

Dynamic Business Law: The Essentials, 4e (Kubasek)
Chapter 2 Business Ethics and Social Responsibility

- 1) Ethics is the study and practice of decisions that meet, but do not exceed, minimum standards of behavior prescribed by law.
- 2) Business ethics refers to standards of business conduct, not a set of correct decisions.
- 3) An ethical dilemma is a problem about what a firm should do for which no clear, right decision is available.
- 4) Reasonable people can expect to disagree about optimal solutions to ethical dilemmas.
- 5) A business decision cannot be legal but unethical.
- 6) Ethical standards are uniform globally.
- 7) The stakeholders of a business are limited to those who have an ownership interest in the business.
- 8) Business managers should make sure they consider all relevant stakeholders when they engage in ethical reasoning.
- 9) Employees are not stakeholders of a business.
- 10) The social responsibility of business consists of the expectations the community imposes on firms doing business within its borders.
- 11) We derive our ethics from the interplay of values.
- 12) The Golden Rule is the idea that we should interact with other people in a manner consistent with the way we would like them to interact with us.
- 13) An ethical _____ is a problem about what a firm should do for which no clear, right decision is available.
 - A) construct
 - B) postulate
 - C) standard
 - D) dilemma
 - E) hypothesis
- 14) The social responsibility of business consists of the expectations _____ impose(s) on firms.
 - A) the community
 - B) future generations
 - C) management
 - D) employees
 - E) shareholders

15) Which of the following is an incorrect statement regarding values?
A) Values are positive abstractions.
B) Values capture our sense of what is good or desirable.
C) Values come from the interplay of ethics.
D) Values are ideas that underlie conversations about business ethics.
E) Values represent our understanding of the purposes we will fulfill by making particular decisions.

16) Which of the following is an example of the primary value of freedom?
A) To be safe from those wishing to interfere with your property rights
B) To possess the capacity or resources to act as one wishes
C) To provide resources in proportion to need
D) To maximize the amount of wealth in society
E) To get the most from a particular output

17) In 2007, Dole was sued by a group of its employees for:
A) Low wages
B) Age Discrimination
C) Bribery
D) Sex discrimination
E) Ignoring safety recommendations in their use of pesticides

18) The "W" in the WH process of ethical decision making stands for:
A) Why
B) When
C) Where
D) Wherewithal
E) Who

19) Positive abstractions that capture our sense of what is good or desirable are _____.
A) ethical ideations
B) values
C) subconscious demands
D) ethical standards
E) action-oriented goals

20) The idea that we should interact with other people in a manner consistent with the manner in which we would like for them to interact with us is called the _____.
A) Purpose-Driven Life Rule
B) Ethical Self-Actualization Rule
C) Eighth Commandment of the Ten Commandments
D) Golden Rule
E) Ninth Commandment of the Ten Commandments

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

- A) television test
- B) universalization test
- C) Golden Rule
- D) Biden Rule
- E) means test

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

- A) The Golden Rule
- B) The universalization test
- C) The public disclosure test
- D) The television test
- E) The ethical plagiarism standard

23) Environmental Concerns. Connie, the president of a company that makes paper, has a new interest in the environment. She recently went to a seminar on environmental dangers and has decided to take steps to clean things up. She started at home and was also committed to change things at work. Connie had to face the fact that her company has been cheating and is not in compliance with applicable environmental regulations due to dumping in a nearby river. Her company has never been cited, however, because it employs a very large number of people in the community, including the mayor's wife and the chief-of-police's brother. On her mission to clean things up, Connie has decided to go even further than the law requires and install the very latest environmental protections. When she announced her plan, the chair of the company's board of directors, Brooke, had a meeting with Connie. Brooke told Connie to analyze the situation carefully because the cost of the additional equipment would mean no dividend to shareholders and no raise for employees. Furthermore, Brooke told Connie that installing all the new equipment would result in higher prices for the company's paper products and could bankrupt the company because of foreign competition. Brooke hinted that Connie could be fired if she persisted. Brooke suggested that Connie just be concerned with a minimal standard of ethics. Which of the following is the minimal standard that a business must meet in a consideration of business ethics?

- A) Decisions must be legal.
- B) Decisions must meet the criteria of a follower of the WPH Framework for Business Ethics.
- C) Decisions must meet the requirements of the most important stakeholders.
- D) Decisions must receive a majority vote of acceptance by employees.
- E) Both that decisions must be legal and that decisions receive a majority vote of acceptance by employees.

24) Environmental Concerns. Connie, the president of a company that makes paper, has a new interest in the environment. She recently went to a seminar on environmental dangers and has decided to take steps to clean things up. She started at home and was also committed to change things at work. Connie had to face the fact that her company has been cheating and is not in compliance with applicable environmental regulations due to dumping in a nearby river. Her company has never been cited, however, because it employs a very large number of people in the community, including the mayor's wife and the chief-of-police's brother. On her mission to clean things up, Connie has decided to go even further than the law requires and install the very latest environmental protections. When she announced her plan, the chair of the company's board of directors, Brooke, had a meeting with Connie. Brooke told Connie to analyze the situation carefully because the cost of the additional equipment would mean no dividend to shareholders and no raise for employees. Furthermore, Brooke told Connie that installing all the new equipment would result in higher prices for the company's paper products and could bankrupt the company because of foreign competition. Brooke hinted that Connie could be fired if she persisted. Brooke suggested that Connie just be concerned with a minimal standard of ethics. Which of the following would be a stakeholder in the company?

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

25) Environmental Concerns. Connie, the president of a company that makes paper, has a new interest in the environment. She recently went to a seminar on environmental dangers and has decided to take steps to clean things up. She started at home and was also committed to change things at work. Connie had to face the fact that her company has been cheating and is not in compliance with applicable environmental regulations due to dumping in a nearby river. Her company has never been cited, however, because it employs a very large number of people in the community, including the mayor's wife and the chief-of-police's brother. On her mission to clean things up, Connie has decided to go even further than the law requires and install the very latest environmental protections. When she announced her plan, the chair of the company's board of directors, Brooke, had a meeting with Connie. Brooke told Connie to analyze the situation carefully because the cost of the additional equipment would mean no dividend to shareholders and no raise for employees. Furthermore, Brooke told Connie that installing all the new equipment would result in higher prices for the company's paper products and could bankrupt the company because of foreign competition. Brooke hinted that Connie could be fired if she persisted. Brooke suggested that Connie just be concerned with a minimal standard of ethics. Connie, however, decides to go forward with her plan to clean things up under the theory that she wants to treat others in the same manner that she wants to be treated. Under Connie's theory, if she did not understand the importance of the environmental improvements, she would want them to be thrust upon her. Connie's idea is best referred to as the _____.

- A) Golden Rule
- B) public disclosure test
- C) universalization test
- D) Sarbanes-Oxley Rule
- E) television test

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