

1. Select the best definition of ethics:

- a. a set of rules for behavior.
- b. a menu of options regarding what we must do.
- c. a menu of options regarding what we should do.
- d. standards that must be met to avoid penalty.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Introduction
QUESTION TYPE: Multiple Response
HAS VARIABLES: False
KEYWORDS: Bloom's: Understand
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2. Laws must be static and unyielding in order to provide stability for a society.

- a. True
- b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Introduction
QUESTION TYPE: True / False
HAS VARIABLES: False
KEYWORDS: Bloom's: Understand
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3. Choose the statement regarding duty to rescue that is false:

- a. There is no general duty to rescue an individual.
- b. Individual freedom dictates that a person should not be forced to act.
- c. Under a liberal–communitarian approach, citizens owe a duty to the state to rescue other citizens.
- d. When one taunts another person who then puts themselves in danger in response to the teasing, the teaser has a duty to rescue the person teased.

ANSWER: d
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Freedom versus Responsibility: A Duty to Rescue?
QUESTION TYPE: Multiple Response
HAS VARIABLES: False
KEYWORDS: Bloom's: Apply
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4. All of the following are considered exceptions to the general rule that there is no duty to rescue except:

- a. Pre-existing duty: For example, lifeguards have signed contracts agreeing to rescue people in exchange for pay and benefits.
- b. Witnessing an accident: This creates a duty to step in and help the injured.
- c. Employer: A duty exists to help an employee injured while working for that employer.
- d. Endangerment: If one puts another in danger, they are obligated to rescue the person put in danger.

ANSWER: b
 POINTS: 1
 DIFFICULTY: Moderate
 REFERENCES: Freedom versus Responsibility: A Duty to Rescue?
 QUESTION TYPE: Multiple Response
 HAS VARIABLES: False
 KEYWORDS: Bloom's: Apply
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5. Which of the following views would be consistent with the free market ethics approach advocated by Milton Friedman?

- a. Outsourcing to other countries is wrong because it is detrimental to the overall US economy.
- b. When making decisions, corporate managers should consider the interests of all the corporation's stakeholders.
- c. The only social responsibility of business is to increase profits in a legal and ethical manner.
- d. Automating processes and replacing workers is unethical since it does not serve a greater good.

ANSWER: c
 POINTS: 1
 DIFFICULTY: Moderate
 REFERENCES: Ethical Decision Making: A Toolkit
 QUESTION TYPE: Multiple Response
 HAS VARIABLES: False
 KEYWORDS: Bloom's: Apply
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6. Which of the following statements best illustrates the view of "utilitarianism"?

- a. From each according to his abilities, to each according to his needs.
- b. Cultivating the habits of good character will naturally lead a person to their fullest potential.
- c. An action is right when maximizing welfare and total well-being,
- d. Individuals should pursue his or her own self-interest, even at the expense of others.

ANSWER: c
 POINTS: 1
 DIFFICULTY: Moderate
 REFERENCES: Ethical Decision Making: A Toolkit
 QUESTION TYPE: Multiple Response
 HAS VARIABLES: False
 KEYWORDS: Bloom's: Apply

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7. Which of the following statements are aligned with the perspective offered by deontological thinker Kant:

- I. It is only acceptable to lie when done to protect an innocent person.
- II. The level of respect owed to another is based on one's relationship to that person.
- III. It is wrong to use another person unless mutual benefit is attached.
- IV. A person should take actions they expect to be repeated for the same reasons whenever the same situation arises, even if they wind up on the receiving end of such actions

- a. I and III
- b. II and IV
- c. III and IV
- d. I, III, and IV

ANSWER: c

POINTS: 1

DIFFICULTY: Moderate

REFERENCES: Ethical Decision Making: A Toolkit

QUESTION TYPE: Multiple Response

HAS VARIABLES: False

KEYWORDS: Bloom's: Apply

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8. Virtue ethics:

- a. focuses on what human beings are capable of being.
- b. requires strict adherence to specific standards of behavior.
- c. accepts that individuals rarely reach moral excellence.
- d. are based on the concept that a person's ethical beliefs are developed in childhood and do not change.

ANSWER: a

POINTS: 1

DIFFICULTY: Easy

REFERENCES: Ethical Decision Making: A Toolkit

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

KEYWORDS: Bloom's: Understand

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9. The Ethic of Care is:

- a. A set of rules that explain how to prioritize those people affected by a decision so that a utilitarian analysis can be done successfully.
- b. A set of universal principles, which applied evenly to all decisions will result in fairness and equity in ethical decisions.
- c. The idea that we should all make decisions under the assumption that we don't know our station in

life, that we could be the person most negatively impacted by the decision.

- d. A set of principles that encourage decision makers to look at human relationships as a primary motivator for a decision.

ANSWER: d
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Ethical Decision Making: A Toolkit
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Understand
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10. Which of the following accurately explains differences between the free market ethical perspective and utilitarianism?

- a. While both the free market ethical perspective and utilitarianism are both concerned with the well-being of shareholders, utilitarianism considers the well-being of shareholders along with other stakeholders.
- b. The free market ethical perspective focuses on shareholder well-being, with utilitarianism does not consider the effects on shareholders.
- c. Following the law is not required by the free market ethical perspective, but it is required by utilitarianism.
- d. While the free market ethical perspective is concerned with making a profit, utilitarianism does not consider profit as a desirable outcome.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Ethical Decision Making: A Toolkit
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Apply
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11. Which of the following statements is INCORRECT regarding the rights of shareholders?

- I. Shareholders have voting power on major issues and ownership in a portion of the company
 - II. Shareholders have the right to transfer ownership and are entitled to dividends
 - III. Shareholders have the right to hire and fire management and select and appoint a chief executive
- a. I and II
 - b. I, II, and III
 - c. I only
 - d. III only

ANSWER: d
POINTS: 1

DIFFICULTY: Easy
REFERENCES: Corporate Governance
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Understand
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12. According to Citizens United v. Federal Election Commission, which of the following is NOT a reason to allow corporations the right to spend money and advertise for political candidates?

- a. Political speech is the most important, and most protected, speech that exists. It is crucial to the democratic process that political speech be encouraged and heard.
- b. The immense wealth of a corporation allows it to be the most accurate in providing messages to people.
- c. Independent expenditure by corporations do not give rise to corruption or the appearance of corruption.
- d. Rapid changes in technology suggest laws restricting political speech should not be upheld.

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Corporations, Public Policy, and Money
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Understand
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13. In the wake of *Citizens United* and other related court decisions, what type of nonprofit organization can raise unlimited funds from individuals and corporations and use those funds for political campaign ads, as long as it does not collaborate directly with official political campaigns?

- a. Benefit Corporations
- b. 501(c)s
- c. SuperPACs
- d. Multinational corporations

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Corporations, Public Policy, and Money
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Understand
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14. Corporate director or officer decisions to dedicate corporate funds for social causes is called:

- a. Corporate Social Responsibility (CSR)
- b. Social Activism (SA)
- c. Business Engagement in Environmental Situations (BEES)

d. Strategic Investment in Stakeholder Issues (SISI)

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Corporate Social Responsibility
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Understand
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15. Which of the following statements regarding Benefit Corporations is true?

- a. Benefit corporations are not concerned with making profit for their shareholders.
- b. Directors of benefit corporations are protected from all lawsuits from both shareholders and beneficiaries of the corporation's public benefit purpose.
- c. Benefit corporations are incorporated under state law with the intent to be profitable.
- d. All of these statements regarding benefit corporations are true.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
REFERENCES: Corporate Social Responsibility
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
KEYWORDS: Bloom's: Understand
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16. Describe the difference between the law and ethics.

ANSWER: Law provides for a set of rules for behavior. When these rules are broken, behavior is punishable. On the other hand, ethics presents a menu of options, sometimes disconnected from laws. Laws are "what a person must do," and ethics addresses "what a person should do."

POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Introduction
QUESTION TYPE: Objective Short Answer
HAS VARIABLES: False
KEYWORDS: Bloom's: Understand
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17. From where do ethical preferences originate?

ANSWER: Ethical preferences originate not from legislators or judges, but from an individual's own critical consciousness. They can be shaped by a wide variety of factors, including family,

religion, culture, community and experiences.

POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Introduction
QUESTION TYPE: Objective Short Answer
HAS VARIABLES: False
KEYWORDS: Bloom's: Understand
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18. Explain the potential negative effects of allowing corporations to contribute unlimited amounts of money to support political causes.

ANSWER: There are several potential negative effects. Their immense resources could allow them to have outsized influence in political matters, and could lead to corruption in the political system. The perception that corporations dominate the political process could also lead people to become disillusioned with the process. Additionally, corporations can be foreign controlled, which raises concerns that elections could be unduly influenced by foreign influences that do not have the best interests of the United States in mind.

POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Corporate Governance
QUESTION TYPE: Objective Short Answer
HAS VARIABLES: False
KEYWORDS: Bloom's: Apply
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19. Explain why laws exist that do not impose a duty to rescue.

ANSWER: Traditionally, our society has tended to grant maximum leeway to individual freedom of choice. Requiring that people help one another in emergencies would infringe on that freedom by forcing people to act when they might choose not to. Further, imposing a duty to rescue presupposes that there is agreement that rendering assistance is always the right thing to do, which in some cases, it is not. It might also put the rescuer at risk of harm.

POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Freedom versus Responsibility: A Duty to Rescue?
QUESTION TYPE: Objective Short Answer
HAS VARIABLES: False
KEYWORDS: Bloom's: Apply
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20. Describe the philosophy of noted economist, Milton Friedman, on the issue of “free market ethics.”

ANSWER: Friedman held that it is wrong for managers to use corporate resources to deal with problems in society at large. Decisions regarding such social problems should be addressed

by governments in the political arena and funded by tax dollars. A decision by corporate managers to aid society is, in effect, theft of stockholders' resources. Therefore, managers should make decisions by focusing on the benefits to shareholders.

POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Ethical Decision Making: A Toolkit
QUESTION TYPE: Objective Short Answer
HAS VARIABLES: False
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21. Discuss the differences in utilitarianism and Deontology in making a decision.

ANSWER: According to utilitarianism, in any situation, the alternative that produces the greatest overall good should be chosen. It lends itself to a very business-like approach to the decision. A cost-benefit analysis should be done, not just for the organization making the decision, but for all who will be affected by the decision. Deontology is focused on adhering to moral principles, even if they seem to produce an undesired outcome.

POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Ethical Decision Making: A Toolkit
QUESTION TYPE: Objective Short Answer
HAS VARIABLES: False
KEYWORDS: Bloom's: Apply
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22. Discuss the similarities and differences between a traditional corporation and a benefit corporation.

ANSWER: Both types of corporations are incorporated under state law with a purpose to be profitable. Both submit annual reports to shareholders. Directors of both types of corporations have a responsibility to adequately consider shareholder financial interests and shareholders can bring a shareholders derivative lawsuit against directors for failing to do so. Benefit corporations differ from traditional corporations in that they are intended to make a profit through conducting business in a "socially and environmentally responsible way." Benefit corporations focus is not solely on profit - they also seek to improve the lives of people and protect the planet. Unlike traditional corporations that are allowed to form for any lawful purpose, benefit corporations are required to have a purpose of "creating public benefit."

POINTS: 1
DIFFICULTY: Moderate
REFERENCES: Corporate Social Responsibility
QUESTION TYPE: Objective Short Answer
HAS VARIABLES: False
KEYWORDS: Bloom's: Understand
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