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Topic: Business Ethics and Social Responsibility

Subtopic: Ethical Principles and Philosophies

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### Multiple-Choice Question Type

<question type="mc">

1. In what way could a business basing their ethical system on a particular religion's beliefs be problematic?
- a. It could alienate people with different religious beliefs.
  - b. An ethical system based on a religion is likely to be too flexible, too open to interpretation.
  - c. Business and religion are two separate matters; what is appropriate in life may not be appropriate in commerce.
  - d. Religions tend to shy away from making rules about matters that touch on business.

Analysis:

- a. Correct. Religious rules tend to be very definitive and proscriptive; while they may work quite well for those who adhere to that religion (or denomination or sect), they are likely to be off-putting to those who hold a different set of beliefs.
- b. Incorrect. Religious rules tend to be very definitive and proscriptive; while they may work quite well for those who adhere to that religion (or denomination or sect), they are likely to be off-putting to those who hold a different set of beliefs.
- c. Incorrect. Religious rules tend to be very definitive and proscriptive; while they may work quite well for those who adhere to that religion (or denomination or sect), they are likely to be off-putting to those who hold a different set of beliefs.
- d. Incorrect. Religious rules tend to be very definitive and proscriptive; while they may work quite well for those who adhere to that religion (or denomination or sect), they are likely to be off-putting to those who hold a different set of beliefs.

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Level of difficulty: Medium

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2. In utilitarian ethics, as defined by John Stuart Mills in "Utilitarianism," the correct decision is the one that maximizes overall happiness while it minimizes overall pain; the answer that yields the greatest net benefit is the correct answer. Which of the following is a potential downfall of utilitarian ethics?
- a. there is no distinction between short-term positive effects and long-term positive effects

- b. ascribing happiness or pain is subjective and not the same from everyone's perspective
- c. such a philosophy is antithetical to risk management
- d. bad behaviors can be justified

Analysis:

- a. Incorrect. Truly terrible behaviors can be shown to yield the greatest net benefit. A utilitarian can easily justify torture by asserting that many more people might be hurt unless the suspected terrorist reveals their secrets, while other ethical constructs would say that torture flies in the face of basic human rights.
- b. Incorrect. Truly terrible behaviors can be shown to yield the greatest net benefit. A utilitarian can easily justify torture by asserting that many more people might be hurt unless the suspected terrorist reveals their secrets, while other ethical constructs would say that torture flies in the face of basic human rights.
- c. Incorrect. Truly terrible behaviors can be shown to yield the greatest net benefit. A utilitarian can easily justify torture by asserting that many more people might be hurt unless the suspected terrorist reveals their secrets, while other ethical constructs would say that torture flies in the face of basic human rights.
- d. Correct. Truly terrible behaviors can be shown to yield the greatest net benefit. A utilitarian can easily justify torture by asserting that many more people might be hurt unless the suspected terrorist reveals their secrets, while other ethical constructs would say that torture flies in the face of basic human rights.

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Level of difficulty: Difficult

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3. There are duty-based ethical models and outcome-based ethical models. Which of the following is a duty-based ethical model?

- a. utilitarian ethics
- b. principles of rights
- c. the ethics of Immanuel Kant
- d. cost-benefit analysis

Analysis:

- a. Incorrect. The principle begins from the perspective that it is our duty to protect the inherent rights of others, making it a duty-based model.
- b. Correct. The principle begins from the perspective that it is our duty to protect the inherent rights of others, making it a duty-based model.
- c. Incorrect. [The principle begins from the perspective that it is our duty to protect the inherent rights of others, making it a duty-based model.

d. Incorrect. The principle of begins from the perspective that it our duty to protect the inherent rights of others, making it a duty-based model.

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Level of difficulty: Medium

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4. There are duty-based ethical models and outcome-based ethical models. Which of the following is an outcome-based ethical model?

- a. principles of right
- b. religious ethical principles
- c. cost-benefit analysis
- d. Immanuel Kant's ethical principles

Analysis:

- a. Incorrect. Cost-benefit analysis is based on the result or outcome of the choices made, making it an outcome-based ethical system.
- b. Incorrect. Cost-benefit analysis is based on the result or outcome of the choices made, making it an outcome-based ethical system.
- c. Correct. Cost-benefit analysis is based on the result or outcome of the choices made, making it an outcome-based ethical system.
- d. Incorrect. Cost-benefit analysis is based on the result or outcome of the choices made, making it an outcome-based ethical system.

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5. A central theme of Immanuel Kant's ethic model is his categorical imperative. Which of the following is an example of Kant's categorical imperative?

- a. One of the big 10 pesticide corporations in the U.S. has the ability to produce a successful new pesticide whose production would mean releasing 25 thousand tons of a harmful chemical into the air. They have, decided against production based on the thought that if all 10 companies did there would be 2.5 million tons of toxins released, creating dangerous levels in the air and water.
- b. The comptroller of a plastics manufacturer has the ability to hide \$250,000 of profits and slowly siphon the money off into his own account. He decides not to do so for fear of being caught.

- c. A producer of athletic wear has the opportunity to sell the shoes and clothing that do not meet quality standards to a discount store chain. They choose not to do so since that is likely to lessen the value of the good quality clothing and shoes.
- d. A pharmaceutical company has the opportunity to manufacture and produce what promises to be a highly successful new birth control device. They decide not to do so because they have adopted a strict catholic ethical system in which birth control is against the will of God.

Analysis:

- a. Correct. The essence of Kant's categorical imperative is to consider what would happen if everyone behaved in the way you are considering behaving. By considering the effect of all 10 pesticide companies the company is engaging in Kantian ethical principles.
- b. Incorrect. The essence of Kant's categorical imperative is to consider what would happen if everyone behaved in the way you are considering behaving. By considering the effect of all 10 pesticide companies the company is engaging in Kantian ethical principles.
- c. Incorrect. The essence of Kant's categorical imperative is to consider what would happen if everyone behaved in the way you are considering behaving. By considering the effect of all 10 pesticide companies the company is engaging in Kantian ethical principles.
- d. Incorrect. The essence of Kant's categorical imperative is to consider what would happen if everyone behaved in the way you are considering behaving. By considering the effect of all 10 pesticide companies the company is engaging in Kantian ethical principles.

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Level of difficulty: Difficult

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<question type="mc">

6. Corporate social responsibility (CSR) is \_\_\_\_\_.
- a. exercised at the corporation's discretion.
- b. mandated by the federal government.
- c. not a prevalent attitude in corporate America.
- d. an older construct that does not function well in the 21<sup>st</sup> century.

Analysis:

- a. Correct. While there is no legislative requirement that corporations consider their responsibilities as corporate citizens, this belief and the practices that arise from it are prevalent. A survey of U.S. executives found that more than 780% of those surveyed agreed that corporate citizenship is a priority, and more than 60% said that this had been added to their companies' profiles.
- b. Incorrect. While there is no legislative requirement that corporations consider their responsibilities as corporate citizens, this belief and the practices that arise from it are prevalent. A survey of U.S. executives found that more than 780% of those surveyed agreed that corporate citizenship is a priority, and more than 60% said that this had been added to their companies' profiles.

c. Incorrect. While there is no legislative requirement that corporations consider their responsibilities as corporate citizens, this belief and the practices that arise from it are prevalent. A survey of U.S. executives found that more than 70% of those surveyed agreed that corporate citizenship is a priority, and more than 60% said that this had been added to their companies' profiles.

d. Incorrect. While there is no legislative requirement that corporations consider their responsibilities as corporate citizens, this belief and the practices that arise from it are prevalent. A survey of U.S. executives found that more than 780% of those surveyed agreed that corporate citizenship is a priority, and more than 60% said that this had been added to their companies' profiles.

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Level of difficulty: Medium

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7. Which of the following best defines corporate social responsibility (CSR)?

- a. Making corporate decisions based on doing the least harm.
- b. Fulfilling all legal obligations requiring corporations to contribute to the public good.
- c. Creating strategic and calculated public relations initiatives.
- d. Making corporate decisions based positively impacting the world around the corporation.

Analysis:

a. Incorrect. Ethic responsibility of all kinds, balances doing the least harm against corporate profits. CSR is voluntary, not mandated and comes from a desire to be a good corporate citizen rather than create a public relations initiative. Corporations employing CSR base decisions on positively impacting the world around them.

b. Incorrect. Ethic responsibility of all kinds, balances doing the least harm against corporate profits. CSR is voluntary, not mandated and comes from a desire to be a good corporate citizen rather than create a public relations initiative. Corporations employing CSR base decisions on positively impacting the world around them.

c. Incorrect. Ethic responsibility of all kinds, balances doing the least harm against corporate profits. CSR is voluntary, not mandated and comes from a desire to be a good corporate citizen rather than create a public relations initiative. Corporations employing CSR base decisions on positively impacting the world around them.

d. Correct. Ethic responsibility of all kinds, balances doing the least harm against corporate profits. CSR is voluntary, not mandated and comes from a desire to be a good corporate citizen rather than create a public relations initiative. Corporations employing CSR base decisions on positively impacting the world around them.

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<question type="mc">

8. Corporations who practice corporate social responsibility (CSR) bases their decisions ethically on their responsibility to \_\_\_\_\_.

- a. stakeholders.
- b. shareholders.
- c. federal and state laws.
- d. the board of directors.

Analysis:

- a. Correct. Basing decisions on their responsibilities to stakeholders means that corporations who practice CSR consider the welfare of employees, customers, creditors, suppliers, shareholders, and the community within which the corporation operates.
- b. Incorrect. Basing decisions on their responsibilities to stakeholders means that corporations who practice CSR consider the welfare of employees, customers, creditors, suppliers, shareholders, and the community within which the corporation operates.
- c. Incorrect. Basing decisions on their responsibilities to stakeholders means that corporations who practice CSR consider the welfare of employees, customers, creditors, suppliers, shareholders, and the community within which the corporation operates.
- d. Incorrect. Basing decisions on their responsibilities to stakeholders means that corporations who practice CSR consider the welfare of employees, customers, creditors, suppliers, shareholders, and the community within which the corporation operates.

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Level of difficulty: Medium

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### **True/False Question Type**

<question type="true-false">

9. In utilitarian ethics , as defined by John Stuart Mills in “Utilitarianism,” the correct decision is the one that maximizes overall happiness while it minimizes overall pain; the answer that yields the greatest net benefit is the correct answer. Suppose that an appliance manufacturer could produce their ovens, refrigerators, microwaves, and so on that would run on stored solar energy, preventing the burning of tons of fossil fuel, therefore slowing global warming and reducing the strain on energy resources. Unfortunately, producing these appliances would be substantially manufacture the new products.

T

Correct. This statement is true. Utilitarians would say that the greatest net benefit comes from creating this new line of products and that if the corporation can produce them, it should.

F

Incorrect. This statement is true. Utilitarians would say that the greatest net benefit comes from creating this new line of products and that if the corporation can produce them, it should.

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