

<header>

Topic: Business Ethics and Social Responsibility

Subtopic: Social Responsibility of Business

Content Nathan Hurwitz:

Creation Date: November 17, 2018

</header>

### Multiple-Choice Question Type

<question type="mc">

1. Social responsibility in business examines business's behavior in relationship to \_\_\_\_\_.

- a. the best interest of the planet.
- b. the best interest of the shareholders.
- c. the best interest of the stakeholders.
- d. the best interest of trans-global society.

Analysis:

- a. Incorrect. Social responsibility as an ethical guideline examines the effect of the business's behaviors on the stakeholders; these include shareholders, workers, suppliers, contractors, customers, and the society within which the business exists and operates.
- b. Incorrect. Social responsibility as an ethical guideline examines the effect of the business's behaviors on the stakeholders; these include shareholders, workers, suppliers, contractors, customers, and the society within which the business exists and operates.
- c. Correct. Social responsibility as an ethical guideline examines the effect of the business's behaviors on the stakeholders; these include shareholders, workers, suppliers, contractors, customers, and the society within which the business exists and operates.
- d. Incorrect. Social responsibility as an ethical guideline examines the effect of the business's behaviors on the stakeholders; these include shareholders, workers, suppliers, contractors, customers, and the society within which the business exists and operates.

<metadata>

Level of difficulty: Medium

</metadata>

<question type="mc">

2. According to the inherence school of thought, managers answer only the shareholders' and act only with shareholders' interests in mind. Under what conditions would a business running under this ethical philosophy support a newly proposed structure of school taxes.

- a. only if the proposed change directly affected the business's performance directly, and their support did not offend those opposing the initiative
- b. only if the proposed change did not hurt the business's performance directly or indirectly

- c. under no conditions would this business support this initiative
- d. only if the shareholders confronted the business to support this initiative

Analysis:

- a. Correct. In an ethical model based on the inherence school of thought, the business would support this change in the tax structure only if the changes had a direct effect on the business and the business's support of this initiative did not offend those opposing the initiative.
- b. Incorrect. In an ethical model based on the inherence school of thought, the business would support this change in the tax structure only if the changes had a direct effect on the business and the business's support of this initiative did not offend those opposing the initiative.
- c. Incorrect. In an ethical model based on the inherence school of thought, the business would support this change in the tax structure only if the changes had a direct effect on the business and the business's support of this initiative did not offend those opposing the initiative.
- d. Incorrect. In an ethical model based on the inherence school of thought, the business would support this change in the tax structure only if the changes had a direct effect on the business and the business's support of this initiative did not offend those opposing the initiative.

<metadata>

Level of difficulty: Difficult

</metadata>

<question type="mc">

3. According to the school of enlightened self-interest, the management of a business is responsible to the shareholders, but serves them best by being responsive to the larger society. Businesses operating under this type of ethical model act on social issues freely. This type of business is likely to offer social initiatives. Which of the following would NOT be the kind of initiative offered because they operated from this ethical model?

- a. wellness and fitness programs to improve health and reduce insurance costs
- b. cost of living increases
- c. job-sharing
- d. child-care facilities

Analysis:

- a. Incorrect. The school of enlightened self-interest would absolutely lead management to initiate wellness/fitness programs, job-sharing, or child-care facilities. While this organization might also have a cost of living increase, that would not be likely to come from their ethical construct.
- b. Incorrect. The school of enlightened self-interest would absolutely lead management to initiate wellness/fitness programs, job-sharing, or child-care facilities. While this organization might also have a cost of living increase, that would not be likely to come from their ethical construct.

c. Correct. The school of enlightened self-interest would absolutely lead management to initiate wellness/fitness programs, job-sharing, or child-care facilities. While this organization might also have a cost of living increase, that would not be likely to come from their ethical construct.

d. Incorrect. The school of enlightened self-interest would absolutely lead management to initiate wellness/fitness programs, job-sharing, or child-care facilities. While this organization might also have a cost of living increase, that would not be likely to come from their ethical construct.

<metadata>

Level of difficulty: Medium

</metadata>

<question type="mc">

4. The philosophy behind the invisible hand school of thought is that business does best for its stockholders when it serves the larger society. These organizations allow the government to set standards and boundaries for appropriate behavior and simply follow those proscribed behaviors. Which of the following behaviors is a business with an ethical system based on the invisible hand school of thought most likely to take part in?

- a. lobbying the federal government to ease restrictions on cigarette sales to minors
- b. lobbying the federal government to offer greater subsidies to help senior citizens buy prescription drugs
- c. supporting a political initiative that is likely to be damaging to a competitor
- d. offering information on both sides of an initiative that will be included in the next local election

Analysis:

a. Incorrect. The invisible hand school of thought believes that it is best for society to guide itself and that once social forces have made those decisions, the business should then adhere to those rules and regulations.

b. Incorrect. The invisible hand school of thought believes that it is best for society to guide itself and that once social forces have made those decisions, the business should then adhere to those rules and regulations.

c. Incorrect. The invisible hand school of thought believes that it is best for society to guide itself and that once social forces have made those decisions, the business should then adhere to those rules and regulations.

d. Correct. The invisible hand school of thought believes that it is best for society to guide itself and that once social forces have made those decisions, the business should then adhere to those rules and regulations.

<metadata>

Level of difficulty: Difficult

</metadata>

<question type="mc">

5. The philosophy behind the social responsibility school of thought is that business needs to serve the larger needs of society by responding to society's needs as a first priority? Which of the following behaviors would a business being operated with an ethical code based on the social responsibility school of thought be likely to engage in?

- a. advertising a tobacco product by focusing on the calming and soothing effects of smoking
- b. strongly supporting a political initiative that might alienate many people, like gun control for example
- c. selling armaments to the highest bidder, regardless of their politics or our political relationship to them
- d. offering a financial product that is likely to damage the financial welfare of those who purchase it

Analysis:

- a. Incorrect. Businesses driven by the social responsibility school of thought ethically would be likely to support a political initiative that might be inflammatory, like gun control. This kind of ethical construct would encourage full disclosure to the public of any of its products and would support political activism in causes that if believed to be important to society at large.
- b. Correct. [Businesses driven by the social responsibility school of thought ethically would be likely to support a political initiative that might be inflammatory, like gun control. This kind of ethical construct would encourage full disclosure to the public of any of its products and would support political activism in causes that if believed to be important to society at large.
- c. Incorrect. Businesses driven by the social responsibility school of thought ethically would be likely to support a political initiative that might be inflammatory, like gun control. This kind of ethical construct would encourage full disclosure to the public of any of its products and would support political activism in causes that if believed to be important to society at large.
- d. Incorrect. Businesses driven by the social responsibility school of thought ethically would be likely to support a political initiative that might be inflammatory, like gun control. This kind of ethical construct would encourage full disclosure to the public of any of its products and would support political activism in causes that if believed to be important to society at large.

<metadata>

Level of difficulty: Medium

</metadata>

<question type="mc">

6. Which of the following is NOT a benefit of a corporation acting socially responsible?

- a. public relations from updating the filtration system of a manufacturing facility, cutting emissions
- b. an increase in goodwill from a community for creating a park
- c. an ability to attract the best and brightest new employees because of socially driven employee benefits (child-care, same-sex partner insurance coverage, etc.)
- d. government support by promising to support a candidates campaign

Analysis:

- a. Incorrect. Offering to support a political candidate in order to guarantee support is not a socially responsible act. All other answers represent genuine socially responsible acts which result in genuine benefits.
- b. Incorrect. Offering to support a political candidate in order to guarantee support is not a socially responsible act. All other answers represent genuine socially responsible acts which result in genuine benefits.
- c. Incorrect. Offering to support a political candidate in order to guarantee support is not a socially responsible act. All other answers represent genuine socially responsible acts which result in genuine benefits.
- d. Correct. Offering to support a political candidate in order to guarantee support is not a socially responsible act. All other answers represent genuine socially responsible acts which result in genuine benefits.

<metadata>

Level of difficulty: Medium

</metadata>

<question type="mc">

7. Businesses operating under an ethical model of corporate social responsibility are ethically obliged to consider their decisions in terms of the best interests of and impact on all of the following EXCEPT.

- a. customers
- b. competitors
- c. shareholders
- d. the community within which it operates

Analysis:

- a. Incorrect. Corporate social responsibility requires looking at the impact of actions on the best interests of customers, shareholders, the community within which it operates, as well as employees, creditors, suppliers, advocacy and environmental groups. It does not require considering the best interest of competitors.
- b. Correct. Corporate social responsibility requires looking at the impact of actions on the best interests of customers, shareholders, the community within which it operates, as well as employees, creditors, suppliers, advocacy and environmental groups. It does not require considering the best interest of competitors.
- c. Incorrect. Corporate social responsibility requires looking at the impact of actions on the best interests of customers, shareholders, the community within which it operates, as well as employees, creditors, suppliers, advocacy and environmental groups. It does not require considering the best interest of competitors.

d. Incorrect. Corporate social responsibility requires looking at the impact of actions on the best interests of customers, shareholders, the community within which it operates, as well as employees, creditors, suppliers, advocacy and environmental groups. It does not require considering the best interest of competitors.

<metadata>  
Level of difficulty: Easy  
</metadata>

<question type="mc">

8. Which of the following rationalizations will lead to good ethical decisions?

- a. "let's get a clear idea of what we are proposing and the effects."
- b. "everybody else does it"
- c. "if we don't do it, someone else will"
- d. "that's the way it has always been done"

Analysis:

- a. Correct. There are many justifications used to rationalize poor ethical decisions. These include: "everybody else does it," "if we don't do it someone else will," "that's the way it has always been done," "we'll wait until the lawyers tell us that it's wrong," "It doesn't really hurt anyone," "the system is unfair," and so on. Avoid any justification that just rationalizes poor ethical behavior.
- b. Incorrect. There are many justifications used to rationalize poor ethical decisions. These include: "everybody else does it," "if we don't do it someone else will," "that's the way it has always been done," "we'll wait until the lawyers tell us that it's wrong," "It doesn't really hurt anyone," "the system is unfair," and so on. Avoid any justification that just rationalizes poor ethical behavior.
- c. Incorrect. There are many justifications used to rationalize poor ethical decisions. These include: "everybody else does it," "if we don't do it someone else will," "that's the way it has always been done," "we'll wait until the lawyers tell us that it's wrong," "It doesn't really hurt anyone," "the system is unfair," and so on. Avoid any justification that just rationalizes poor ethical behavior.
- d. Incorrect. There are many justifications used to rationalize poor ethical decisions. These include: "everybody else does it," "if we don't do it someone else will," "that's the way it has always been done," "we'll wait until the lawyers tell us that it's wrong," "It doesn't really hurt anyone," "the system is unfair," and so on. Avoid any justification that just rationalizes poor ethical behavior.

<metadata>  
Level of difficulty: Easy  
</metadata>

**True/False Question Type**

<question type="true-false">

9. Behaving in a socially responsible manner is more likely to help a business than failing to behave in a socially responsible manner.

T

Correct. This statement is true. There are both direct and indirect benefits to behaving in a socially responsible manner.

F

Incorrect. This statement is true. There are both direct and indirect benefits to behaving in a socially responsible manner.

<metadata>

Level of difficulty: Easy

</metadata>