Test Bank for Understanding Business Ethics 3rd Stanwick

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Chapter 2: The Evolving Complexities of Business Ethics Test Bank

Multiple Choice

1. The tax shelter established by Promogroup is based on _____ of royalties that go into and leave the Netherlands.
a. The simple flow
b. The net present value
c. Discounted cash flow
d. Internal rate of return
Ans: a
Learning Objective: 2.1
Cognitive Domain: Knowledge
Answer Location: Bono: I Still Haven't Found the Tax Rate That I'm Looking For
Question Type: MC

2. The Dutch tax shelters are viable only to artists who are _____.
a. U.S. citizens
b. Only Dutch citizens
c. Not U.S. citizens
d. Only German citizens
Ans: c
Learning Objective: 2.1
Cognitive Domain: Knowledge
Answer Location: Bono: I Still Haven't Found the Tax Rate That I'm Looking For
Question Type: MC

3. _____ is derived from the Greek word for character.
a. Honor
b. Reciprocity
c. Ethos
d. Norm
Ans: c
Learning Objective: 2.2
Cognitive Domain: Comprehension
Answer Location: History of Business Ethics
Question Type: MC

4. The discovery of ethics began with discussions initiated by all of the following individuals except
a. Socrates
b. Aristotle
c. Plato
d. Napoleon

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Ans: d
Learning Objective: 2.2
Cognitive Domain: Knowledge
Answer Location: History of Business Ethics
Question Type: MC

5. Which philosopher stated that a person is not complete until that person is a contributing member of society?
a. Socrates
b. Aristotle
c. Plato
d. Napoleon
Ans: b
Learning Objective: 2.2
Cognitive Domain: Knowledge
Answer Location: History of Business Ethics
Question Type: MC

6. The decade of the _____ was a time when companies began to cover up their wrong doings rather than deal with the issues head-on.
a. 1960s
b. 1970s
c. 1980s
d. 1990s
Ans: b
Learning Objective: 2.2
Cognitive Domain: Knowledge
Answer Location: History of Business Ethics
Question Type: MC

7. The Ethics Resource Center helped form the first business ethics office at General Dynamics in _____.
a. 1965
b. 1975
c. 1985
d. 1995
Ans: c
Learning Objective: 2.2
Cognitive Domain: Knowledge
Answer Location: History of Business Ethics
Question Type: MC

8. Intellectual Property Theft and Cybercrime become commonplace during the
a. 1970s
b. 1980s
c. 1990s

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d. 2000s
Ans: d
Learning Objective: 2.2
Cognitive Domain: Knowledge
Answer Location: History of Business Ethics
Question Type: MC

9. The most ethically related significant event of the United States during the 2000s was the passage of the _____.
a. Civil Rights Act
b. Sherman Antitrust Act
c. Foreign Corrupt Practices Act
d. Sarbanes-Oxley Act
Ans: d
Learning Objective: 2.2
Cognitive Domain: Knowledge
Answer Location: History of Business Ethics
Question Type: MC

10. The term _____ is defined by the Merriam-Webster dictionary as "a firm adherence to a code of especially moral or artistic values."
a. Reciprocity
b. Accountability
c. Integrity
d. Commitment
Ans: c
Learning Objective: 2.3
Cognitive Domain: Comprehension
Answer Location: The Role of Integrity
Question Type: MC

11. Integrity is derived from the Latin word integri, which means _____.
a. Reciprocity
b. Wholeness
c. Commitment
d. Reliability
Ans: b
Learning Objective: 2.3
Cognitive Domain: Comprehension
Answer Location: The Role of Integrity
Question Type: MC

12. All of the following are types of tests that an individual can use to evaluate the integrity of his or her actions except
a. Publicity
b. Reliability

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c. Trusted friend
d. Golden Rule
Ans: b
Learning Objective: 2.4
Cognitive Domain: Comprehension
Answer Location: Specific Behaviors of Integrity
Question Type: MC

13. The _____ test is based on the scenario of whether the individual is comfortable if his or her actions were publicized in a newspaper or on television.
a. Universality
b. Trusted friend
c. Publicity
d. Golden Rule
Ans: c
Learning Objective: 2.4
Cognitive Domain: Comprehension
Answer Location: The Role of Integrity
Question Type: MC

14. The _____ test is also known as the Golden Rule.
a. Reliability
b. Reciprocity
c. Publicity test
d. Universality
Ans: b
Learning Objective: 2.4
Cognitive Domain: Comprehension
Answer Location: The Role of Integrity
Question Type: MC

15. All of the following represent one of the thirteen behaviors that can help identify the level of integrity in individual action except
a. Reproaching just acts
b. Possessing humility
c. Maintaining reciprocity
d. Taking responsibility
Ans: c
Learning Objective: 2.4
Cognitive Domain: Comprehension
Answer Location: Specific Behaviors of High Integrity
Question Type: MC

16. Refusing to perform any act that would be considered unjust is an example of which of the following specific behaviors of high integrity?
a. Reproaching just acts

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b. Processing humility
c. Maintaining reciprocity
d. Take responsibility
Ans: a
Learning Objective: 2.4
Cognitive Domain: Comprehension
Answer Location: Specific Behaviors of High Integrity
Question Type: MC

17. All of the following are examples of avenues along which unintentional unethical behavior may be developed except
a. Implicit prejudice
b. In-group favoritism
c. Maximizing reciprocity
d. Claiming credit for others' actions
Ans: c
Learning Objective: 2.6
Cognitive Domain: Comprehension
Answer Location: Is Everyone Unethical?
Question Type: MC

18. _____ occurs when the decision maker forms a bias toward individuals in the same group as the decision maker.
a. Implicit prejudice
b. Ingroup favoritism
c. Reciprocity
d. Conflicts of interest
Ans: b
Learning Objective: 2.6
Cognitive Domain: Comprehension
Answer Location: Is Everyone Unethical?
Question Type: MC

19. Which of the following are not regarded as barriers to being an ethical organization?
a. Ill-conceived goals
b. Indirect blindness
c. Fulfilling commitments
d. The slippery slope
Ans: c
Learning Objective: 2.6
Cognitive Domain: Comprehension
Answer Location: Five Barriers to an Ethical Organization
Question Type: MC

20. Which of the following does not constitute cheating?
a. Breaking the rules

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b. Advancing self interest
c Doing whatever it takes
d. Acting responsibly and ethically
Ans: d
Learning Objective: 2.7
Cognitive Domain: Comprehension
Answer Location: The Cheating Culture
Question Type: MC

21. Which of the following are not characteristics of the cheating culture?
a. Everyone does it
b. Winner takes all
c. Acting responsibly and ethically
d. The hidden hand
Ans: c
Learning Objective: 2.7
Cognitive Domain: Comprehension
Answer Location: The Cheating Culture
Question Type: MC

22. In a global study measuring different components of cheating, it was discovered that
a. Cheating occurred more in corrupt countries
b. Cheating occurred more in developed countries
c. Women were more likely to act upon and support cheating than men
d. Cheating occurred regardless of the level of corruption within a country
Ans: d
Learning Objective: 2.7
Cognitive Domain: Comprehension
Answer Location: The Cheating Culture
Question Type: MC

23. Which of these is not an example of technology influencing individual cheating behavior?
a. Copying and pasting from a website
b. Inadequately citing or referencing sources
c. The development of individual thought
d. Pasting from generic sources such as Wikipedia
Ans: c
Learning Objective: 2.6
Cognitive Domain: Comprehension
Answer Location: The Role of Technology and Cheating
Question Type: MC

24. Based on the findings of the 2011 National Business Ethics Survey, the generation called _____ has a less positive view of the company's ethical culture and were less likely to report unethical activities.
a. baby boomers

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b. Gen Xers
c. millenials
d. traditionalists
Ans: c
Learning Objective: 2.8
Cognitive Domain: Comprehension
Answer Location: Generational Differences Pertaining to Cheating
Question Type: MC

25. Based on the findings of the 2011 National Business Ethics Survey, what proportion of Generation X felt pressure to act unethically in the workplace?
a. 8%
b. 10%
c. 25%
d. 7%
Ans: b
Learning Objective: 2.7
Cognitive Domain: Comprehension
Answer Location: Generational Differences Pertaining to Cheating
Question Type: MC

26. Based on the findings of the 2011 National Business Ethics Survey, what is the key motivator for Baby Boomers?
a. Salary
b. Security
c. Maintain a full personal life
d. Desire for a work life balance
Ans: a
Learning Objective: 2.7
Cognitive Domain: Comprehension
Answer Location: Generational Differences Pertaining to Cheating
Question Type: MC

27. Based on the findings of the 2011 National Business Ethics Survey, what is not a positive trait for baby boomers?
a. Hardworking
b. Idealistic
c. committed to harmony
d. Tech savvy
Ans: d
Learning Objective: 2.7
Cognitive Domain: Comprehension
Answer Location: Generational Differences Pertaining to Cheating
Question Type: MC

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28. Based on the findings of the 2011 National Business Ethics Survey, what is not a negative trait for millennials?
a. Lacking literacy fundamentals
b. Accept diversity
c. Lack loyalty to a single organization
d. Short attention span
Ans: b
Learning Objective: 2.7
Cognitive Domain: Comprehension
Answer Location: Generational Differences Pertaining to Cheating
Question Type: MC

29. Which of the following factors do not characterize high levels of mutual trust in organizations?
a. Positive relationships between managers and subordinates
b. Delegation of decision making
c. High remuneration levels
d. Consistent and predictable behavior
Ans: c
Learning Objective: 2.8
Cognitive Domain: Comprehension
Answer Location: The Role of Trust in Ethical Conduct
Question Type: MC

True/False

30. The tax shelter established by the Promogroup is based on the simple flow of royalties that go into and leave the Netherlands.
a. True
b. False
Ans: a
Learning Objective: 2.1
Cognitive Domain: Comprehension
Answer Location: Bono: I Still Haven't Found the Tax Rate That I'm Looking For
Question Type: TF

31. The Dutch tax shelters are viable only to artists who are U.S. citizens.
a. True
b. False
Ans: b
Learning Objective: 2.1
Cognitive Domain: Comprehension
Answer Location: Bono: I Still Haven't Found the Tax Rate That I'm Looking For
Question Type: TF

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32. Ninety five percent of U2's revenue, which includes concert ticket sales and record sales, is earned outside Ireland.
a. True
b. False
Ans: a
Learning Objective: 2.1
Cognitive Domain: Comprehension
Answer Location: Bono: I Still Haven't Found the Tax Rate That I'm Looking For
Question Type: TF

33. During the 1950s, the most significant event in the United States was the passage of the Sarbanes-Oxley Act.
a. True
b. False
Ans: b
Learning Objective: 2.2
Cognitive Domain: Comprehension
Answer Location: History of Business Ethics
Question Type: TF

34. The Ethics Resource Center helped form the first business ethics office at General Dynamics in 1985.
a. True
b. False
Ans: a
Learning Objective: 2.2
Cognitive Domain: Comprehension
Answer Location: History of Business Ethics
Question Type: TF

35. Integrity is derived from the Latin word *integri*, which means wholeness.
a. True
b. False
Ans: a
Learning Objective: 2.4
Cognitive Domain: Knowledge
Answer Location: The Role of Integrity
Question Type: TF

36. The publicity test of integrity is based on the scenario that the individual would be comfortable in telling his or her best friend or a close family member about his or her actions.
a. True
b. False
Ans: b
Learning Objective: 2.5
Cognitive Domain: Knowledge

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Answer Location: The Role of Integrity
Question Type: TF

37. The universality test of integrity draws on the belief of whether the individual would consider it acceptable behavior if anyone in the world did the same action.
a. True
b. False
Ans: a
Learning Objective: 2.5
Cognitive Domain: Knowledge
Answer Location: The Role of Integrity
Question Type: TF

38. The obituary test of integrity is also called the Golden Rule.
a. True
b. False
Ans: b
Learning Objective: 2.5
Cognitive Domain: Knowledge
Answer Location: The Role of Integrity
Question Type: TF

39. "Maintaining the ability to be concerned about the greater good" is a specific behavior that can help identify the level of integrity in individual actions.
a. True
b. False
Ans: a
Learning Objective: 2.6
Cognitive Domain: Knowledge
Answer Location: Specific Behaviors of High Integrity
Question Type: TF

40. The illusion of objectivity occurs when a decision maker believes that his or her decisions are free of biases.
a. True
b. False
Ans: a
Learning Objective: 2.6
Cognitive Domain: Knowledge
Answer Location: Is Everyone Unethical?
Question Type: TF

41. Gender and ethnic biases can be common implicit prejudices.
a. True
b. False
Ans: a

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Learning Objective: 2.6
Cognitive Domain: Knowledge
Answer Location: Is Everyone Unethical?
Question Type: TF

42. In the global study measuring different components of cheating, there is a strong positive correlation between cheating and the level of corruption in a country.
a. True
b. False
Ans: b
Learning Objective: 2.7
Cognitive Domain: Knowledge
Answer Location: The Cheating Culture
Question Type: TF

43. Copying information from journal articles and generic sources such as Wikipedia without stating the source is allowable behavior.
a. True
b. False
Ans: b
Learning Objective: 2.7
Cognitive Domain: Knowledge
Answer Location: The Role of Technology and Cheating
Question Type: TF

44. Trust within an organization reinforces and encourages delegation of decisions, mutual concern, and whistle-blowing
a. True
b. False
Ans: b
Learning Objective: 2.7
Cognitive Domain: Knowledge
Answer Location: The Role of Trust in Ethical Conduct
Question Type: TF

Essay

45. In a short essay, describe the significant developments in business ethics during the 1960s, 1970s, 1980s, 1990s, and 2000s.
Ans: The climate of today's business ethics has seen a real change from those initial discussions that were made centuries ago. During each decade, we have been faced with turbulent ethical times.

- In the 1960s, the climate of business ethics was more of a period of social unrest. This era showed the birth of corporate social responsibility movement, with corporations

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beginning to establish codes of conduct to help deal with newfound problems among employees and employers.
- The economy of the 1970s suffered a recession, and then the unemployment rate rose dramatically during this time. This was a time when companies began to cover up their wrongdoings rather than deal with the issues head-on.
- The era of the 1980s showed a time when financial fraud surfaced through the savings and loan scandal.
- The 1990s saw an outgrowth of global opportunities for companies, but they were not without concerns. Unsafe work practices, child labor issues, and environmental issues gained prominence.
- At the new millennium, unethical companies began to surface, wrought with financial mismanagement problems. The most significant event in the United States was the passage of the Sarbanes-Oxley Act in 2002, which attempted to control the financial mismanagement issues eroding the integrity and confidence of corporations and their stakeholders.

Learning Objective: 2.2
Cognitive Domain: analysis
Answer Location: History of Business Ethics
Question Type: ESS

46. In a short essay, define *integrity*, and explain the role of integrity in the corporation.
Ans: The underlying assumption of the role of employees within the organization is a deeply rooted level of organizational commitment. That commitment generates an attitude in which the employees can be passionate about their effort and the overall commitment of the firm. After they leave the firm, the employees want to believe that there is a legacy of their contribution to the success of the firm. It is this commitment, passion, and dedication that drive employees to a high level of integrity within their work setting. Integrity is based on employees' continuous efforts to balance their personal values with the requirements to perform their jobs effectively throughout their careers.
Learning Objective: 2.3
Cognitive Domain: Analysis
Answer Location: The Role of Integrity
Question Type: ESS

47. List and describe five tests used to measure integrity.
Ans:
a. Publicity test—based on the scenario of whether the individual would be comfortable if his or her actions were publicized in a newspaper or on television
b. Trusted friend test—based on the scenario that the individual would be comfortable in telling his or her best friend or a close family member about his or her actions
c. Reciprocity test (also known as the Golden Rule)—asks whether the individual treats others as he or she would like to be treated
d. Universality test—draws on the belief of whether the individual would consider it acceptable behavior if anyone in the world did the same action
e. Obituary test—tasks the individual to look back in hindsight on one's previous actions over the course of one's career and ask if he or she is comfortable with the evaluation

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Learning Objective: 2.5
Cognitive Domain: Analysis
Answer Location: The Role of Integrity
Question Type: ESS

48. Donald Zauderer listed thirteen specific behaviors that can help identify the level of integrity in individual actions. In a short essay, list and discuss seven of these specific behaviors.
Ans:
a. Process humility—an individual should be humble in his or her actions when interacting with others
b. Maintain concern for the greater good—an individual should always make decisions that benefit the firm overall
c. Be truthful—an individual should always be truthful not only in his or her statements but also in his or her actions
d. Fulfill commitments—an individual should always make a good-faith effort to fulfill all the commitments the individual promised to complete
e. Strive for fairness—an individual should make decisions that are fair to everyone who can be impacted by the decision
f. Take responsibility—an individual should always take full responsibility for one's own actions
g. Have respect for the individual—an individual should respect the interest and actions of others
h. Celebrate the good fortune of others—an individual should share the joy in another person's accomplishments
I. Develop others—an individual should be able to support the employee development of other employees within the organization
g. Reproach unjust acts—an individual should refuse to perform any act that he or she would consider to be unjust
h. Be forgiving—an individual should let go of past actions that have had a negative impact
I. Extend self for others—an individual should help and provide assistance to others in a time of need
Learning Objective: 2.4
Cognitive Domain: analysis
Answer Location: Specific Behaviors of High Integrity
Question Type: ESS

49. In a short essay, discuss the differences in unethical behavior between the generations identified in Table 2.2
Ans:
a. Millennials: highest levels of unethical behavior in sexual harassment (growing 2009-2011), discrimination (stable), health safety violations, conflicts of interest, improper hiring, lying to customers and employees, benefits violations, resource violation. Lowest in abusive behavior, breaches of employee privacy
b. Generation X: stuck in the middles except highest for Internet abuse
c. Baby Boomers: inverse of Millennials
d. Discussion point: Are the results merely a generational difference or a true behavioral paradigm shift? Does this depend on your own perspective and demographics?

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Learning Objective: 2.8
Cognitive Domain: Analysis
Answer Location: Generational Differences Pertaining to Ethics
Question Type: ESS

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