

**TEST BANK**

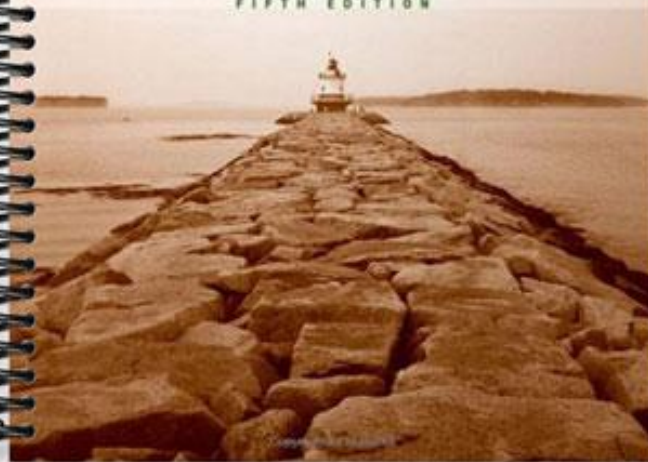


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**MANAGING  
BUSINESS  
ETHICS**

*Straight Talk About How To Do It Right*

FIFTH EDITION



True/False

1. An *ethical dilemma* is defined as a situation where two or more “right” values are in conflict.

Ans. : True

Response: See page 39

Difficulty: Easy

2. A challenge involved in using a strictly consequentialist approach is that it is often difficult to obtain the information required to evaluate all of the consequences for all stakeholders who may be directly or indirectly affected by an action or decision.

Ans.: True

Response: See page 41

Difficulty: Medium

3. The consequentialist approach protects the rights of the minority.

Ans.: False

Response: See page 42

Difficulty: Moderate

4. Business managers generally rely on the consequentialist approach.

Ans.: True

Response: See page 42

Difficulty: Moderate

5. A major challenge of deontological approaches is deciding which duty, obligation, right, or principle takes precedence because ethical dilemma often pit these against each other.

Ans. : True

Response: See page 45  
Difficulty: Moderate

6. A virtue ethics perspective considers the actor's character, motivations, and intentions.

Ans. : True  
Response : See page 46  
Difficulty: Easy

7. A virtue ethics perspective requires a moral actor to look to the community that will hold the moral actor to the highest ethical standard and support the moral actor's intention to be a virtuous person.

Ans.: True  
Response: See page 47  
Difficulty: Medium

8. Ethical dilemmas represent conflicts in values.

Ans: True  
Response: See page 39.  
Difficulty: Medium

9. According to Lawrence Kohlberg, developer of a key theory of moral reasoning, role taking is useless as nothing is gained by putting yourself in the shoes of others.

Ans.: False  
Response: See page 53  
Difficulty: Moderate

10. In business, concerning yourself with how your decision making affects stakeholders is useless given the number of stakeholders and their different interests.

Ans.: False  
Response: See page 54  
Difficulty: Moderate

11. Despite the disclosure rule, making decisions in private to avoid negative reaction is generally best for a business as it safeguards your firm's reputation and keeps competitive information away from your competitors.

Ans.: False

Response: See page 56

Difficulty: Moderate

12. Creativity and thinking out of the box are just a scoundrel's way of saying that coming up with alternatives in solving how you handle ethical issues are valuable skills to keep you from getting caught.

Ans.: False

Response: See pages 57-58

Difficulty: Moderate

13. An appearance of a conflict of interest can be as damaging as an actual conflict.

Ans.: True

Response: See page 61

Difficulty: Moderate

14. If you are asked to make hastily a decision that you believe raises potential ethical issues you should be a good team player and proceed with the decision.

Ans.: False

Response: See page 60

Difficulty: Moderate

15. It is good advice to go with your gut.

Ans.: False

Response: See page 58

Difficulty: Moderate

16. Most business managers rely on a deontological approach.

Ans: False

Response: Most managers rely on a utilitarian (or teleological) approach. See page 42.

Difficulty: Medium

17. Utilitarianism is the best known example of a consequential theory

Ans: True

Response: See page 40.

Difficulty: Easy

18. Although all of the philosophical approaches have limitations, an individual must choose one approach and follow its guidance in every situation.

Ans: False

Response: See page 51.

Difficulty: Medium

19. Generally, ethical dilemmas are not routine. Therefore, there is no way that an individual can be prepared or informed for a problem ahead of time.

Ans: False

Response: It is important that you do your homework and understand how to protect yourself and your employer. This will give you a “head’s up” when you face potential ethical dilemmas. See page 59.

Difficulty: Easy

Fill-in-the-Blank

20. A \_\_\_\_\_ is any person or group with a standing in the issue at hand.

Ans: stakeholder

Response: page 40.

Difficulty: Easy

Multiple Choice

21. The \_\_\_\_\_ approach to ethical decision making focuses on how people actually make ethical decisions.

- a) prescriptive
- b) descriptive
- c) illustrative
- d) regulatory

Ans: b

Response: See page 38.

Difficulty: Easy

22. The \_\_\_\_\_ approach to ethical decision making focuses on what decision an individual *should* make.

- a) prescriptive
- b) descriptive
- c) illustrative
- d) regulatory

Ans: a

Response: See page 38.

Difficulty: Easy

23. The prescriptive approach is to \_\_\_\_\_ as the descriptive approach is to \_\_\_\_\_.

- a) psychology; philosophy
- b) philosophy; psychology
- c) would; does
- d) none of the above

Ans: b

Response: See pages 38-39.

Difficulty: Difficult

24. The \_\_\_\_\_ states that an ethical decision should maximize benefits to society and minimize harms.

- a) principle of value
- b) theory of cost-benefit analysis
- c) principle of efficacy
- d) principle of utility

Ans: d

Response: See page 40.

Difficulty: Easy

25. The \_\_\_\_\_ challenges one to ask, “how would you feel if your behavior appeared in *The Wall Street Journal*?”

- a) veil of ignorance
- b) categorical imperative
- c) disclosure rule
- d) confession constraint

Ans: c

Response: See page 50.

Difficulty: Easy

### Matching Exercise I

Reference: Matching Key Terms and Descriptions (each can be used more than once)

- a) Deontological approach
- b) Teleological (or Consequential) approach
- c) Virtue ethics approach

26. Focuses on doing what is “right” based on broad, absolute and universal moral principles or values

Ans: a

Response: See page 42.

Difficulty: Medium

27. “What kind of world would this be if everyone behaved this way or made this kind of decision in this type of situation?”

Ans: a

Response: See page 44.

Difficulty: Easy

28. Focuses on the integrity of the moral actor.

Ans: c

Response: See page 46.

Difficulty: Medium

29. The \_\_\_\_\_ approach best known as consequentialist theory is Utilitarianism.

Ans: b

Response: See page 40.

Difficulty: Medium

30. For example, followers of this approach would rely on Western biblical tradition or moral intuition for guidance.

Ans: a

Response: See page 43.

Difficulty: Medium

31. A philosophical tradition that began with Aristotle and primarily considers the actor’s character, motivations, and intentions.

Ans: c

Response: See page 46

Difficulty: Medium



32. Focuses on the results or consequences of the decision or action.

Ans: b

Response: See page 41.

Difficulty: Medium

### Matching Exercise II

Reference: Matching Approach and Weakness (each can be used more than once)

a) Deontological approach

b) Teleological approach

c) Virtue ethics approach

33. This approach that stresses community standards is limited in business because in many areas of business there is limited agreement about what the standards are.

Ans: c

Response: See page 47.

Difficulty: Difficult

34. An individual's principles may be in conflict with what is best and causes the least amount of harm to another individual. For example, an individual who believes that he or she should not lie would be conflicted about telling the Nazi's he or she is hiding Jews in the basement.

Ans: a

Response: See pages 45-46.

Difficulty: Difficult

35. It is difficult to obtain the information required to evaluate all of the consequences for all indirect and direct stakeholders.

Ans: b

Response: See page 41.

Difficulty: Difficult

36. The rights of a minority group can easily be sacrificed for the benefit of the majority (for example, slavery in the United States).

Ans: b

Response: See page 42.

Difficulty: Difficult

37. A major challenge is deciding which duty, obligation, right, or principle takes precedence.

Ans: a

Response: See page 45.

Difficulty: Medium

#### Short Essay

38. Discuss the disclosure rule and the ethical role model rule. When might the disclosure rule be most helpful? When might the role model rule be most helpful?

Ans: See page 50

Difficulty: Moderate

#### Essay

39. You are working with an important vendor who has offered you a “sweet” deal. However, the vendor has made it clear that he wants a decision *now* and your internal warning system (i.e. your gut) is telling you that this deal might be an ethical dilemma. Using what you have learned from this chapter, briefly describe how you should proceed. Will you answer him now? How will you think about the “dilemma” and respond to the vendor?

Ans: Students should recognize that they should not make potential ethical decisions immediately without time for consideration. Students should include asking for more time to think over the decision as well as possible rules, principles, or approaches to consider (for example, the disclosure rule) before accepting or rejecting the deal.

Response: See pages 59-61.

Difficulty: Difficult