurately fits which theory?
A) Virtue ethics
B) Deontology
C) Ethical relativism
D) Act utilitarianism
E) Rule utilitarianism

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71) The basis of consequentialism is _____.
A) Categorical imperatives
B) Deontology
C) Inquiry into the consequences
D) Act utilitarianism
E) Disregard of consequences

72) Kantian ethics is associated with which of the following ethical theories?
A) Rule utilitarianism
B) Deontology
C) Absolutism
D) Situational ethics
E) Act utilitarianism

73) An ethical theory that urges managers to take those actions that provide the greatest pleasure after having subtracted the pain or harm associated with the action in question is called _____.
A) Utilitarianism
B) Deontology
C) Ethical relativism
D) Absolutism
E) Kantian ethics

74) A manager who deceives employees because he believes that the deception maximizes pleasure over pain is acting consistently with which ethical theory?
A) Act utilitarianism
B) Act deontology
C) Rule utilitarianism
D) Ethical fundamentalism
E) Ethical relativism

75) A manager may think it is wrong to terminate a person whose spouse has a terminal illness because a company has an absolute obligation to support its employees when they are vulnerable. With which ethical theory is the business manager acting consistently?
A) Rule utilitarianism
B) Deontology
C) Ethical fundamentalism
D) Act utilitarianism
E) Ethical relativism

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76) An employee who believes that she should not cheat on a drug test because if everyone did so, the test would be meaningless is applying a[n] _____.
A) Cost-benefit analysis
B) Ethics of care
C) Categorical imperative
D) Virtual analysis
E) Fundamentalist approach

77) What is a reason why the principle of deontology may be difficult to apply?
A) People disagree about the ethics of care.
B) People disagree about what duties we owe to one another, whether consequences are positive or negative, and about the ethics of care.
C) People disagree about what duties we owe to one another and which duties are more important.
D) People disagree about what duties we owe to one another and also whether consequences are positive or negative.
E) People disagree about whether consequences are positive or negative.

78) The ethical system in which the development of virtues, or positive character traits such as courage, justice, and truthfulness, is the basis for morality is called _____.
A) Virtual analysis
B) Categorical imperative
C) Absolutism decision
D) Virtue ethics
E) Fundamentalist approach

79) Which of these means acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences?
A) Deontology
B) Situational ethics
C) Rule utilitarianism
D) Act utilitarianism
E) Virtue ethics

80) A difficulty with the application of virtue ethics is _____.
A) The lack of agreement regarding which rules on balance produce the greatest amount of pleasure for the greatest number of people.
B) The applicable categorical imperatives.
C) The applicable principle of rights.
D) The ethics of care analysis.
E) The lack of agreement about the meaning of "the good life."

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81) Adherents of _____ believe that when one individual—the caregiver—meets the needs of one other person—the cared-for party—the caregiver is helping to meet the needs of all the individuals who fall within the cared-for party's web of care.
A) Deontology
B) Utilitarianism
C) Ethics of care
D) Virtue ethics
E) Absolutism

82) The _____ maintains that the right course of action is the option most consistent with the building and maintaining of human relationships.
A) Act utilitarianism
B) Deontology
C) Principle of virtue ethics
D) Ethics of care
E) Rule utilitarianism

83) Which of the following is not a theory of business ethics.
A) Profit motive
B) Deontology
C) Ethical relativism
D) Absolutism
E) Consequentialism

84) If a company refuses to bribe a foreign official, even though bribery is necessary to do business in the foreign country because the company believes bribery is always wrong regardless of consequences, the company is motivated by which theory of business ethics?
A) Absolutism
B) Consequentialism
C) Profit motive
D) Deontology
E) Ethical relativism

85) The argument that traditional moral hierarchies ignore relationships is a part of which theory of business ethics?
A) Consequentialism
B) Absolutism
C) Profit motive
D) Ethics of care
E) Deontology

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ESSAY QUESTIONS

86) Assume you are starting a new company. Write a code of ethics for the firm.

87) Safa is the president of a company that makes small parts for the automotive industry. Customers are primarily auto manufacturers. Safa's cousin, Farid, works at the company as a sales representative. A promotion to the sales manager position is open. Farid has applied and so has Lisa, another sales representative. While both Farid and Lisa are good employees, they are skilled in different areas. Lisa is great with technology and with placing orders. She does an excellent job in following through with ordering problems. Farid, on the other hand, is better with customer relations, and customers seem to like him better. Safa would like to promote Farid, but she has two concerns. Her first concern is she does not want it to be perceived that she is being unfair because Farid is family. Her second concern is she suspects that some customers are prejudiced against Lisa because she is female. Most customers are male, and Safa suspects that they may give Farid more consideration than Lisa. Define and discuss the WPH framework for business ethics, and within that framework propose a solution. Be sure to fully address the populations, purposes, and guidelines included within "W," "P," and "H."

88) Summarize the following ethical principles:

(a). Ethical relativism
(b). Situational ethics
(c). Consequentialism
(d). Deontology
(e). Virtue ethics
(f). Ethics of care

89) Nora's roommate, Abigail, is getting ready to go out. Abigail had her hair styled and bought a new dress. Abigail asks Nora how she looks. Unfortunately, the stylist did a terrible job and the new dress is extremely unflattering. Abigail has no time to change. Discuss what Nora would say to Abigail, and why, under the following principles:

(a). Deontology
(b). Act utilitarianism
(c). Rule utilitarianism
(d). Virtue ethics

90) What does a reference to the "social responsibility of business" mean? Should businesses consider community expectations, and why or why not?

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Chapter 02 Business Ethics

MULTIPLE CHOICE QUESTIONS

1) Ethical conversation is primarily about finding the one and only right thing to do.
A) True
B) False

Answer: B
Explanation:
Diff: 1
Topic: Business Ethics
Learning Objective: 02-01 What are business ethics and the social responsibility of business?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

2) Business ethics is the application of ethics to the special problems and opportunities experienced by business people.
A) True
B) False

Answer: A
Explanation:
Diff: 2
Topic: Business Ethics and Social Responsibility
Learning Objective: 02-01 What are business ethics and the social responsibility of business?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

3) Business ethics results in a set of correct decisions.
A) True
B) False

Answer: B
Explanation:
Diff: 2
Topic: Business Ethics and Social Responsibility
Learning Objective: 02-02 How are business law and business ethics related?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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4) The only social responsibility that businesses have is to focus on how business decisions affect company operations.

A) True

B) False

Answer: B

Explanation:

Diff: 2

Topic: Business Ethics and Social Responsibility

Learning Objective: 02-01 What are business ethics and the social responsibility of business?

Bloom's: Understand

AACSB: Ethics

Accessibility: Keyboard Navigation

5) Insurer American International Group (AIG) is well known in the insurance industry for its ethical business practices.

A) True

B) False

Answer: B

Explanation:

Diff: 2

Topic: Business Ethics and Social Responsibility

Learning Objective: 02-01 What are business ethics and the social responsibility of business?

Bloom's: Understand

AACSB: Ethics

Accessibility: Keyboard Navigation

6) Legal rules governing contract laws have been shaped in large part by our sense of commercial ethics.

A) True

B) False

Answer: A

Explanation:

Diff: 2

Topic: Business Law and Business Ethics

Learning Objective: 02-02 How are business law and business ethics related?

Bloom's: Understand

AACSB: Diversity

Accessibility: Keyboard Navigation

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7) In some countries, businesses must pay bribes to receive supplies they need to stay in business.
A) True
B) False

Answer: A
Explanation:
Diff: 2
Topic: Business Law and Business Ethics
Learning Objective: 02-02 How are business law and business ethics related?
Bloom's: Understand
AACSB: Diversity
Accessibility: Keyboard Navigation

8) In an ethical analysis using the WPH Framework referenced in the text, owners are the most important stakeholders and should receive the greatest consideration in decision making regardless of the type of problem addressed.
A) True
B) False

Answer: B
Explanation:
Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

9) Under the WPH framework for ethical business decisions, business decisions are made in pursuit of a particular purpose and are instruments toward an ethical end.
A) True
B) False

Answer: A
Explanation:
Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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10) The terms shareholder and stakeholder have the same meaning.

A) True

B) False

Answer: B

Explanation:

Diff: 1

Topic: The WPH Framework for Business Ethics

Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?

Bloom's: Understand

AACSB: Ethics

Accessibility: Keyboard Navigation

11) The community in which a firm operates would not be considered a stakeholder of the firm.

A) True

B) False

Answer: B

Explanation:

Diff: 1

Topic: The WPH Framework for Business Ethics

Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?

Bloom's: Understand

AACSB: Ethics

Accessibility: Keyboard Navigation

12) Ethical relativism and situational ethics mean the same thing.

A) True

B) False

Answer: B

Explanation:

Diff: 1

Topic: Theories of Business Ethics

Learning Objective: Appendix 2A Theories of Business Ethics

Bloom's: Understand

AACSB: Ethics

Accessibility: Keyboard Navigation

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13) Consequentialism provides a rigid set of rules to follow regardless of the situation.
A) True
B) False

Answer: B
Explanation:
Diff: 1
Topic: Theories of Business Ethics
Learning Objective: Appendix 2A Theories of Business Ethics
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

14) One form of consequentialism is utilitarianism.
A) True
B) False

Answer: A
Explanation:
Diff: 2
Topic: Theories of Business Ethics
Learning Objective: Appendix 2A Theories of Business Ethics
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

15) Ethical issues do not exist in accounting because the field involves primarily objective data.
A) True
B) False

Answer: B
Explanation:
Diff: 2
Topic: Business Law and Business Ethics
Learning Objective: 02-02 How are business law and business ethics related?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

16) In the Case Opener, a defendant sought to dismiss a plaintiff's case against Accutane arising from allegations that Accutane caused ulcerative colitis and irritable bowel syndrome. Which of the following court rulings was the result of the defendant's motion to dismiss based on statute of limitation grounds?
A) That the statute of limitations began to run on the plaintiff's claim when the risk of the drug was discovered by the manufacturer, not on the date on which the plaintiff became aware of the risk and that the statute of limitations, therefore, barred her claim.
B) That the defendant committed fraud preventing it from relying on the statute of limitations.

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C) That because the plaintiff was warned by her doctor of specific risks caused by the medication, the statute of limitations began to run prior to the time she became aware of an advertisement discussing the risk; and the statute of limitations barred her claim.
D) That in lawsuits involving this type of drug, there is no statute of limitations because each day the plaintiff suffers from pain results in the beginning of a new cause of action.
E) That because the plaintiff was not warned by her doctor of specific risks caused by the medication, the statute of limitations did not begin to run until she became aware of an advertisement discussing the risk.

Answer: E

Explanation: A) The court found that given that Kendall's dermatologist was unaware of, and therefore did not warn her of, the risk of her condition resulting from Accutane, a reasonable person in the plaintiff's situation would not have been aware of the potential for the medication to cause her illness. Therefore, given that the plaintiff was not made aware of the connection between her illness and the medication until the later lawyer's advertisement, her lawsuit was timely.
B) The court found that given that Kendall's dermatologist was unaware of, and therefore did not warn her of, the risk of her condition resulting from Accutane, a reasonable person in the plaintiff's situation would not have been aware of the potential for the medication to cause her illness. Therefore, given that the plaintiff was not made aware of the connection between her illness and the medication until the later lawyer's advertisement, her lawsuit was timely.
C) The court found that given that Kendall's dermatologist was unaware of, and therefore did not warn her of, the risk of her condition resulting from Accutane, a reasonable person in the plaintiff's situation would not have been aware of the potential for the medication to cause her illness. Therefore, given that the plaintiff was not made aware of the connection between her illness and the medication until the later lawyer's advertisement, her lawsuit was timely.
D) The court found that given that Kendall's dermatologist was unaware of, and therefore did not warn her of, the risk of her condition resulting from Accutane, a reasonable person in the plaintiff's situation would not have been aware of the potential for the medication to cause her illness. Therefore, given that the plaintiff was not made aware of the connection between her illness and the medication until the later lawyer's advertisement, her lawsuit was timely.
E) The court found that given that Kendall's dermatologist was unaware of, and therefore did not warn her of, the risk of her condition resulting from Accutane, a reasonable person in the plaintiff's situation would not have been aware of the potential for the medication to cause her illness. Therefore, given that the plaintiff was not made aware of the connection between her illness and the medication until the later lawyer's advertisement, her lawsuit was timely.

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Diff: 2
Topic: Business Ethics
Learning Objective: 02-01 What are business ethics and the social responsibility of business?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

17) Which of the following presents a problem when considering the theory of ethics known as absolutism?
A) The fact that most individuals associated with this theory have been proven to have acted to the detriment of their followers in one way or another.
B) The allegation that an excessive number of followers actually follow consequentialism.
C) The unquestionable nature of the rules in most absolutist repositories seems overly inflexible when applied to different situations.
D) The lack of objectivity.
E) The questionable nature of the rules in most absolutist repositories seems overly flexible when applied to different situations.

Answer: C

Explanation: A) The unquestionable nature of the rules in most absolutist repositories seems overly inflexible when applied to different situations.
B) The unquestionable nature of the rules in most absolutist repositories seems overly inflexible when applied to different situations.
C) The unquestionable nature of the rules in most absolutist repositories seems overly inflexible when applied to different situations.
D) The unquestionable nature of the rules in most absolutist repositories seems overly inflexible when applied to different situations.
E) The unquestionable nature of the rules in most absolutist repositories seems overly inflexible when applied to different situations.

Diff: 2
Topic: Theories of Business Ethics
Learning Objective: Appendix 2A Theories of Business Ethics
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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18) Which of the following is the application of ethics to special problems and opportunities experienced by those in business?
A) Business utilitarianism
B) Business ethics
C) Situational ethics
D) Sarbanes-Oxley principles
E) Consequentialism

Answer: B

Explanation: A) Business ethics is the application of ethics to special problems and opportunities experienced by business people.
B) Business ethics is the application of ethics to special problems and opportunities experienced by business people.
C) Business ethics is the application of ethics to special problems and opportunities experienced by business people.
D) Business ethics is the application of ethics to special problems and opportunities experienced by business people.
E) Business ethics is the application of ethics to special problems and opportunities experienced by business people.

Diff: 1
Topic: Business Ethics and Social Responsibility
Learning Objective: 02-01 What are business ethics and the social responsibility of business?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

19) Which of the following is the study and practice of decisions about what is good, or right?
A) Business
B) Consequences
C) Law
D) Morals
E) Ethics

Answer: E

Explanation: A) Ethics is the study and practice of decisions about what is good, or right.
B) Ethics is the study and practice of decisions about what is good, or right.
C) Ethics is the study and practice of decisions about what is good, or right.
D) Ethics is the study and practice of decisions about what is good, or right.
E) Ethics is the study and practice of decisions about what is good, or right.

Diff: 1
Topic: Business Ethics and Social Responsibility
Learning Objective: 02-01 What are business ethics and the social responsibility of business?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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20) A company is struggling to make a decision but the manager finds there is no clear right decision available. This is an example of
A) A no-win situation
B) An ethical dilemma
C) A consequential dilemma
D) A win-win situation
E) A legal dilemma

Answer: B

Explanation: A) An ethical dilemma is a problem about what a firm should do for which no clear, right decision is available.
B) An ethical dilemma is a problem about what a firm should do for which no clear, right decision is available.
C) An ethical dilemma is a problem about what a firm should do for which no clear, right decision is available.
D) An ethical dilemma is a problem about what a firm should do for which no clear, right decision is available.
E) An ethical dilemma is a problem about what a firm should do for which no clear, right decision is available.

Diff: 1
Topic: Business Ethics and Social Responsibility
Learning Objective: 02-01 What are business ethics and the social responsibility of business?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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21) An electrician working in a small town is the only electrician within a 100-mile radius. He knows that people who have medical equipment at home have the highest need for power, so he charges them double to fix problems with their electricity, compared with the average customer. The community is angry about this choice. This business practice is most likely:

A) Ethical because it is not illegal for a company to set its prices based on maximizing profits.
B) Ethical because owners should focus only on the impact of decisions on the firm.
C) Unethical because businesses operate in a community and communities have expectations for behavior of individuals, groups, and businesses.
D) Unethical because it is against the law for a company to charge one customer more than another.
E) Unethical because there is only one morally proper thing to do in any situation.

Answer: C

Explanation: A) Businesses operate in a community. Communities have expectations for behavior of individuals, groups, and businesses.
B) Businesses operate in a community. Communities have expectations for behavior of individuals, groups, and businesses.
C) Businesses operate in a community. Communities have expectations for behavior of individuals, groups, and businesses.
D) Businesses operate in a community. Communities have expectations for behavior of individuals, groups, and businesses.
E) Businesses operate in a community. Communities have expectations for behavior of individuals, groups, and businesses.

Diff: 3
Topic: Business Ethics and Social Responsibility
Learning Objective: 02-01 What are business ethics and the social responsibility of business?
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

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22) A local Chamber of Commerce plans a seminar on "the social responsibility of business in our community." What does that term reference?

A) The responsibility of business to make profit for shareholders.
B) The expectations of employees regarding wage rates.
C) The expectations that the community imposes on firms doing business inside its borders.
D) The responsibility of business to have annual meetings.
E) The expectations of management in regard to adequate utility resources.

Answer: C

Explanation:
A) The social responsibility of business consists of the expectations that the community imposes on firms doing business inside its borders.
B) The social responsibility of business consists of the expectations that the community imposes on firms doing business inside its borders.
C) The social responsibility of business consists of the expectations that the community imposes on firms doing business inside its borders.
D) The social responsibility of business consists of the expectations that the community imposes on firms doing business inside its borders.
E) The social responsibility of business consists of the expectations that the community imposes on firms doing business inside its borders.

Diff: 3
Topic: Business Ethics and Social Responsibility
Learning Objective: 02-01 What are business ethics and the social responsibility of business?
Bloom's: Evaluate
AACSB: Ethics
Accessibility: Keyboard Navigation

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23) If a company does not care about community expectations:
A) It should honor them anyway, to a certain extent, because of the threat that legislation will impose social obligations on them.
B) It should ignore them completely because a company's ethical obligation is to maximize profits to shareholders.
C) It should ignore them completely because a company's only obligation is to obey the law.
D) It should ignore them completely because it is the company's choice whether to comply with the desires of the community.
E) It should inform the community it will not honor its expectations because the company has a moral obligation to provide this information.

Answer: A

Explanation: A) Community expectations must be honored to a certain extent, even when a firm wishes to ignore them, because firms are always subject to the implicit threat that legislation will impose social obligations on them.
B) Community expectations must be honored to a certain extent, even when a firm wishes to ignore them, because firms are always subject to the implicit threat that legislation will impose social obligations on them.
C) Community expectations must be honored to a certain extent, even when a firm wishes to ignore them, because firms are always subject to the implicit threat that legislation will impose social obligations on them.
D) Community expectations must be honored to a certain extent, even when a firm wishes to ignore them, because firms are always subject to the implicit threat that legislation will impose social obligations on them.
E) Community expectations must be honored to a certain extent, even when a firm wishes to ignore them, because firms are always subject to the implicit threat that legislation will impose social obligations on them.

Diff: 2
Topic: Business Ethics and Social Responsibility
Learning Objective: 02-01 What are business ethics and the social responsibility of business?
Bloom's: Evaluate
AACSB: Ethics
Accessibility: Keyboard Navigation

24) The Economist published an interview of 500 top American business executives, who listed four factors they believe are essential for profits and corporate citizenship to function as partners. These four factors are:
A) Compliance with community standards at all levels, focus on profit above ethics, community engagement, and a focus on fairness
B) Ethics at all levels, leadership at all levels, community engagement at all levels, and a focus on profit as the ultimate goal for all levels.
C) Ethics at all levels, leadership at all levels, community engagement at all levels, and private ownership
D) Leadership at all levels, ethics at the upper level, community engagement at all levels, and positive employee/employer feedback.

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E) Leadership at all levels; employee engagement; rigorous measurement of achievement; and public private partnerships.

Answer: E

Explanation:

A) A report published by the Economist lists the results of interviews with 500 CEOs who identified four factors that executives believe are essential for profits and corporate citizenship to function as partners: leadership at all levels, employee engagement, rigorous measurement of achievements and public-private partnerships.

B) A report published by the Economist lists the results of interviews with 500 CEOs who identified four factors that executives believe are essential for profits and corporate citizenship to function as partners: leadership at all levels, employee engagement, rigorous measurement of achievements and public-private partnerships.

C) A report published by the Economist lists the results of interviews with 500 CEOs who identified four factors that executives believe are essential for profits and corporate citizenship to function as partners: leadership at all levels, employee engagement, rigorous measurement of achievements and public-private partnerships.

D) A report published by the Economist lists the results of interviews with 500 CEOs who identified four factors that executives believe are essential for profits and corporate citizenship to function as partners: leadership at all levels, employee engagement, rigorous measurement of achievements and public-private partnerships.

E) A report published by the Economist lists the results of interviews with 500 CEOs who identified four factors that executives believe are essential for profits and corporate citizenship to function as partners: leadership at all levels, employee engagement, rigorous measurement of achievements and public-private partnerships.

Diff: 3
Topic: Business Ethics and Social Responsibility
Learning Objective: 02-01 What are business ethics and the social responsibility of business?
Bloom's: Evaluate
AACSB: Ethics
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25) Which of the following is a consideration in meeting the minimal standard for a firm to be considered an ethical business?
A) Meeting the requirement of the public disclosure test.
B) Considering the legality of a decision when choosing the means of production.
C) Meeting the requirements of deontology.
D) Meeting the requirement of utilitarianism.
E) Satisfying the company's board of directors.

Answer: B

Explanation: A) The legality of the decision in choosing a method of production, how to compete with competing firms, and the social responsibilities of the firm is the minimal standard that must be met for the firm to be an ethical business.
B) The legality of the decision in choosing a method of production, how to compete with competing firms, and the social responsibilities of the firm is the minimal standard that must be met for the firm to be an ethical business.
C) The legality of the decision in choosing a method of production, how to compete with competing firms, and the social responsibilities of the firm is the minimal standard that must be met for the firm to be an ethical business.
D) The legality of the decision in choosing a method of production, how to compete with competing firms, and the social responsibilities of the firm is the minimal standard that must be met for the firm to be an ethical business.
E) The legality of the decision in choosing a method of production, how to compete with competing firms, and the social responsibilities of the firm is the minimal standard that must be met for the firm to be an ethical business.

Diff: 1
Topic: Business Law and Business Ethics
Learning Objective: 02-02 How are business law and business ethics related?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

26) A company wants to open a branch in a foreign country but discovers it would have to bribe government officials to get a permit to obtain the materials necessary to build its headquarters. Which of the following is an example of an ethical response?
A) Paying the bribe because the company's first obligation is to its shareholders.
B) Not paying the bribe and convincing a local company to illegally sell materials to them, since demanding bribes is unethical behavior.
C) Paying the bribe because it is customary in the country where the business is to be constructed.
D) Paying the bribe because the company only has to comply with the community standards in the community where it will be operating.
E) Not paying the bribe and bringing in outside materials from a foreign country to complete the construction.

Answer: E

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Explanation: A) Multinational companies face an ethical dilemma: They must decide whether to pay bribes or find alternative sources of supplies. For instance, when McDonald's opened its doors in Moscow, it made arrangements to receive its supplies from foreign providers. These arrangements ensured that the franchise did not have to engage in questionable business practices.

B) Multinational companies face an ethical dilemma: They must decide whether to pay bribes or find alternative sources of supplies. For instance, when McDonald's opened its doors in Moscow, it made arrangements to receive its supplies from foreign providers. These arrangements ensured that the franchise did not have to engage in questionable business practices.

C) Multinational companies face an ethical dilemma: They must decide whether to pay bribes or find alternative sources of supplies. For instance, when McDonald's opened its doors in Moscow, it made arrangements to receive its supplies from foreign providers. These arrangements ensured that the franchise did not have to engage in questionable business practices.

D) Multinational companies face an ethical dilemma: They must decide whether to pay bribes or find alternative sources of supplies. For instance, when McDonald's opened its doors in Moscow, it made arrangements to receive its supplies from foreign providers. These arrangements ensured that the franchise did not have to engage in questionable business practices.

E) Multinational companies face an ethical dilemma: They must decide whether to pay bribes or find alternative sources of supplies. For instance, when McDonald's opened its doors in Moscow, it made arrangements to receive its supplies from foreign providers. These arrangements ensured that the franchise did not have to engage in questionable business practices.

Diff: 2
Topic: Business Law and Business Ethics
Learning Objective: 02-02 How are business law and business ethics related?
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

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27) A company pays bribes in foreign countries in order to conduct operations there. What legal consequences can the company face?

A) Legal consequences under Glass-Steagall
B) No legal consequences as long as the bribe was legal in the country where it was paid.
C) Legal consequences under the Foreign Corrupt Practices Act
D) No legal consequences as long as the company was acting in the best interests of shareholders
E) No legal consequences as long as the company had no choice but to pay the bribe if it wished to do business in the foreign country.

Answer: C

Explanation:
A) In December 2008, multinational giant Siemens AG was ordered to pay the largest Foreign Corrupt Practices Act (FCPA) fine in history after admitting to acts of bribery worldwide.
B) In December 2008, multinational giant Siemens AG was ordered to pay the largest Foreign Corrupt Practices Act (FCPA) fine in history after admitting to acts of bribery worldwide.
C) In December 2008, multinational giant Siemens AG was ordered to pay the largest Foreign Corrupt Practices Act (FCPA) fine in history after admitting to acts of bribery worldwide.
D) In December 2008, multinational giant Siemens AG was ordered to pay the largest Foreign Corrupt Practices Act (FCPA) fine in history after admitting to acts of bribery worldwide.
E) In December 2008, multinational giant Siemens AG was ordered to pay the largest Foreign Corrupt Practices Act (FCPA) fine in history after admitting to acts of bribery worldwide.

Diff: 2
Topic: Business Law and Business Ethics
Learning Objective: 02-02 How are business law and business ethics related?
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

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28) Which of the following is true regarding business ethics?

A) Business ethics results in a set of correct decisions and does not simply refer to standards of business conduct.

B) Business ethics produces a list of correct business decisions that all ethical businesses will make so long as the theory of rule utilitarianism is followed.

C) Business ethics produces a list of correct business decisions that all ethical businesses will make so long as the theory of virtue ethics is followed.

D) Business ethics produces a list of correct business decisions that all ethical businesses will make so long as the theory of deontology is followed.

E) Business ethics refers to standards of business conduct but does not result in a set of correct decisions.

Answer: E

Explanation:

A) The definition of business ethics refers to standards of business conduct and does not result in a set of correct decisions.

B) The definition of business ethics refers to standards of business conduct and does not result in a set of correct decisions.

C) The definition of business ethics refers to standards of business conduct and does not result in a set of correct decisions.

D) The definition of business ethics refers to standards of business conduct and does not result in a set of correct decisions.

E) The definition of business ethics refers to standards of business conduct and does not result in a set of correct decisions.

Diff: 1
Topic: Business Law and Business Ethics
Learning Objective: 02-02 How are business law and business ethics related?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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29) How do law and business ethics relate to each other?
A) Ethics is unrelated to the law because ethics answers only moral questions.
B) The law establishes ethical rules and boundaries, because laws take multiple stakeholders into consideration.
C) Ethics entirely determines what the laws will be, as ethics is focused on finding one right answer to every question.
D) Law and business ethics serve as an interactive system, informing and assessing each other.
E) The law establishes what is ethical, as anything which is legal is automatically ethical.

Answer: D

Explanation: A) Law and business ethics serve as an interactive system—informing and assessing each other. For example, our ethical inclination to encourage trust, dependability, and efficiency in market exchanges shapes many of our business laws
B) Law and business ethics serve as an interactive system—informing and assessing each other. For example, our ethical inclination to encourage trust, dependability, and efficiency in market exchanges shapes many of our business laws
C) Law and business ethics serve as an interactive system—informing and assessing each other. For example, our ethical inclination to encourage trust, dependability, and efficiency in market exchanges shapes many of our business laws
D) Law and business ethics serve as an interactive system—informing and assessing each other. For example, our ethical inclination to encourage trust, dependability, and efficiency in market exchanges shapes many of our business laws
E) Law and business ethics serve as an interactive system—informing and assessing each other. For example, our ethical inclination to encourage trust, dependability, and efficiency in market exchanges shapes many of our business laws

Diff: 2
Topic: Business Law and Business Ethics
Learning Objective: 02-02 How are business law and business ethics related?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

30) Which of the following is an example of how ethics shapes business laws?
A) Business law requires companies to put profits above all else, because protecting the rights of shareholders is the ethically proper course of action.
B) Bribery is legal for U.S. companies doing business in foreign countries because respecting foreign cultures is part of our community ethics.
C) Contract laws require parties to obey even unenforceable agreements because of our ethical belief that every promise must be kept at all times.
D) Contract laws require parties to live up to promises because keeping promises is part of our ethical inclination to encourage trust.
E) Bribery is legal for U.S. companies doing business in foreign countries because foreign businesses can pay bribes and our ethical inclination is to level the playing field for American businesses.

Answer: D

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Explanation: A) Law and business ethics serve as an interactive system—informing and assessing each other. For example, our ethical inclination to encourage trust, dependability, and efficiency in market exchanges shapes many of our business laws. The principles of contract law facilitate market exchanges and trade because the parties to an exchange can count on the enforceability of agreements. Legal rules that govern the exchange have been shaped in large part by our sense of commercial ethics.

B) Law and business ethics serve as an interactive system—informing and assessing each other. For example, our ethical inclination to encourage trust, dependability, and efficiency in market exchanges shapes many of our business laws. The principles of contract law facilitate market exchanges and trade because the parties to an exchange can count on the enforceability of agreements. Legal rules that govern the exchange have been shaped in large part by our sense of commercial ethics.

C) Law and business ethics serve as an interactive system—informing and assessing each other. For example, our ethical inclination to encourage trust, dependability, and efficiency in market exchanges shapes many of our business laws. The principles of contract law facilitate market exchanges and trade because the parties to an exchange can count on the enforceability of agreements. Legal rules that govern the exchange have been shaped in large part by our sense of commercial ethics.

D) Law and business ethics serve as an interactive system—informing and assessing each other. For example, our ethical inclination to encourage trust, dependability, and efficiency in market exchanges shapes many of our business laws. The principles of contract law facilitate market exchanges and trade because the parties to an exchange can count on the enforceability of agreements. Legal rules that govern the exchange have been shaped in large part by our sense of commercial ethics.

E) Law and business ethics serve as an interactive system—informing and assessing each other. For example, our ethical inclination to encourage trust, dependability, and efficiency in market exchanges shapes many of our business laws. The principles of contract law facilitate market exchanges and trade because the parties to an exchange can count on the enforceability of agreements. Legal rules that govern the exchange have been shaped in large part by our sense of commercial ethics.

Diff: 3
Topic: Business Law and Business Ethics
Learning Objective: 02-02 How are business law and business ethics related?
Bloom's: Evaluate
AACSB: Ethics
Accessibility: Keyboard Navigation

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31) Which of the following is true about how ethical conceptions shape business law and business relationships in different countries?

A) Different ethical understandings prevail in different countries, so ethical conceptions shape business law and business relationships uniquely in each country.

B) Business law should be the same in all countries because protecting the rights of shareholders is always the ethically proper course of action.

C) Different ethical understandings exist in different countries, but fairness is the highest ethical standard so countries must create uniform laws.

D) Ethics does not shape business law or business relationships because law and ethics are separate and not interrelated.

E) Business law and business relationships should be the same in all countries because ethics provides one correct answer to all questions.

Answer: A

Explanation: A) Different ethical understandings prevail in different countries. Thus, ethical conceptions shape business law and business relationships uniquely in each country.

B) Different ethical understandings prevail in different countries. Thus, ethical conceptions shape business law and business relationships uniquely in each country.

C) Different ethical understandings prevail in different countries. Thus, ethical conceptions shape business law and business relationships uniquely in each country.

D) Different ethical understandings prevail in different countries. Thus, ethical conceptions shape business law and business relationships uniquely in each country.

E) Different ethical understandings prevail in different countries. Thus, ethical conceptions shape business law and business relationships uniquely in each country.

Diff: 2
Topic: Business Law and Business Ethics
Learning Objective: 02-02 How are business law and business ethics related?
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

32) Which of the following is true regarding revelations involving Enron and WorldCom?

A) That their upholding of high ethical standards in regard to accounting practices supports the conclusion that the business world should be allowed to regulate itself.

B) That although illegal accounting practices occurred, it is so difficult to find and regulate such practices that any regulation should be left to the free market.

C) That accounting issues with these companies illustrate that the business world cannot be allowed to regulate itself ethically and that government oversight is needed.

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D) That WorldCom, a privately held company, had high ethical standards but that Enron, a publicly traded company, engaged in illegal accounting practices supporting the conclusion that privately held companies should be allowed to regulate themselves whereas publicly held companies need significant government regulation.

E) That WorldCom, a privately held company, engaged in illegal accounting practices but that Enron, a publicly traded company, had high ethical standards supporting the conclusion that privately held companies need significant government regulation whereas publicly held companies should be allowed to regulate themselves.

Answer: C

Explanation: A) The revelations of Enron and WorldCom suggested quite blatantly that the business world could not be allowed to regulate itself ethically, and their downfall in part led to many federal regulations designed to promote truthfulness and ethical practices among business managers.

B) The revelations of Enron and WorldCom suggested quite blatantly that the business world could not be allowed to regulate itself ethically, and their downfall in part led to many federal regulations designed to promote truthfulness and ethical practices among business managers.

C) The revelations of Enron and WorldCom suggested quite blatantly that the business world could not be allowed to regulate itself ethically, and their downfall in part led to many federal regulations designed to promote truthfulness and ethical practices among business managers.

D) The revelations of Enron and WorldCom suggested quite blatantly that the business world could not be allowed to regulate itself ethically, and their downfall in part led to many federal regulations designed to promote truthfulness and ethical practices among business managers.

E) The revelations of Enron and WorldCom suggested quite blatantly that the business world could not be allowed to regulate itself ethically, and their downfall in part led to many federal regulations designed to promote truthfulness and ethical practices among business managers.

Diff: 2
Topic: Business Law and Business Ethics
Learning Objective: 02-02 How are business law and business ethics related?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

33) Which of the following is asserted by the principle of rights?

A) That whether a business decision is ethical depends on how the decision affects the rights of employees without consideration of other stakeholders.

B) That whether a business decision is ethical depends on how the decision affects the rights of organized labor without consideration of other stakeholders.

C) That whether a business decision is ethical depends on how the decision affects the rights of stockholders without consideration of other stakeholders.

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D) That whether a business decision is ethical depends on how the decision affects the rights of all involved.

E) That whether a business decision is ethical depends on how the decision affects the overall economy.

Answer: D

Explanation:

A) The principle of rights asserts that whether a business decision is ethical depends on how the decision affects the rights of all involved, a principle that is foundational to Western culture.

B) The principle of rights asserts that whether a business decision is ethical depends on how the decision affects the rights of all involved, a principle that is foundational to Western culture.

C) The principle of rights asserts that whether a business decision is ethical depends on how the decision affects the rights of all involved, a principle that is foundational to Western culture.

D) The principle of rights asserts that whether a business decision is ethical depends on how the decision affects the rights of all involved, a principle that is foundational to Western culture.

E) The principle of rights asserts that whether a business decision is ethical depends on how the decision affects the rights of all involved, a principle that is foundational to Western culture.

Diff: 2
Topic: Theories of Business Ethics
Learning Objective: Appendix 2A Theories of Business Ethics
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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34) What is the system of "guanxi" used in China?

A) It refers to a system by which business people attempt to avoid strict Chinese regulations.
B) It refers to a system of strict ethical rules.
C) It refers to a system of smuggling.
D) It refers to a prohibition against criticism of government rules and regulations.
E) It refers to a system of relationship building woven together by social ties.

Answer: E

Explanation:
A) "Guanxi" refers to a sort of relationship building and is an intricate system of interpersonal networks woven together by social ties.
B) "Guanxi" refers to a sort of relationship building and is an intricate system of interpersonal networks woven together by social ties.
C) "Guanxi" refers to a sort of relationship building and is an intricate system of interpersonal networks woven together by social ties.
D) "Guanxi" refers to a sort of relationship building and is an intricate system of interpersonal networks woven together by social ties.
E) "Guanxi" refers to a sort of relationship building and is an intricate system of interpersonal networks woven together by social ties.

Diff: 2
Topic: Business Law and Business Ethics
Learning Objective: 02-02 How are business law and business ethics related?
Bloom's: Understand
AACSB: Diversity
Accessibility: Keyboard Navigation

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35) What do the letters "WPH" mean in reference to the "WPH Framework for Business Ethics" discussed in the text?

A) Where, Plan, and Hope
B) Why, Procedure, and Hope
C) Who, Purpose, and How
D) Where, Procedure, and How
E) When, Plan, and How

Answer: C

Explanation:
A) The WPH framework addresses whom a decision would affect, the purpose of the decision, and the guidelines on how to make ethical decisions.
B) The WPH framework addresses whom a decision would affect, the purpose of the decision, and the guidelines on how to make ethical decisions.
C) The WPH framework addresses whom a decision would affect, the purpose of the decision, and the guidelines on how to make ethical decisions.
D) The WPH framework addresses whom a decision would affect, the purpose of the decision, and the guidelines on how to make ethical decisions.
E) The WPH framework addresses whom a decision would affect, the purpose of the decision, and the guidelines on how to make ethical decisions.

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

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36) Which of the following is true under the WPH process of ethical decision making?
A) When decisions are made, the interest of the community as a whole is considered last.
B) The interest of owners is ranked higher than that of both employees and management when decisions are made.
C) There is not a framework under WPH for ranking one stakeholder above another.
D) The interest of management is ranked higher than that of employees when decisions are made.
E) The interest of management is ranked higher than that of employees when decisions are made, but the interest of owners is ranked higher than the interest of any group.

Answer: C

Explanation: A) The framework addresses whom a decision would affect, the purpose of the decision, and the guidelines on how to make ethical decisions. There is no reference to ranking stakeholders at a higher level.
B) The framework addresses whom a decision would affect, the purpose of the decision, and the guidelines on how to make ethical decisions. There is no reference to ranking stakeholders at a higher level.
C) The framework addresses whom a decision would affect, the purpose of the decision, and the guidelines on how to make ethical decisions. There is no reference to ranking stakeholders at a higher level.
D) The framework addresses whom a decision would affect, the purpose of the decision, and the guidelines on how to make ethical decisions. There is no reference to ranking stakeholders at a higher level.
E) The framework addresses whom a decision would affect, the purpose of the decision, and the guidelines on how to make ethical decisions. There is no reference to ranking stakeholders at a higher level.

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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37) Which of the following are stakeholders of a business?
A) Employees but not shareholders
B) Management but not employees
C) Shareholders, employees, customers, and management
D) Shareholders but not employees
E) Customers but not employees or shareholders

Answer: C

Explanation: A) The stakeholders of a firm are the many groups of people affected by the firm's decisions.
B) The stakeholders of a firm are the many groups of people affected by the firm's decisions.
C) The stakeholders of a firm are the many groups of people affected by the firm's decisions.
D) The stakeholders of a firm are the many groups of people affected by the firm's decisions.
E) The stakeholders of a firm are the many groups of people affected by the firm's decisions.

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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[Environmental Concerns] Sana, the president of a company that makes paper, has an 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 has now felt compelled to change things at work. Sana 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 because it employs a very large number of people in the community, including the mayor's husband and the chief-of-police's brother. On her mission to clean things up, Sana has decided to go even further than the law requires and implement the very latest environmental protections. When she announced her plan, the chair of the company's board of directors, Jessica, had a meeting with Sana. Jessica told Sana to analyze the situation carefully because the cost of the additional equipment would mean no dividend to shareholders and no raise for employees. Furthermore, Jessica told Sana that installing all the new equipment would result in higher prices for the company's paper product and could bankrupt the company because of foreign competition. Jessica hinted that Sana could be fired if she persisted. Jessica suggested that Sana should just be concerned with a minimal standard of ethics. Sana 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 Sana's theory, if she did not understand the importance of the environmental improvements, she would want them to be thrust upon her.

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38) Which statement is true regarding meeting the minimal standard of business ethics suggested by Jessica?

A) Decisions must receive a majority vote of acceptance by employees.
B) Decisions must meet the criteria of a follower of utilitarianism.
C) Decisions must meet the criteria of a follower of deontology.
D) Decisions must be legal.
E) Decisions must be legal and decisions must also receive a majority vote of acceptance by employees.

Answer: D

Explanation:
A) The legality of the decision in choosing a method of production, how to compete with competing firms, and the social responsibilities of the firm is the minimal standard that must be met for the firm to be an ethical business.
B) The legality of the decision in choosing a method of production, how to compete with competing firms, and the social responsibilities of the firm is the minimal standard that must be met for the firm to be an ethical business.
C) The legality of the decision in choosing a method of production, how to compete with competing firms, and the social responsibilities of the firm is the minimal standard that must be met for the firm to be an ethical business.
D) The legality of the decision in choosing a method of production, how to compete with competing firms, and the social responsibilities of the firm is the minimal standard that must be met for the firm to be an ethical business.
E) The legality of the decision in choosing a method of production, how to compete with competing firms, and the social responsibilities of the firm is the minimal standard that must be met for the firm to be an ethical business.

Diff: 2
Topic: Business Law and Business Ethics
Learning Objective: 02-02 How are business law and business ethics related?
Bloom's: Apply
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

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39) Which of these would be a stakeholder in the above company?
A) The community, shareholders, and future generations
B) The community and shareholders only
C) Future generations only
D) The community only
E) The shareholders only

Answer: A

Explanation: A) The stakeholders of a firm are the many groups of people affected by the firm's decisions.
B) The stakeholders of a firm are the many groups of people affected by the firm's decisions.
C) The stakeholders of a firm are the many groups of people affected by the firm's decisions.
D) The stakeholders of a firm are the many groups of people affected by the firm's decisions.
E) The stakeholders of a firm are the many groups of people affected by the firm's decisions.

Diff: 3
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Apply
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

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40) Sana's idea is best referred to as _____.

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

Answer: C

Explanation:
A) The Golden Rule is referenced as the idea that we should interact with other people in a manner consistent with the way we would like them to interact with us.
B) The Golden Rule is referenced as the idea that we should interact with other people in a manner consistent with the way we would like them to interact with us.
C) The Golden Rule is referenced as the idea that we should interact with other people in a manner consistent with the way we would like them to interact with us.
D) The Golden Rule is referenced as the idea that we should interact with other people in a manner consistent with the way we would like them to interact with us.
E) The Golden Rule is referenced as the idea that we should interact with other people in a manner consistent with the way we would like them to interact with us.

Diff: 3
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

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41) Positive abstractions that capture our sense of what is good or desirable are called _____.
A) Values
B) Ethical ideas
C) Conscience demands
D) Desirable principles
E) Action goals

Answer: A

Explanation: A) Positive abstractions that capture our sense of what is good or desirable are called values.
B) Positive abstractions that capture our sense of what is good or desirable are called values.
C) Positive abstractions that capture our sense of what is good or desirable are called values.
D) Positive abstractions that capture our sense of what is good or desirable are called values.
E) Positive abstractions that capture our sense of what is good or desirable are called values.

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

42) Which of these is or are in the WPH process of ethical decision-making?
A) Freedom, security, and efficiency
B) Security only
C) Freedom only
D) Efficiency only
E) Freedom and security, but not efficiency

Answer: A

Explanation: A) Exhibit 2-5 "Primary Values and Business Ethics" outlines an efficient way to apply the second step in the WPH framework. The exhibit identifies four important values influencing business ethics: freedom, security, justice, and efficiency.
B) Exhibit 2-5 "Primary Values and Business Ethics" outlines an efficient way to apply the second step in the WPH framework. The exhibit identifies four important values influencing business ethics: freedom, security, justice, and efficiency.
C) Exhibit 2-5 "Primary Values and Business Ethics" outlines an efficient way to apply the second step in the WPH framework. The exhibit identifies four important values influencing business ethics: freedom, security, justice, and efficiency.

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D) Exhibit 2-5 "Primary Values and Business Ethics" outlines an efficient way to apply the second step in the WPH framework. The exhibit identifies four important values influencing business ethics: freedom, security, justice, and efficiency.

E) Exhibit 2-5 "Primary Values and Business Ethics" outlines an efficient way to apply the second step in the WPH framework. The exhibit identifies four important values influencing business ethics: freedom, security, justice, and efficiency.

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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

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

Answer: D

Explanation:

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

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

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

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

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

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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44) What is the law signed by President George W. Bush as a result of several corporate accounting scandals?
A) The Sarbanes-Oxley Act
B) The Certified Public Accounting Act
C) The Public Accounting Act
D) The Whaley-Mallicoat Act
E) The Corporate Scandal Act

Answer: A

Explanation: A) The Corporate and Criminal Fraud Accountability Act, also known as the Sarbanes-Oxley Act, was signed by President Bush in 2002 in the wake of several corporate accounting scandals.
B) The Corporate and Criminal Fraud Accountability Act, also known as the Sarbanes-Oxley Act, was signed by President Bush in 2002 in the wake of several corporate accounting scandals.
C) The Corporate and Criminal Fraud Accountability Act, also known as the Sarbanes-Oxley Act, was signed by President Bush in 2002 in the wake of several corporate accounting scandals.
D) The Corporate and Criminal Fraud Accountability Act, also known as the Sarbanes-Oxley Act, was signed by President Bush in 2002 in the wake of several corporate accounting scandals.
E) The Corporate and Criminal Fraud Accountability Act, also known as the Sarbanes-Oxley Act, was signed by President Bush in 2002 in the wake of several corporate accounting scandals.

Diff: 1
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Remember
AACSB: Ethics
Accessibility: Keyboard Navigation

45) Which of the following is true regarding activities of the Public Company Accounting Oversight Board?
A) The Board requires that companies devise a system that allows employees to report suspicions of unethical behavior, but it does not address financial reports prepared by auditors and public accounting firms.
B) The Board requires that the universalization test be used as the primary ethical guideline and also mandates protection for whistle-blowers who report suspicious activity involving financial reports.
C) The Public Company Accounting Oversight Board was abolished during the Obama administration and no longer exists.
D) The Board ensures that auditors and public accounting firms compile accurate and truthful financial reports for the companies they audit, but it has no responsibility in regard to whistle-blowing protection.

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E) The Board ensures that auditors and public accounting firms compile accurate and truthful financial reports for the companies they audit and also requires that companies devise a system that allows employees to report suspicions of unethical behavior.

Answer: E

Explanation:

A) As set forth in Exhibit 2-7, the Public Company Accounting Oversight Board is responsible for ensuring that auditors and public accounting firms compile accurate and truthful financial reports for the companies they audit. The act also requires that companies devise a system that allows employees to report suspicions of unethical behavior within the company. The act also protects these whistle-blowers from being fired or from retaliation by their employer for reporting a possible problem within the company.

B) As set forth in Exhibit 2-7, the Public Company Accounting Oversight Board is responsible for ensuring that auditors and public accounting firms compile accurate and truthful financial reports for the companies they audit. The act also requires that companies devise a system that allows employees to report suspicions of unethical behavior within the company. The act also protects these whistle-blowers from being fired or from retaliation by their employer for reporting a possible problem within the company.

C) As set forth in Exhibit 2-7, the Public Company Accounting Oversight Board is responsible for ensuring that auditors and public accounting firms compile accurate and truthful financial reports for the companies they audit. The act also requires that companies devise a system that allows employees to report suspicions of unethical behavior within the company. The act also protects these whistle-blowers from being fired or from retaliation by their employer for reporting a possible problem within the company.

D) As set forth in Exhibit 2-7, the Public Company Accounting Oversight Board is responsible for ensuring that auditors and public accounting firms compile accurate and truthful financial reports for the companies they audit. The act also requires that companies devise a system that allows employees to report suspicions of unethical behavior within the company. The act also protects these whistle-blowers from being fired or from retaliation by their employer for reporting a possible problem within the company.

E) As set forth in Exhibit 2-7, the Public Company Accounting Oversight Board is responsible for ensuring that auditors and public accounting firms compile accurate and truthful financial reports for the companies they audit. The act also requires that companies devise a system that allows employees to report suspicions of unethical behavior within the company. The act also protects these whistle-blowers from being fired or from retaliation by their employer for reporting a possible problem within the company.

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Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

46) According to the text, which of the following may be a part of the "how" in the WPH process of decision making?
A) Values, public disclosure, and security
B) Public disclosure, universalization, security, and the Golden Rule
C) Profit maximization, security, and public disclosure
D) Public disclosure, universalization, and the Golden Rule
E) Whistle-blowing, the Golden Rule, values, and public disclosure

Answer: D

Explanation:
A) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "public disclosure," "universalization," and the "Golden Rule" are all part of the *How* process in the WPH Framework.
B) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "public disclosure," "universalization," and the "Golden Rule" are all part of the *How* process in the WPH Framework.
C) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "public disclosure," "universalization," and the "Golden Rule" are all part of the *How* process in the WPH Framework.
D) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "public disclosure," "universalization," and the "Golden Rule" are all part of the *How* process in the WPH Framework.
E) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "public disclosure," "universalization," and the "Golden Rule" are all part of the *How* process in the WPH Framework.

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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47) According to the text, which of the following may be a part of the "WHO" in the WPH process of decision making?

A) Foreign entities, government officials, public/private partnerships
B) Legislatures, ethicists, owners
C) Consumers, owners and management
D) Shareholders, foreign entities, legislatures
E) Communities, public/private partnerships, and owners

Answer: C

Explanation:
A) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "consumers," "owners," and management are all part of the Who process in the WPH Framework.
B) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "consumers," "owners," and management are all part of the Who process in the WPH Framework.
C) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "consumers," "owners," and management are all part of the Who process in the WPH Framework.
D) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "consumers," "owners," and management are all part of the Who process in the WPH Framework.
E) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "consumers," "owners," and management are all part of the Who process in the WPH Framework.

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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48) According to the text, which of the following may be a part of the "Purpose" in the WPH process of decision making?

A) Efficiency, security, profit maximization, and ethics
B) Security, ethics, community standards, and universalization
C) Ethics, efficiency, golden, and television test
D) Ethics, community standards, golden rule, and universalization
E) Freedom, security, justice, and efficiency

Answer: E

Explanation:
A) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "freedom" "security," "justice," and efficiency are all part of the Purpose process in the WPH Framework.
B) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "freedom" "security," "justice," and efficiency are all part of the Purpose process in the WPH Framework.
C) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "freedom" "security," "justice," and efficiency are all part of the Purpose process in the WPH Framework.
D) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "freedom" "security," "justice," and efficiency are all part of the Purpose process in the WPH Framework.
E) Exhibit 2-3, The WPH Process of Ethical Decision Making, reflects that "freedom" "security," "justice," and efficiency are all part of the Purpose process in the WPH Framework.

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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49) The "public disclosure" test for ethical behavior is sometimes referred to as the_____test.
A) Self-conscious
B) Television
C) Primary
D) Powell
E) Golden

Answer: B

Explanation: A) The "public disclosure" test for ethical behavior is sometimes referred to as the television test because it requires us to imagine that our actions are being broadcast on national television.
B) The "public disclosure" test for ethical behavior is sometimes referred to as the television test because it requires us to imagine that our actions are being broadcast on national television.
C) The "public disclosure" test for ethical behavior is sometimes referred to as the television test because it requires us to imagine that our actions are being broadcast on national television.
D) The "public disclosure" test for ethical behavior is sometimes referred to as the television test because it requires us to imagine that our actions are being broadcast on national television.
E) The "public disclosure" test for ethical behavior is sometimes referred to as the television test because it requires us to imagine that our actions are being broadcast on national television.

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

50) A company has to dispose of bio-hazardous waste products. Dropping them in the landfill anonymously would be the cheapest solution, but the company does not do this because it is frightened of the bad publicity which could result if it was found out. In considering the possible complicity, the company's decision was shaped by the:
A) Golden rule
B) Public disclosure test
C) Universalization
D) Profit Motive
E) WPH Method

Answer: B

Explanation: A) The public disclosure test refers to the fact that we tend to care what others think of us. Walgreens failed the public disclosure test when it illegally dumped waste products. Walgreens likely would have behaved differently had it considered the public disclosure test.

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B) The public disclosure test refers to the fact that we tend to care what others think of us. Walgreens failed the public disclosure test when it illegally dumped waste products. Walgreens likely would have behaved differently had it considered the public disclosure test.

C) The public disclosure test refers to the fact that we tend to care what others think of us. Walgreens failed the public disclosure test when it illegally dumped waste products. Walgreens likely would have behaved differently had it considered the public disclosure test.

D) The public disclosure test refers to the fact that we tend to care what others think of us. Walgreens failed the public disclosure test when it illegally dumped waste products. Walgreens likely would have behaved differently had it considered the public disclosure test.

E) The public disclosure test refers to the fact that we tend to care what others think of us. Walgreens failed the public disclosure test when it illegally dumped waste products. Walgreens likely would have behaved differently had it considered the public disclosure test.

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

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51) A company has to dispose of bio-hazardous waste products. Dropping them in the landfill anonymously would be the cheapest solution, but the company does not do this because it is frightened that other companies might do the same and its workers would end up breathing in or drinking pollutants. In considering the possible complicity, the company's decision was shaped by the:

A) WPH Method
B) Golden rule
C) Public disclosure test
D) Universalization test
E) Profit Motive

Answer: D

Explanation:
A) The universalization test causes companies to wonder: "Is what I am about to do the kind of action that, were others to follow my example, makes the world a better place for me and those I love?"
B) The universalization test causes companies to wonder: "Is what I am about to do the kind of action that, were others to follow my example, makes the world a better place for me and those I love?"
C) The universalization test causes companies to wonder: "Is what I am about to do the kind of action that, were others to follow my example, makes the world a better place for me and those I love?"
D) The universalization test causes companies to wonder: "Is what I am about to do the kind of action that, were others to follow my example, makes the world a better place for me and those I love?"
E) The universalization test causes companies to wonder: "Is what I am about to do the kind of action that, were others to follow my example, makes the world a better place for me and those I love?"

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

52) The ultimate reason or purpose for why we make decisions in a business firm is based on:

A) Values
B) Golden Rule
C) Profit Motive
D) Universalization
E) Legal ethics

Answer: A

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Explanation: A) When we think about the ultimate reason or purpose for why we make decisions in a business firm, we turn to the basic unit of business ethics—values. Values are positive abstractions that capture our sense of what is good or desirable. They are ideas that underlie conversations about business ethics. We derive our ethics from the interplay of values. Values represent our understanding of the purposes we will fulfill by making particular decisions.

B) When we think about the ultimate reason or purpose for why we make decisions in a business firm, we turn to the basic unit of business ethics—values. Values are positive abstractions that capture our sense of what is good or desirable. They are ideas that underlie conversations about business ethics. We derive our ethics from the interplay of values. Values represent our understanding of the purposes we will fulfill by making particular decisions.

C) When we think about the ultimate reason or purpose for why we make decisions in a business firm, we turn to the basic unit of business ethics—values. Values are positive abstractions that capture our sense of what is good or desirable. They are ideas that underlie conversations about business ethics. We derive our ethics from the interplay of values. Values represent our understanding of the purposes we will fulfill by making particular decisions.

D) When we think about the ultimate reason or purpose for why we make decisions in a business firm, we turn to the basic unit of business ethics—values. Values are positive abstractions that capture our sense of what is good or desirable. They are ideas that underlie conversations about business ethics. We derive our ethics from the interplay of values. Values represent our understanding of the purposes we will fulfill by making particular decisions.

E) When we think about the ultimate reason or purpose for why we make decisions in a business firm, we turn to the basic unit of business ethics—values. Values are positive abstractions that capture our sense of what is good or desirable. They are ideas that underlie conversations about business ethics. We derive our ethics from the interplay of values. Values represent our understanding of the purposes we will fulfill by making particular decisions.

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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53) What does the value of freedom mean?

A) To possess a large enough supply of goods and services to meet basic demands
B) To maximize the amount of wealth in society
C) To possess the capacity or resources to act as one wishes
D) To treat all humans identically, regardless of race, class, gender, age and sexual preference.
E) To possess anything that someone is willing to grant you.

Answer: C

Explanation:
A) In Exhibit 2-5, the value of freedom was also defined as "To Possess the capacity or resources to act as one wishes."
B) In Exhibit 2-5, the value of freedom was also defined as "To Possess the capacity or resources to act as one wishes."
C) In Exhibit 2-5, the value of freedom was also defined as "To Possess the capacity or resources to act as one wishes."
D) In Exhibit 2-5, the value of freedom was also defined as "To Possess the capacity or resources to act as one wishes."
E) In Exhibit 2-5, the value of freedom was also defined as "To Possess the capacity or resources to act as one wishes."

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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54) What does the value of security mean?

A) To possess the capacity or resources to act as one wishes
B) To possess anything that someone is willing to grant you.
C) To possess a large enough supply of goods and services to meet basic needs
D) To maximize the amount of wealth in society
E) To treat all humans identically, regardless of race, class, gender, age and sexual preference.

Answer: C

Explanation:
A) In Exhibit 2-5, the value of security was also defined as "To possess a large-enough supply of goods and services to meet basic needs"
B) In Exhibit 2-5, the value of security was also defined as "To possess a large-enough supply of goods and services to meet basic needs"
C) In Exhibit 2-5, the value of security was also defined as "To possess a large-enough supply of goods and services to meet basic needs"
D) In Exhibit 2-5, the value of security was also defined as "To possess a large-enough supply of goods and services to meet basic needs"
E) In Exhibit 2-5, the value of security was also defined as "To possess a large-enough supply of goods and services to meet basic needs"

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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55) What does the value of justice mean?

A) To maximize the amount of wealth in society

B) To possess a large enough supply of goods and services to meet basic demands

C) To be safe from those wishing to interfere with your property rights.

D) To treat all humans identically, regardless of race, class, gender, age and sexual preference.

E) To possess the capacity or resources to act as one wishes

Answer: D

Explanation: A) In Exhibit 2-5, the value of justice was also defined as "To treat all humans identically, regardless of race, class, gender, age, and sexual preference"

B) In Exhibit 2-5, the value of justice was also defined as "To treat all humans identically, regardless of race, class, gender, age, and sexual preference"

C) In Exhibit 2-5, the value of justice was also defined as "To treat all humans identically, regardless of race, class, gender, age, and sexual preference"

D) In Exhibit 2-5, the value of justice was also defined as "To treat all humans identically, regardless of race, class, gender, age, and sexual preference"

E) In Exhibit 2-5, the value of justice was also defined as "To treat all humans identically, regardless of race, class, gender, age, and sexual preference"

Diff: 2

Topic: The WPH Framework for Business Ethics

Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?

Bloom's: Understand

AACSB: Ethics

Accessibility: Keyboard Navigation

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56) What does the value of efficiency mean?

A) To be safe from those wishing to interfere with your property rights.
B) To possess a large enough supply of goods and services to meet basic demands
C) To possess the capacity or resources to act as one wishes
D) To maximize the amount of wealth in society
E) To treat all humans identically, regardless of race, class, gender, age and sexual preference.

Answer: D

Explanation:
A) In Exhibit 2-5, the value of efficiency was also defined as "To maximize the amount of wealth in society"
B) In Exhibit 2-5, the value of efficiency was also defined as "To maximize the amount of wealth in society"
C) In Exhibit 2-5, the value of efficiency was also defined as "To maximize the amount of wealth in society"
D) In Exhibit 2-5, the value of efficiency was also defined as "To maximize the amount of wealth in society"
E) In Exhibit 2-5, the value of efficiency was also defined as "To maximize the amount of wealth in society"

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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57) The _____ for ethical behavior seeks consideration of what the world would be like if a decision is copied by everyone else.

A) Golden rule
B) World rule
C) Public disclosure
D) Relevant disclosure
E) Universalization test

Answer: E

Explanation:
A) The universalization test for ethical behavior seeks consideration of what the world would be like if a decision is copied by everyone else.
B) The universalization test for ethical behavior seeks consideration of what the world would be like if a decision is copied by everyone else.
C) The universalization test for ethical behavior seeks consideration of what the world would be like if a decision is copied by everyone else.
D) The universalization test for ethical behavior seeks consideration of what the world would be like if a decision is copied by everyone else.
E) The universalization test for ethical behavior seeks consideration of what the world would be like if a decision is copied by everyone else.

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

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58) Which is a true statement regarding actions taken by news corporations to protect confidential records?

A) News corporations are not bothering with security barriers to the extent as in previous decades because government regulation requires that information be turned over, and there is no point in taking drastic measures to protect such information.

B) Because of the respect given to confidential records by the U.S. government and its enforcement agencies, news corporations see little need to enhance protection of confidential records.

C) News corporations are attempting to protect information written by their own employees, but efforts are not made to protect confidential sources because constitutional protection does not extend to confidential sources.

D) New regulations make significant privacy barriers illegal in regard to news corporations, so many barriers have been or are being removed.

E) News corporations are putting numerous security barriers and encryptions around their records so that nobody can gain access to them.

Answer: E

Explanation: A) Now news corporations are putting numerous security barriers and encryptions around their records so that nobody can gain access to them.

B) Now news corporations are putting numerous security barriers and encryptions around their records so that nobody can gain access to them.

C) Now news corporations are putting numerous security barriers and encryptions around their records so that nobody can gain access to them.

D) Now news corporations are putting numerous security barriers and encryptions around their records so that nobody can gain access to them.

E) Now news corporations are putting numerous security barriers and encryptions around their records so that nobody can gain access to them.

Diff: 2
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Understand
AACSB: Technology
Accessibility: Keyboard Navigation

[Accounting Advice] Chris, a newly hired Certified Public Accountant, was asked by a business client, a chief executive officer, about the effect of the Sarbanes-Oxley Act on an accounting issue. Chris assured the client that the client should not be concerned about the Act because it is very vague, unspecific, and difficult to understand. Chris also told the CEO that the CEO could not be held personally responsible, regardless of what happened, because only company business was involved. Finally, Chris told the CEO that there is no oversight involved with the act. Later that same day, Chris's coworker discovered that the CEO had been involved in misstating some financial reports and had also destroyed financial documents to cover up fraud. An employee at the company, Olivia, had informed the coworker as well as the SEC. When the issue was mentioned to the CEO, he immediately fired Olivia.

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59) Which statement is true regarding Chris's statement that the CEO could not be held liable for violations of the act?

A) Chris is incorrect, but any fine against a CEO under the act cannot exceed a nominal amount of $1,000.

B) Chris is incorrect. The act provides for harsh penalties, and a CEO who knows that the company's financial reports are incorrect, but who claims that they are truthful, can be heavily fined. Additionally, a CEO who destroys or changes financial documents to mislead can be heavily fined.

C) Chris is correct. Under no circumstances can a CEO be held personally responsible for violations under the act. Any fines would be imposed upon the business entity.

D) Chris is incorrect. The act provides for harsh penalties, and a CEO who destroys or changes financial documents to mislead can be heavily fined. There are no penalties, however, for misstatements of a company's financial reports because the company is solely responsible for its statements.

E) Chris is incorrect. The act provides for harsh penalties, and a CEO who knows that the company's financial reports are incorrect but claims that they are truthful, can be heavily fined. There are no penalties, however, for destruction of financial documents.

Answer: B

Explanation:

A) As set forth in Exhibit 2-7, if the CEO or CFO knows that the company's financial reports are incorrect but claims they are truthful, or if he or she destroys or changes financial documents, the imposed fine can run into millions of dollars.

B) As set forth in Exhibit 2-7, if the CEO or CFO knows that the company's financial reports are incorrect but claims they are truthful, or if he or she destroys or changes financial documents, the imposed fine can run into millions of dollars.

C) As set forth in Exhibit 2-7, if the CEO or CFO knows that the company's financial reports are incorrect but claims they are truthful, or if he or she destroys or changes financial documents, the imposed fine can run into millions of dollars.

D) As set forth in Exhibit 2-7, if the CEO or CFO knows that the company's financial reports are incorrect but claims they are truthful, or if he or she destroys or changes financial documents, the imposed fine can run into millions of dollars.

E) As set forth in Exhibit 2-7, if the CEO or CFO knows that the company's financial reports are incorrect but claims they are truthful, or if he or she destroys or changes financial documents, the imposed fine can run into millions of dollars.

Diff: 3
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Apply
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

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60) Which statement is true regarding the Act and Olivia's firing?

A) The act provides protection for whistle-blowers only if it can be shown that a significant amount of money, in excess of $5,000, was involved in the incident involved.

B) The act provides protection for whistle-blowers only if it can be shown that a significant amount of money, in excess of $10,000, was involved in the incident involved.

C) The act provides protection for whistle-blowers who work for an accounting firm, but not for any other employees.

D) Olivia's whistle-blowing would be protected under the Act, and her firing was illegal.

E) The Act does not provide protection for whistle-blowers such as Olivia.

Answer: D

Explanation:

A) As set forth in Exhibit 2-7, the Sarbanes-Oxley Act protects whistle-blowers from being fired or from retaliation by their employer for reporting a possible problem within the company.

B) As set forth in Exhibit 2-7, the Sarbanes-Oxley Act protects whistle-blowers from being fired or from retaliation by their employer for reporting a possible problem within the company.

C) As set forth in Exhibit 2-7, the Sarbanes-Oxley Act protects whistle-blowers from being fired or from retaliation by their employer for reporting a possible problem within the company.

D) As set forth in Exhibit 2-7, the Sarbanes-Oxley Act protects whistle-blowers from being fired or from retaliation by their employer for reporting a possible problem within the company.

E) As set forth in Exhibit 2-7, the Sarbanes-Oxley Act protects whistle-blowers from being fired or from retaliation by their employer for reporting a possible problem within the company.

Diff: 3
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Apply
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

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61) Does the Sarbanes-Oxley Act create a board of oversight; and, if so, what is it called?

A) Yes, a board called the Public Company Accounting Oversight Board was created by the Act.

B) Yes, a board called the CPA Oversight Commission was created by the Act.

C) Chris is correct. No oversight board was created by the Act.

D) Yes, a board called the Federal Accountability Commission was created by the Act.

E) Yes, a board called the Public Accountability Commission was created by the Act.

Answer: A

Explanation: A) As set forth in Exhibit 2-7, the Sarbanes-Oxley Act created the Public Company Accounting Oversight Board.

B) As set forth in Exhibit 2-7, the Sarbanes-Oxley Act created the Public Company Accounting Oversight Board.

C) As set forth in Exhibit 2-7, the Sarbanes-Oxley Act created the Public Company Accounting Oversight Board.

D) As set forth in Exhibit 2-7, the Sarbanes-Oxley Act created the Public Company Accounting Oversight Board.

E) As set forth in Exhibit 2-7, the Sarbanes-Oxley Act created the Public Company Accounting Oversight Board.

Diff: 1
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

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62) The ethical theory that requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma is called _____.

A) Ethical relativism
B) Relativity ethics
C) Absolutism
D) Situational ethics
E) Consequentialism

Answer: D

Explanation: A) Situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma.
B) Situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma.
C) Situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma.
D) Situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma.
E) Situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma.

Diff: 2
Topic: Theories of Business Ethics
Learning Objective: Appendix 2A Theories of Business Ethics
Bloom's: Understand
AACSB: Ethics
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63) How is absolutism different from ethical relativism and situational ethics?
A) It applies utilitarianism.
B) It applies corporate ethics principles.
C) It holds that a cost-benefit analysis should be applied.
D) It holds that whether an action is moral does not depend on the perspective of the person facing the ethical dilemma.
E) It applies virtue ethics and concentrates on the accepted values of the person at issue as well as those of the community involved.

Answer: D

Explanation: A) Unlike ethical relativism and situational ethics, absolutism holds that whether an action is moral does not depend on the perspective of the person facing the ethical dilemma.
B) Unlike ethical relativism and situational ethics, absolutism holds that whether an action is moral does not depend on the perspective of the person facing the ethical dilemma.
C) Unlike ethical relativism and situational ethics, absolutism holds that whether an action is moral does not depend on the perspective of the person facing the ethical dilemma.
D) Unlike ethical relativism and situational ethics, absolutism holds that whether an action is moral does not depend on the perspective of the person facing the ethical dilemma.
E) Unlike ethical relativism and situational ethics, absolutism holds that whether an action is moral does not depend on the perspective of the person facing the ethical dilemma.

Diff: 2
Topic: Theories of Business Ethics
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64) Which statement is true concerning the relationship between ethical relativism and situational ethics?
A) Like ethical relativism, situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma; but unlike ethical relativism, situational ethics allows us to judge other people's actions.
B) While the two theories are similar, ethical relativism upholds the existence of objective moral standards whereas situational ethics refuses to recognize the existence of objective moral standards.
C) Like ethical relativism, situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma and also like ethical relativism, situational ethics allows us to judge the actions of others.
D) There is no relationship between ethical relativism and situational ethics because the theories are fundamentally opposed to each other.

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E) Ethical relativism and situational ethics are the same theory.

Answer: A

Explanation:
A) Like ethical relativism, situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma; but unlike ethical relativism, situational ethics allows us to judge other people's actions.
B) Like ethical relativism, situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma; but unlike ethical relativism, situational ethics allows us to judge other people's actions.
C) Like ethical relativism, situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma; but unlike ethical relativism, situational ethics allows us to judge other people's actions.
D) Like ethical relativism, situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma; but unlike ethical relativism, situational ethics allows us to judge other people's actions.
E) Like ethical relativism, situational ethics requires that we evaluate the morality of an action by imagining ourselves in the position of the person facing the ethical dilemma; but unlike ethical relativism, situational ethics allows us to judge other people's actions.

Diff: 3
Topic: Theories of Business Ethics
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65) Which of the following requires that we see murder as a moral action as long as the murderer believes that the action is best for himself or herself?

A) Uncertainty of thought
B) Deontology
C) Ethical relativism
D) Categorical imperative
E) Absolutism

Answer: C

Explanation: A) Ethical relativism denies the existence of objective moral standards. For example, ethical relativism requires that we see murder as a moral action as long as the murderer believes that the action is best for himself or herself.
B) Ethical relativism denies the existence of objective moral standards. For example, ethical relativism requires that we see murder as a moral action as long as the murderer believes that the action is best for himself or herself.
C) Ethical relativism denies the existence of objective moral standards. For example, ethical relativism requires that we see murder as a moral action as long as the murderer believes that the action is best for himself or herself.
D) Ethical relativism denies the existence of objective moral standards. For example, ethical relativism requires that we see murder as a moral action as long as the murderer believes that the action is best for himself or herself.
E) Ethical relativism denies the existence of objective moral standards. For example, ethical relativism requires that we see murder as a moral action as long as the murderer believes that the action is best for himself or herself.

Diff: 2
Topic: Theories of Business Ethics
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66) Ethical fundamentalism is also referred to as_____.

A) Absolutism
B) Social responsibility
C) Ethical relativism
D) Ethical absolutism
E) Absolute theory

Answer: A

Explanation:
A) Absolutism, or ethical fundamentalism, requires that individuals defer to a set of rules to guide them in the ethical decision-making process.
B) Absolutism, or ethical fundamentalism, requires that individuals defer to a set of rules to guide them in the ethical decision-making process.
C) Absolutism, or ethical fundamentalism, requires that individuals defer to a set of rules to guide them in the ethical decision-making process.
D) Absolutism, or ethical fundamentalism, requires that individuals defer to a set of rules to guide them in the ethical decision-making process.
E) Absolutism, or ethical fundamentalism, requires that individuals defer to a set of rules to guide them in the ethical decision-making process.

Diff: 1
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[Fast Food Dilemma] Aiden, who just started at his new job as an assistant manager at a fast-food restaurant, wants to make a good impression. He thinks that things are going well. On only the second day on the job, however, he sees his manager, Debbie, slink out of the restaurant with a big box of hamburgers. She puts them in her car and speeds away. Aiden is fairly certain that Debbie did not pay for the hamburgers. Aiden asks advice of his best friend, Kyle; his girlfriend, Mia; his sister, Katie; and his dad, Joe. Kyle says that there are no real objective standards and that Aiden should just decide to do what is best for himself. Mia says that Aiden should think about the consequences and focus on the greatest benefit to all involved. She believes that it will do no real harm for Aiden to keep his mouth shut because the fast-food restaurant is making plenty of money and probably does not pay Debbie enough anyway. Plus, getting in trouble with Debbie could cause problems at work, and if Aiden loses his job, Aiden and Mia might have to put off their impending marriage. Katie says that on balance, following the rule of producing the greatest good would mean that he should report Debbie to her boss because stealing does not generally produce the greatest satisfaction. Aiden's dad says that as a matter of principle, Aiden should report Debbie to her boss because stealing is simply wrong.

67) Which theory most accurately fits the advice given by Kyle?
A) Ethical relativism
B) Deontology
C) Virtue ethics
D) Act utilitarianism
E) Rule utilitarianism

Answer: A

Explanation:
A) According to ethical relativism, individuals must evaluate actions on the basis of what they feel is best for them.
B) According to ethical relativism, individuals must evaluate actions on the basis of what they feel is best for them.
C) According to ethical relativism, individuals must evaluate actions on the basis of what they feel is best for them.
D) According to ethical relativism, individuals must evaluate actions on the basis of what they feel is best for them.
E) According to ethical relativism, individuals must evaluate actions on the basis of what they feel is best for them.

Diff: 3
Topic: Theories of Business Ethics
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68) Which theory most accurately fits the advice given by Mia?
A) Act utilitarianism
B) Rule utilitarianism
C) Virtue ethics
D) Deontology
E) Ethical relativism

Answer: A

Explanation: A) Act utilitarianism advises examining all the potential actions in each situation and choosing the action that yields the greatest amount of pleasure over pain for all involved.
B) Act utilitarianism advises examining all the potential actions in each situation and choosing the action that yields the greatest amount of pleasure over pain for all involved.
C) Act utilitarianism advises examining all the potential actions in each situation and choosing the action that yields the greatest amount of pleasure over pain for all involved.
D) Act utilitarianism advises examining all the potential actions in each situation and choosing the action that yields the greatest amount of pleasure over pain for all involved.
E) Act utilitarianism advises examining all the potential actions in each situation and choosing the action that yields the greatest amount of pleasure over pain for all involved.

Diff: 3
Topic: Theories of Business Ethics
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69) Which theory most accurately fits the advice given by Katie?

A) Deontology
B) Rule utilitarianism
C) Ethical relativism
D) Act utilitarianism
E) Virtue ethics

Answer: B

Explanation:

A) Rule utilitarianism holds that general rules that *on balance* produce the greatest amount of pleasure for all involved should be established and followed in each situation.

B) Rule utilitarianism holds that general rules that *on balance* produce the greatest amount of pleasure for all involved should be established and followed in each situation.

C) Rule utilitarianism holds that general rules that *on balance* produce the greatest amount of pleasure for all involved should be established and followed in each situation.

D) Rule utilitarianism holds that general rules that *on balance* produce the greatest amount of pleasure for all involved should be established and followed in each situation.

E) Rule utilitarianism holds that general rules that *on balance* produce the greatest amount of pleasure for all involved should be established and followed in each situation.

Diff: 3
Topic: Theories of Business Ethics
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70) The advice given by Joe most accurately fits which theory?

A) Virtue ethics
B) Deontology
C) Ethical relativism
D) Act utilitarianism
E) Rule utilitarianism

Answer: B

Explanation: A) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
B) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
C) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
D) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
E) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.

Diff: 3
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71) The basis of consequentialism is _____.

A) Categorical imperatives
B) Deontology
C) Inquiry into the consequences
D) Act utilitarianism
E) Disregard of consequences

Answer: C

Explanation:
A) Consequentialism is a general approach to ethical dilemmas that requires that we inquire about the consequences to relevant people of our making a particular decision.
B) Consequentialism is a general approach to ethical dilemmas that requires that we inquire about the consequences to relevant people of our making a particular decision.
C) Consequentialism is a general approach to ethical dilemmas that requires that we inquire about the consequences to relevant people of our making a particular decision.
D) Consequentialism is a general approach to ethical dilemmas that requires that we inquire about the consequences to relevant people of our making a particular decision.
E) Consequentialism is a general approach to ethical dilemmas that requires that we inquire about the consequences to relevant people of our making a particular decision.

Diff: 2
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72) Kantian ethics is associated with which of the following ethical theories?
A) Rule utilitarianism
B) Deontology
C) Absolutism
D) Situational ethics
E) Act utilitarianism

Answer: B

Explanation: A) When you see references to Kantian ethics, the analysis that follows the reference will be a discussion of the most famous of the deontological approaches to business ethics.
B) When you see references to Kantian ethics, the analysis that follows the reference will be a discussion of the most famous of the deontological approaches to business ethics.
C) When you see references to Kantian ethics, the analysis that follows the reference will be a discussion of the most famous of the deontological approaches to business ethics.
D) When you see references to Kantian ethics, the analysis that follows the reference will be a discussion of the most famous of the deontological approaches to business ethics.
E) When you see references to Kantian ethics, the analysis that follows the reference will be a discussion of the most famous of the deontological approaches to business ethics.

Diff: 2
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73) An ethical theory that urges managers to take those actions that provide the greatest pleasure after having subtracted the pain or harm associated with the action in question is called _____.
A) Utilitarianism
B) Deontology
C) Ethical relativism
D) Absolutism
E) Kantian ethics

Answer: A

Explanation:
A) Like many consequentialist theories of ethics, utilitarianism urges managers to take those actions that provide the greatest pleasure after having subtracted the pain or harm associated with the action in question.
B) Like many consequentialist theories of ethics, utilitarianism urges managers to take those actions that provide the greatest pleasure after having subtracted the pain or harm associated with the action in question.
C) Like many consequentialist theories of ethics, utilitarianism urges managers to take those actions that provide the greatest pleasure after having subtracted the pain or harm associated with the action in question.
D) Like many consequentialist theories of ethics, utilitarianism urges managers to take those actions that provide the greatest pleasure after having subtracted the pain or harm associated with the action in question.
E) Like many consequentialist theories of ethics, utilitarianism urges managers to take those actions that provide the greatest pleasure after having subtracted the pain or harm associated with the action in question.

Diff: 2
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74) A manager who deceives employees because he believes that the deception maximizes pleasure over pain is acting consistently with which ethical theory?

A) Act utilitarianism
B) Act deontology
C) Rule utilitarianism
D) Ethical fundamentalism
E) Ethical relativism

Answer: A

Explanation:
A) According to act utilitarianism, a manager who deceives an employee may be acting morally if the act of deception maximizes pleasure over pain for everyone involved.
B) According to act utilitarianism, a manager who deceives an employee may be acting morally if the act of deception maximizes pleasure over pain for everyone involved.
C) According to act utilitarianism, a manager who deceives an employee may be acting morally if the act of deception maximizes pleasure over pain for everyone involved.
D) According to act utilitarianism, a manager who deceives an employee may be acting morally if the act of deception maximizes pleasure over pain for everyone involved.
E) According to act utilitarianism, a manager who deceives an employee may be acting morally if the act of deception maximizes pleasure over pain for everyone involved.

Diff: 3
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75) A manager may think it is wrong to terminate a person whose spouse has a terminal illness because a company has an absolute obligation to support its employees when they are vulnerable. With which ethical theory is the business manager acting consistently?

A) Rule utilitarianism
B) Deontology
C) Ethical fundamentalism
D) Act utilitarianism
E) Ethical relativism

Answer: B

Explanation:
A) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
B) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
C) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
D) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
E) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.

Diff: 3
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76) An employee who believes that she should not cheat on a drug test because if everyone did so, the test would be meaningless is applying a[n] _____.

A) Cost-benefit analysis
B) Ethics of care
C) Categorical imperative
D) Virtual analysis
E) Fundamentalist approach

Answer: C

Explanation:
A) According to the categorical imperative, an action is moral only if it would be consistent for everyone in society to act in the same way.
B) According to the categorical imperative, an action is moral only if it would be consistent for everyone in society to act in the same way.
C) According to the categorical imperative, an action is moral only if it would be consistent for everyone in society to act in the same way.
D) According to the categorical imperative, an action is moral only if it would be consistent for everyone in society to act in the same way.
E) According to the categorical imperative, an action is moral only if it would be consistent for everyone in society to act in the same way.

Diff: 3
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77) What is a reason why the principle of deontology may be difficult to apply?
A) People disagree about the ethics of care.
B) People disagree about what duties we owe to one another, whether consequences are positive or negative, and about the ethics of care.
C) People disagree about what duties we owe to one another and which duties are more important.
D) People disagree about what duties we owe to one another and also whether consequences are positive or negative.
E) People disagree about whether consequences are positive or negative.

Answer: C

Explanation: A) Deontology is difficult to apply because people disagree about what duties we owe to one another and which duties are more important than others when they conflict.
B) Deontology is difficult to apply because people disagree about what duties we owe to one another and which duties are more important than others when they conflict.
C) Deontology is difficult to apply because people disagree about what duties we owe to one another and which duties are more important than others when they conflict.
D) Deontology is difficult to apply because people disagree about what duties we owe to one another and which duties are more important than others when they conflict.
E) Deontology is difficult to apply because people disagree about what duties we owe to one another and which duties are more important than others when they conflict.

Diff: 3
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78) The ethical system in which the development of virtues, or positive character traits such as courage, justice, and truthfulness, is the basis for morality is called _____.

A) Virtual analysis
B) Categorical imperative
C) Absolutism decision
D) Virtue ethics
E) Fundamentalist approach

Answer: D

Explanation:
A) Virtue ethics is an ethical system in which the development of virtues, or positive character traits such as courage, justice, and truthfulness, is the basis for morality.
B) Virtue ethics is an ethical system in which the development of virtues, or positive character traits such as courage, justice, and truthfulness, is the basis for morality.
C) Virtue ethics is an ethical system in which the development of virtues, or positive character traits such as courage, justice, and truthfulness, is the basis for morality.
D) Virtue ethics is an ethical system in which the development of virtues, or positive character traits such as courage, justice, and truthfulness, is the basis for morality.
E) Virtue ethics is an ethical system in which the development of virtues, or positive character traits such as courage, justice, and truthfulness, is the basis for morality.

Diff: 2
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79) Which of these means acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences?
A) Deontology
B) Situational ethics
C) Rule utilitarianism
D) Act utilitarianism
E) Virtue ethics

Answer: A

Explanation: A) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
B) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
C) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
D) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
E) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.

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80) A difficulty with the application of virtue ethics is _____.
A) The lack of agreement regarding which rules on balance produce the greatest amount of pleasure for the greatest number of people.
B) The applicable categorical imperatives.
C) The applicable principle of rights.
D) The ethics of care analysis.
E) The lack of agreement about the meaning of "the good life."

Answer: E

Explanation: A) A difficulty with the application of virtue ethics is the lack of agreement about the meaning of "the good life."
B) A difficulty with the application of virtue ethics is the lack of agreement about the meaning of "the good life."
C) A difficulty with the application of virtue ethics is the lack of agreement about the meaning of "the good life."
D) A difficulty with the application of virtue ethics is the lack of agreement about the meaning of "the good life."
E) A difficulty with the application of virtue ethics is the lack of agreement about the meaning of "the good life."

Diff: 3
Topic: Theories of Business Ethics
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81) Adherents of _____ believe that when one individual—the caregiver—meets the needs of one other person—the cared-for party—the caregiver is helping to meet the needs of all the individuals who fall within the cared-for party's web of care.
A) Deontology
B) Utilitarianism
C) Ethics of care
D) Virtue ethics
E) Absolutism

Answer: C

Explanation: A) Ethics-of-care theorists argue that when one individual, the caregiver, meets the needs of one other person, the cared-for party, the caregiver is actually helping to meet the needs of all the individuals who fall within the cared-for party's web of care.
B) Ethics-of-care theorists argue that when one individual, the caregiver, meets the needs of one other person, the cared-for party, the caregiver is actually helping to meet the needs of all the individuals who fall within the cared-for party's web of care.

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C) Ethics-of-care theorists argue that when one individual, the caregiver, meets the needs of one other person, the cared-for party, the caregiver is actually helping to meet the needs of all the individuals who fall within the cared-for party's web of care.
D) Ethics-of-care theorists argue that when one individual, the caregiver, meets the needs of one other person, the cared-for party, the caregiver is actually helping to meet the needs of all the individuals who fall within the cared-for party's web of care.
E) Ethics-of-care theorists argue that when one individual, the caregiver, meets the needs of one other person, the cared-for party, the caregiver is actually helping to meet the needs of all the individuals who fall within the cared-for party's web of care.

Diff: 2
Topic: Theories of Business Ethics
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82) The _____ maintains that the right course of action is the option most consistent with the building and maintaining of human relationships.
A) Act utilitarianism
B) Deontology
C) Principle of virtue ethics
D) Ethics of care
E) Rule utilitarianism

Answer: D

Explanation:
A) The ethics of care maintains that the right course of action is the option most consistent with the building and maintaining of human relationships.
B) The ethics of care maintains that the right course of action is the option most consistent with the building and maintaining of human relationships.
C) The ethics of care maintains that the right course of action is the option most consistent with the building and maintaining of human relationships.
D) The ethics of care maintains that the right course of action is the option most consistent with the building and maintaining of human relationships.
E) The ethics of care maintains that the right course of action is the option most consistent with the building and maintaining of human relationships.

Diff: 2
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83) Which of the following is not a theory of business ethics.
A) Profit motive
B) Deontology
C) Ethical relativism
D) Absolutism
E) Consequentialism

Answer: A

Explanation: A) Appendix 2 explains that ethical relativism, absolutism, consequentialism, and deontology are all theories of business ethics.
B) Appendix 2 explains that ethical relativism, absolutism, consequentialism, and deontology are all theories of business ethics.
C) Appendix 2 explains that ethical relativism, absolutism, consequentialism, and deontology are all theories of business ethics.
D) Appendix 2 explains that ethical relativism, absolutism, consequentialism, and deontology are all theories of business ethics.
E) Appendix 2 explains that ethical relativism, absolutism, consequentialism, and deontology are all theories of business ethics.

Diff: 1
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84) If a company refuses to bribe a foreign official, even though bribery is necessary to do business in the foreign country because the company believes bribery is always wrong regardless of consequences, the company is motivated by which theory of business ethics?

A) Absolutism
B) Consequentialism
C) Profit motive
D) Deontology
E) Ethical relativism

Answer: D

Explanation:
A) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
B) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
C) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
D) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.
E) Deontology consists of acting on the basis of the recognition that certain actions are right or wrong, regardless of their consequences.

Diff: 2
Topic: Theories of Business Ethics
Learning Objective: Appendix 2A Theories of Business Ethics
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

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85) The argument that traditional moral hierarchies ignore relationships is a part of which theory of business ethics?

A) Consequentialism
B) Absolutism
C) Profit motive
D) Ethics of care
E) Deontology

Answer: D

Explanation: A) Those who adhere to an ethic of care argue that traditional moral hierarchies ignore an important element of life: relationships.
B) Those who adhere to an ethic of care argue that traditional moral hierarchies ignore an important element of life: relationships.
C) Those who adhere to an ethic of care argue that traditional moral hierarchies ignore an important element of life: relationships.
D) Those who adhere to an ethic of care argue that traditional moral hierarchies ignore an important element of life: relationships.
E) Those who adhere to an ethic of care argue that traditional moral hierarchies ignore an important element of life: relationships.

Diff: 2
Topic: Theories of Business Ethics
Learning Objective: Appendix 2A Theories of Business Ethics
Bloom's: Apply
AACSB: Ethics
Accessibility: Keyboard Navigation

ESSAY QUESTIONS

86) Assume you are starting a new company. Write a code of ethics for the firm.

Answer: Student responses may vary. Johnson and Johnson's credo may serve as a guide.

Diff: 3
Topic: Business Ethics and Social Responsibility
Learning Objective: Appendix 2A Theories of Business Ethics
Bloom's: Create
AACSB: Ethics
Accessibility:

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87) Safa is the president of a company that makes small parts for the automotive industry. Customers are primarily auto manufacturers. Safa's cousin, Farid, works at the company as a sales representative. A promotion to the sales manager position is open. Farid has applied and so has Lisa, another sales representative. While both Farid and Lisa are good employees, they are skilled in different areas. Lisa is great with technology and with placing orders. She does an excellent job in following through with ordering problems. Farid, on the other hand, is better with customer relations, and customers seem to like him better. Safa would like to promote Farid, but she has two concerns. Her first concern is she does not want it to be perceived that she is being unfair because Farid is family. Her second concern is she suspects that some customers are prejudiced against Lisa because she is female. Most customers are male, and Safa suspects that they may give Farid more consideration than Lisa. Define and discuss the WPH framework for business ethics, and within that framework propose a solution. Be sure to fully address the populations, purposes, and guidelines included within "W," "P," and "H."

Answer: Students should reference the WPH process of decision making by identifying stakeholders, values, and guidelines. Students should also propose a solution. Solutions may vary.

Diff: 3
Topic: The WPH Framework for Business Ethics
Learning Objective: 02-03 How can we use the WPH framework for ethical business decisions?
Bloom's: Create
AACSB: Ethics
Accessibility:

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88) Summarize the following ethical principles:

(a). Ethical relativism
(b). Situational ethics
(c). Consequentialism
(d). Deontology
(e). Virtue ethics
(f). Ethics of care

Answer: (a). Ethical relativism - Asserts that morality is relative.
(b). Situational ethics - Requires that when we evaluate whether an action is ethical, we imagine ourselves in the position of the person facing an ethical dilemma.
(c). Consequentialism - Considers the consequences (i.e., harms and benefits) of making a particular decision.
(d). Deontology - Recognizes certain actions as right or wrong regardless of the consequences.
(e). Virtue ethics - Encourages individuals to develop virtues (e.g. courage and truthfulness) that guide behavior.
(f). Ethics of care - Holds that ethical behavior is determined by actions that care for and maintain human relationships.

Diff: 3
Topic: Theories of Business Ethics
Learning Objective: Appendix 2A Theories of Business Ethics
Bloom's: Understand
AACSB: Ethics
Accessibility:

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89) Nora's roommate, Abigail, is getting ready to go out. Abigail had her hair styled and bought a new dress. Abigail asks Nora how she looks. Unfortunately, the stylist did a terrible job and the new dress is extremely unflattering. Abigail has no time to change. Discuss what Nora would say to Abigail, and why, under the following principles:

(a). Deontology
(b). Act utilitarianism
(c). Rule utilitarianism
(d). Virtue ethics

Answer: Student answers will likely vary based upon the application of the facts to the ethical principles involved. Following are suggestions:

(a). Under the principle of deontology, which consists of acting on the basis of the recognition that certain actions are right or wrong regardless of consequences, students will likely say that Abigail should be told the truth.
(b). Act utilitarianism says that the action that yields the greatest amount of pleasure over pain for all involved should be chosen. Under this principle, Abigail would likely be told that she looks fine.
(c). Rule utilitarianism holds that general rules which, on balance, produce the greatest amount of pleasure for all involved should be followed in each situation. Students may say that deception does not generally produce the greatest satisfaction.
(d). Virtue ethics is an ethical system in which the development of virtues or positive character traits is the basis for morality. Students may say that it is virtuous to tell the truth, or some may say that it is more virtuous to spare Abigail's feelings.

Diff: 3
Topic: Theories of Business Ethics
Learning Objective: Appendix 2A Theories of Business Ethics
Bloom's: Analyze
AACSB: Ethics
Accessibility:

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90) What does a reference to the "social responsibility of business" mean? Should businesses consider community expectations, and why or why not?

Answer: The social responsibility of business consists of the expectations that the community imposes on firms doing business inside its borders. These expectations must be honored to a certain extent, even when a firm wishes to ignore them, because firms are always subject to the implicit threat that legislation will impose social obligations on them. So, if the community expects businesses to obey certain standards of fairness even when the standards interfere with profit maximization, firms that choose to ignore that expectation do so at their peril.

Diff: 2
Topic: Business Ethics and Social Responsibility
Learning Objective: 02-01 What are business ethics and the social responsibility of business?
Bloom's: Understand
AACSB: Ethics
Accessibility:

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