Business Law and Strategy 2nd edition Melvin Test Bank

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CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) Ethics apply to everyday decisions.
   - ⦾ true
   - ⦾ false

2) Ethical misconduct not only includes illegal and unethical practices but also includes questionable practices of managers and organizations.
   - ⦾ true
   - ⦾ false

3) Religious tenets claim that humans have certain moral rights and duties that spring from their ability to reason and choose freely what to do with their lives.
   - ⦾ true
   - ⦾ false

4) A particular act can be deemed unethical yet still be legal.
   - ⦾ true
   - ⦾ false

5) Ethical problems faced by managers almost always come down to a clear choice, with one option clearly the most ethical choice.
   - ⦾ true
   - ⦾ false

6) Under the maximizing profits theory, a company strives to do no harm, as long as the company continues to be profitable.
   - ⦾ true
   - ⦾ false

7) Milton Friedman proposed that the only responsibility a business has is to maximize the shareholders' wealth.
   - ⦾ true
   - ⦾ false

8) The ethical decision-making approach of John Rawls, under which everyone negotiates from behind a veil of ignorance, is often referred to as a contract-based approach.
   - ⦾ true
   - ⦾ false

9) Immanuel Kant is credited with developing the utilitarian stream of moral reasoning.
   - ⦾ true
   - ⦾ false

10) Codes of ethics are insufficient and do not serve their proper purpose if they are intended only to ensure that company policies are legal.
   - ⦾ true
   - ⦾ false

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11) Jim's company has both a code of ethics and a separate code of conduct. If he wants to be sure that he complies with the company work from home ploicy, he will reference the code of ethics.
    - ⊚ true
    - ⊚ false

12) There are three schools of thought that defines corporate social responsibility in practice: the narrow view, the corporate view, and the wide-eyed view.
    - ⊚ true
    - ⊚ false

13) *Grimshaw v. Ford Motor Company* is often cited as a failing of the management's hand approach to corporate social responsibility.
    - ⊚ true
    - ⊚ false

14) In a community-based nonprofit, any surplus earning that remain are distributed fairly among all the employees.
    - ⊚ true
    - ⊚ false

15) In a benefit corporation the shareholders evaluate the effectiveness and performance of the corporation based upon financial, environmental, and social performance.
    - ⊚ true
    - ⊚ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

16) Fly High Aviation provides maintenance for executive jets based on private contracts with corporations that maintain airplanes for company use. Which of the following is least likely to be a Fly High stakeholder?
    - A) The mechanics who work for Fly High
    - B) The corporations that contact with Fly High for their services
    - C) The citizens who live near the airports that planes maintained by Fly High fly into
    - D) Individuals who own Fly High stock

17) The consequences-based approach to ethical decisions is sometimes called the
    - A) Universalization approach
    - B) Utilitarian approach
    - C) Functionality approach
    - D) Morality approach

18) The contract-based approach to moral philosophy was founded by
    - A) John Rawls
    - B) Immanuel Kant
    - C) Cicero
    - D) John Roberts

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19) The categorical imperative test consists of
    A) Individuals making ethical decisions with an eye toward potential consequences if everyone in society acted similarly
    B) Individuals making ethical decisions with an eye toward potential consequences if only some in society acted similarly but not all
    C) Individuals making ethical decisions with an eye toward potential consequences if no one in society acted similarly
    D) Individuals making ethical decisions with an eye toward potential consequences if most in society benefit even if some in society are harmed

20) Jana is the chief executive officer of a private company. The board is deciding on a new health care plan that would cost its workers more than its current plan. The new plan would save the company millions. After asking herself how she would feel if this decision was announced to the public on social media, Jana decided to challenge changing the health plan. The approach Jana used in making her decision is referred to as the
    A) Maximizing profits test
    B) Broadcast news test
    C) Universalization test
    D) Visible hand test

21) Mary is broke but needs a gown to go to a formal dance sponsored by her company. She goes to a local dress shop and purchases an expensive gown she cannot afford. She wears the gown to the event, tucking in and hiding the price tag rather than removing it. She dances all night and the next day goes back to the shop and returns the dress. The store's policy is that it will accept returns for 30 days as long as the price tag is still attached.
    A) Mary has not acted unethically because she complied with the store's policy.
    B) Mary has not acted unethically because she got the idea from an article in a magazine that said that celebrities do things like this all the time.
    C) Mary has not acted ethically because this is not an act generally accepted in society.
    D) Mary has not acted ethically if she returns the dress without cleaning it but has acted ethically if it is cleaned and sanitized before returning it.

22) The "Greed is Good" view of corporate responsibility was developed by
    A) Immanual Kant
    B) Aristotle
    C) Milton Friedman
    D) John Rawls

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23) Modern Corporation operates a steel mill. It has never contributed anything to the local community and it knowingly polluted both the air and the river that runs by its mill. The corporation's reasoning is that the cost of installing pollution control devices would diminish its profits, and it supports the community because it provides jobs and doesn't think it owes anything else to the citizens in it area. Donating to the community would also diminish its profits. Which theory of corporate social responsibility is Modern Corporation exhibiting?
   - A) The narrow view or invisible hand theory
   - B) The moderate view or government's hand theory
   - C) The hybrid view or citizen's hand theory
   - D) The broad view or management's hand theory

24) *In Grimshaw v. Ford Motor Company,* if Ford had not made the repairs to the cars and thereby placed profits above enhancing customer safety, which theory of corporate social responsibility would Ford have been exhibiting?
   - A) The narrow view or invisible hand theory
   - B) The moderate view or government's hand theory
   - C) The hybrid view or citizen's hand theory
   - D) The broad view or management's hand theory

25) The moderate view of assessing corporate citizenship holds that
   - A) corporate officers and boards of directors should provide the exclusive view of corporate responsibility.
   - B) corporate employees below the senior executive level should provide the exclusive view of corporate responsibility.
   - C) community groups where the corporation is located should provide the exclusive view of corporate responsibility.
   - D) the government should provide the exclusive view of corporate responsibility.

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26) Tyke's Bikes is a bicycle sales and repair shop in a small city. It sells new and used bikes with a narrow profit margin and does repairs at minimal costs. Frequently, if a child comes into the shop with a broken part or a flat tire, Tyke's makes the repair for free if the child has no money. Tyke's also provides a free one-hour repair class for those who want to learn how to fix their bikes. At large local organized bike rides, Tyke's provides free services, asking only for voluntary donations. Which theory of corporate social responsibility is Tyke's exhibiting?

A) The narrow view, or invisible hand theory.
B) The moderate view, or government's hand theory.
C) The hybrid view, or citizen's hand theory.
D) The broad view, or good corporate citizenship.

27) To say that corporations have a social responsibility, and that profitability should be placed secondary to that social responsibility reflects

A) The narrow view.
B) The moderate view.
C) The hybrid view.
D) The broad view.

28) Which of the following is not a common challenge to business ethics and values management?

A) Ethics cannot be taught.
B) Complying with the law is all that a corporation needs to do to remain ethical.
C) Ethics cannot be managed.
D) Success is measured in profits and losses, not in ethical conduct.

29) The triple bottom line in the perspective of corporate social responsibility emphasizes each of the following except

A) Creation of profit.
B) Creation or destruction of environmental value.
C) Creation of social value.
D) Creation of private value.

30) Each of the following is a key component in the creation and implementation of a company's values management program except

A) identifying the values that the company should promote.
B) identifying the values that the company's peer competitors promote.
C) developing written policies and procedures to align behaviors with the company's preferred values.
D) training personnel about the policies and procedures implemented.

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31) In *Grimshaw v. Ford Motor Company,* Ford was found liable because
   - A) Ford ignored a government recall warning to the detriment of its customers.
   - B) Ford placed profit over the potential impact to customers, including potential loss of customers' lives.
   - C) Ford improperly designed the Pinto and did few, if any, safety tests, so the flaw wasn't uncovered until accidents started occurring.
   - D) Ford acted unethically by hiding the fact that lawsuits were being filed for the Pinto's defect from the government and the general public.

32) Which of following statements is correct?
   - A) Justice does not apply equally to all parties
   - B) Justice does not have an enforcement mechanism to ensure fidelity to the law
   - C) Justice does not consider equally opposing sides
   - D) Justice does not always provide a clear choice

33) Shirley is deeply faithful to her religion. Therefore, when making business decisions she bases her decisions only in her religious foundation. Which statement is true?
   - A) She will always be ethically correct as ethics and religious teachings are always the same.
   - B) It is unethical to allow one's religious teachings to influence their business decisions.
   - C) Ethics and religious teaching often overlap because they are not separate and distinct in many situations. Therefore, where they overlap, they will be ethical.
   - D) Since religion is the only foundation for business ethics, she will always be ethical.

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34) Pendandant Publishing employs very brilliant accountants to search through the regulations to find accounting loopholes that benefit their profit margin. They find an accounting loophole which allows them to require a certain set of employees to work for less than the minimum wage. Based upon this finding, the company decides to fire all current employees in favor of the set of employees that they can pay under minimum wage. Are these actions legal and ethical?

A) No. If they are not breaking the law, it is always ethical.
B) Yes. Firing employees for any other reason other than poor working ethic is always unethical.
C) No. A particular action can be deemed unethical yet still be legal.
D) No. The law is not a factor when making business decisions, as making money is the only consideration.

35) The set of moral principles for deciding between right and wrong are called __________.

A) Laws
B) Ethics
C) Rules
D) Guidelines

36) John owns Marine Brewery and hires Beth to advise him on business decision making. Beth is very aggressive and believes that society is best served when seek a competitive advantage and that ethical violations will harm the companies, always advises John in a manner that focuses on finding that competitive advantage. Beth employs which type theory of corporate social responsibility?

A) Government hand
B) Citizens hand
C) Invisible hand
D) Judicial hand

37) __________ theory is a moral philosophy that certain rights and moral values are timeless and universal and discoverable through human reason.

A) Divine
B) Virtue
C) Natural
D) Legal

38) In an annual board meeting of Martin Corporation, a board member, Pat, makes the following statement, "As long as we remain profitable, we will strive to act as ethically as possible!" Pat's statement is an example of what type of ethical decision making theory?

A) Moral minimum
B) Do no harm
C) Cost benefit analysis
D) Moral maximum

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39) Religious documents, such as the Koran and the Old Testament utilize what type of ethical decision-making regime?
   A) Moral equivalency
   B) Invisible hand
   C) Principles-based approach
   D) Ethics-based approach

40) People must act virtuous and perform virtuous deeds was a view held by
   A) Kant
   B) Cicero
   C) Socrates
   D) Aristotle

41) A recognition that we all have the rights to "life, liberty and the pursuit of happiness" in the Preamble of the Declaration of Independence, according to Natural law, is a recognition of what type of rights?
   A) Inherent rights
   B) Judeo-Christian rights
   C) Explicit rights
   D) Moral rights

42) __________, was a medieval theologian developed the theory which state natural law is given by God; it is authoritative over all human beings; and it is knowable through the use of reason.
   A) Aristotle
   B) Thomas Aquinas
   C) Betham Hadar
   D) Kant

43) "Act in such a way that you treat humanity, whether in your own person or in the person of any other, always at the same time as an end and never merely as a means to an end." Is a quote by
   A) Aristotle
   B) Kant
   C) John Calvin
   D) Thomas Aquinas

44) Brenna confronts Noah at work as he is continually taking packets of printer paper and pens from the office supply closest for his own personal use at home. Noah responds angrily that the employer had plenty of supplies and they would not even notice it. Brenna responded with the question, "But what would happen if everyone at work took some paper and pens?" Brenna's statement illustrates which type of theory of ethical decision making?
   A) Moral minimum
   B) Values management
   C) Narrow view
   D) Universalization test

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45) After a rather unfortunate visit to the local hair salon, Janet asks John if the hair on the back of her head has been trimmed evenly and smoothly. John observes was not and actually she has many bald spots as a result of her haircut. According to Immanuel Kant's theory of ethical theory of categorical imperative ethical decision making regime, which one of the following statement should John make?

A) "Yes! Your hair looks perfect!"
B) "Yes! Your hair looks unique."
C) "No! Your hair is not trimmed evenly and smoothly."
D) "It is hard to determine what you mean."

46) At a board meeting for Webster Corporation, the members of the board discuss how a fellow board member is addicted to alcohol and it is affecting his work performance and his personal life. As a board, they decide to pay for a very expensive rehabilitative program at a facility several states away in California, with corporate funds. This will be a very expensive endeavor, using about 10% of the current year's profit but they hope that their friend will overcome his addiction. One board member, Nolan, objects to this stating, that if they individually want to pay for his treatment with their own money, they can, but they cannot use corporate funds for this as their only ethical duty is to make as much profit as possible so that stakeholders can decide how they want to spend their money. Nolan is employing what type of ethical decision-making view of corporate social responsibility?

A) Maximizing profits theory of Friedman
B) Government hand theory of Adam Smith
C) Moral minimum theory of Sophocles
D) Triple bottom line of Aquinas

47) Under the Moderate View of corporate social responsibility the _________ always represents the aggregate moral views of the public.
   A) People
   B) Church
   C) Government
   D) Philosophers

48) Under the theory of Milton Friedman, should a corporation donate money to charitable organizations?
   A) Yes. They should always balance the needs of helping society with the need to make money for the stakeholder.
   B) Yes. He believed, "First do no harm" which means that the role of the corporation is to help others before helping the corporation.
   C) No. While individual people are free to give money to charitable organizations, corporations have an ethical duty to shareholders to make as much money as possible.
   D) No, unless after a full background check to ensure that the charitable organization is legitimate.

49) The narrowest view of Corporate Social Responsibility is that corporations have a social responsibility to maximize profits, which is also called
   A) Moral minimum theory
   B) Governmental hand theory
   C) Invisible hand theory
   D) Public theory

50) After the recent fire which substantially damaged Notre Dame in Paris, Corporation X, decides to dedicate half of its profits for the next two years to the rebuilding efforts. Under which corporate social responsibility ethical decision-making theory would this most likely be proper?
   A) Moral minimum
   B) Moral equivalent
   C) Moderate view
   D) Public theory

51) Which state, in which the majority of corporations are incorporated, asserts that manager can consider non-shareholder interests in scenarios such as mergers as long as there is some connection to providing value to shareholders?
   A) Delaware
   B) New York
   C) Nevada
   D) California

52) One advantage of a community-based nonprofit type of corporation is
   A) The community supports the endeavor
   B) It is tax-exempt
   C) Once deemed legitimate, face far less governmental regulations
   D) Is always founded on religious doctrine

53) The United Way, a community-based nonprofit had a surplus of money that they did not spend a this year. Which statement below is not correct?

A) The surplus will not be distributed to the shareholders as dividends.
B) The surplus will not be distributed to the officers as a bonus for effective management.
C) The surplus will not be reinvested in activities that achieve the company's social mission.
D) The surplus will not be taxed as income.

54) A new type of business that requires its board and officers to consider the impact their decisions have on shareholders, society and the environment are called

A) Moral corporation
B) Charitable organization
C) Green corporation
D) Benefit corporation

55) Despite the increased effort for businesses to create both a Code of Conduct and a Code of Ethics for business decisions

A) There is one clear choice to resolve conflict.
B) It has made ethical decision making to be much simpler.
C) Many ethical dilemmas faced by employers are complex with no clear ethical choice.
D) Must strictly interpret the plain meaning of the codes of ethics and conduct.

56) In the example of MF Global case study, according to a House of Representatives report, John Corzine created an environment in the company

A) Where employees spent a considerable amount of time completing community services.
B) Where no one could challenge his decision, thereby impeding any processes for monitoring conduct.
C) Where the company took into consideration the impact their decision have on shareholders, society and the environment.
D) Where all prospered and was a model of ethical-decision making.

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57) An ethical vision to guide the decision and behavior of a business's employees and managers is called
   A) A code of conduct
   B) A code of morality
   C) A code of ethics
   D) A code of virtue

58) Mason, an employee at Campbell Corporation, witnesses Bayden, a fellow coworker taking bribes and gifts from clients in violation of their company's code of ethics, conflicts of interest clause. Mason does not report him as he is a very good friend of his. Which statement below is correct for an effective values management program?
   A) Coworkers have no obligation to report violations of the company's code of ethics.
   B) All employees have a duty to report violations of law or the company's code of ethics to a superior manager.
   C) Coworkers are only required to report violations of the law, but not a code of ethics violation because those issues are too complex for someone to understand.
   D) Only senior managers have a duty to report violations of the law or the code of ethics.

59) What is name of the company wherein several employees created millions of unauthorized bank and credit card accounts in clients' names without their consent or notice to boost the employees' sales figures?
   A) Bank of America
   B) AIG
   C) Wells Fargo
   D) Enron

60) To deal with the often complex and time-consuming matters of ethical decision making, Kania Corporation created a separate unit staffed by lawyers and non-lawyers to help it follow rules and regulations and maintain the company's culture of values and ethics. This is known as a(n)
   A) Ethics board
   B) In-house Counsel
   C) Litigation reduction department
   D) Compliance department

61) Bundy's Bicycle Corporation, a U.S. corporation, had a windfall year in profits and is looking for legal loopholes to avoid paying taxes on it massive profit. To avoid taxes Bundy's merges with a foreign business, simply to avoid paying for taxes in a process called
   A) Corporate inversion
   B) Corporate reading
   C) Corporate evasion
   D) Corporate taxation

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62) Corporate inversion, while legal, is often criticized by many as being unethical since
   - A) It creates a veil of secrecy around the corporate ethical structure.
   - B) It creates a system where it encourages the sales force of a corporation to make profits the only motivating factor, disregarding the social impact on others.
   - C) It creates a system that discourages employees from reporting unethical conduct.
   - D) It exploits legal expertise by using a legal loophole to benefit large corporations by not having to pay U.S. taxes, thereby depriving society of the revenues to fund public works.

63) Which legal philosopher asserted that natural law is asserted by God, that it is authoritative over all human beings, and it is knowable with reason?
   - A) Immanual Kant
   - B) Aristotle
   - C) Thomas Aquinas
   - D) John Rawls

64) The contracts-based approach to ethics states that if people negotiate from a veil of ignorance, people will negotiate ethical principles that are fair to all. This theory was developed by
   - A) John Rawls
   - B) Thomas Aquinas
   - C) Aristotle
   - D) Immanuel Kant

65) Jerry, in making his business decisions always attempts to determine what will make the greatest number of people happy and least number of people hurt. Therefore, with that in mind, he fires the senior most employee, Reid, at his business only because he makes the most money. Jerry then takes Reid's salary and divides it up between the remaining 20 people. All 20 people are thrilled with their raises, but Reid obviously is not. What type of Ethical Decision-Making Regime does this most closely represent?
   - A) Community standards
   - B) Consequence-based
   - C) Principals-based
   - D) Contracts-based

66) When a corporation looks not only to the profits it can make, but also evaluates its decisions based upon the effect on the environmental and social value this is called
   - A) Social licensing
   - B) Enlightened self-interest model
   - C) Triple bottom line
   - D) Mandatory evaluation theory

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67) The Society of Corporate Compliance and Ethics (SCCE) is an organization that
   A) Offers training to help employers comply the rules and regulations to maintain the overall ethical culture of the corporation.
   B) Offers guidance to corporations who work to utilize legal loopholes.
   C) Offers certification to top corporate executives and board members to verify that they are trained in ethical compliance.
   D) Serves as a confidential reporting agency for whistleblowers.

68) Ethical dilemmas faced by managers
   A) Involve one clear ethical choice
   B) Should only be determined by following the law to determine what is ethical
   C) Are most often simple and easy to reach
   D) Are often complex, with no clear ethical choice

69) Sasha worked for Northen Lights Two Incorporated.Five years ago, her employer did not pay her for a week's work, thereby breaching her employment contract. She decided that she would let it slide because she wanted to see the company make it through a difficult time. However, times have changed, the management has changed, and the current managers do not value its employees or its central mission as it had previously. Morale is low and employees are leaving left and right. Sasha wants to leave the company now. , She is considering suing for the old breach of contract case she could have pursued five years ago. When Sasha approaches an attorney about this, he informs her that she can no longer bring the lawsuit because she waited too long, and it would be unfair to hold them currently responsible for past bad action. To which law is the attorney referring meant to avoid this situation?
   A) Statute of repose
   B) Statute of limitations
   C) Statute of frauds
   D) Statutes of timeliness

70) Natural law relies on _________ to determine universal and timeless rules of moral behavior.
   A) Reason
   B) Religion
   C) Laws made by man
   D) Cost benefit analysis

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ESSAY. Write your answer in the space provided or on a separate sheet of paper.

71) When a company is attempting to create code of ethics and effective values management structure, what are the four key characteristics?

72) Assume that you have money you'd like to invest in stock. Would you prefer to invest in a company that evidences values based on the invisible hand theory, the government's hand theory, or the good corporate citizenship theory of operations? Explain reasons for your choice and indicate why the rejected choices were not chosen.

73) What is the difference between ethics and morals?

74) Why is the case of *Grimshaw v. Ford Motor Company* looked at as an example of the failing of the invisible hand and government's hand approaches to corporate social responsibility?

75) Ivan is 85 years old and Gianna, his wife, is 83. They are on a fixed retirement budget and have no disposable income and no savings. Gianna's doctor informs her that she requires a particular medicine that costs $84. They don't have money to buy the medicine, there are no relatives or friends to ask, and there are no programs that can provide them with the money for the medicine. Feeling he has no choice, Ivan goes to the local bank and robs it, handing the teller a note demanding $84 in small bills. Discuss Ivan's action from a moral and ethical point of view.

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Answer Key

Test name: Chapter 02

1) TRUE
2) TRUE
3) FALSE
4) TRUE
5) FALSE
6) FALSE
7) TRUE
8) TRUE
9) FALSE
10) TRUE
11) FALSE
12) FALSE
13) TRUE
14) FALSE
15) TRUE
16) C
Residents near airports have no actual connection to Fly High, either direct or indirect.

17) B
The utilitarian approach stems from the ethical course of action that provides the greatest good for the greatest number of people.

18) A
Harvard philosopher John Rawls developed a contract-based theory of ethics in his influential book, *A Theory of Justice (1971).*

19) A
The categorical imperative test consists of individuals making ethical decisions with an eye toward potential consequences if everyone in society acted similarly.

20) D
A conflict of interest would make her actions ethically questionable, even if no distinct right or wrong action can be determined, and the broadcast news test requires an individual to evaluate if she would mind if her actions were broadcast on the news, would she mind.

21) C
This is not an act that is generally accepted or condoned in society, so it is immoral and unethical.

22) C
Milton Friedman believed in Adam Smith's theories and that the only responsibility a business has is a to maximize shareholder wealth.

23) A
The narrow view or the invisible hand theory holds that producing profit is more important than being socially responsible.

24) A
According to Milton Friedman the only responsibility a business has is to maximize the shareholders' wealth, which is known as the narrow view

25) D
The moderate view of assessing corporate citizenship holds that the government should provide the exclusive view of corporate responsibility.

26) D

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The broad view, or good corporate citizenship, holds that producing profit is secondary to social responsibility

27) D
The broad view places social responsibility above profitability.

28) D
Companies that experience unethical conduct often find their profits and losses affected.

29) D
The triple bottom line does not look at creation of private value as a perspective of corporate social responsibility.

30) B
Companies develop values management programs based on their own expectations and values and not by simply mimicking others.

31) B
Ford knew of the defect but deemed the cost of repair too excessive as compared to potential losses from lawsuits.

32) D
Generally, there is not one clear choice for justice.

33) C
Ethics and religious teaching often overlap and are not separate and distinct.

34) D
Accounting or legal loopholes, while essentially making an action legal, does not guarantee that it is ethical.

35) B
Ethics are defined as the set of moral principles or core values for deciding between right and wrong.

36) C
The invisible hand theory of ethical decision making states that society is best served when companies aggressively seek a competitive advantage and that ethical violations will eventually harm companies, the narrow view.

37) C
Natural theory is a moral philosophy that certain rights and moral values are timeless and universal and discoverable through human reason.

38) A
Under the moral minimum theory, as long as the business remains profitable, the company strives to act as ethically as possible.

39) C
The Koran and the Old Testament utilize the principles-based approach.

40) D
According to Aristotle, for a person to become virtuous, that person must perform virtuous deeds.

41) A

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Inherent rights are rights that are common to all mankind with which we are given by our Creator, and not the government.

42) B
43) B
Kant asserted ethics is based upon the right thing to do is to treat others with humanity rather than a means to an end.

44) D
According to the universalization test, one would ask "what if everyone did that?" as a method of ethical decision making.

45) C
According to Kant's theory of categorical imperative one must always tell the truth.

46) A
Corporate ethical duties are to maximize shareholder profits and those that pursue social initiatives with corporate funds are violating their fiduciary duties to their shareholders. Individuals can act on their own in a socially moral manner on their own free time and resources.

47) C
The "government hand" asserts that it is the government's job to establish legal and regulatory guidelines that reflect the aggregate moral views of public.

48) C
While individual people are free to give money to charitable organizations, corporations have an ethical duty to shareholders to make as much money as possible.

49) C
Under invisible hand theory, a corporation should seek the maximization of profits.

50) D
Under public theory, a corporation should be a good corporate citizen.

51) A
Delaware explicitly approves of the broader view of CSR that takes multiple stakeholders into account.

52) B
Community-based nonprofit is typically tax-exempt.

53) C
Any surplus earning will be reinvested in activities that achieve the company's social mission in a community-based nonprofit.

54) D
In a benefit corporation the board and officers are required to consider the impact their decision have on shareholders, society and the environment.

55) C
Ethical dilemmas faced by managers are often complex, with no clear choice.

56) B
According to the House report, no one could challenge him and when someone disagreed with him he changed the structure of reporting so as to side-lined the most senior individuals charged with monitoring the company's risks.

57) C

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One way business organizations implement values management is by developing codes of ethics and an ethical vision to guide the decisions and behavior of their employees and managers.

58) B
An effective values management program places a duty on all employees to report violations of law or the company's code of ethics to a superior manager, in-house counsel, or the company's compliance department.

59) C
In 2016 regulators announced that Wells Fargo employees secretly created millions of "Ghost Accounts."

60) D
Compliance departments are a unit within a business that assist the company in following the rules and maintaining the overall culture and spirit of values and ethics.

61) A
Corporate inversion is the process by which U.S. Companies merge with a foreign entity to avoid paying U.S. taxes. While it is technically not illegal, many argue that it exploits a legal loophole to deprive society of the revenues generated by taxes.

62) D
Corporate inversion is the process by which U.S. Companies merge with a foreign entity to avoid paying U.S. taxes. While it is technically not illegal, many argue that it exploits a legal loophole to deprive society of the revenues generated by taxes. It violates the spirit of good faith.

63) C
Thomas Aquinas, a medieval theologian developed the most well-known theory of natural law with asserted that natural law is given by God; it is authoritative; and it is knowable through reason.

64) D
Rawls imagined a world in which people must negotiate their own ethical rules and principals from a "veil of ignorance" which will lead people to negotiate a set of ethical principles that are fair to all because if no one know what his ultimate position in society will be, people will not negotiate with the idea of benefiting any one class of people.

65) B
A consequence based approach of ethical decision making always strives to provide the greatest good for the greatest number of people and has the least harmful consequences for the majority of the community.

66) C
The triple bottom line emphasizes not only the value of profits but also the impact on society and the environment.

67) A

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The Society of Corporate Compliance and Ethics (SCCE) is a leading compliance trade organization that offers training, certification and publications committed to improving the quality and acknowledgment of the compliance industry.

68) D
Ethical dilemmas faced by manages are often complex, with no clear ethical choice as ethics is based upon many factors, including but not limited to what is legal, what is moral and what is the greatest good.

69) B
Statute of limitation law have been passed that establish a time limit in which lawsuit can be brought so as to prevent individuals from being held accountable for an offense which occurred many years ago as that would be unfair.

70) A
Natural law refers to the use of reason to deduce universal and timeless rules of moral behavior.

71) Essay

1) Management must articulate a clear vision of ethics and moral integrity through all levels of the organization. 2) Management's vision of ethics and integrity is implemented at all levels of the decision-making process within the organization. 3) The reward systems, policies and practices of the organization are aligned with management's vision of ethics and integrity. 4) Above all, responsibility is seen as individual rather than collective in that individuals are encourages to assume personal responsibility for the actions and decision of the organization.

72) Essay
The choices that students make can vary; however, they should reflect the following:
The invisible hand theory places profit and shareholder worth as its priority. Using corporate money for social good is looked at as a failure of a manger's fiduciary duty. While profits are maximized, should a serious ethical or social responsibility problem occur, profits are easily put at risk.
The government's hand theory believes that corporate responsibility should be dictated through government action such as statutes and regulations. While this recognizes that profit is important, social responsibility is also considered, so profit is somewhat reduced based on the level of government interference or control.
Good corporate citizenship advocates corporate social responsibility and believes that profits are secondary, so the returns on investments in the corporation are, in theory, reduced.

73) Essay

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While ethics and morals need to be addressed simultaneously in most instances, *morals* refers to generally accepted standards of right and wrong as defined in a given society. *Ethics* refers to the conscious system for deciding moral dilemmas.

74) Essay
The case involved the Ford Pinto, which Ford engineers knew was defectively built and dangerous. Ford chose not to make a $15.30 repair based on a desire to maximize profits. The invisible hand approach failed because even though the company's policies became public and Ford did suffer reduced revenues, the reduced revenues were at best temporary and the deaths and injuries resulting from Ford's policy hurt the public more than the company. The government's hand approach failed because even with regulation in the automobile industry, the regulation was not comprehensive enough to cover all potential problems and there was little policing of the regulations. Existing regulations were inadequate to protect the public from Ford's profit-over-consumer-safety decision.

75) Essay
This is an example of a situation in which someone acted illegally but it could be argued that the act was indeed ethical. From a morals perspective, Ivan broke the law and therefore violated standards, the criminal code, set by society. From an ethical perspective, some could argue that even under the circumstances a criminal act cannot be ethical; however, many would argue that the ethical nature of the act should be reviewed based on the motivation for the act. Is it ethical to steal to save a loved one's life if there is no alternative?