Chapter 01 Ethics and Business

*Student: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

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| 1. | Ethical decision making in business is limited to major corporate decisions with dramatic social consequences.    True    False |

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| 2. | In business, every decision can be covered by economic, legal, or company rules and regulations.    True    False |

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| 3. | The direct costs of unethical business practice are more visible today than they have ever been before.    True    False |

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| 4. | In a general sense, a business stakeholder is one who has made substantial financial investments in the business.    True    False |

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| 5. | A firm's ethical reputation can provide a competitive advantage in the marketplace with customers, suppliers, and employees.    True    False |

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| 6. | The Grayson-Himes Pay for Performance Act was passed to amend the executive compensation provisions of the Emergency Economic Stabilization Act of 2008.    True    False |

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| 7. | Ethics refers to how human beings should properly live their lives.    True    False |

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| 8. | Ethical business leadership is the skill to create circumstances in which bad people are taught to do good.    True    False |

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| 9. | Norms appeal to certain values that would be promoted or attained by acting in a certain way.    True    False |

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| 10. | Technically speaking, values are not necessarily positive or ethical in nature.    True    False |

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| 11. | Ethical values are personal codes of ethics that ensure that individually, a person meets his or her standards of well-being.    True    False |

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| 12. | The well-being promoted by ethical values is not a personal and selfish well-being.    True    False |

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| 13. | Societies that value individual freedom will be reluctant to legally require acts of charity, personal integrity, and common decency.    True    False |

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| 14. | In civil law, there is no room for ambiguity in applying the law because much of the law is established by past precedent.    True    False |

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| 15. | Ethical theories are patterns of thinking, or methodologies, to help us decide what to do.    True    False |

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| 16. | Which of the following statements is true about ethical decision making in business?      |  |  | | --- | --- | | A. | Ethical decision making is not limited to the type of major corporate decisions with dramatic social consequences. |  |  |  | | --- | --- | | B. | Every employee does not face an issue that requires ethical decision making. |  |  |  | | --- | --- | | C. | All ethical decisions can be covered by economic, legal, or company rules and regulations. |  |  |  | | --- | --- | | D. | Ethical decision making should not rely on the personal values and principles of the individuals involved. | |

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| 17. | Which of the following statements is true about ethical decision making in business?      |  |  | | --- | --- | | A. | Ethical decision making is limited to the type of major corporate decisions with social consequences. |  |  |  | | --- | --- | | B. | At some point, every worker will be faced with an issue that will require ethical decision making. |  |  |  | | --- | --- | | C. | All ethical decisions can be covered by economic, legal, or company rules and regulations. |  |  |  | | --- | --- | | D. | Ethical decision making should not rely on the personal values and principles of the individuals involved. | |

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| 18. | Which of the following statements is true about ethical decision making in business?      |  |  | | --- | --- | | A. | Ethical decision making is limited to the type of major corporate decisions with social consequences. |  |  |  | | --- | --- | | B. | Every employee does not face an issue that requires ethical decision making. |  |  |  | | --- | --- | | C. | All ethical decisions can be covered by economic, legal, or company rules and regulations. |  |  |  | | --- | --- | | D. | Ethical decision making should rely on the personal values and principles of the individuals involved. | |

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| 19. | In a general sense, a business \_\_\_\_\_ is anyone who affects or is affected by decisions made within the firm, for better or worse.      |  |  | | --- | --- | | A. | nominee |  |  |  | | --- | --- | | B. | stakeholder |  |  |  | | --- | --- | | C. | stockholder |  |  |  | | --- | --- | | D. | watchdog | |

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| 20. | Which of the following best describes a business stakeholder?      |  |  | | --- | --- | | A. | Only the minority shareholders in a business entity. |  |  |  | | --- | --- | | B. | Only those who have acquired significant shares in a firm. |  |  |  | | --- | --- | | C. | Anyone who audits a firm. |  |  |  | | --- | --- | | D. | Anyone who affects or is affected by decisions made within a firm. | |

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| 21. | Identify the bill that was passed in April 2009 to amend the executive compensation provisions of the Emergency Economic Stabilization Act of 2008 to prohibit unreasonable and excessive compensation and compensation not based on performance standards.      |  |  | | --- | --- | | A. | Gramm-Rudman-Hollings Performance and Results Act |  |  |  | | --- | --- | | B. | Employee Pay Comparability Act |  |  |  | | --- | --- | | C. | Grayson-Himes Pay for Performance Act |  |  |  | | --- | --- | | D. | Statutory Pay-As-You-Go Act | |

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| 22. | Which of the following is the objective of the Grayson-Himes Pay for Performance Act?      |  |  | | --- | --- | | A. | To ban future "unreasonable and excessive" compensation at companies receiving federal bailout money. |  |  |  | | --- | --- | | B. | To set up the Public Company Accounting Oversight Board in the wake of accounting scandals that rocked the private sector. |  |  |  | | --- | --- | | C. | To outlaw the practice of backdating of stock options awarded to senior management. |  |  |  | | --- | --- | | D. | To set upper limits on executive pay based on average employee salary in all private sector organizations. | |

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| 23. | Which of the following best describes ethics?      |  |  | | --- | --- | | A. | An academic discipline which originated in the early 1900s. |  |  |  | | --- | --- | | B. | A descriptive approach that provides an account of how and why people do act the way they do. |  |  |  | | --- | --- | | C. | The study of how human beings should properly live their lives. |  |  |  | | --- | --- | | D. | A descriptive approach such as psychology and sociology. | |

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| 24. | Which of the following is an approach advocated while teaching ethics?      |  |  | | --- | --- | | A. | Teachers should teach ethical dogma to a passive audience. |  |  |  | | --- | --- | | B. | Teachers should consider acceptance of customary norms as an adequate ethical perspective. |  |  |  | | --- | --- | | C. | Teachers should understand that their role is only to tell the right answers to their students. |  |  |  | | --- | --- | | D. | Teachers should challenge students to think for themselves. | |

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| 25. | Philosophers often emphasize that ethics is \_\_\_\_, which means that it deals with a person's reasoning about how he or she should act.      |  |  | | --- | --- | | A. | normative |  |  |  | | --- | --- | | B. | descriptive |  |  |  | | --- | --- | | C. | stipulative |  |  |  | | --- | --- | | D. | persuasive | |

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| 26. | Which of the following observations is true of ethics?      |  |  | | --- | --- | | A. | It is descriptive in nature. |  |  |  | | --- | --- | | B. | It deals with our reasoning about how we should act. |  |  |  | | --- | --- | | C. | It provides an account of how and why people act the way they do. |  |  |  | | --- | --- | | D. | It is equivalent to law-abiding behavior. | |

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| 27. | Like ethics, social sciences such as psychology and sociology also examine human decision making and actions. However, these fields differ from ethics because they are \_\_\_\_.      |  |  | | --- | --- | | A. | normative in nature |  |  |  | | --- | --- | | B. | descriptive in nature |  |  |  | | --- | --- | | C. | persuasive in nature |  |  |  | | --- | --- | | D. | stipulative in nature | |

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| 28. | Ethics seeks an account of how and why people should act a certain way, rather than how they do act. This nature of ethics makes it a(n) \_\_\_\_\_ discipline.      |  |  | | --- | --- | | A. | descriptive |  |  |  | | --- | --- | | B. | supererogatory |  |  |  | | --- | --- | | C. | normative |  |  |  | | --- | --- | | D. | stipulative | |

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| 29. | As a \_\_\_\_\_ discipline, ethics seeks an account of how and why people should act a certain way.      |  |  | | --- | --- | | A. | descriptive |  |  |  | | --- | --- | | B. | supererogatory |  |  |  | | --- | --- | | C. | normative |  |  |  | | --- | --- | | D. | stipulative | |

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| 30. | The \_\_\_\_\_ discipline provides an account of how and why people do act the way they do.      |  |  | | --- | --- | | A. | descriptive |  |  |  | | --- | --- | | B. | supererogatory |  |  |  | | --- | --- | | C. | normative |  |  |  | | --- | --- | | D. | stipulative | |

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| 31. | Individual codes of conduct based on one's value structures regarding how one should live, how one should act, what one should do, what kind of a person should one be etc. is sometimes referred to as \_\_\_\_.      |  |  | | --- | --- | | A. | morality |  |  |  | | --- | --- | | B. | independence |  |  |  | | --- | --- | | C. | leadership |  |  |  | | --- | --- | | D. | rationality | |

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| 32. | Morality is the aspect of ethics that we can refer to by the phrase "\_\_\_\_\_."      |  |  | | --- | --- | | A. | personal freedom |  |  |  | | --- | --- | | B. | individual rationality |  |  |  | | --- | --- | | C. | personal integrity |  |  |  | | --- | --- | | D. | persuasive rationality | |

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| 33. | \_\_\_\_\_ is that aspect of ethics that is referred to by the phrase "personal integrity."      |  |  | | --- | --- | | A. | Values |  |  |  | | --- | --- | | B. | Morality |  |  |  | | --- | --- | | C. | Social ethics |  |  |  | | --- | --- | | D. | Norms | |

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| 34. | Which of the following raises questions about justice, law, civic virtues, and political philosophy?      |  |  | | --- | --- | | A. | Stipulative ethics |  |  |  | | --- | --- | | B. | Morality |  |  |  | | --- | --- | | C. | Descriptive discipline |  |  |  | | --- | --- | | D. | Social ethics | |

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| 35. | The aspect of business ethics that examines business institutions from a social rather than an individual perspective is referred to as:      |  |  | | --- | --- | | A. | decision making for social responsibility. |  |  |  | | --- | --- | | B. | corporate cultural responsibility. |  |  |  | | --- | --- | | C. | institutionalized ethical responsibility. |  |  |  | | --- | --- | | D. | institutional morality. | |

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| 36. | \_\_\_\_\_ establish the guidelines or standards for determining what one should do, how one should act, what type of person one should be.      |  |  | | --- | --- | | A. | Roles |  |  |  | | --- | --- | | B. | Attitudes |  |  |  | | --- | --- | | C. | Norms |  |  |  | | --- | --- | | D. | Laws | |

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| 37. | Norms:      |  |  | | --- | --- | | A. | are the underlying beliefs that cause people to act or to decide one way rather than another. |  |  |  | | --- | --- | | B. | are standards of appropriate and proper behavior. |  |  |  | | --- | --- | | C. | are referred to by the phrase "personal integrity." |  |  |  | | --- | --- | | D. | do not presuppose any underlying values. | |

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| 38. | The crux of normative ethics is that these disciplines:      |  |  | | --- | --- | | A. | presuppose some underlying values. |  |  |  | | --- | --- | | B. | describe what people do. |  |  |  | | --- | --- | | C. | should always involve the study or discipline of ethics. |  |  |  | | --- | --- | | D. | branch away from social ethics to personal ethics. | |

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| 39. | Which of the following are underlying beliefs that cause us to act or to decide one way rather than another?      |  |  | | --- | --- | | A. | Patterns |  |  |  | | --- | --- | | B. | Codes |  |  |  | | --- | --- | | C. | Sets |  |  |  | | --- | --- | | D. | Values | |

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| 40. | Which of the following is true about values?      |  |  | | --- | --- | | A. | Values are the highest standards of appropriate and proper behavior. |  |  |  | | --- | --- | | B. | Corporate scandals prove the fact that individuals have personal values, but institutions lack values. |  |  |  | | --- | --- | | C. | Values cannot lead to unethical results. |  |  |  | | --- | --- | | D. | Values are underlying beliefs that cause us to act or to decide in a certain way. | |

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| 41. | Which of the following are beliefs and principles that provide the ultimate guide to a company's decision making?      |  |  | | --- | --- | | A. | Mission statement |  |  |  | | --- | --- | | B. | Core values |  |  |  | | --- | --- | | C. | Historical milestones |  |  |  | | --- | --- | | D. | Vision statement | |

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| 42. | Which of the following best describe the norms that guide employees, implicitly more often than not, to behave in ways that the firm values and finds worthy?      |  |  | | --- | --- | | A. | Organizational culture |  |  |  | | --- | --- | | B. | Government's financial regulations |  |  |  | | --- | --- | | C. | Industrial norms |  |  |  | | --- | --- | | D. | Legal statutes | |

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| 43. | Ethics requires that the promotion of human welfare be done:      |  |  | | --- | --- | | A. | based on the personal opinions of the decision maker. |  |  |  | | --- | --- | | B. | based on the level of need of the beneficiaries. |  |  |  | | --- | --- | | C. | understanding the religious beliefs of the beneficiary. |  |  |  | | --- | --- | | D. | in a manner that is acceptable and reasonable from all relevant points of view. | |

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| 44. | Dramatic examples from history, including Nazi Germany and apartheid in South Africa, demonstrate that:      |  |  | | --- | --- | | A. | societies valuing freedom welcome laws that require more than the ethical minimum. |  |  |  | | --- | --- | | B. | ethical responsibilities give rise to more and more regulations. |  |  |  | | --- | --- | | C. | obedience to law is sufficient to fulfill one's ethical duties. |  |  |  | | --- | --- | | D. | one's ethical responsibility may run counter to the law. | |

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| 45. | Telling organizations that their ethical responsibilities end with obedience to the law:      |  |  | | --- | --- | | A. | is just inviting more legal regulation. |  |  |  | | --- | --- | | B. | is enough to maintain an ethical business environment. |  |  |  | | --- | --- | | C. | reduces the frequency of corporate scandals. |  |  |  | | --- | --- | | D. | eliminates ambiguity while making personal ethics-related decisions. | |

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| 46. | The failure of personal ethics among companies like Enron and WorldCom led to the creation of the:      |  |  | | --- | --- | | A. | Brooks Act. |  |  |  | | --- | --- | | B. | Gramm-Leach-Bliley Act. |  |  |  | | --- | --- | | C. | Clinger-Cohen Act. |  |  |  | | --- | --- | | D. | Sarbanes-Oxley Act. | |

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| 47. | Which of the following observations is true?      |  |  | | --- | --- | | A. | Obedience to the law is sufficient to fulfill one's ethical duties. |  |  |  | | --- | --- | | B. | The law is very effective at promoting "goods." |  |  |  | | --- | --- | | C. | The law cannot anticipate every new dilemma that businesses might face. |  |  |  | | --- | --- | | D. | An individual's ethical responsibility can never run counter to the law. | |

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| 48. | Which of the following helps identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives?      |  |  | | --- | --- | | A. | Risk aversion |  |  |  | | --- | --- | | B. | Risk benchmarking |  |  |  | | --- | --- | | C. | Risk assessment |  |  |  | | --- | --- | | D. | Risk minimization | |

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| 49. | Practical reasoning is reasoning about:      |  |  | | --- | --- | | A. | what we should think. |  |  |  | | --- | --- | | B. | what we should do. |  |  |  | | --- | --- | | C. | what we should believe. |  |  |  | | --- | --- | | D. | what we should share. | |

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| 50. | \_\_\_\_\_ reasoning is reasoning about what we should do.      |  |  | | --- | --- | | A. | Practical |  |  |  | | --- | --- | | B. | Descriptive |  |  |  | | --- | --- | | C. | Theoretical |  |  |  | | --- | --- | | D. | Notional | |

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| 51. | Theoretical reasoning is reasoning about:      |  |  | | --- | --- | | A. | what we actually do. |  |  |  | | --- | --- | | B. | what we should do. |  |  |  | | --- | --- | | C. | what we should believe. |  |  |  | | --- | --- | | D. | what we should implement. | |

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| 52. | \_\_\_\_\_ reasoning is reasoning about what we should believe.      |  |  | | --- | --- | | A. | Practical |  |  |  | | --- | --- | | B. | Abstract |  |  |  | | --- | --- | | C. | Theoretical |  |  |  | | --- | --- | | D. | Descriptive | |

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| 53. | Which of the following refers to the pursuit of truth and the highest standard for what we should believe?      |  |  | | --- | --- | | A. | Theoretical reason |  |  |  | | --- | --- | | B. | Critical reason |  |  |  | | --- | --- | | C. | Philanthropic reason |  |  |  | | --- | --- | | D. | Practical reason | |

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| 54. | According to the tradition of theoretical reason, \_\_\_\_\_ is the great arbiter of truth.      |  |  | | --- | --- | | A. | religion |  |  |  | | --- | --- | | B. | perception |  |  |  | | --- | --- | | C. | science |  |  |  | | --- | --- | | D. | ethics | |

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| 55. | Which of the following can be thought of as the answer to the fundamental questions of theoretical reason?      |  |  | | --- | --- | | A. | The scientific method |  |  |  | | --- | --- | | B. | The practical approach |  |  |  | | --- | --- | | C. | The contingency approach |  |  |  | | --- | --- | | D. | The normative model | |

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| 56. | A(n) \_\_\_\_\_ is anyone affected, for better or for worse, by the decisions made within a particular firm.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 57. | In an organizational context, \_\_\_\_\_ is the skill of creating a circumstance in which good people are able to do good, and bad people are prevented from doing bad.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 58. | \_\_\_\_\_ is the aspect of ethics that is referred to by the phrase "personal integrity."    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 59. | \_\_\_\_\_ ethics asks us to simply step back from implicit everyday decisions to examine and evaluate them.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 60. | To say that ethics is a \_\_\_\_\_ discipline is to say that it deals with standards of appropriate and proper behavior.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 61. | Normative disciplines presuppose some underlying \_\_\_\_.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 62. | \_\_\_\_\_ serve the ends of human well-being.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 63. | One way to distinguish the various types of values is in terms of the ends they serve. \_\_\_\_\_ values serve the end of beauty.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 64. | The \_\_\_\_\_ requires employers to make reasonable accommodations for employees with disabilities.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 65. | According to \_\_\_\_, science is the great arbiter of truth.    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

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| 66. | Explain how ethical decisions are required to be made by everybody, and how they have the capacity to influence more than just the decision maker. |

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| 67. | Explain how the study of ethics was viewed until recently, and what kind of shift in focus has occurred post the scandals. |

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| 68. | Describe the advantages associated with ethical decision-making. |

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| 69. | Discuss the hesitation (that may be justified) associated with teaching ethics. Explain briefly how the authors of this text believe that ethics can be taught constructively in a class. |

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| 70. | Define ethics. How is it different from social sciences such as psychology and sociology? |

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| 71. | Differentiate the concepts of morality and social ethics. |

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| 72. | Why is ‘ethics' considered a normative discipline? |

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| 73. | Define values and discuss the element of corporate culture in detail. |

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| 74. | Describe the two elements of ethical values. |

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| 75. | Discuss the impact of maintaining that holding to the law is sufficient to fulfill one's ethical duties, and what it says about the law itself. |

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| 76. | Explain the difficulties associated with telling businesses that its ethical responsibilities end with obedience to the law. |

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| 77. | Discuss the importance of precedents for most laws concerning business. |

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| 78. | Define risk assessment. |

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| 79. | While using the risk assessment model what might the decision makers include in their assessment before taking action? |

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| 80. | Differentiate between practical reason and theoretical reason. |

Chapter 01 Ethics and Business Key

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| 1. *(p. 4)* | Ethical decision making in business is limited to major corporate decisions with dramatic social consequences.    **FALSE**  Ethical decision making in business is not at all limited to the type of major corporate decisions with dramatic social consequences. At some point, every worker, and certainly everyone in a management role, will be faced with an issue that will require ethical decision making. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #1 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 2. *(p. 4)* | In business, every decision can be covered by economic, legal, or company rules and regulations.    **FALSE**  At some point, every worker, and certainly everyone in a managerial role, will be faced with an issue that will require ethical decision making. Not every decision can be covered by economic, legal, or company rules and regulations. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #2 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 3. *(p. 5)* | The direct costs of unethical business practice are more visible today than they have ever been before.    **TRUE**  The direct costs of unethical business practice are more visible today than perhaps they have ever been before. The first decade of the new millennium has been riddled with highly publicized corporate scandals, the effects of which did not escape people of any social or income class. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #3 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 4. *(p. 7)* | In a general sense, a business stakeholder is one who has made substantial financial investments in the business.    **FALSE**  In a general sense, a business stakeholder will be anyone who affects or is affected by decisions made within the firm, for better or worse. |

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| *AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #4 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 5. *(p. 8)* | A firm's ethical reputation can provide a competitive advantage in the marketplace with customers, suppliers, and employees.    **TRUE**  A firm's ethical reputation can provide a competitive edge in the marketplace with customers, suppliers, and employees. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #5 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 6. *(p. 10)* | The Grayson-Himes Pay for Performance Act was passed to amend the executive compensation provisions of the Emergency Economic Stabilization Act of 2008.    **TRUE**  The Grayson-Himes Pay for Performance Act was passed "to amend the executive compensation provisions of the Emergency Economic Stabilization Act of 2008 to prohibit unreasonable and excessive compensation and compensation not based on performance standards." |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #6 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 7. *(p. 11)* | Ethics refers to how human beings should properly live their lives.    **TRUE**  Ethics refers not only to an academic discipline, but to that arena of human life studied by this academic discipline, namely, how human beings should properly live their lives. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #7 Learning Objective: 01-02 Explain the nature of business ethics as an academic discipline. Topic: Business Ethics as Ethical Decision Making* |

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| 8. *(p. 12)* | Ethical business leadership is the skill to create circumstances in which bad people are taught to do good.    **FALSE**  Ethical business leadership is the skill to create the circumstances in which good people are able to do good, and bad people are prevented from doing bad. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #8 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 9. *(p. 17)* | Norms appeal to certain values that would be promoted or attained by acting in a certain way.    **TRUE**  Norms establish the guidelines or standards for determining what we should do, how we should act, what type of person we should be. Another way of expressing this point is to say that norms appeal to certain values that would be promoted or attained by acting in a certain way. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #9 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 10. *(p. 18)* | Technically speaking, values are not necessarily positive or ethical in nature.    **TRUE**  In general, values are those beliefs that incline us to act or to choose one way rather than another. One important implication of this guidance, of course, is that an individual's or a corporation's set of values may lead to either ethical or unethical result. |

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| *AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #10 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 11. *(p. 18)* | Ethical values are personal codes of ethics that ensure that individually, a person meets his or her standards of well-being.    **FALSE**  It is important to know two elements of ethical values. First, ethical values serve the ends of human well-being. Second, the well-being promoted by ethical values is not a personal and selfish well-being. Thus, ethical values are those beliefs and principles that impartially promote human well-being. |

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| *AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #11 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 12. *(p. 18)* | The well-being promoted by ethical values is not a personal and selfish well-being.    **TRUE**  It is important to know two elements of ethical values. First, ethical values serve the ends of human well-being. Second, the well-being promoted by ethical values is not a personal and selfish well-being. Thus, ethical values are those beliefs and principles that impartially promote human well-being. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #12 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 13. *(p. 21)* | Societies that value individual freedom will be reluctant to legally require acts of charity, personal integrity, and common decency.    **TRUE**  Societies that value individual freedom will be reluctant to legally require more than just an ethical minimum. Such liberal societies will seek legally to prohibit the most serious ethical harms, but they will not legally require acts of charity, common decency, and personal integrity that may otherwise comprise the social fabric of a developed culture. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #13 Learning Objective: 01-05 Distinguish legal responsibilities from ethical responsibilities. Topic: Ethics and the Law* |

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| 14. *(p. 23)* | In civil law, there is no room for ambiguity in applying the law because much of the law is established by past precedent.    **FALSE**  In civil law (as opposed to criminal law), where much of the law is established by past precedent, there is always room for ambiguity in applying the law. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #14 Learning Objective: 01-06 Explain why ethical responsibilities go beyond legal compliance. Topic: Ethics and the Law* |

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| 15. *(p. 26)* | Ethical theories are patterns of thinking, or methodologies, to help us decide what to do.    **TRUE**  Ethical theories are patterns of thinking, or methodologies, to help us decide what to do. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #15 Learning Objective: 01-07 Describe ethical decision making as a form of practical reasoning. Topic: Ethics as Practical Reason* |

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| 16. *(p. 4)* | Which of the following statements is true about ethical decision making in business?      |  |  | | --- | --- | | **A.** | Ethical decision making is not limited to the type of major corporate decisions with dramatic social consequences. |  |  |  | | --- | --- | | B. | Every employee does not face an issue that requires ethical decision making. |  |  |  | | --- | --- | | C. | All ethical decisions can be covered by economic, legal, or company rules and regulations. |  |  |  | | --- | --- | | D. | Ethical decision making should not rely on the personal values and principles of the individuals involved. |   Ethical decision making in business is not at all limited to the type of major corporate decisions with dramatic social consequences. |

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| *AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #16 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 17. *(p. 4)* | Which of the following statements is true about ethical decision making in business?      |  |  | | --- | --- | | A. | Ethical decision making is limited to the type of major corporate decisions with social consequences. |  |  |  | | --- | --- | | **B.** | At some point, every worker will be faced with an issue that will require ethical decision making. |  |  |  | | --- | --- | | C. | All ethical decisions can be covered by economic, legal, or company rules and regulations. |  |  |  | | --- | --- | | D. | Ethical decision making should not rely on the personal values and principles of the individuals involved. |   At some point, every worker, and certainly everyone in a management role, will be faced with an issue that will require ethical decision making. |

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| *AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #17 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 18. *(p. 4)* | Which of the following statements is true about ethical decision making in business?      |  |  | | --- | --- | | A. | Ethical decision making is limited to the type of major corporate decisions with social consequences. |  |  |  | | --- | --- | | B. | Every employee does not face an issue that requires ethical decision making. |  |  |  | | --- | --- | | C. | All ethical decisions can be covered by economic, legal, or company rules and regulations. |  |  |  | | --- | --- | | **D.** | Ethical decision making should rely on the personal values and principles of the individuals involved. |   Ethical decision making must rely on the personal values and principles of the individuals involved. |

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| *AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #18 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 19. *(p. 7)* | In a general sense, a business \_\_\_\_\_ is anyone who affects or is affected by decisions made within the firm, for better or worse.      |  |  | | --- | --- | | A. | nominee |  |  |  | | --- | --- | | **B.** | stakeholder |  |  |  | | --- | --- | | C. | stockholder |  |  |  | | --- | --- | | D. | watchdog |   In a general sense, a business stakeholder will be anyone who affects or is affected by decisions made within the firm, for better or worse. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #19 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 20. *(p. 7)* | Which of the following best describes a business stakeholder?      |  |  | | --- | --- | | A. | Only the minority shareholders in a business entity. |  |  |  | | --- | --- | | B. | Only those who have acquired significant shares in a firm. |  |  |  | | --- | --- | | C. | Anyone who audits a firm. |  |  |  | | --- | --- | | **D.** | Anyone who affects or is affected by decisions made within a firm. |   In a general sense, a business stakeholder will be anyone who affects or is affected by decisions made within the firm, for better or worse. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #20 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 21. *(p. 10)* | Identify the bill that was passed in April 2009 to amend the executive compensation provisions of the Emergency Economic Stabilization Act of 2008 to prohibit unreasonable and excessive compensation and compensation not based on performance standards.      |  |  | | --- | --- | | A. | Gramm-Rudman-Hollings Performance and Results Act |  |  |  | | --- | --- | | B. | Employee Pay Comparability Act |  |  |  | | --- | --- | | **C.** | Grayson-Himes Pay for Performance Act |  |  |  | | --- | --- | | D. | Statutory Pay-As-You-Go Act |   The Grayson-Himes Pay for Performance Act was passed in April 2009, "to amend the executive compensation provisions of the Emergency Economic Stabilization Act of 2008 to prohibit unreasonable and excessive compensation and compensation not based on performance standards." This bill would ban future "unreasonable and excessive" compensation at companies receiving federal bailout money. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #21 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 22. *(p. 10)* | Which of the following is the objective of the Grayson-Himes Pay for Performance Act?      |  |  | | --- | --- | | **A.** | To ban future "unreasonable and excessive" compensation at companies receiving federal bailout money. |  |  |  | | --- | --- | | B. | To set up the Public Company Accounting Oversight Board in the wake of accounting scandals that rocked the private sector. |  |  |  | | --- | --- | | C. | To outlaw the practice of backdating of stock options awarded to senior management. |  |  |  | | --- | --- | | D. | To set upper limits on executive pay based on average employee salary in all private sector organizations. |   The Grayson-Himes Pay for Performance Act was passed in April 2009, "to amend the executive compensation provisions of the Emergency Economic Stabilization Act of 2008 to prohibit unreasonable and excessive compensation and compensation not based on performance standards." This bill would ban future "unreasonable and excessive" compensation at companies receiving federal bailout money. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #22 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 23. *(p. 11)* | Which of the following best describes ethics?      |  |  | | --- | --- | | A. | An academic discipline which originated in the early 1900s. |  |  |  | | --- | --- | | B. | A descriptive approach that provides an account of how and why people do act the way they do. |  |  |  | | --- | --- | | **C.** | The study of how human beings should properly live their lives. |  |  |  | | --- | --- | | D. | A descriptive approach such as psychology and sociology. |   Ethics refers not only to an academic discipline, but to that arena of human life studied by this academic discipline, namely, how human beings should properly live their lives. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #23 Learning Objective: 01-02 Explain the nature of business ethics as an academic discipline. Topic: Business Ethics as Ethical Decision Making* |

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| 24. *(p. 12)* | Which of the following is an approach advocated while teaching ethics?      |  |  | | --- | --- | | A. | Teachers should teach ethical dogma to a passive audience. |  |  |  | | --- | --- | | B. | Teachers should consider acceptance of customary norms as an adequate ethical perspective. |  |  |  | | --- | --- | | C. | Teachers should understand that their role is only to tell the right answers to their students. |  |  |  | | --- | --- | | **D.** | Teachers should challenge students to think for themselves. |   The teacher's role should not be to preach ethical dogma to a passive audience, but instead to treat students as active learners and to engage them in an active process of thinking, questioning, and deliberating. Teaching ethics must challenge students to think for themselves. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 2 Medium Hartman - Chapter 01 #24 Learning Objective: 01-02 Explain the nature of business ethics as an academic discipline. Topic: Business Ethics as Ethical Decision Making* |

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| 25. *(p. 14)* | Philosophers often emphasize that ethics is \_\_\_\_, which means that it deals with a person's reasoning about how he or she should act.      |  |  | | --- | --- | | **A.** | normative |  |  |  | | --- | --- | | B. | descriptive |  |  |  | | --- | --- | | C. | stipulative |  |  |  | | --- | --- | | D. | persuasive |   Philosophers often emphasize that ethics is normative, which means that it deals with our reasoning about how we should act. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #25 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 26. *(p. 14)* | Which of the following observations is true of ethics?      |  |  | | --- | --- | | A. | It is descriptive in nature. |  |  |  | | --- | --- | | **B.** | It deals with our reasoning about how we should act. |  |  |  | | --- | --- | | C. | It provides an account of how and why people act the way they do. |  |  |  | | --- | --- | | D. | It is equivalent to law-abiding behavior. |   Philosophers often emphasize that ethics is normative, which means that it deals with our reasoning about how we should act. As a normative discipline, ethics seeks an account of how and why people should act a certain way, rather than how they do act. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #26 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 27. *(p. 14)* | Like ethics, social sciences such as psychology and sociology also examine human decision making and actions. However, these fields differ from ethics because they are \_\_\_\_.      |  |  | | --- | --- | | A. | normative in nature |  |  |  | | --- | --- | | **B.** | descriptive in nature |  |  |  | | --- | --- | | C. | persuasive in nature |  |  |  | | --- | --- | | D. | stipulative in nature |   Social sciences, such as psychology and sociology, also examine human decision making and actions; but these sciences are descriptive rather than normative. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #27 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 28. *(p. 14)* | Ethics seeks an account of how and why people should act a certain way, rather than how they do act. This nature of ethics makes it a(n) \_\_\_\_\_ discipline.      |  |  | | --- | --- | | A. | descriptive |  |  |  | | --- | --- | | B. | supererogatory |  |  |  | | --- | --- | | **C.** | normative |  |  |  | | --- | --- | | D. | stipulative |   As a normative discipline, ethics seeks an account of how and why people should act a certain way, rather than how they do act. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #28 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 29. *(p. 14)* | As a \_\_\_\_\_ discipline, ethics seeks an account of how and why people should act a certain way.      |  |  | | --- | --- | | A. | descriptive |  |  |  | | --- | --- | | B. | supererogatory |  |  |  | | --- | --- | | **C.** | normative |  |  |  | | --- | --- | | D. | stipulative |   As a normative discipline, ethics seeks an account of how and why people should act a certain way, rather than how they do act. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 2 Medium Hartman - Chapter 01 #29 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 30. *(p. 14)* | The \_\_\_\_\_ discipline provides an account of how and why people do act the way they do.      |  |  | | --- | --- | | **A.** | descriptive |  |  |  | | --- | --- | | B. | supererogatory |  |  |  | | --- | --- | | C. | normative |  |  |  | | --- | --- | | D. | stipulative |   Social sciences, such as psychology and sociology, also examine human decision making and actions; but these sciences are descriptive rather than normative. When we say that they are descriptive, we refer to the fact that they provide an account of how and why people do act the way they do—they describe. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 2 Medium Hartman - Chapter 01 #30 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 31. *(p. 14)* | Individual codes of conduct based on one's value structures regarding how one should live, how one should act, what one should do, what kind of a person should one be etc. is sometimes referred to as \_\_\_\_.      |  |  | | --- | --- | | **A.** | morality |  |  |  | | --- | --- | | B. | independence |  |  |  | | --- | --- | | C. | leadership |  |  |  | | --- | --- | | D. | rationality |   How should we live? This fundamental question of ethics can be interpreted in two ways. "We" can mean each one of us individually, or it might mean all of us collectively. In the first sense, this is a question about how I should live my life, how I should act, what I should do, and what kind of person I should be. This meaning of ethics is based on our value structures, defined by our moral systems; and, therefore, it is sometimes referred to as morality. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #31 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 32. *(p. 14)* | Morality is the aspect of ethics that we can refer to by the phrase "\_\_\_\_\_."      |  |  | | --- | --- | | A. | personal freedom |  |  |  | | --- | --- | | B. | individual rationality |  |  |  | | --- | --- | | **C.** | personal integrity |  |  |  | | --- | --- | | D. | persuasive rationality |   Morality is the aspect of ethics that we refer to by the phrase "personal integrity." |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #32 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 33. *(p. 14)* | \_\_\_\_\_ is that aspect of ethics that is referred to by the phrase "personal integrity."      |  |  | | --- | --- | | A. | Values |  |  |  | | --- | --- | | **B.** | Morality |  |  |  | | --- | --- | | C. | Social ethics |  |  |  | | --- | --- | | D. | Norms |   Morality is the aspect of ethics that we refer to by the phrase "personal integrity." |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #33 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 34. *(p. 15)* | Which of the following raises questions about justice, law, civic virtues, and political philosophy?      |  |  | | --- | --- | | A. | Stipulative ethics |  |  |  | | --- | --- | | B. | Morality |  |  |  | | --- | --- | | C. | Descriptive discipline |  |  |  | | --- | --- | | **D.** | Social ethics |   Social ethics raises questions of justice, public policy, law, civic virtues, organizational structure, and political philosophy. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #34 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 35. *(p. 15)* | The aspect of business ethics that examines business institutions from a social rather than an individual perspective is referred to as:      |  |  | | --- | --- | | **A.** | decision making for social responsibility. |  |  |  | | --- | --- | | B. | corporate cultural responsibility. |  |  |  | | --- | --- | | C. | institutionalized ethical responsibility. |  |  |  | | --- | --- | | D. | institutional morality. |   Business ethics is concerned with how business institutions ought to be structured, about whether they have a responsibility to the greater society (corporate social responsibility or CSR), and about making decisions that will impact many people other than the individual decision maker. This aspect of business ethics asks people to examine business institutions from a social rather than from an individual perspective. This broader social aspect of ethics is referred to as decision making for social responsibility. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #35 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 36. *(p. 17)* | \_\_\_\_\_ establish the guidelines or standards for determining what one should do, how one should act, what type of person one should be.      |  |  | | --- | --- | | A. | Roles |  |  |  | | --- | --- | | B. | Attitudes |  |  |  | | --- | --- | | **C.** | Norms |  |  |  | | --- | --- | | D. | Laws |   Norms establish the guidelines or standards for determining what we should do, how we should act, what type of person we should be. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #36 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 37. *(p. 17)* | Norms:      |  |  | | --- | --- | | A. | are the underlying beliefs that cause people to act or to decide one way rather than another. |  |  |  | | --- | --- | | **B.** | are standards of appropriate and proper behavior. |  |  |  | | --- | --- | | C. | are referred to by the phrase "personal integrity." |  |  |  | | --- | --- | | D. | do not presuppose any underlying values. |   To say that ethics is a normative discipline is to say that it deals with norms: those standards of appropriate and proper (or "normal") behavior. Norms establish the guidelines or standards for determining what we should do, how we should act, what type of person we should be. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #37 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 38. *(p. 17)* | The crux of normative ethics is that these disciplines:      |  |  | | --- | --- | | **A.** | presuppose some underlying values. |  |  |  | | --- | --- | | B. | describe what people do. |  |  |  | | --- | --- | | C. | should always involve the study or discipline of ethics. |  |  |  | | --- | --- | | D. | branch away from social ethics to personal ethics. |   Normative disciplines presuppose some underlying values. |

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| *AACSB: Analytic Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #38 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 39. *(p. 17)* | Which of the following are underlying beliefs that cause us to act or to decide one way rather than another?      |  |  | | --- | --- | | A. | Patterns |  |  |  | | --- | --- | | B. | Codes |  |  |  | | --- | --- | | C. | Sets |  |  |  | | --- | --- | | **D.** | Values |   We can think of values as the underlying beliefs that cause us to act or to decide one way rather than another. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #39 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 40. *(p. 17)* | Which of the following is true about values?      |  |  | | --- | --- | | A. | Values are the highest standards of appropriate and proper behavior. |  |  |  | | --- | --- | | B. | Corporate scandals prove the fact that individuals have personal values, but institutions lack values. |  |  |  | | --- | --- | | C. | Values cannot lead to unethical results. |  |  |  | | --- | --- | | **D.** | Values are underlying beliefs that cause us to act or to decide in a certain way. |   We can think of values as the underlying beliefs that cause us to act or to decide one way rather than another. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #40 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 41. *(p. 18)* | Which of the following are beliefs and principles that provide the ultimate guide to a company's decision making?      |  |  | | --- | --- | | A. | Mission statement |  |  |  | | --- | --- | | **B.** | Core values |  |  |  | | --- | --- | | C. | Historical milestones |  |  |  | | --- | --- | | D. | Vision statement |   A company's core values are those beliefs and principles that provide the ultimate guide to its decision making. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #41 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 42. *(p. 18)* | Which of the following best describe the norms that guide employees, implicitly more often than not, to behave in ways that the firm values and finds worthy?      |  |  | | --- | --- | | **A.** | Organizational culture |  |  |  | | --- | --- | | B. | Government's financial regulations |  |  |  | | --- | --- | | C. | Industrial norms |  |  |  | | --- | --- | | D. | Legal statutes |   Talk of a corporation's "culture" is a way of saying that a corporation has a set of identifiable values that establish the expectations for what is "normal" within that firm. These norms guide employees, implicitly more often than not, to behave in ways that the firm values and finds worthy. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #42 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 43. *(p. 18)* | Ethics requires that the promotion of human welfare be done:      |  |  | | --- | --- | | A. | based on the personal opinions of the decision maker. |  |  |  | | --- | --- | | B. | based on the level of need of the beneficiaries. |  |  |  | | --- | --- | | C. | understanding the religious beliefs of the beneficiary. |  |  |  | | --- | --- | | **D.** | in a manner that is acceptable and reasonable from all relevant points of view. |   From the perspective of ethics, no one person's welfare is more worthy than any other's. Ethical acts and choices should be acceptable and reasonable from all relevant points of view. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #43 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 44. *(p. 19)* | Dramatic examples from history, including Nazi Germany and apartheid in South Africa, demonstrate that:      |  |  | | --- | --- | | A. | societies valuing freedom welcome laws that require more than the ethical minimum. |  |  |  | | --- | --- | | B. | ethical responsibilities give rise to more and more regulations. |  |  |  | | --- | --- | | C. | obedience to law is sufficient to fulfill one's ethical duties. |  |  |  | | --- | --- | | **D.** | one's ethical responsibility may run counter to the law. |   Holding that obedience to the law is sufficient to fulfill one's ethical duties begs the question of whether the law, itself, is ethical. Dramatic examples from history, including Nazi Germany and apartheid in South Africa, demonstrate that one's ethical responsibility may run counter to the law. |

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| *AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #44 Learning Objective: 01-05 Distinguish legal responsibilities from ethical responsibilities. Topic: Ethics and the Law* |

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| 45. *(p. 21)* | Telling organizations that their ethical responsibilities end with obedience to the law:      |  |  | | --- | --- | | **A.** | is just inviting more legal regulation. |  |  |  | | --- | --- | | B. | is enough to maintain an ethical business environment. |  |  |  | | --- | --- | | C. | reduces the frequency of corporate scandals. |  |  |  | | --- | --- | | D. | eliminates ambiguity while making personal ethics-related decisions. |   Telling business that its ethical responsibilities end with obedience to the law is just inviting more legal regulation. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Understand Difficulty: 3 Hard Hartman - Chapter 01 #45 Learning Objective: 01-05 Distinguish legal responsibilities from ethical responsibilities. Topic: Ethics and the Law* |

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| 46. *(p. 21)* | The failure of personal ethics among companies like Enron and WorldCom led to the creation of the:      |  |  | | --- | --- | | A. | Brooks Act. |  |  |  | | --- | --- | | B. | Gramm-Leach-Bliley Act. |  |  |  | | --- | --- | | C. | Clinger-Cohen Act. |  |  |  | | --- | --- | | **D.** | Sarbanes-Oxley Act. |   It was the failure of personal ethics among companies such as Enron and WorldCom that led to the creation of the Sarbanes-Oxley Act and many other legal reforms. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #46 Learning Objective: 01-05 Distinguish legal responsibilities from ethical responsibilities. Topic: Ethics and the Law* |

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| 47. *(p. 21)* | Which of the following observations is true?      |  |  | | --- | --- | | A. | Obedience to the law is sufficient to fulfill one's ethical duties. |  |  |  | | --- | --- | | B. | The law is very effective at promoting "goods." |  |  |  | | --- | --- | | **C.** | The law cannot anticipate every new dilemma that businesses might face. |  |  |  | | --- | --- | | D. | An individual's ethical responsibility can never run counter to the law. |   The law cannot possibly anticipate every new dilemma that businesses might face; so, often, there may not be a regulation for the particular dilemma that confronts a business leader. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #47 Learning Objective: 01-05 Distinguish legal responsibilities from ethical responsibilities. Topic: Ethics and the Law* |

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| 48. *(p. 23)* | Which of the following helps identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives?      |  |  | | --- | --- | | A. | Risk aversion |  |  |  | | --- | --- | | B. | Risk benchmarking |  |  |  | | --- | --- | | **C.** | Risk assessment |  |  |  | | --- | --- | | D. | Risk minimization |   Risk assessment is defined as "a process . . . to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives." |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #48 Learning Objective: 01-06 Explain why ethical responsibilities go beyond legal compliance. Topic: Ethics and the Law* |

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| 49. *(p. 24)* | Practical reasoning is reasoning about:      |  |  | | --- | --- | | A. | what we should think. |  |  |  | | --- | --- | | **B.** | what we should do. |  |  |  | | --- | --- | | C. | what we should believe. |  |  |  | | --- | --- | | D. | what we should share. |   Practical reasoning is reasoning about what we should do. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #49 Learning Objective: 01-07 Describe ethical decision making as a form of practical reasoning. Topic: Ethics as Practical Reason* |

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| 50. *(p. 24)* | \_\_\_\_\_ reasoning is reasoning about what we should do.      |  |  | | --- | --- | | **A.** | Practical |  |  |  | | --- | --- | | B. | Descriptive |  |  |  | | --- | --- | | C. | Theoretical |  |  |  | | --- | --- | | D. | Notional |   Practical reasoning is reasoning about what we should do. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #50 Learning Objective: 01-07 Describe ethical decision making as a form of practical reasoning. Topic: Ethics as Practical Reason* |

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| 51. *(p. 24)* | Theoretical reasoning is reasoning about:      |  |  | | --- | --- | | A. | what we actually do. |  |  |  | | --- | --- | | B. | what we should do. |  |  |  | | --- | --- | | **C.** | what we should believe. |  |  |  | | --- | --- | | D. | what we should implement. |   Theoretical reasoning is reasoning about what we should believe. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #51 Learning Objective: 01-07 Describe ethical decision making as a form of practical reasoning. Topic: Ethics as Practical Reason* |

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| 52. *(p. 24)* | \_\_\_\_\_ reasoning is reasoning about what we should believe.      |  |  | | --- | --- | | A. | Practical |  |  |  | | --- | --- | | B. | Abstract |  |  |  | | --- | --- | | **C.** | Theoretical |  |  |  | | --- | --- | | D. | Descriptive |   Theoretical reasoning is reasoning about what we should believe. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #52 Learning Objective: 01-07 Describe ethical decision making as a form of practical reasoning. Topic: Ethics as Practical Reason* |

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| 53. *(p. 24)* | Which of the following refers to the pursuit of truth and the highest standard for what we should believe?      |  |  | | --- | --- | | **A.** | Theoretical reason |  |  |  | | --- | --- | | B. | Critical reason |  |  |  | | --- | --- | | C. | Philanthropic reason |  |  |  | | --- | --- | | D. | Practical reason |   Theoretical reason is the pursuit of truth, which is the highest standard for what we should believe. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #53 Learning Objective: 01-07 Describe ethical decision making as a form of practical reasoning. Topic: Ethics as Practical Reason* |

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| 54. *(p. 24, 26)* | According to the tradition of theoretical reason, \_\_\_\_\_ is the great arbiter of truth.      |  |  | | --- | --- | | A. | religion |  |  |  | | --- | --- | | B. | perception |  |  |  | | --- | --- | | **C.** | science |  |  |  | | --- | --- | | D. | ethics |   Theoretical reason is the pursuit of truth, which is the highest standard for what we should believe. According to this tradition, science is the great arbiter of truth. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #54 Learning Objective: 01-07 Describe ethical decision making as a form of practical reasoning. Topic: Ethics as Practical Reason* |

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| 55. *(p. 26)* | Which of the following can be thought of as the answer to the fundamental questions of theoretical reason?      |  |  | | --- | --- | | **A.** | The scientific method |  |  |  | | --- | --- | | B. | The practical approach |  |  |  | | --- | --- | | C. | The contingency approach |  |  |  | | --- | --- | | D. | The normative model |   Theoretical reason is the pursuit of truth, which is the highest standard for what we should believe. According to this tradition, science is the great arbiter of truth. Thus, the scientific method can be thought of as the answer to the fundamental questions of theoretical reason: What should we believe? |

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| *AACSB: Analytic AACSB: Ethics Blooms: Remember Difficulty: 2 Medium Hartman - Chapter 01 #55 Learning Objective: 01-07 Describe ethical decision making as a form of practical reasoning. Topic: Ethics as Practical Reason* |

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| 56. *(p. 7)* | A(n) \_\_\_\_\_ is anyone affected, for better or for worse, by the decisions made within a particular firm.    **stakeholder**  In a general sense, a business stakeholder will be anyone who affects or is affected by decisions made within the firm, for better or worse. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #56 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 57. *(p. 12)* | In an organizational context, \_\_\_\_\_ is the skill of creating a circumstance in which good people are able to do good, and bad people are prevented from doing bad.    **ethical business leadership**  Ethical business leadership is the skill to create the circumstances within which good people are able to do good, and bad people are prevented from doing bad. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #57 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 58. *(p. 14)* | \_\_\_\_\_ is the aspect of ethics that is referred to by the phrase "personal integrity."    **Morality**  Morality is the aspect of ethics that we refer to by the phrase "personal integrity." |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #58 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 59. *(p. 15)* | \_\_\_\_\_ ethics asks us to simply step back from implicit everyday decisions to examine and evaluate them.    **Philosophical**  Philosophical ethics merely asks us to step back from implicit everyday decisions to examine and evaluate them. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #59 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 60. *(p. 17)* | To say that ethics is a \_\_\_\_\_ discipline is to say that it deals with standards of appropriate and proper behavior.    **normative**  To say that ethics is a normative discipline is to say that it deals with norms: those standards of appropriate and proper (or "normal") behavior. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #60 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 61. *(p. 17)* | Normative disciplines presuppose some underlying \_\_\_\_.    **values**  Normative disciplines presuppose some underlying values. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #61 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 62. *(p. 18)* | \_\_\_\_\_ serve the ends of human well-being.    **Ethical values**  Ethical values serve the ends of human well-being. Acts and decisions that seek to promote human welfare are acts and decisions based on ethical values. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #62 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 63. *(p. 18)* | One way to distinguish the various types of values is in terms of the ends they serve. \_\_\_\_\_ values serve the end of beauty.    **Aesthetic**  One way to distinguish various types of values is in terms of the ends they serve. Financial values serve monetary ends; religious values serve spiritual ends; aesthetic values serve the end of beauty; legal values serve law, order, and justice, and so forth. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #63 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 64. *(p. 21)* | The \_\_\_\_\_ requires employers to make reasonable accommodations for employees with disabilities.    **Americans with Disabilities Act**  The Americans with Disabilities Act (ADA) requires employers to make reasonable accommodations for employees with disabilities. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #64 Learning Objective: 01-06 Explain why ethical responsibilities go beyond legal compliance. Topic: Ethics and the Law* |

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| 65. *(p. 24; 26)* | According to \_\_\_\_, science is the great arbiter of truth.    **theoretical reason**  Theoretical reason is the pursuit of truth, which is the highest standard for what we should believe. According to this tradition, science is the great arbiter of truth. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 2 Medium Hartman - Chapter 01 #65 Learning Objective: 01-07 Describe ethical decision making as a form of practical reasoning. Topic: Ethics as Practical Reason* |

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| 66. *(p. 4)* | Explain how ethical decisions are required to be made by everybody, and how they have the capacity to influence more than just the decision maker.     Ethical decision making in business is not limited to the type of major corporate decisions with dramatic social consequences known in the form of Enron, JPMorgan, and WorldCom etc. At some point, every worker, and certainly everyone in a management role, will be faced with an issue that will require ethical decision making. Not every decision can be covered by economic, legal, or company rules and regulations. More often than not, responsible decision making must rely on the personal values and principles of the individuals involved. Individuals will have to decide for themselves what type of person they want to be. At other times, decisions will involve significant general policy issues that affect entire organizations, as happened in all the well-known corporate scandals. The managerial role especially involves decision making that establishes organizational precedents and has organizational and social consequences. |

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| *AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #66 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 67. *(p. 5-6)* | Explain how the study of ethics was viewed until recently, and what kind of shift in focus has occurred post the scandals.     As recently as the mid-1990s, articles in such major publications as The Wall Street Journal, the Harvard Business Review, and U.S. News and World Report questioned the legitimacy and value of teaching classes in business ethics. Few disciplines face the type of skepticism that commonly confronted courses in business ethics. Many students believed that "business ethics" was an oxymoron. Many also viewed ethics as a mixture of sentimentality and personal opinion that would interfere with the efficient functioning of business. Leaders realize that they can no longer afford this approach in contemporary business. The questions today are less about why or should ethics be a part of business, than they are about which values and principles should guide business decisions and how ethics should be integrated within business. Students unfamiliar with the basic concepts and categories of ethics will find themselves as unprepared for careers in business as students who are unfamiliar with accounting and finance. Indeed, it is fair to say that students will not be fully prepared, even within fields such as accounting, finance, human resource management, marketing, and management unless they are familiar with the ethical issues that arise within those specific fields. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Understand Difficulty: 3 Hard Hartman - Chapter 01 #67 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 68. *(p. 7-8)* | Describe the advantages associated with ethical decision-making.     Unethical behavior not only creates legal risks for a business, it creates financial and marketing risks as well. Managing these risks requires managers and executives to remain vigilant about their company's ethics. It is very clear now that a company can lose in the marketplace, it can go out of business, and its employees can go to jail if no one is paying attention to the ethical standards of the firm. A firm's ethical reputation can provide a competitive advantage in the marketplace and with customers, suppliers, and employees. Managing ethically can also pay significant dividends in organizational structure and efficiency. Trust, loyalty, commitment, creativity, and initiative are just some of the organizational benefits that are more likely to flourish within ethically stable and credible organizations. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Understand Difficulty: 1 Easy Hartman - Chapter 01 #68 Learning Objective: 01-01 Explain why ethics is important in the business environment. Topic: Introduction: Making the Case for Business Ethics* |

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| 69. *(p. 11)* | Discuss the hesitation (that may be justified) associated with teaching ethics. Explain briefly how the authors of this text believe that ethics can be taught constructively in a class.     Part of the hesitation about teaching ethics involves the potential for abuse; expecting teachers to influence behavior may be viewed as permission for teachers to impose their own views on students. Many believe that teachers should remain value-neutral in the classroom and respect a student's own views. Another part of this concern is that the line between motivating students and manipulating students is a narrow one. There are many ways to influence someone's behavior, including threats, guilt, pressure, bullying, and intimidation. But not all forms of influencing behavior raise such concerns. There is a major difference between manipulating someone and persuading someone, between threatening and reasoning. The authors of this text believe that the tension between knowledge and behavior can be resolved by emphasizing ethical judgment, ethical deliberation, and ethical decision making. The only academically and ethically legitimate way to do this is through careful and reasoned decision making. The fundamental assumption is that a process of rational decision making, a process that involves careful thought and deliberation, can and will result in behavior that is more reasonable, accountable, and ethical. |

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| *AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #69 Learning Objective: 01-02 Explain the nature of business ethics as an academic discipline. Topic: Business Ethics as Ethical Decision Making* |

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| 70. *(p. 11, 14)* | Define ethics. How is it different from social sciences such as psychology and sociology?     Ethics refers not only to an academic discipline, but to that arena of human life studied by this academic discipline, namely, how human beings should properly live their lives. Philosophers often emphasize that ethics is normative, in that it deals with our reasoning about how we should act. Social sciences such as psychology and sociology also examine human decision-making and actions, but these sciences are descriptive rather than normative. They provide an account of how and why people do act the way they do; as a normative discipline, ethics seeks an account of how and why people should act a certain way, rather than how they do act. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #70 Learning Objective: 01-02 Explain the nature of business ethics as an academic discipline. Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Ethical Decision Making Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 71. *(p. 14-15)* | Differentiate the concepts of morality and social ethics.     The fundamental question of ethics "How should we live?" can be interpreted in two ways. "We" can mean each one of us individually, or it might mean all of us collectively. In the first sense, this is a question about how I should live my life, how I should act, what I should do, and what kind of person I should be. This meaning of ethics is sometimes referred to as morality, and it is the aspect of ethics that we refer to by the phrase "personal integrity." There will be many times within a business setting where an individual will need to step back and ask: "What should I do? How should I act?" In the second sense, "How should we live?" refers to how we live together in a community. This is a question about how a society and social institutions such as corporations ought to be structured and about how we ought to live together. This area is sometimes referred to as social ethics and it raises questions of justice, public policy, law, civic virtues, organizational structure, and political philosophy. In this sense, business ethics is concerned with how business institutions ought to be structured, about corporate social responsibility, and about making decisions that will impact many people other than the individual decision maker. This aspect of business ethics asks us to examine business institutions from a social rather than an individual perspective. This broader social aspect of ethics is referred to as decision making for social responsibility. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Understand Difficulty: 1 Easy Hartman - Chapter 01 #71 Learning Objective: 01-03 Distinguish the ethics of personal integrity from the ethics of social responsibility. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 72. *(p. 17)* | Why is ‘ethics' considered a normative discipline?     To say that ethics is a normative discipline is to say that it deals with norms, those standards of appropriate and proper (or "normal") behavior. Norms establish the guidelines or standards for determining what we should do, how we should act, what type of person we should be. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #72 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 73. *(p. 18)* | Define values and discuss the element of corporate culture in detail.     In general, values can be thought of as those beliefs that incline us to act or to choose one way rather than another. A company's core values, for example, are those beliefs and principles that provide the ultimate guide in its decision making. Individuals can have their own personal values and, importantly, institutions also have values. A corporation's "culture" is a way of saying that a corporation has a set of identifiable values that establish the expectations for what is "normal" within that firm. These norms guide employees, implicitly more often than not, to behave in ways that the firm values and finds worthy. One important implication of this is that an individual or a corporation's set of values may lead to either ethical or unethical result. The corporate culture at Enron, for example, seems to have been committed to pushing the envelope of legality as far as possible in order to get away with as much as possible in pursuit of as much money as possible. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #73 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 74. *(p. 18)* | Describe the two elements of ethical values.     First, ethical values serve the ends of human well-being. Acts and choices that aim to promote human welfare are acts and choices based on ethical values. Second, the well-being promoted by ethical values is not a personal and selfish well-being. Ethical values are those beliefs and principles that impartially promote human well-being. |

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| *AACSB: Ethics Blooms: Understand Difficulty: 1 Easy Hartman - Chapter 01 #74 Learning Objective: 01-04 Distinguish ethical norms and values from other business-related norms and values. Topic: Business Ethics as Personal Integrity and Social Responsibility* |

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| 75. *(p. 19)* | Discuss the impact of maintaining that holding to the law is sufficient to fulfill one's ethical duties, and what it says about the law itself.     Holding that obedience to the law is sufficient to fulfill one's ethical duties begs the question of whether or not the law itself is ethical. Examples from history, Nazi Germany and apartheid in South Africa being the most obvious, demonstrate that one's ethical responsibility may run counter to the law. On a more practical level, this question can have significant implications in a global economy in which businesses operate in countries with legal systems different from those of their home country. Some countries make child labor or sexual discrimination legal, but businesses that choose to adopt such practices do not escape ethical responsibility for doing so. From the perspective of ethics, a business does not forgo its ethical responsibilities based on obedience to the law. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Understand Difficulty: 2 Medium Hartman - Chapter 01 #75 Learning Objective: 01-05 Distinguish legal responsibilities from ethical responsibilities. Topic: Ethics and the Law* |

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| 76. *(p. 21)* | Explain the difficulties associated with telling businesses that its ethical responsibilities end with obedience to the law.     Telling business that its ethical responsibilities end with obedience to the law is just inviting more legal regulation. The difficulty of trying to create laws to cover each and every possible business challenge would be enormous. The task would require such specificity that the number of regulated areas would become unmanageable. Additionally, it was the failure of personal ethics among such companies as Enron and WorldCom, after all that led to the creation of the Sarbanes-Oxley Act and many other legal reforms. If business restricts its ethical responsibilities to obedience to the law, it should not be surprising to find a new wave of government regulations that require what were formerly voluntary actions. |

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| *AACSB: Analytic AACSB: Ethics Blooms: Understand Difficulty: 1 Easy Hartman - Chapter 01 #76 Learning Objective: 01-05 Distinguish legal responsibilities from ethical responsibilities. Topic: Ethics and the Law* |

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| 77. *(p. 22-23)* | Discuss the importance of precedents for most laws concerning business.     Most of the laws that concern business are based on past cases that establish legal precedents. Each precedent applies general rules to the specific circumstances of an individual case. In most business situations, asking "Is this legal?" is really asking "Are these circumstances similar enough to past cases that the conclusions reached in those cases will also apply here?" Since there will always be some differences between cases, the question will always remain somewhat open. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #77 Learning Objective: 01-06 Explain why ethical responsibilities go beyond legal compliance. Topic: Ethics and the Law* |

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| 78. *(p. 23)* | Define risk assessment.     Risk assessment is defined as a process to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives. |

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| *AACSB: Analytic Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #78 Learning Objective: 01-06 Explain why ethical responsibilities go beyond legal compliance. Topic: Ethics and the Law* |

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| 79. *(p. 23-24)* | While using the risk assessment model what might the decision makers include in their assessment before taking action?     Using the risk assessment model, decision makers might include in their assessment before taking action:  • the likelihood of being challenged in court • the likelihood of losing the case • the likelihood of settling for financial damages • a comparison of those costs • the financial benefits of taking the action • the ethical implication of the options available |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #79 Learning Objective: 01-06 Explain why ethical responsibilities go beyond legal compliance. Topic: Ethics and the Law* |

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| 80. *(p. 24)* | Differentiate between practical reason and theoretical reason.     Practical reason is described as reasoning about what we should do, whereas theoretical reason involves reasoning about what we should believe. |

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| *AACSB: Ethics Blooms: Remember Difficulty: 1 Easy Hartman - Chapter 01 #80 Learning Objective: 01-07 Describe ethical decision making as a form of practical reasoning. Topic: Ethics as Practical Reason* |

Chapter 01 Ethics and Business Summary

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