# *Business Ethics 2nd edition Collins Test Bank*

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# Chapter 1: Unethical Behaviors in Organizations and Human Nature

## Test Bank

### Multiple Choice

1. How does the text define “well-managed organization”?
a. a community of people on a common mission to be effective, efficient, and ethical
b. a community of people seeking a common goal in the marketplace
c. an efficient hierarchy of managers and employees operating under conditions of discipline and trust
d. a community of employees and managers working together to provide a net benefit to society
Ans: A
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Knowledge
Answer Location: Ethical Issues at Work
Difficulty Level: Easy
AACSB Standard: Social responsibility

2. What should be the primary ethical goal of managers in an organization?
a. creating a common mission for employees
b. appropriately serving the needs of customers
c. producing a trustworthy product
d. fostering trust, efficiency, integrity, and effectiveness across a range of actions for employees and customers
Ans: D
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Comprehension
Answer Location: Ethical Issues at Work
Difficulty Level: Easy
AACSB Standard: Social responsibility

3. Which of the following statements about ethics and organizations at large is accurate?
a. Organizations must work hard to maintain an internal culture free of ethical challenges.
b. Organizations face ethical challenges only if they fail to both engage in ethics training and in hiring ethical employees.
c. All organizations are ethically challenged.
d. Most organizations are ethically challenged.
Ans: C
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.

Cognitive Domain: Comprehension
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Social responsibility

4. Which of the following could least be classified as a stakeholder of a local clothing retail business?
a. a person who buys clothes from the business
b. the owners of a restaurant across the street
c. a rival retail clothing business down the street
d. a person who receives a product of the company as a gift
Ans: B
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Application
Answer Location: Ethical Issues at Work
Difficulty Level: Hard
AACSB Standard: Social responsibility

5. Karen spilled some coffee on the counter at a coffee shop and failed to wipe it up, and her friend said, “That was bad.” Her friend just _____.
a. misapplied ethical reasoning
b. rejected analytical perspective
c. became a stakeholder
d. performed an ethical analysis
Ans: D
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Application
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Social responsibility

6. How does the text define ethics?
a. a moral code adopted by each person--and the actions taken under that code--with respect to those it will affect
b. the quality of intention a person takes into each decision with respect to those whom the decision will affect
c. the actions a person takes to determine if they improve or lessen the quality of life for the community
d. the set of principles a person uses to determine whether an action is good or bad
Ans: D
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Knowledge
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Social responsibility

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7. In which of the following ways does an unconscious ethical dilemma differ from a conscious one?
a. In an unconscious ethical dilemma, you are not aware of the moral issue occurring.
b. In an unconscious ethical dilemma, you know the action you are taking is wrong.
c. In an unconscious ethical dilemma, you know an action is right, but you are very tempted to do what is wrong.
d. In an unconscious ethical dilemma, you are aware a decision is a moral issue, but others are not.
Ans: A
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Analysis
Answer Location: Ethical Issues at Work
Difficulty Level: Hard
AACSB Standard: Social responsibility

8. What is the first component of an action sequence?
a. considering the consequences of the act
b. motivation
c. the act itself
d. opportunity
Ans: B
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Knowledge
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Group and individual behaviors

9. When considering ethics, how does an action differ from the consequences of that action?
a. Acts carry moral weight, while consequences are neutral to the person taking the action.
b. Acts are morally neutral, while consequences have ethical weight.
c. Acts carry concrete moral implications, while consequences are subject to interpretation.
d. An act has moral implications for the actor, while consequences have moral implications only for those acted upon.
Ans: B
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Analysis
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Social responsibility

10. Which of the following was observed by the 2013 Ethics Resource Center (ERC) survey of 6,420 for-profit employees about work-related issues during their previous year of employment?

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a. Managers were responsible for most of the reported ethical misdeeds.
b. Most respondents had observed an incident of ethical misconduct.
c. Most of the misdeeds reported were ongoing behaviors.
d. Senior management was implicated in very few ethical misdeeds, perhaps out of fear of retribution.
Ans: A
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Comprehension
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Social responsibility

11. Which of the following is TRUE of employees' responses to witnessed ethical violations, as observed by the 2013 Ethics Resource Center (ERC) survey of 6,420 for-profit employees?
a. Most who reported the misconduct said they did so in hopes of hurting the perpetrator.
b. Most who reported the misconduct experienced some kind of retaliation.
c. Slightly less than half reported the misconduct.
d. Most reported the misconduct.
Ans: D
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Comprehension
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Social responsibility

12. What ethics trend was uncovered in a 2013 survey of managers in the UK?
a. Most of the time, when managers were pressured to violate ethical standards, lawbreaking was involved.
b. Nearly half of managers had pressured their own subordinates to commit fraud for their department's gain.
c. Around 10 percent were forced out of their jobs for refusing to violate ethical standards when pressured.
d. Nearly half of managers experienced pressure from others to violate ethical standards.
Ans: D
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Comprehension
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Contexts of organizations in a global society

13. When asked to rate professions by how much they were trusted, what was the only profession Gallup Poll respondents rated higher than 15 percent?
a. doctors

b. nonprofit charity officers
c. police officers
d. nurses
Ans: D
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Knowledge
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Social responsibility

14. What type of ethical misbehavior did UK managers rate highest in incidence among the most common they witnessed?
a. taking credit for others' work
b. lying about being sick
c. performing low-quality work
d. defrauding customers
Ans: C
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Knowledge
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Social responsibility

15. What point is the text making about ethical misconduct when it describes the Wells Fargo employee practice of creating fraudulent checking and savings accounts?
a. Managerial negligence is typically the starting place for organizational corruption.
b. Governmental negligence in policing misconduct can be a major determinant of how commonly it occurs.
c. Public image and admiration and ethical misconduct are not mutually exclusive characteristics.
d. Organizational culture can be blamed for ethical misconduct as much as individual behavior.
Ans: C
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Comprehension
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Social responsibility

16. Joan works as a personal injury attorney, and her husband, Ali, is a consultant for a financial services firm. What particular type of ethical misconduct might they both be tempted to commit that is a common issue in, and somewhat unique to, their professions?
a. charging for unearned billable hours
b. overusing unpaid internships
c. dishonesty with clients

d. colluding with competitors to guide the market
Ans: A
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Application
Answer Location: Ethical Issues at Work
Difficulty Level: Hard
AACSB Standard: Social responsibility

17. Which of the following statements about sexual harassment in the workplace is accurate?
a. The legal profession has the highest rate of reports for sexual harassment among professions.
b. Reporting of incidents by one female employee typically encourages others to come forward.
c. Roughly half of women subjected to sexual harassment report the incident.
d. In surveys, some 60 percent or more of women report having been sexually harassed.
Ans: B
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Comprehension
Answer Location: Ethical Issues at Work
Difficulty Level: Hard
AACSB Standard: Social responsibility

18. How are small businesses different from large businesses with respect to ethics violations?
a. The difficulties of managing morally questionable employees are somewhat smaller with small businesses.
b. They are less susceptible to bullying issues with large clients.
c. They are likely to have more respectful and less contentious relationships with clients and customers.
d. They are likely to have fewer well-educated employees who are less committed to the organization.
Ans: D
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Analysis
Answer Location: Ethical Issues at Work
Difficulty Level: Hard
AACSB Standard: Social responsibility

19. Based on self-reporting in one study, from where did middle managers find that most pressure to write fraudulent internal reports originate?
a. customers and clients
b. their superiors
c. themselves
d. employees seeking more resources

Ans: B
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Knowledge
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Social responsibility

20. Which of the following is perhaps the easiest way to quantify the costs associated with unethical behaviors?
a. interviewing defrauded clients
b. looking at lawsuits
c. surveying employees to determine work hours lost
d. comparing revenue of ethical companies to unethical ones
Ans: B
Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Knowledge
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Medium
AACSB Standard: Social responsibility

21. Indira's financial services company knowingly financed high-risk securities during a time when all their competitors were doing the same, and like others, they were caught in the process. Over the next decade, what is likely to be the most quantifiable cost to the company?
a. fired employees and associated severance packages
b. lowered budgets for projects beginning the year the unethical conduct occurred
c. lowered employee morale
d. ongoing legal defenses
Ans: D
Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Application
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Hard
AACSB Standard: Social responsibility

22. What conclusion about ethical corporate behavior can be drawn from the lawsuits and payouts that R.J. Reynolds, Lorillard, and Philip Morris continue to be subject to?
a. A culture of unethical behavior can be more costly than specific actions.
b. Even if upper management initiates unethical behavior, lower-level employees often pay the highest costs.
c. Just because an organization's behavior is legal does not mean there will not be ethical and financial costs.
d. State and local governments can exact steep costs even from international corporations.

Ans: C
Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Comprehension
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Hard
AACSB Standard: Social responsibility

23. What cost, which includes loss of company time, is directly incurred by an organization when it hires untrustworthy employees?
a. theft
b. damaged reputation
c. customer disloyalty
d. fraud
Ans: A
Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Knowledge
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Easy
AACSB Standard: Social responsibility

24. Harold was caught lying about his worked hours on a time sheet, admonished, and allowed to stay on at the company. What type of company cost related to Harold will rise now that the incident has already occurred?
a. costs due to loss of company time
b. public reputation
c. monitoring costs
d. lost salary costs
Ans: C
Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Application
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Hard
AACSB Standard: Social responsibility

25. There is a high level of mistrust between construction owners and contractors. When these two groups must work together on a project, this high level of mistrust is going to raise what cost in particular?
a. reputation costs
b. monitoring costs
c. direct costs related to theft
d. legal costs
Ans: B

Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Application
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Medium
AACSB Standard: Social responsibility

26. According to the text, 63 percent of the average corporation's market value can be attributed to _____.
a. quality of product
b. reputation
c. share price
d. market share
Ans: B
Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Knowledge
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Medium
AACSB Standard: Social responsibility

27. Kamilah runs a medium-sized real estate agency in her hometown. After some clients reported violations, it became public knowledge--and was printed in the newspaper--that the company inflated its closure numbers with fake sales. The most direct reputation cost for Kamilah's company will be _____.
a. employees leaving the company
b. governmental sanctions
c. an inability to hire quality employees
d. lost business
Ans: D
Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Application
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Hard
AACSB Standard: Social responsibility

28. The text uses the example of the Volkswagen (VW) emissions scandal to illustrate what point?
a. Companies can commit unethical actions while trying to act ethically.
b. Legal protection can shield upper management from the costs of unethical behavior.
c. Companies can seriously underestimate the costs of unethical behavior.
d. Companies can sometimes commit major ethical violations and not suffer a loss of reputation.
Ans: C

Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Comprehension
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Medium
AACSB Standard: Social responsibility

29. What affects approximately 13 percent of U.S. workers and costs an estimated $23.8 billion annually?
a. poor customer-employee relationships
b. pressure to lie
c. employee theft
d. abusive supervision
Ans: D
Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Knowledge
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Medium
AACSB Standard: Social responsibility

30. What has research shown about the value Americans place on the ethical nature of their employer?
a. A minority of Americans consider an ethical culture a very important component in an employer.
b. The majority of Americans do not consider ethics when looking for an employer.
c. Most Americans would like to work for an ethical company but do not consider it a priority.
d. A vast majority believe it is highly important to work for an ethical company.
Ans: D
Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Comprehension
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Medium
AACSB Standard: Social responsibility

31. How has the theoretical debate over ethics and organizational performance changed in recent years?
a. It increasingly considers ethical behavior as an aid to financial performance.
b. It increasingly focuses on the choice between financial performance and ethical behavior.
c. It increasingly acknowledges that ethical behavior has little impact on organizational performance.
d. It focuses on the short-term benefits to financial performance of unethical action.
Ans: A

Learning Objective: 1-3: Explain the competitive advantages of creating and maintaining an ethical organization.
Cognitive Domain: Comprehension
Answer Location: Competitive Advantages of Ethical Organizations
Difficulty Level: Medium
AACSB Standard: Social responsibility

32. Which of the following statements about the relationship between corporate social responsibility and corporate financial performance is accurate?
a. Research has demonstrated a slightly negative causal relationship--greater social responsibility causes lower (but not low) financial performance.
b. No direct relationship can be shown, but social responsibility should be pursued for its own sake.
c. Companies in developing nations show greater return on financial performance for corporate social responsibility than companies in developed nations.
d. Research increasingly shows a positive causal relationship between the two.
Ans: D
Learning Objective: 1-3: Explain the competitive advantages of creating and maintaining an ethical organization.
Cognitive Domain: Comprehension
Answer Location: Competitive Advantages of Ethical Organizations
Difficulty Level: Medium
AACSB Standard: Social responsibility

33. Which of the following reasons most causes an individual to take a job at an unethical organization over an ethical one?
a. greater opportunity for personal enrichment through rule breaking
b. belief that workload will be easier/smaller
c. individual ignorance about ethics
d. much higher pay and benefits
Ans: D
Learning Objective: 1-3: Explain the competitive advantages of creating and maintaining an ethical organization.
Cognitive Domain: Knowledge
Answer Location: Competitive Advantages of Ethical Organizations
Difficulty Level: Medium
AACSB Standard: Social responsibility

34. Nalia is a millennial entering the workforce for the first time after college. If she is in the statistical majority, what will be most important factor for her in choosing a company to work for?
a. ethical culture/operation
b. salary
c. company reputation for financial success
d. schedule flexibility and work/life balance
Ans: A

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Learning Objective: 1-3: Explain the competitive advantages of creating and maintaining an ethical organization.
Cognitive Domain: Application
Answer Location: Competitive Advantages of Ethical Organizations
Difficulty Level: Hard
AACSB Standard: Social responsibility

35. Two companies produce different proprietary versions of the same product. The two versions are very alike in quality and effectiveness, but the product from the company with a strong reputation for ethical performance costs slightly more. Given statistical research findings, what will most Americans who want this type of product do assuming they are familiar with the two companies?
a. Base their purchase on convenience and disregard ethical reputation.
b. Base their purchase not on ethics or price but solely on user reviews.
c. Pay the higher price for the product from the ethical company.
d. Pay the lower price for the product from the company with no reputation for ethics.
Ans: C
Learning Objective: 1-3: Explain the competitive advantages of creating and maintaining an ethical organization.
Cognitive Domain: Application
Answer Location: Competitive Advantages of Ethical Organizations
Difficulty Level: Medium
AACSB Standard: Social responsibility

36. What does research show about Wall Street investors' response to new accounting laws requiring financial transparency?
a. They seek to invest in companies they believe will be most talented at avoiding the provisions of such laws.
b. They do not factor it into their calculations because such laws are applied across all companies.
c. They react poorly because they know companies will be less capable of maximizing profits.
d. They respond favorably because investors prefer higher ethical behavior in companies in which they invest.
Ans: D
Learning Objective: 1-3: Explain the competitive advantages of creating and maintaining an ethical organization.
Cognitive Domain: Comprehension
Answer Location: Competitive Advantages of Ethical Organizations
Difficulty Level: Easy
AACSB Standard: Social responsibility

37. Why does the text mention the core mission of the Starbucks corporation?
a. It exemplifies how multinational corporations need to better align themselves with an ethical mission.

b. It's an example of a company with a public and organizational commitment to ethical behavior.
c. It's an example of a company that puts profits and financial expansion over ethical behavior.
d. It demonstrates how most corporate mission statements do not take ethical behavior into account.
Ans: B
Learning Objective: 1-3: Explain the competitive advantages of creating and maintaining an ethical organization.
Cognitive Domain: Comprehension
Answer Location: Competitive Advantages of Ethical Organizations
Difficulty Level: Medium
AACSB Standard: Social responsibility

38. How does the text define human nature?
a. the sum of personality and how a human interacts with others in a community
b. the balance of an individual's ethical and unethical actions
c. the moral, psychological, and social characteristics of human beings
d. the degree to which a person seeks individual or collective gain
Ans: C
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual's time of birth.
Cognitive Domain: Knowledge
Answer Location: Human Nature
Difficulty Level: Easy
AACSB Standard: Social responsibility

39. Janele is three years old. While playing with another child, she takes the juice from the other child's hands and drinks it herself. How would Socrates have interpreted this action?
a. Janele might have known taking the juice was wrong, but she would have learned about that wrongness from the culture around her.
b. Janele already knew in her soul that taking the juice was wrong (she was born with this knowledge) and chose to do it anyway.
c. Janele was born good, so she must have learned this behavior from a corrupt adult.
d. Janele was born with inherited sin, which manifested in the theft of the juice.
Ans: B
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual's time of birth.
Cognitive Domain: Application
Answer Location: Human Nature
Difficulty Level: Hard
AACSB Standard: Social responsibility

40. According to the "born good" philosophy of human nature, which of the following is a person imbued with since birth?

a. a conscience that represents pure goodness
b. a soul programmed with both goodness and sin
c. inherited sin that must be rejected
d. a “tabula rasa”
Ans: A
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual’s time of birth.
Cognitive Domain: Comprehension
Answer Location: Human Nature
Difficulty Level: Medium
AACSB Standard: Social responsibility

41. What do the “born good” and “tabula rasa” approaches to human morality have in common that the other approaches lack?
a. Humans must relearn after birth what they already knew before birth.
b. Humans have a “conscience” that is basically good.
c. Soul is joined to the body before birth.
d. Unethical or immoral behavior must be learned from others after birth.
Ans: D
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual’s time of birth.
Cognitive Domain: Analysis
Answer Location: Human Nature
Difficulty Level: Hard
AACSB Standard: Social responsibility

42. Which of the following is an “other-suffering” emotion as detailed by professor Jonathan Haidt?
a. contempt
b. guilt
c. empathy
d. gratitude
Ans: C
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual’s time of birth.
Cognitive Domain: Knowledge
Answer Location: Human Nature
Difficulty Level: Easy
AACSB Standard: Social responsibility

43. How do Hindu and Buddhist beliefs about human moral imperfection differ from those of Roman Catholics and Protestants?
a. They believe moral imperfections come from God, not from original sin.
b. They believe moral imperfections comes from previous humans, not from original sin.
c. They believe the soul joined to the body is perfect at birth and learns immorality.
d. They believe the soul joined to the body is not imperfect at birth.

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Ans: B
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual's time of birth.
Cognitive Domain: Analysis
Answer Location: Human Nature
Difficulty Level: Medium
AACSB Standard: Social responsibility

44. Five-year-old Duanna steals candy from the grocery store even though she knows it is supposed to be paid for. If Aristotle or John Locke were asked to explain the origin of Duanna's sense of morality, what would they most likely say?
a. God
b. culture
c. inherent conscience
d. her soul prior to birth
Ans: B
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual's time of birth.
Cognitive Domain: Application
Answer Location: Human Nature
Difficulty Level: Medium
AACSB Standard: Social responsibility

45. What common characteristic is found among children and adults?
a. a desire to avoid pain
b. a desire to make others happy
c. a need to be taught a sense of justice
d. an inherent good or bad nature
Ans: A
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Knowledge
Answer Location: Cognitive and Moral Development
Difficulty Level: Easy
AACSB Standard: Social responsibility

46. According to Jean Piaget, what does a child possess at 18 months that he or she does not at 14 months?
a. feelings such as pride and shame
b. curiosity
c. a social smile
d. an understanding of what it means to be good or bad
Ans: A
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Analysis
Answer Location: Cognitive and Moral Development
Difficulty Level: Hard

AACSB Standard: Social responsibility

47. Ali is old enough to have developed the capacity for mental scripts. Which of the following scenarios demonstrates enactment of a mental script?
a. An uncle gives Ali a present, and Ali says, “Thank you.”
b. His mother smiles at him, and he smiles back.
c. Ali recognizes that others might feel bad even though he feels good.
d. A stranger appears, and Ali tries to crawl away from him.
Ans: A
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Application
Answer Location: Cognitive and Moral Development
Difficulty Level: Hard
AACSB Standard: Social responsibility

48. According to Lawrence Kohlberg, how does right behavior at the conventional level of reasoning differ from right behavior at the preconventional level?
a. It is less concerned with being a good role model.
b. It has a higher component of pain avoidance.
c. It is based more on universal ethical principles.
d. It is based more on societal order.
Ans: D
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Analysis
Answer Location: Cognitive and Moral Development
Difficulty Level: Hard
AACSB Standard: Social responsibility

49. Chudra’s cognitive moral development has reached the postconventional level. With which of the following statements is she most likely to agree?
a. Act as you would to be the best role model for others.
b. Every human being has the right to sufficient food, shelter, and just treatment.
c. The law is the law, and it should be obeyed to maintain societal order.
d. Life is short; do what makes you happy.
Ans: B
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Application
Answer Location: Cognitive and Moral Development
Difficulty Level: Hard
AACSB Standard: Social responsibility

50. According to Lawrence Kohlberg, which of the following is a factor that influences passage through the stages of moral development?
a. avoidance of pain
b. empathy for people at lower stages
c. moral comfort

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d. age
Ans: D
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Knowledge
Answer Location: Cognitive and Moral Development
Difficulty Level: Medium
AACSB Standard: Social responsibility

51. In Lawrence Kohlberg's moral stages, most adults never advance beyond _____.
a. postconventional moral reasoning
b. the preconventional level
c. stage four, the "law-abiding citizen" stage
d. stage three, the "Good Boy–Nice Girl" stage
Ans: C
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Knowledge
Answer Location: Cognitive and Moral Development
Difficulty Level: Medium
AACSB Standard: Social responsibility

52. What component must be present for a person to advance from one stage of moral reasoning to the next?
a. a significant advancement in age
b. empathy for others
c. psychological pain
d. a moral script
Ans: C
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Comprehension
Answer Location: Cognitive and Moral Development
Difficulty Level: Hard
AACSB Standard: Social responsibility

53. "Do not lie" is an example of which of the following found in all major cultures and world religions?
a. a moral imperative
b. a stage of moral reasoning
c. cognitive dissonance
d. conventional reasoning
Ans: A
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Knowledge
Answer Location: Cognitive and Moral Development
Difficulty Level: Medium
AACSB Standard: Social responsibility

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54. Which of the following statements about lying and cheating in high school and college is accurate?
a. Less than half of high school students thought it was important to display good character.
b. The incidence of cheating is lower in college than in high school, though still very high.
c. Most college students admit to wanting to cheat, though most do not.
d. Over 90 percent of high school students admit to cheating in the last year.
Ans: B
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Comprehension
Answer Location: Cognitive and Moral Development
Difficulty Level: Medium
AACSB Standard: Social responsibility

55. For what common social function does lying serve as a defense mechanism?
a. hiding our flaws and imperfections
b. assisting in material gain
c. maintaining societal order
d. protecting self-interests
Ans: A
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Knowledge
Answer Location: Cognitive and Moral Development
Difficulty Level: Medium
AACSB Standard: Social responsibility

56. Which of the following best characterizes the finding about childhood morality by childhood psychologist Michael Tomasello?
a. Children demonstrate the capacity to deceive before learning language.
b. Because helping behaviors do not appear until two years of age, we cannot determine if they have innate components.
c. Children must learn helping behaviors from their parents.
d. Children exhibit helping behaviors before they learn speech.
Ans: D
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Comprehension
Answer Location: Cognitive and Moral Development
Difficulty Level: Easy
AACSB Standard: Social responsibility

57. According to research, when are altruistic behaviors first observed in children?
a. 4 years
b. 2 years
c. 12 months
d. 18 months

Ans: D
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Knowledge
Answer Location: Cognitive and Moral Development
Difficulty Level: Easy
AACSB Standard: Social responsibility

58. Which of the following is TRUE of helping behaviors in American adults?
a. Generation X had the highest rate of volunteerism of the various age groups.
b. A little less than half of American households donate money to charity.
c. Helping behavior decreases dramatically in the adult years.
d. Volunteering time was a minimal helping behavior for Americans, with just a few million reporting hours given to volunteering.
Ans: A
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Comprehension
Answer Location: Cognitive and Moral Development
Difficulty Level: Easy
AACSB Standard: Social responsibility

59. Which of the following does not qualify as a general reason that good people sometimes behave unethically?
a. causing, but not intending, unethical outcome
b. choosing not to justify an unethical behavior
c. failing to prevent an unethical behavior out of fear of retaliation
d. choosing one set of values over a competing set of values
Ans: B
Learning Objective: 1-6: Discuss why good people occasionally behave unethically.
Cognitive Domain: Comprehension
Answer Location: Why Do Good People Behave Unethically?
Difficulty Level: Medium
AACSB Standard: Social responsibility

60. Which of the following qualifies as an unintended unethical behavior?
a. punching a stranger because they insulted you
b. failing to report an unwanted sexual advance for fear of being fired
c. a store manager using a waste disposal service that secretly pollutes
d. going along with a boss's unethical request because one values loyalty highly
Ans: C
Learning Objective: 1-6: Discuss why good people occasionally behave unethically.
Cognitive Domain: Application
Answer Location: Why Do Good People Behave Unethically?
Difficulty Level: Hard
AACSB Standard: Social responsibility

61. How does Rushworth Kidder characterize the “really tough choices” that people must go through regarding ethical decisions?
a. right vs. right
b. right vs. wrong
c. justice vs. loyalty
d. good vs. bad
Ans: A
Learning Objective: 1-6: Discuss why good people occasionally behave unethically.
Cognitive Domain: Knowledge
Answer Location: Why Do Good People Behave Unethically?
Difficulty Level: Medium
AACSB Standard: Social responsibility

62. Which of the following is one of the four types of ethical dilemmas based on competing values identified by Rushworth Kidder?
a. short-term vs. reward
b. community vs. common good
c. truth vs. justice
d. truth vs. loyalty
Ans: D
Learning Objective: 1-6: Discuss why good people occasionally behave unethically.
Cognitive Domain: Comprehension
Answer Location: Why Do Good People Behave Unethically?
Difficulty Level: Medium
AACSB Standard: Social responsibility

63. Which of the following is an example of a “justice vs. mercy” ethical dilemma based on competing values?
a. A mother wonders if she should try to restrict spending money on her young children so that she can save for their college fund.
b. A city council has to vote on whether or not to allocate the majority of their resources to help a few people whose property was damaged by a fire.
c. A man needs to feed his children but has no job and wonders if he should steal food for them.
d. A police officer sees a woman accidentally break the law and wonders if he should arrest her.
Ans: D
Learning Objective: 1-6: Discuss why good people occasionally behave unethically.
Cognitive Domain: Application
Answer Location: Why Do Good People Behave Unethically?
Difficulty Level: Hard
AACSB Standard: Social responsibility

64. If an office worker sometimes takes supplies home for personal use without asking and justifies it because others in the company do the same, what is she using to justify the action?

a. organizational culture
b. avoiding pain
c. short-term gain for long-term success
d. deserved rewards
Ans: A
Learning Objective: 1-6: Discuss why good people occasionally behave unethically.
Cognitive Domain: Application
Answer Location: Why Do Good People Behave Unethically?
Difficulty Level: Hard
AACSB Standard: Social responsibility

65. If a sales manager asks her subordinates to falsify their sales numbers and justifies it by saying, “The end justifies the means,” she is likely making an argument that _____.
a. lying is essentially a victimless crime
b. the company must do anything it can to succeed in the marketplace
c. helping her subordinates do well justifies the minor ethical issue with lying
d. loyalty is no excuse for poor work performance
Ans: B
Learning Objective: 1-6: Discuss why good people occasionally behave unethically.
Cognitive Domain: Application
Answer Location: Why Do Good People Behave Unethically?
Difficulty Level: Medium
AACSB Standard: Social responsibility

66. The Society for Human Resource Management and the Ethics Resource Center found the most common reason an employee was pressured to act unethically was _____.
a. schedule stress
b. wanting to help the team
c. directives from a boss
d. need for personal gain
Ans: C
Learning Objective: 1-6: Discuss why good people occasionally behave unethically.
Cognitive Domain: Knowledge
Answer Location: Why Do Good People Behave Unethically?
Difficulty Level: Easy
AACSB Standard: Social responsibility

67. Which of the following conclusions about human nature and morality can be drawn from the Stanley Milgram experiment involving electric shocks?
a. Personal gain does not often factor into unethical behavior that harms others.
b. People will choose to harm others if they believe it makes the community healthier.
c. Good people have basic moral boundaries that almost nothing will compel them to cross.
d. Direction from authority can convince good people to harm others.

Ans: D
Learning Objective: 1-6: Discuss why good people occasionally behave unethically.
Cognitive Domain: Comprehension
Answer Location: Why Do Good People Behave Unethically?
Difficulty Level: Hard
AACSB Standard: Social responsibility

68. What lesson is the text trying to convey by relating the example of ignition switch malfunctions in General Motors cars?
a. Failure to report unethical behavior can be extremely costly.
b. People fail to report unethical behavior mainly out of concern for the person doing the action.
c. Most unethical behaviors are intentional in nature.
d. Failure to report unethical behavior is usually due to valuing short-term benefits over long-term benefits.
Ans: A
Learning Objective: 1-6: Discuss why good people occasionally behave unethically.
Cognitive Domain: Comprehension
Answer Location: Why Do Good People Behave Unethically?
Difficulty Level: Medium
AACSB Standard: Social responsibility

69. How does the text define “altruistic behaviors”?
a. the deliberate pursuit of actions that will benefit both the self and the interests of the community
b. the deliberate pursuit of actions intended to benefit the interests or welfare of others
c. behaviors designed to elicit happiness and cooperation from others
d. behaviors designed to help one take on a beneficial role in the community
Ans: B
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Knowledge
Answer Location: Cognitive and Moral Development
Difficulty Level: Medium
AACSB Standard: Social responsibility

70. When do children show the first evidence of lying?
a. as soon as they are able to express wants or needs
b. when they are capable of recognizing unique individuals
c. as soon as they are capable of speech
d. when they reach the postconventional reasoning stage
Ans: C
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Knowledge
Answer Location: Cognitive and Moral Development
Difficulty Level: Easy
AACSB Standard: Social responsibility

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71. Which of the following scenarios would cause cognitive dissonance, as defined by the text?
a. An employee is pressured by their manager to falsify sales numbers and discovers that the action helps the company's bottom line.
b. A person justifies stealing based on the need to feed his family, but then he sees that it helps his children stay healthy.
c. A person decides to lie for the first time to achieve better results at work but is caught.
d. A person believes stealing is harmless but then sees the pain it causes a victim.
Ans: D
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Application
Answer Location: Cognitive and Moral Development
Difficulty Level: Hard
AACSB Standard: Social responsibility

72. Katie is 16 years old. If she is part of the statistical majority, she reasons at _____.
a. the conventional level
b. the preconventional level
c. the postconventional level
d. stage 2
Ans: A
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Application
Answer Location: Cognitive and Moral Development
Difficulty Level: Medium
AACSB Standard: Social responsibility

73. A person who reasons at the postconventional level is most influenced in their decisions by _____.
a. the laws that govern the community
b. the will of the majority
c. the need to be a good role model
d. their conscience
Ans: D
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Comprehension
Answer Location: Cognitive and Moral Development
Difficulty Level: Medium
AACSB Standard: Social responsibility

74. What is Kohlberg's first stage of moral development?
a. egocentric punishment avoidance
b. universal ethical principles
c. good boy--nice girl
d. law and order

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Ans: A
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Knowledge
Answer Location: Cognitive and Moral Development
Difficulty Level: Easy
AACSB Standard: Social responsibility

75. Which of the following statements about the cognitive development of children is accurate as articulated by Jean Piaget?
a. Conscience forms soon after a child is capable of mental scripts.
b. Empathy usually appears by age three.
c. A child is sociocentric at about 18 months.
d. Concepts of good and bad appear at about four years of age.
Ans: B
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Comprehension
Answer Location: Cognitive and Moral Development
Difficulty Level: Medium
AACSB Standard: Social responsibility

76. Which of the following general statements about early child development is accurate?
a. Newborns are not yet capable of expressing their desire to experience pleasure and avoid pain.
b. Infants are born without a sense of justice.
c. A child's most direct role model is his or her parents.
d. Neglected infants often grow up emotionally secure.
Ans: C
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Comprehension
Answer Location: Cognitive and Moral Development
Difficulty Level: Medium
AACSB Standard: Social responsibility

77. Which of the following is a component of the "born morally neutral" philosophy of human nature?
a. Prior to birth, the mind exists in a spiritual realm.
b. Kindness is part of the human DNA.
c. Children have an innate "moral sense."
d. Newborns have moral capacities.
Ans: D
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual's time of birth.
Cognitive Domain: Analysis
Answer Location: Human Nature
Difficulty Level: Hard

AACSB Standard: Social responsibility

78. In the Buddhist and Hindu tradition, what stops the cycle of reincarnation?
a. the choice to do good
b. achieving an equal balance between immoral and moral behavior
c. birth into a good being
d. achieving a state of enlightenment
Ans: D
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual's time of birth.
Cognitive Domain: Knowledge
Answer Location: Human Nature
Difficulty Level: Easy
AACSB Standard: Social responsibility

79. What are the two core types of ethical dilemma?
a. motivated and unmotivated
b. action and inaction
c. emotional and analytical
d. conscious and unconscious
Ans: D
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual's time of birth.
Cognitive Domain: Knowledge
Answer Location: Human Nature
Difficulty Level: Easy
AACSB Standard: Social responsibility

80. Hae-Won, a middle manager at a sales company, wrote a dishonest internal report to make her team seem more productive than it was. Based on general trends, what is the most likely reason she wrote this report?
a. to avoid being fired
b. the need to get new clients
c. personal gain
d. pressure from a superior
Ans: D
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Application
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Social responsibility

**True/False**

1. Small businesses are somewhat less prone to ethical challenges than larger corporations.

Ans: F
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Comprehension
Answer Location: Ethical Issues at Work
Difficulty Level: Easy
AACSB Standard: Social responsibility

2. In an action sequence, the motivation for the act is the only component that carries ethical weight.
Ans: F
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Comprehension
Answer Location: Ethical Issues at Work
Difficulty Level: Hard
AACSB Standard: Social responsibility

3. Companies can be held liable for unethical behavior even if everything they do is legal.
Ans: T
Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Comprehension
Answer Location: Costs Associated With Ethical Behaviors
Difficulty Level: Medium
AACSB Standard: Social responsibility

4. Most Americans claim that they would not take a job from a company with an unethical reputation even if unemployed.
Ans: T
Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Comprehension
Answer Location: Costs Associated With Ethical Behaviors
Difficulty Level: Easy
AACSB Standard: Social responsibility

5. Research has demonstrated a positive causal relationship between corporate social responsibility and financial performance.
Ans: T
Learning Objective: 1-3: Explain the competitive advantages of creating and maintaining an ethical organization.
Cognitive Domain: Knowledge
Answer Location: Competitive Advantages of Ethical Organizations
Difficulty Level: Medium
AACSB Standard: Social responsibility

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6. On the whole, people tend to respond to unfair or dishonest treatment with fair and honest treatment.
Ans: F
Learning Objective: 1-3: Explain the competitive advantages of creating and maintaining an ethical organization.
Cognitive Domain: Knowledge
Answer Location: Competitive Advantages of Ethical Organizations
Difficulty Level: Medium
AACSB Standard: Social responsibility

7. All of the four broad philosophies of morality and human nature contend that humans are born with a soul.
Ans: F
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual's time of birth.
Cognitive Domain: Analysis
Answer Location: Human Nature
Difficulty Level: Medium
AACSB Standard: Social responsibility

8. According to Jonathan Haidt, our "moral sense" includes emotions like contempt, anger, and disgust.
Ans: T
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual's time of birth.
Cognitive Domain: Comprehension
Answer Location: Human Nature
Difficulty Level: Medium
AACSB Standard: Social responsibility

9. Lawrence Kohlberg proposed that human beings go through six stages of moral development divided into three overall levels.
Ans: T
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Knowledge
Answer Location: Cognitive and Moral Development
Difficulty Level: Easy
AACSB Standard: Social responsibility

10. "Do not lie to others" could be considered an altruistic behavior but not a moral imperative.
Ans: F
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Comprehension
Answer Location: Cognitive and Moral Development
Difficulty Level: Hard

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AACSB Standard: Social responsibility

**Short Answer**

1. Give an example of a stakeholder in an organization.
Ans: Answers may vary widely, but any person or organization that is affected by, or could affect, an organization's ability to accomplish its goals will qualify. A customer, a supplier, a competitor, or even a government regulator who must deal with the organization are examples.
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Comprehension
Answer Location: Ethical Issues at Work
Difficulty Level: Medium
AACSB Standard: Social responsibility

2. What is the cost of lost reputation to a business?
Ans: The costs of lost reputation are often multidimensional. The most direct cost is lost business, but effects can also be felt in loss of current employees and difficulty hiring quality new employees. Most organizations count on a good reputation as part of their market value.
Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Comprehension
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Hard
AACSB Standard: Social responsibility

3. Describe the typical costs to a business of abusive supervision.
Ans: Employees respond in many different ways to abusive supervision by management. Absenteeism can increase, health care costs can rise dramatically, and worker productivity often decreases. Some employees also retaliate by abusing others or stealing from the organization.
Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Comprehension
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Hard
AACSB Standard: Social responsibility

4. What did philosophers who espoused the "born with prior knowledge of right and wrong" school believe of the origin of the mind?
Ans: They believed that the mind was present in a spiritual realm before birth, full of ideas already, joined with the body at birth, and then needed at birth to relearn what it already knew.
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual's time of birth.

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Cognitive Domain: Comprehension
Answer Location: Human Nature
Difficulty Level: Medium
AACSB Standard: Social responsibility

5. List two of the four general reasons that good people behave unethically.
Ans: There are four possible answers: not intending to generate the unethical outcome of an action, choosing one set of values over a competing set of values, justifying the unethical action based on a more compelling reason to act, and choosing not to prevent an unethical action for compelling reasons (like survival).
Learning Objective: 1-6: Discuss why good people occasionally behave unethically.
Cognitive Domain: Comprehension
Answer Location: Why Do Good People Behave Unethically?
Difficulty Level: Hard
AACSB Standard: Social responsibility

**Essay**

1. If you are a manager, what is your role in helping to create a well-managed organization?
Ans: Broadly, your job as a manager is to help your employees take on a common mission to help the community of people who make up an organization become effective, efficient, and ethical. All three of these attributes are interrelated. In an effective organization, the people accomplish their goals; in an efficient one, they do so without wasting resources. For ethical organizations, people accomplish these tasks while respecting the integrity and dignity of others. As a manager, you must help create an ethical environment for any of the other components to be present, and that can include choosing good people and applying ethical standards to their conduct and your own.
Learning Objective: 1-1: Identify common types of unethical behaviors in the workplace.
Cognitive Domain: Comprehension
Answer Location: Ethical Issues at Work
Difficulty Level: Hard
AACSB Standard: Social responsibility

2. Explain how a company might be held liable for unethical behavior even if that behavior is entirely legal in nature.
Ans: Governments and laws are not perfect, and they cannot always force fully ethical behavior on an organization through laws that are part of the democratic process. If an organization has prior knowledge that a product they produce can cause serious illness in a consumer, then it may later be deemed highly unethical--and thus subject to civil legal challenge--if they continue with that behavior anyway, even though there may be no specific laws blocking it. The text gives the example of cigarette manufacturers, who knew that their products caused illness for decades but continued to sell cigarettes anyway and are now subject to legal ramifications for that negligence.

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Learning Objective: 1-2: Describe how unethical behaviors can be very costly to organizations.
Cognitive Domain: Application
Answer Location: Costs Associated With Unethical Behaviors
Difficulty Level: Hard
AACSB Standard: Social responsibility

3. Describe how Kohlberg's three levels of cognitive moral reasoning differ from each other.
Ans: Preconventional reasoning is the lowest level, and conventional and postconventional reasoning are each more sophisticated than the previous. Moral choices made in the preconventional level are driven by seeking pleasure and avoiding pain; the conventional level adds complexity by increased socialization and awareness of a larger community. Decisions at the conventional level are driven by the desire to be a good role model and to fit with societal order. With postconventional reasoning, decisions rely on abstract thinking that is driven by personal beliefs about universal principles, and these may contradict the societal laws that govern thinking in the conventional stage.
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Analysis
Answer Location: Cognitive and Moral Development
Difficulty Level: Hard
AACSB Standard: Social responsibility

4. How does the "born with prior knowledge of right and wrong" philosophy of human nature differ from the "born good" philosophy?
Ans: Those who espoused the "born with prior knowledge of right and wrong" believed that when the soul joined the body, minds, emotions, and desires that preexisted came with it. So, the ideas of right and wrong were already there, and when entered into a human child, the child must grow and rediscover what he or she already knew--but the child is not born with a specific tendency toward doing right or doing wrong. "Born good" differs most fundamentally with this by arguing that there is a specifically good orientation to the soul and mind at birth, and that only with time in the world and learning from corrupt others does this change. This view is also more linked to specific religions, like Christianity, Buddhism, and Hinduism than the "prior knowledge" school.
Learning Objective: 1-4: Describe different theories of human nature as related to ethics at an individual's time of birth.
Cognitive Domain: Analysis
Answer Location: Human Nature
Difficulty Level: Hard
AACSB Standard: Social responsibility

5. Jaime is just six weeks old. Based on Piaget's research into cognitive development, what aspects of cognitive development will Jaime have accomplished by age three?
Ans: Jaime can already make a social smile in response to others smiling at him. By three months, he should be expressing laughter and curiosity, and anger, fear of

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strangers, and separation anxiety by one year of age. He is now expressing his feelings to others. At 18 months, the emotions related to self-awareness appear; Jaime will feel embarrassment, pride, and shame. He will soon be able to know the difference between good and bad (two-and-a-half years of age), and at three years old, he should be capable of empathy for others.
Learning Objective: 1-5: Explain the stages of moral development.
Cognitive Domain: Application
Answer Location: Cognitive and Moral Development
Difficulty Level: Hard
AACSB Standard: Social responsibility

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# Sample Answers

## Chapter 1: Unethical Behaviors in Organizations and Human Nature

### Chapter 1 Questions Answered

**Chapter Question 1: What are the most common types of unethical behaviors in organizations?**

**Table 1.1: Five Most Common Unethical Behaviors**

1. **Misuse of company time.** Altering time sheets, covering up for someone who shows up late, and conducting personal business on company time.
2. **Abusive Behavior.** Using one's position or power to mistreat others and create a hostile work environment.
3. **Employee Theft.** Taking products, not recording sales to friends, and manipulating expense reimbursements.
4. **Lying to Employees.** Purposely misleading other employees, or trying to avoid an uncomfortable interaction.
5. **Violating Company Internet Policies.** Surfing the Internet and checking Facebook or Twitter accounts instead of working.

In 2014, an Institute of Leadership and Management survey of 1,600 managers listed the following as the top misbehaviors:

- Taking shortcuts or performing low-quality work: 72%
- Lying to hide mistakes: 72%
- Badmouthing colleagues: 68%
- Falsely blaming others when you don't get your work done: 67%
- Slacking off when no one is watching: 64%
- Lying to hide your colleagues' mistakes: 63%
- Taking credit for other colleagues' work: 57%
- Lying about being sick: 56%

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**Chapter Question 2: How do unethical behaviors increase organizational costs?**

1. Legal Costs
    - As of 2017, financial companies paid more than $100 billion to settle mortgage-related lawsuits.
2. Employee Theft Costs
    - For instance, the U.S. Department of Interior calculated that nonwork-related Internet usage by its employees cost taxpayers $2 million and a loss of 104,221 work hours annually.
3. Monitoring Costs
    - JPMorgan Chase spent more than $730 million over 3 years to hire 2,500 compliance employees and install other compliance features.
4. Reputation Costs
    - VW emissions scandal:
        - Stock price declined 30%
        - Paid more than $20 billion in fines and other costs
        - CEO and other managers forced to resign
5. Abusive Treatment Costs
    - Costs in terms of absenteeism, healthcare costs, and lost productivity have been estimated to be $23.8 billion annually.
6. Recruitment and Turnover Costs
    - The lack of loyalty between an unethical organization and its key constituents is mutual, resulting in higher turnover among employees, customers, suppliers, and investors.

**Chapter Question 3: What are the competitive advantages of creating and sustaining an ethical organization?**

- Attract and retain high-quality employees
- Attract and retain high-quality customers
- Attract and retain high-quality suppliers
- Attract and retain high-quality investors

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- Earn goodwill with community members and government officials
- A host of performance benefits that ethical organizations achieve because they attract high-quality employees and are trusted by customers, suppliers, investors, and government officials:
  - Greater trustworthy information for decision making
  - Higher product and service quality
  - Higher levels of employee productivity
  - Less employee theft
  - Less need for employee supervision

**Chapter Question 4: What are the four beliefs about human nature as related to ethics at the time of birth?**

1. Born with prior knowledge of right and wrong
   - Among the ancient Greek philosophers, Socrates (469–399 BCE) and Plato (427–347 BCE) theorized that individuals are born with a soul—consisting of mind, emotions, and desires—that forms an individual's inner essence.
   - The mind, filled with ideas, preexisted in a spiritual realm and joined the body at birth.
   - With age and experience, individuals rediscover what they already knew about the world at the time of birth.
2. Born good
   - The soul is pure and sinless at birth, and seeks perfect goodness.
   - **Conscience**, in this context, is the voice of God, or pure goodness, within us.
3. Born with inherited sin
   - Due to **inherited sin**, a morally damaged soul joins the body at birth and needs to be healed.
   - Roman Catholics and many Protestants trace inherited sin to Adam and Eve's disobedience to God's will.
   - Hindus and Buddhists believe that a morally imperfect soul is reincarnated from one individual to another.
4. Born morally neutral

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- Aristotle (384–322 BCE) disagreed with his teacher Plato's view that infants possessed preexisting ideas and argued that at birth the mind is an "unscribed tablet."
- Many centuries later, John Locke (1632–1704) referred to this as a "**tabula rasa,**" or blank slate, on which people store moral rules and knowledge based on life experiences.

**Chapter Question 5: What are the six stages of moral development?**

STAGES OF MORAL DEVELOPMENT

Everyone has the potential to be kind or cruel to others. Harvard psychologist Lawrence Kohlberg (1927–1987), influenced by the writings of Jean Piaget, analyzed how children and adults from many cultures formed moral judgments in response to a series of ethical dilemmas. The most famous of these ethical dilemmas is a situation involving Heinz, a fictional person who stole a highly priced rare drug from a pharmacist to save his dying wife.

Preconventional Level: Moral reasoning is based on what benefits the individual. Only my interests exist and matter. Moral determination is based on my own needs and wants.

Stage 1: Obedience-and-Punishment Orientation. Right is determined by obeying rules from a superior authority and avoiding punishment.

Stage 2: Instrumental Orientation. Right is determined by a selfish desire to obtain rewards and benefits from others. You should be nice to other people so that they will be nice to you.

Conventional Level: Moral reasoning is based on applying a social role or group membership analysis. The interests of other people must be considered. Moral determination is based on performing good or right roles, pleasing others, and maintaining societal order.

Stage 3: Good Boy–Nice Girl Orientation. Right is determined by winning the approval, and avoiding the disapproval, of others. You should be concerned about the feelings of other people and keep loyalty and trust with partners.

Stage 4: Law-and-Order Orientation. Right is being a dutiful citizen who follows societal rules and maintains social order.

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Postconventional Level: Moral reasoning is based on applying abstract universal principles. There are societal and beyond societal perspectives that matter. Moral determination is based on abiding by abstract principles applied to society.

> Stage 5: Social Contract Orientation. Right is determined by preserving mutually agreed-upon human rights and changing unjust laws for the sake of community welfare. Individual freedom should be limited only when such freedom interferes with other people's freedom.
>
> Stage 6: Universal Ethical Principles Orientation. Right is determined by following abstract universal ethical principles (such as justice, the Golden Rule, equality, and respect for life). These principles represent a universal consciousness that all humanity should follow.

An individual's sequential passage through the six stages of moral development is influenced by three factors: age, respect for people at the next higher stage, and moral discomfort.

**Chapter Question 6: Why do good people occasionally behave unethically?**

1. Unintended unethical behaviors
    - Sometimes, the unethical outcome was not intended. The person may have good motives but insufficient knowledge or awareness.
2. Choosing between competing values
    - Rushworth Kidder notes that "The *really* tough choices, then, don't center upon right versus wrong. They involve right versus right."
        - Truth versus loyalty
        - Individual versus community
        - Short term versus long term
        - Justice versus mercy
3. Intentional unethical behaviors
    - A survey conducted by the Society for Human Resource Management and the Ethics Resource Center found that 24 percent of the respondents were pressured to compromise ethical standards either periodically, fairly often, or all the time. Of those feeling pressured, the top five organizational sources were:
        1. Following the boss's directives (experienced by 49%)

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2. Meeting overly aggressive business or financial objectives (48%)
3. Helping the organization to survive (40%)
4. Meeting schedule pressures (35%)
5. Wanting to be a team player (27%)

4. Failure to report unethical behaviors
   - The top reasons for not informing a manager about unethical behaviors were:
     - Fear of being labeled or viewed negatively by others, such as being considered a troublemaker, tattletale, or complainer
     - Fear of damaging relationships with the person committing the unethical act
     - Fear of retaliation or punishment from the person committing the unethical act
     - Fear of negatively impacting the life of the person committing the unethical act
     - Fear of being blamed for the problem
     - Belief that management would not act on the issue if informed

## CHAPTER 1 ETHICAL DILEMMA ANALYSIS

Each chapter contains three real-life ethical dilemmas: (a) What Would You Do? (all stories provided by my students), (b) Ethics in the News (all stories reported in a newspaper), (c) Up for Debate, and (d) In the Real Word: Enron (available on book website, with more in-depth explanations available in Denis Collins [2006] *Behaving Badly: Ethical Lessons from Enron*). Have students apply Table 5.3, "Systematic Rational Ethical Decision-Making Process," to analyze these ethical dilemmas (see following instructions). By doing so, students develop a habit for analyzing decisions that take into consideration ethical concerns.

Step 1: Write the decision options in the appropriate column below.
Step 2: Apply the seven "Applying Ethical Theories to Decision Making" questions to the decision to obtain relevant ethical information.
Step 3: Insert the ethical strengths and weaknesses revealed by each of the seven ethical questions in the appropriate column below.
Step 4: Review the option strengths and insert in the options column what "value" supports the option (i.e., honesty, loyalty, efficiency, respect, job security, profits, etc.).

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| Step 5: Given the strengths and weaknesses, choose a decision option, explain why that option and value were chosen rather than the alternative options, and determine how to manage the weaknesses associated with the option chosen. |

Note on ethical dilemma analyses and author recommendation: The "author" (me) is stating his best judgment. All the ethical dilemmas are difficult and involve tradeoffs, some more so than others. As noted throughout the textbook, everyone has a different moral intuition, and those reasoning at the same level of moral development can disagree about the right thing to do. In addition, everyone has a different level of risk comfort (my risk comfort is rather high). The teacher can use my recommendation as grounds for student agreement or disagreement.

## CHAPTER 1 ANALYSIS FOR "WHAT WOULD YOU DO?" OPENING DILEMMA

Chapter 1: Budget Estimates

Summary

- You are a project manager in the planning department of a technology center
- Responsible for creating and overseeing project time and cost budget estimates, bonuses tied to performance
- A project can be completed in 12 months at $2 million, which is a budget that includes some flexibility for the usual unforeseeable problems that arise
- Common practice on your team is to heavily inflate project time and cost estimates to ensure that performance goals are always met
- This means reporting project will be completed in 16 months for $2.5 million
- What to do?
- Option A: Produce and report accurate minimally inflated estimates
- Option B: Heavily inflate estimates to ensure making your goals

**Table 5.3 Systematic Rational Ethical Decision-Making Process**

| |
|---|
| 1) Who are all the people affected by the action?<br>You (project manager), your team, customers, other departments in need of the inflated money set aside for project. |
| 2) What option benefits me the most (egoism)? Why? |

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| |
|---|
| Highly inflate (Option B): Ensures that you make bonus, less stress to meet deadlines, and team is happy you did this so they can earn bonuses too. |
| 3) What option does my social group support (social group relativism)? Why?<br>Highly inflate (Option B): Common practice and benefits team. |
| 4) What option is legal (cultural relativism)? Why?<br>Accurate minimal inflation (Option A): Highly inflated may be legal, but it can be considered a fraudulent way to getting higher bonuses, which may have legal ramifications. |
| 5) What option is the greatest good for the greatest number of people affected (utilitarianism)? Why?<br>Accurate minimal inflation (Option A): This allows more money available for employees to undertake other projects. |
| 6) What option is based on truthfulness and respect/integrity toward each stakeholder (deontology)? Why?<br>Accurate minimal inflation (Option A): Truthfulness entails reporting accurate information. |
| 7) What option would a virtuous person do (virtue ethics)? Why?<br>Accurate minimal inflation (Option A): Moral character is strengthened by providing accurate information and reasonable time and budget requests; otherwise, you are being manipulative. |
| *Note:*<br>• *If answers to Questions 2 through 7 are all the same option,* then do that option.<br>• *If answers to Questions 2 through 7 are mixed,* then:<br>  ○ *If answers to Questions 5, 6, and 7 are the same option,* this option is the *most* ethical. But you may need to modify this decision in consideration of answers to Questions 2 through 4, or weaknesses associated with Questions 5 through 7.<br>  ○ *If answers to Questions 5, 6, and 7 are mixed,* then there is no clear "most ethical" response, and you make your decision by carefully considering the strengths and weaknesses of Questions 2 through 7. |

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| Option | Option Strengths Based on Application of Ethical Theories | Option Weaknesses Based on Application of Ethical Theories |
|---|---|---|
| A: Produce and report accurate minimally inflated estimates | • Honest<br>• Benefits other departments in need of time and money resources | • Makes it harder to meet goals |
| B: Heavily inflate estimates to ensure making your goals | • Ensures that you make bonus and experience less stress<br>• Makes team members happy | • Manipulating data and reports border on being fraudulent<br>• Less money to allocate for other projects |
| C: Other? | | |
| Option Chosen | Option A: Produce and report accurate minimally inflated estimates | |
| Chosen Because | This is based on utilitarianism, deontology, and virtue ethics. The company now has more money available for other projects and better utilization of employee time (utilitarianism). You are also being honest (deontology) and behaving with high integrity (virtue ethics). | |
| How Will You Manage Chosen Option Weaknesses | Educate team members and boss about the importance of providing accurate budget estimates. Assess project performance on a regular basis to ensure that the more accurate goals can be met. | |

## CHAPTER 1 ANALYSIS FOR "ETHICS IN THE NEWS"

1. If you were a Sallie Mae loan officer, what would you do if you were directed by your boss to issue a high-risk loan to a student who, according to your calculations, has a 92 percent likelihood of default?
   a. Issue the loan without highlighting the risks
   b. Emphasize the negative consequences of defaulting and let the student decide
   c. Refuse to issue the loan
2. Why is this the right option to choose?
   a. Default on these loans carry risks to two parties: (a) Sallie Mae and (b) the student borrowers. Presumably, Sallie Mae officials are making informed choices based

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on the default risks. However, student borrowers may not be aware that defaulting on a loan can harm their credit ratings, which may make it difficult to qualify for loans later in life.

b. Informing student borrowers of long-term consequences of default risk properly ensures that persons most affected by the situation can make informed choices.

c. This option rests on the assumption that as a loan officer, you know more about the borrowers' interests and abilities than they do. That may be occasionally true, but is an unlikely basis for a general rule.

3. What are the ethics underlying your decision?

"Playing along" or "just following orders" may be the simplest choice here, though it reinforces a system of benefits in favor of schools and Sallie Mae at the expense of the students.

**Ethics in the News: Student Loans**

Sallie Mae is a publicly traded U.S. corporation that lends billions of dollars in student loans. Twenty-five percent of all student borrowers hold Sallie Mae loans. There are two types of student borrowers: (1) students who qualify for federally guaranteed loans—the students are responsible for the loan, and if they default, the lender is guaranteed reimbursement; (2) students who *do not* qualify for federally guaranteed loans because they are high risk—the students are responsible for the loan, and if they default, the lender loses the loan amount. Lenders such as Sallie Mae greatly prefer to issue federally guaranteed loans because it does not put them at financial risk.

One Sallie Mae marketing strategy is to provide some loans to students who don't qualify for federally guaranteed loans as a way to build better relationships with schools. The rationale is that these schools are then more likely to direct students who do qualify for federally guaranteed loans to Sallie Mae. Even though Sallie Mae loses money on these "designed to fail" student loans, the financial losses are minimal compared to the large profits generated by the additional applications from students who do qualify for federally guaranteed loans.

Critical Thinking Questions

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1. If you were a Sallie Mae loan officer, what would you do if you were directed by your boss to issue a high-risk loan to a student who, according to your calculations, has a 92 percent likelihood of default?
   a. Issue the loan without highlighting the risks
   b. Emphasize the negative consequences of defaulting and let the student decide
   c. Refuse to issue the loan
2. Why is this the right option to choose?
3. What are the ethics underlying your decision?

**Critical Thinking Decision-Making Process Table**

| |
|---|
| Step 1: Write the decision options in the appropriate column below.<br>Step 2: Apply the seven "Applying Ethical Theories to Decision Making" questions to the decision to obtain relevant ethical information.<br>Step 3: Insert the ethical strengths and weaknesses revealed by each of the seven ethical questions in the appropriate column below.<br>Step 4: Given the strengths and weaknesses, choose a decision option (see "note" below for guidance), explain why that option was chosen rather than the alternative options, and determine how to manage the weaknesses associated with the option chosen. |
| 1) Who are all the people affected by the action? You (Sallie Mae loan officer), college, student who is 92 percent likely to default, Sallie Mae. |
| 2) What option benefits me the most (egoism)? Why? Option "A," issue the loan, because you are doing as directed by boss. |
| 3) What option does my social group support (social group relativism)? Why? Option "A," issue the loan, because this is common practice at Sallie Mae. |
| 4) What option is legal (cultural relativism)? Why? Both options are legal. |
| 5) What option is the greatest good for the greatest number of people affected (utilitarianism)? Why? Option "A," issue the loan, because it enhances Sallie Mae's business and provides high-risk students with funding to attend college. |
| 6) What option is based on truthfulness and respect/integrity toward each stakeholder (deontology)? Why? Option "B," emphasize the negative consequences and let |

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student decide. This way, the student is fully informed and taking responsibility for the decision and its likely outcomes.

7) What option would a virtuous person do (virtue ethics)? Why? Option "C," refuse to issue the loan, enhances your moral character because you are helping student avoid future credit rating problem given the very high (92 percent) likelihood of default. Loan applicants are biased to their desired outcome, thus these students likely assume they will not default even though there is a 92 percent chance they will. Defaulting on the loan can result in personal bankruptcy and ruin their credit rating for a long time.

*Note:*

- *If answers to Questions 2 through 7 are all the same option,* then do that option.
- *If answers to Questions 2 through 7 are mixed,* then:
  - *If answers to Questions 5, 6, and 7 are the same option,* this option is the *most* ethical. But you may need to modify this decision in consideration of answers to Questions 2 through 4, or weaknesses associated with Questions 5 through 7.
  - *If answers to Questions 5, 6, and 7 are mixed,* then there is no clear "most ethical" response, and you make your decision by carefully considering the strengths and weaknesses of Questions 2 through 7.

| **Option** | **Option Strengths Based on Application of Ethical Theories** | **Option Weaknesses Based on Application of Ethical Theories** |
|---|---|---|
| A: Issue the loan without highlighting the risks | • You are following orders (egoism)<br>• It is a common practice (social group relativism)<br>• Enhances likelihood of getting more federally guaranteed student loans directed to firm (utilitarianism) | • Can ruin student's life due to 92 percent chance of loan default, potential bankruptcy, and ruined credit rating score (deontology, virtue ethics) |

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| | | |
|---|---|---|
| | • Gives student a chance of professional success by getting a degree (utilitarianism) | |
| B: Emphasize the negative consequences of defaulting and let the student decide | • Enhances likelihood of getting more federally guaranteed student loans directed to firm (utilitarianism)<br>• Gives student a chance of professional success by getting a degree (utilitarianism)<br>• Ensures that student is fully aware of the high risk of default, thus treating student like an adult (deontology, virtue ethics) | • Boss may get upset since this is not what he directed you (egoism)<br>• Can ruin student's life due to 92 percent chance of loan default, potential bankruptcy, and ruined credit rating score (deontology, virtue ethics) |
| C: Refuse to issue the loan | • There is a 92 percent chance that the student will default, which can lead to bankruptcy and a ruined credit rating (deontology, virtue ethics) | • Boss may get upset since this is not what he directed you (egoism)<br>• Student cannot attend college (deontology) |
| Option and Value Chosen | Option "B": Emphasize the negative consequences of defaulting and let the student decide. This is supported by utilitarianism, deontology, and virtue ethics. | |
| Chosen Because | Provides student an opportunity to get a college degree, increases likelihood of college sending firm more federally qualified loan applicants, and treats the student with respect to make his or her fully informed decision. | |
| How Will You Manage Chosen Option Weaknesses | • Meet with boss so boss knows you have modified his or her request by emphasizing the negative consequences of defaulting. Explain to your boss your moral concerns about these types of almost | |

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| | guaranteed defaults and how, if the student defaults, it will ruin credit rating and make it very difficult for customer to get any other loans.<br>• Since you are concerned about the loan applicant's future well-being, you are making sure that the loan applicant is fully aware of the financial risks. |

## CHAPTER 1 ANALYSIS FOR "UP FOR DEBATE"

| **Up for Debate: Honesty and Lying.** Should individuals always tell the truth? | |
|---|---|
| Yes, always tell the truth:<br>• Honesty helps individuals mature (virtue ethics)<br>• Enhances your reputation (deontology, virtue ethics)<br>• Lying damages your reputation and self-esteem (deontology, virtue ethics)<br>• Truth, rather than a bunch of cover-up lies, is easier to remember (egoism)<br>• People tend to trust and respect honest people (egoism, deontology, virtue ethics)<br>• Lying can be addictive (egoism)<br>• Lying to regulators, customers, etc., can have negative legal ramifications (cultural relativism)<br>• When caught lying, it often damages relationships (social group relativism)<br>• Lying leads to losing your authentic self (deontology, virtue ethics) | No, sometimes lying is justifiable:<br>• Sometimes, telling the truth might cause harm to other person and yourself (egoism, deontology)<br>• By lying, sometimes you are more likely to get what you want (egoism, utilitarianism)<br>• Helps in avoiding being punished (egoism)<br>• Avoids awkwardness when telling the truth will hurt the listener (utilitarianism)<br>• Sometimes, lying is necessary to maintain another person's confidentiality (virtue ethics)<br>• On average, an individual lies 1 or 2 times a day; thus, it's part of human nature to lie (egoism) |

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| | |
|---|---|
| • Honesty is how we want others to treat us (deontology) | |

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