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Topic: Business Ethics and Social Responsibility

Subtopic: Role of Business in Society

Content Nathan Hurwitz:

Creation Date: November 16, 2018

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Multiple-Choice Question Type

<question type="mc">

1. According to the model of business from the early 20th century and before, the function of business was to generate profits; businesses were primarily held accountable for their ability to turn a profit. Today's business model consider other areas of accountability. Which of the following is NOT one of these primary areas of accountability in a contemporary business model?

- a. the business's impact on people
- b. the business's willingness to engage in social issues
- c. the business's profitability
- d. the business's impact on the planet

Analysis:

- a. Incorrect. In the transition from provider of profits to corporate citizen, the three areas in which contemporary corporations are assessed and judged on: 1) their ability to generate profits and dividends, 2) their impact on individuals, 3: their impact on the planet.
- b. Correct. In the transition from provider of profits to corporate citizen, the three areas in which contemporary corporations are assessed and judged on: 1) their ability to generate profits and dividends, 2) their impact on individuals, 3: their impact on the planet.
- c. Incorrect. In the transition from provider of profits to corporate citizen, the three areas in which contemporary corporations are assessed and judged on: 1) their ability to generate profits and dividends, 2) their impact on individuals, 3: their impact on the planet.
- d. Incorrect. In the transition from provider of profits to corporate citizen, the three areas in which contemporary corporations are assessed and judged on: 1) their ability to generate profits and dividends, 2) their impact on individuals, 3: their impact on the planet.

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Level of difficulty: Medium

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<question type="mc">

2. How long do corporations exist?

- a. Corporations cease to exist upon the death of the owners.
- b. Corporations operate for as long as necessary to complete a task, such as fulfilling a contract.
- c. Corporations cease to exist after a fixed period of time set by the government.

d. Corporations cease to exist when dissolved or sold by owners.

Analysis:

a. Incorrect. Corporate entities are perpetual or effectively immortal. They cease to exist only when dissolved or sold by owners. In this respect, corporations are treated by the law as entities, or legal persons, distinct from the owners.

b. Incorrect. Corporate entities are perpetual or effectively immortal. They cease to exist only when dissolved or sold by owners. In this respect, corporations are treated by the law as entities, or legal persons, distinct from the owners.

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d. Correct. Corporate entities are perpetual, or effectively immortal. They cease to exist only when dissolved or sold by owners. In this respect, corporations are treated by the law as entities, or legal persons, distinct from the owners.

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Level of difficulty: Easy

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<question type="mc">

3. Which of the following present an unresolved ethical dilemma for a company?

a. Company W wants to substitute a new material to manufacture their fabrics; this new material is less expensive, requires less employees to handle it, and results in the release in fewer toxins during production.

b. Company X is creating a new manufacturing process that will cost a little bit more in the short term; but their research shows that the goodwill this product of garner them will increase sales, ultimately making the new product line more profitable.

c. Company Y is opening new production facilities in several new locations; they have succeeded in being able to produce less expensively by amortizing the amount of toxins they are permitted to release across several different states.

d. Company Z plans on releasing a new line of software to replace their old product line; the new line will make their customers' information more secure.

Analysis:

a. Incorrect. Company Y may have successfully navigated the laws regarding the release of toxins into the environment, but they have not resolved their ethical responsibilities as corporate citizens of the world. This dichotomy presents an ethical dilemma that should be resolved.

b. Incorrect. Company Y may have successfully navigated the laws regarding the release of toxins into the environment, but they have not resolved their ethical responsibilities as corporate citizens of the world. This dichotomy presents an ethical dilemma that should be resolved.

c. Correct. Company Y may have successfully navigated the laws regarding the release of toxins into the environment, but they have not resolved their ethical responsibilities as corporate citizens of the world. This dichotomy presents an ethical dilemma that should be resolved.

d. Incorrect. Company Y may have successfully navigated the laws regarding the release of toxins into the environment, but they have not resolved their ethical responsibilities as corporate citizens of the world. This dichotomy presents an ethical dilemma that should be resolved.

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Level of difficulty: Easy

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<question type="mc">

4. How can a business articulate a code of ethics that will provide them with the answer of how to behave under all circumstances?

- a. If a business assumes one particular philosophical school, like that of Immanuel Kant for instances, it will lead give them answers and responses to any situation.
- b. It cannot, no code of ethics can provide answers to different circumstances.
- c. Polling the values of all stakeholders in the organization will result in a code of ethics that will resolve all questions of ethics.
- d. Strict adherence to the law will lead to an ethical construct that will work in all situations.

Analysis:

- a. Incorrect. Legal questions are much clearer than ethical questions. For the most part ethical questions exist on a scale, rather than having clear-cut right or wrong answers. For this reason an ethical code will guide decisions of ethical choice, but no tool can provide answers to unasked questions of this kind.
- b. Correct. Legal questions are much clearer than ethical questions. For the most part ethical questions exist on a scale, rather than having clear-cut right or wrong answers. For this reason an ethical code will guide decisions of ethical choice, but no tool can provide answers to unasked questions of this kind.
- c. Incorrect. Legal questions are much clearer than ethical questions. For the most part ethical questions exist on a scale, rather than having clear-cut right or wrong answers. For this reason an ethical code will guide decisions of ethical choice, but no tool can provide answers to unasked questions of this kind.
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<question type="mc">

5. Once a business has developed a set of ethics for its behavior what is the best thing to do with this set of behavioral rules?

- a. keep it private, for use by the officers of the business
- b. keep it under wraps, for use only in an emergency. since it is likely to change on a regular basis
- c. make it available, but on a limited basis, and to as few people as possible, as
- d. make every stakeholder aware of this set of rules

Analysis:

- a. Incorrect. Since a business's ethical code should be the basis for all major decisions by every member of the organization, making every stakeholder aware of this code will inform their work and their decisions.
- b. Incorrect. Since a business's ethical code should be the basis for all major decisions by every member of the organization, making every stakeholder aware of this code will inform their work and their decisions.
- c. Incorrect. Since a business's ethical code should be the basis for all major decisions by every member of the organization, making every stakeholder aware of this code will inform their work and their decisions.
- d. Correct. Since a business's ethical code should be the basis for all major decisions by every member of the organization, making every stakeholder aware of this code will inform their work and their decisions.

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Level of difficulty: Medium

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<question type="mc">

6. Businesses have an obligation to act along a code of ethics _____.

- a. only when legally required
- b. only when it is likely to result in a financial gain
- c. only when it is likely to not result in a financial loss
- d. always

Analysis:

- a. Incorrect. Once an organization has adopted an ethical code of behavior, to not follow that code under all possible circumstances will result in a loss of credibility, which is very likely to lead to long-term financial losses. So even if an organization was looking ONLY at the bottom line, holding to their ethical code of behavior is always the best course of action.
- b. Incorrect. Once an organization has adopted an ethical code of behavior, to not follow that code under all possible circumstances will result in a loss of credibility, which is very likely to lead to long-term

financial losses. So even if an organization was looking ONLY at the bottom line, holding to their ethical code of behavior is always the best course of action.

c. Incorrect. Once an organization has adopted an ethical code of behavior, to not follow that code under all possible circumstances will result in a loss of credibility, which is very likely to lead to long-term financial losses. So even if an organization was looking ONLY at the bottom line, holding to their ethical code of behavior is always the best course of action.

d. Correct. Once an organization has adopted an ethical code of behavior, to not follow that code under all possible circumstances will result in a loss of credibility, which is very likely to lead to long-term financial losses. So even if an organization was looking ONLY at the bottom line, holding to their ethical code of behavior is always the best course of action.

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<question type="mc">

7. Which one of the following does NOT require a corporation to use their corporate code of ethics?

- a. report generation
- b. community activities
- c. operations
- d. strategy

Analysis:

a. Correct. Generating reports does not require ethical standards to be applied to it. All of the other answers for this question would be well served by being informed by the organizations code of ethics.

b. Incorrect. Generating reports does not require ethical standards to be applied to it. All of the other answers for this question would be well served by being informed by the organizations code of ethics.

c. Incorrect. Generating reports does not require ethical standards to be applied to it. All of the other answers for this question would be well served by being informed by the organizations code of ethics.

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Level of difficulty: Medium

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<question type="true-false">

8. The only responsibilities of corporations is to generate profits within legal parameters.

Commented [HSN1]: This is a subjective question, and not worth including

T

Incorrect. This statement is false. The primary goal While the primary goal of most corporations is to generate profits, there are ethical and moral obligations required of corporations just as there are of other institutions and individuals.

F

Correct. This statement is false. The primary goal While the primary goal of most corporations is to generate profits, there are ethical and moral obligations required of corporations just as there are of other institutions and individuals.

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Level of difficulty: Moderate

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<question type="true-false">

9. Business ethics studies how businesses should behave, rather than how they have to behave.

T

Correct. This statement is true. Business law studies how businesses HAVE TO behave, but business ethics studies how businesses SHOULD behave. Those areas that fall outside of legal requirement and offer businesses choice depend on a clearly defined sense of business ethics.

F

Incorrect. This statement is true. Business law studies how businesses HAVE TO behave, but business ethics studies how businesses SHOULD behave. Those areas that fall outside of legal requirement and offer businesses choice depend on a clearly defined sense of business ethics.

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Commented [HSN2]: This is a subjective question, and not worth including