Essentials of Business Law 6th edition Beatty Test Bank

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TRUE/FALSE

1 : Ethics is the study of how people should behave.
A : true
B : false

Correct Answer : A

2 : Life Principles are set by your parents and do not change over time.
A : true
B : false

Correct Answer : B

3 : Ethical behavior always pays off financially for businesses.
A : true
B : false

Correct Answer : B

4 : Unethical behavior is a bar to financial success.
A : true
B : false

Correct Answer : B

5 : John Akers, former chairman of IBM, argued that ethics are not important to economic competitiveness.
A : true
B : false

Correct Answer : B

6 : Society is hurt when business managers behave ethically.
A : true
B : false

Correct Answer : B

7 : Researchers who study happiness find that good health, companionship, and enjoyable leisure activities all contribute more to happiness than money does.
A : true
B : false

Correct Answer : A

8 : Generally speaking, managers feel better about themselves when they behave ethically.
A : true
B : false

Correct Answer : A

9 : Research indicates that consumers are willing to pay more for a product that they believe to be ethically produced.
A : true
B : false

Correct Answer : A

10 : A company that engages in unethical behavior may suffer severe consequences.
A : true
B : false

Correct Answer : A

11 : Wever, Inc. is considering relocating a facility to Mexico. The interests of the various stakeholders affected by this decision may conflict.
A : true
B : false

Correct Answer : A

12 : Utilitarian ethics holds that decisions should be made on the basis of practicality, and whatever action is most convenient should be favored.
A : true
B : false

Correct Answer : B

13 : Deontologists would agree that the increasing medical concern over obesity in the United States justifies federal regulation of high fat, high sugar, low nutrition food advertising during childrens television programs.
A : true
B : false

Correct Answer : A

14 : Immanuel Kant was a German philosopher who was a proponent of utilitarian ethics.
A : true
B : false

Correct Answer : B

15 : Under utilitarian ethics, if a decision maximizes happiness in the most people and minimizes pain, it is ethical.
A : true
B : false

Correct Answer : A

MULTIPLE CHOICE

16 : What is ethics?

A : Always telling the truth
B : The study of how people should behave
C : Following the law
D : The rules by which you live your life

Correct Answer : B

17 : Dahlia is in the process of developing her set of Life Principles. She asks you for your advice. Which of the following statements will you tell Dahlia is important for her to follow when developing her Life Principles?
A : The focus of her Life Principles should reflect what the law says is right or wrong.
B : It is better to develop Life Principles that are general in nature rather than ones that are too specific.
C : Her Life Principles should be based on her own values.
D : Her Life Principles should be based on the moral standards dictated by society.

Correct Answer : C

18 : Which person argued that a corporate managers primary responsibility is to the shareholders of the organization and that managers should make the company as profitable as possible while also complying with the law?
A : John Rawls
B : John Stuart Mill
C : Immanuel Kant
D : Milton Friedman

Correct Answer : D

19 : John Johnson is a customer of company ABC. As such, John is a(n)
A : shareholder.
B : customer and stakeholder.
C : customer only.
D : stakeholder only.

Correct Answer : B

20 : Which of the following is NOT a stakeholder?
A : a business competitor.
B : shareholders.
C : employees.
D : customers.

Correct Answer : A

21 : Which of the following statements best exemplifies how society as a whole benefits from ethical behavior?
A : Consumers are willing to pay more for a product they believe to be ethically produced.
B : People feel better when they behave ethically.
C : Unethical behavior can be very costly.
D : Ethical behavior builds trust which is important in all of our relationships.

Correct Answer : D

22 : Which scenario is an example of a true ethics dilemma?
A : The Tipton Company considers running advertisements to publicize the contribution it made to a national charity that offers tutoring to low-income children.
B : Employees at Spiffy Hair Salon ask management if they can set up a booth at an inner-city street fair to give free haircuts to anyone who needs one.
C : Sure-Good Soup Company is thinking about using more expensive organic vegetables in its products to promote consumer health, even though company profits might be reduced.
D : At the request of many customers, Maxim Company considers pulling advertising from a radio talk show that endorses fringe conspiracy theories.

Correct Answer : C

23 : How does unethical behavior in an organization affect its workforce?
A : It instills fear in employees making them more productive.
B : It helps workers focus on the goal of profitability.
C : It creates a workforce that is more informed and, therefore, motivated.
D : It creates a workforce that is cynical and resentful.

Correct Answer : D

24 : Does ethical behavior maximize profitability?
A : Yes, there is concrete evidence that ethical behavior will always maximize profitability.
B : No, there is concrete evidence that unethical companies will always outperform ethical companies.
C : Although there is no guarantee that ethical behavior pays in the short or long run, there is evidence that the ethical company is more likely to win financially.
D : There is strong evidence that ethical behavior pays financially in the long run, but not in the short run.

Correct Answer : C

25 : Why do many major corporations actively encourage ethical behavior?
A : Unethical behavior always reduces profits.
B : Unethical behavior can quickly destroy a business.
C : Unethical acts are always illegal.
D : Unethical behavior always leads to a reduction in profits.

Correct Answer : B

26 : Immanuel Kant believed that the results of a decision are not as important as the reason for making it. This is the principle behind
A : utilitarian ethics.
B : deontological ethics.
C : Rawlsian justice.
D : moral relativism.

Correct Answer : B

27 : The goal of utilitarian ethics is to
A : establish rules for why certain behaviors are ethical.
B : do the right thing, no matter the result.
C : produce the greatest good for the greatest number of people.
D : establish universal ethical rules that apply to all people.

Correct Answer : C

28 : What word is best associated with deontological ethics?
A : happiness
B : outcome
C : obligation
D : benefit

Correct Answer : C

29 : According to Immanuel Kant, the truth should be told, no matter the outcome. This is the idea behind what he called
A : moral universalism.
B : the categorical imperative.
C : moral relativism.
D : the veil of ignorance.

Correct Answer : B

30 : Which person held the belief that the circumstances into which we are born play an important role in our personal outcome?
A : Immanuel Kant
B : John Stuart Mill
C : Milton Friedman
D : John Rawls

Correct Answer : D

31 : John Rawls suggestion that society should reward behavior that provides the most benefit to the community as a whole is referred to as
A : the difference principle.
B : the veil of ignorance.
C : moral universalism.
D : moral relativism.

Correct Answer : A

32 : Haley is an accountant for a large hospital network. She knows that she could easily skim money from the organization to keep for herself and chances are she would not get caught. However, she keeps thinking about what would happen to her and her family if her actions went viral and appeared all over the Internet or in her local newspaper. What ethics test is Haley considering?
A : the social media test
B : the front page test
C : the public scrutiny test
D : the bystander test

Correct Answer : B

33 : _____ is the belief that some acts are always right or always wrong, whereas _____ is the belief that a decision may be right even if it is not in keeping with our own ethical standards.
A : Moral universalism; moral relativism

B : Moral relativism; moral universalism
C : Utilitarianism; deontological ethics
D : Deontological ethics; utilitarianism

Correct Answer : A

34 : Alanis tries to talk her supervisor out of a business decision she thinks is unethical. Which of the following best characterizes her reaction?
A : loyalty
B : capitulation
C : voice
D : exit

Correct Answer : C

35 : Theo believes that everyone must develop his or her own ethical rules. So whereas he believes that gay marriage should be legal, he understands that other people might feel differently. Theo would be considered to be a(n) _____ relativist.
A : individual
B : issue-oriented
C : cultural
D : societal

Correct Answer : A

36 : A recent study found that more creative people tend to be less ethical. Why is this so?
A : Creative people are better at rationalizing their bad behavior.
B : Creative people dont care about profitability.
C : Creative people are capable of coming up with more ways to be unethical.
D : Creative people are not loyal to the organization.

Correct Answer : A

37 : Jamal was recently hired as a sales representative for a pharmaceutical company. He notices that all the other sales reps pad their expense accounts by claiming meals with clients that never took place and then pocket the extra money. Jamal figures that since everyone else is cheating on their expense accounts, he might as well do the same. What ethics trap is Jamal falling into?
A : following orders
B : competition
C : conformity
D : lost in a crowd

Correct Answer : C

38 : Your text outlines three practices to help one avoid ethical traps: slow down, remember your Life Principles, and
A : focus on the matter at hand.
B : do not trust your first instinct.
C : think about what society expects.
D : go with your gut reaction.

Correct Answer : B

39 : Your co-worker, Bill, comes into the office and tells you that he is going to play hooky and go golfing, believing that the boss will think he is out calling on clients. When your boss comes in, he asks you where Bill is and you reply, I saw him in the office earlier this morning, but I havent seen him lately. What would Kant call this misleading statement?
A : a palter
B : a categorical imperative
C : a veil of ignorance
D : an ethical omission

Correct Answer : A

40 : What is the best definition for the term corporate social responsibility?
A : an organizations obligation to contribute positively to the world around it
B : an organizations obligation to maximize profits for its shareholders
C : an organizations obligation to be environmentally responsible
D : an organizations obligation to value its employees above all other stakeholders

Correct Answer : A

ESSAY

41 : Outline the beliefs of the various theories of ethics.

Correct Answer : ?Utilitarian thinkers believe that the right decision maximizes overall happiness and minimizes overall pain.Deontological thinkers believe that the ends do not justify the means. Rather, it is important to do the right thing, no matter the result.With his categorical imperative, Kant argued that you should not do something unless you would be willing to have everyone else do it too.John Rawls asked us to consider rules we would propose for society if we did not know how lucky we would be in life's lottery. He called this situation “the veil of ignorance.”Under the Front Page Test, you ask yourself what you would do if your actions were going to be reported publicly online or offline.

42 : Tianhui was recently hired as a sales representative by Oxtron, Inc. Before leaving on his first sales trip, a number of the other sales representatives take Tianhui aside and tell him that it is customary for the sales representatives to pad (increase) their expense reports each month by 20%. Use utilitarian ethics to decide what Tianhui should do about the expense report he submits to Oxtron.

Correct Answer : According to utilitarian ethics, Tianhui could justify padding his report because:??It will increase his overall happiness. ?Increase in pay will help him feel better about going on trips, and make him more successful.?It will help him “fit in” with the other sales staff, increasing morale for all.?The end result will be better because he will more likely stay with this job, decreasing employee turnover costs.?

43 : What are Life Principles and what should one consider when developing his or her own Life Principles?

Correct Answer : Life Principles are the rules by which people live their lives. People's Life Principles should be based on their own values and should include their rules on lying, stealing, cheating, applying the same or different standards at home and work, and their responsibility as

a bystander when they see other people doing wrong. In addition, Life Principles should be specific rather than general. It is also important to keep in mind that no matter what you say, every ethics decision you make illustrates your actual Life Principles.??

44 : Oxtron, Inc. is considering establishing a program that actively encourages ethical behavior. What reasons would support Oxtrons adoption of an ethics program?

Correct Answer : The following reasons support an ethics program: (1) society as a whole benefits from ethical behavior; (2) people feel better when they behave ethically; (3) unethical behavior can be very costly; and (4) ethical behavior is more likely to pay off with a better reputation, more creative and cooperative employees, and higher returns than companies that engage in wrongdoing.

45 : Explain the meaning of the following ethics traps: rationalization, conformity, following orders, lost in a crowd, and blind spots.

Correct Answer : ?Rationalization: When we do something wrong, we tend to be creative at explaining why it did not really count. In other words, rationalizing our behavior. Some common rationalizations are: "If I don't do it, someone else will," "Just this once," or "This is someone else's responsibility."Conformity: Conformity is the notion that "Everybody else is doing it." Because humans are social animals, they are often willing to follow the leader. So if an employee notices everyone else acting in an unethical manner, he or she may follow (or conform) to that behavior.Following Orders: When someone in authority issues orders, even to do something clearly wrong, it is very tempting to comply. Fear of punishment, the belief in authority figures, and the ability to rationalize all play a role. Lost in a Crowd: When in a group, people are less likely to take responsibility, because they assume (hope?) that someone else will. They tend to check the reactions of others and, if everyone else seems calm, they assume that all is right. Bystanders are much more likely to react if they are alone and have to form an independent judgment.Blind Spots: We all have a tendency to ignore even blatant evidence that we would rather not know.