BUSINESS ETHICS QUIZ

1. The CEO of a Fortune 500 company, in response to a 3% drop on Wall Street in the price of its shares, decides to cut the company's US workforce (downsizing) – an action that Wall Street usually rewards with higher share prices. To implement this strategy, he closes two US plants, eliminating the jobs of the workers there, and replaces them with two plants in China where the wages are much lower. It should be mentioned that this CEO has a considerable portfolio of company stock options, which means that he personally will be rewarded with millions of dollars in gains if the Wall Street analysts respond favorably to the company's downsizing strategy.

A) In the 1st column below, list the four kinds of stakeholders (refer to list) that will most likely be harmed by the downsizing.

B) In the 2nd column below, indicate the level of harm these stakeholders are likely to experience.

C) In the 3rd column below, indicate your judgment of that action by rating it on the Ethical Judgment Scale, given the type of harm each of the four stakeholders is likely to experience.

Stakeholders	Harm	Judgment
____________________	____________________	____________________
____________________	____________________	____________________
____________________	____________________	____________________
____________________	____________________	____________________

D) Which stakeholders are likely to benefit from the downsizing?

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2.1 The CEO of a manufacturing company is informed by her Quality Assurance Officer about a defect in their best selling product - two-thirds of the company's revenues come from the sale of that product. The CEO considers a product recall, but decides against one since that could badly damage the company's financial situation. It could even lead to their having to close the plant and that would mean the loss of over 1000 jobs in the small city where the plant is located. That could be devastating given the economy that still has not recovered from the 2008 Great Recession. The CEO considers other possible actions like issuing a press release about the problem, but finally decides not to make the issue public at all and instead instructs her product engineers to implement product modifications that will remove the defect.

A) In the 1st column below, list the two types of stakeholders (refer to list) that will most likely be harmed by the CEO's decision.

B) In the 2nd column below, indicate the level of harm these stakeholders may experience.

C) In the 3rd column below, indicate your judgment of that action by rating it on the Ethical Judgment Scale, given the type of harm each of the stakeholders is likely to experience.

Stakeholders	Harm	Judgment
____________	____________	____________
____________	____________	____________

2.2 Since the product is only a pillow, how would you change your answers? Indicate your answers in the three following columns.

Stakeholders	Harm	Judgment
____________	____________	____________
____________	____________	____________

2.3 The defect to the pillows that the QA Officer reported was that the fabric used for the pillow covers caused severe allergic reactions for approximately 10% of the pillow users. Given this information, what are your answers now?

Stakeholders	Harm	Judgment
____________	____________	____________
____________	____________	____________

2.4 One other thing you should know is that the pillows are baby pillows. What are your answers now?

Stakeholders	Harm	Judgment
____________	____________	____________
____________	____________	____________

4. Generally, what is your ethical judgment of companies that cut costs in a way that?

   * causes serious pollution or other damage to the environment? _________
   * results in less reliable products? _________
   * eliminates jobs in the US and moves those jobs offshore? _________

LISTS FOR SELECTING ANSWERS

Stakeholder Types

* customers * users * US employees * US communities * US suppliers
* creditors * nation (US) * environment * management * shareholders

Increasing Levels of Harm

1) misinformed or misled
2) minor financial loss
3) major financial loss
4) legal problems
5) disabled or sickened
6) loss of life

Ethical Judgment Scale

1) minor misdeed
2) misdeed
3) serious misdeed
4) immoral deed
5) egregious deed
6) evil doing