

Lesson 7

■ Achievement Exam

Select the single best answer for each question or statement, then go online to www.myashworth.com and enter your answers.

1. In the due care theory of manufacturer's duties, the relationship between manufacturer and customer can be described as which of the following?
 - _____ A. The manufacturer is in an unequal position to harm and take advantage of the customer.
 - _____ B. They are equals.
 - _____ C. The customer is in an unequal position to place demands on the manufacturer.
 - _____ D. The manufacturer and the customer are separated by a regulating body.

2. Which of the following is an aspect of a company's duty of due care?
 - _____ A. invest in research to minimize risk to users
 - _____ B. invest in quality control to ensure consistent product
 - _____ C. provide adequate information for safe use to consumers
 - _____ D. all of the above

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3. Under the theory of due care, under what conditions should the distribution of a product be strictly controlled?
- ☐ A. when selling to an international market
 - ☐ B. when the product is produced by a monopoly
 - ☐ C. when the product requires expertise to handle safely
 - ☐ D. all of the above
4. Which of the following is NOT a significant challenge when exercising due care?
- ☐ A. determining what is an acceptable level of risk
 - ☐ B. informing customers of potential hazards
 - ☐ C. predicting all possible modes of product failure
 - ☐ D. determining which customers are able to safely use a product
5. _____ is privacy with respect to a person's inner life. This includes the person's thoughts and plans, personal beliefs and values, feelings, and wants.
- ☐ A. Physical privacy
 - ☐ B. Psychological privacy
 - ☐ C. Personal privacy
 - ☐ D. Spiritual privacy

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6. Which of the following is NOT a key component of the right to privacy?
- ☐ A. control over who is disclosing information about oneself
 - ☐ B. control over to whom information about oneself is disclosed
 - ☐ C. control over what information about oneself is disclosed
 - ☐ D. control over how much information about oneself is disclosed
7. Psychological privacy is best described as _____.
- ☐ A. freedom from being questioned about our opinions and beliefs
 - ☐ B. the right to remain silent in a court of law
 - ☐ C. the right to own our ideas and inventions
 - ☐ D. freedom from having our personal thoughts and beliefs invaded
8. In the market approach to consumer protection, what would lead to higher safety standards in consumer products?
- ☐ A. government regulation
 - ☐ B. inter-corporate agreements
 - ☐ C. foreign trade agreements
 - ☐ D. consumer demand

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9. Some advertisements that are intended to manipulate consumers violate what right?
- ☐ A. the right to free speech
 - ☐ B. the consumer's right to be treated as a free and equal rational being
 - ☐ C. the right to choose between competitors in a free market
 - ☐ D. the right to personal safety
10. Critics to the market approach respond that the benefits of free markets are obtained only when the markets have all of the seven defining characteristics. Which of the below is a defining characteristic?
- ☐ A. numerous buyers and sellers
 - ☐ B. unlimited access to and exit from the market
 - ☐ C. unregulated market
 - ☐ D. all the above
11. The consumers who think ahead, consider, and watch every penny they spend, knowing how their choices will affect their preferences are known as _____.
- ☐ A. irrational utility minimizers
 - ☐ B. rational utility maximizers
 - ☐ C. rational consumption maximizers
 - ☐ D. all the above

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12. Research has shown people are irrational and inconsistent when weighing choices. Which of the following is NOT true regarding human risk assessment?
- ____ A. People tend to overestimate the danger posed by catastrophic but unlikely events, such as tornadoes.
 - ____ B. People pay too much attention to warning labels and other trivial information about a product.
 - ____ C. People are often blind to the real risks associated with commonplace activities, such as driving.
 - ____ D. All of the above
13. The _____ theory of a business's duties to consumers claims that a business has four main moral duties: the basic duty of (a) complying with the terms of the sales contract, and the secondary duties of (b) disclosing the nature of the product, (c) avoiding misrepresentation, and (d) avoiding the use of duress and undue influence.
- ____ A. contractual
 - ____ B. commercial
 - ____ C. competitive
 - ____ D. consumptive
14. Which of the following is NOT a strictly ethical criticism of advertising?
- ____ A. It can affect the consumer's beliefs.
 - ____ B. It can manipulate the desires of children.
 - ____ C. It can use deception as a means of improving sales.
 - ____ D. It can venerate materialistic values.

15. What dubious advice does Credit Solutions initially give its clients?
- ☐ A. not to pay their credit cards
 - ☐ B. to sell off all of their fungible assets
 - ☐ C. to max out their credit cards
 - ☐ D. to pay off their mortgage with their credit card
16. The attorney general of eight states has sued Credit Solutions on what charge?
- ☐ A. false advertising
 - ☐ B. customer fraud
 - ☐ C. tax evasion
 - ☐ D. all of the above
17. Even though advertising issues are complex, they must include _____.
- ☐ A. social effects
 - ☐ B. effects on desire
 - ☐ C. effects on belief
 - ☐ D. all of the above

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18. A study by Consumer Reports found errors in what percent of the credit reports that it analyzed?
- _____ A. less than 1%
 - _____ B. 11%
 - _____ C. 43%
 - _____ D. nearly 100%
19. Which are the three main credit reporting companies?
- _____ A. Experian, Credex, and Your Credit
 - _____ B. Experian, Real Credit, and Credibility
 - _____ C. Experian, Equifax, and TransUnion LLC
 - _____ D. Experian, Exact, and Specialty
20. *Caveat emptor* is a Latin phrase used to mean what in modern business?
- _____ A. "The customer is always right."
 - _____ B. "You break it, you buy it."
 - _____ C. "Let the buyer beware."
 - _____ D. "Always be closing."

21. Affirmative action programs are intended to do what?
- ☐ A. force companies to hire women
 - ☐ B. eliminate the effects of past discrimination
 - ☐ C. make it easier for new immigrants to get jobs
 - ☐ D. help minority populations assimilate into the workforce
22. An argument against affirmative action plans is that criteria besides sex and race must be weighed when making job decisions because of which of the following?
- ☐ A. Unqualified workers will be hired and productivity will go down.
 - ☐ B. Jobs have a significant impact on life or health or the entire success of the company.
 - ☐ C. It will turn us into a more racially and sexually conscious nation.
 - ☐ D. Unqualified workers will be hired and productivity will go down, and it will also turn us into a more racially and sexually conscious nation.
23. Which of the following is NOT a condition for which affirmative action can be legally instituted?
- ☐ A. a manifest racial imbalance
 - ☐ B. the allocation of funds of local government for contractors
 - ☐ C. an historic, persistent, and egregious underrepresentation of women
 - ☐ D. an egregious lack of diversity in an educational institution

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24. Which of the following is NOT an argument given for affirmative action in response to the claim that it is unjust to punish white men for the acts of their ancestors?
- _____ A. Corporations were given ample opportunity to balance their workforce and have failed, so legislation is clearly needed.
 - _____ B. Young blacks and women suffer the consequences of downgrading other women and blacks.
 - _____ C. White men benefit now from the injustices meted out by their predecessors.
 - _____ D. Whites are benefiting from what is still a fundamentally racist society.
25. What is an affirmative action program?
- _____ A. a program to increase employee morale and thereby improve utility
 - _____ B. a program through which ethical behavior is recognized and rewarded
 - _____ C. a program meant to correct imbalances in the demographics of a workforce
 - _____ D. a program aimed to compensate individuals harmed by a product before they attempt to sue

26. Which of the following is NOT a basic element of discrimination in employment?
- ☐ A. It must be an action by a person in a position of authority.
 - ☐ B. It must be a decision not based on individual merit.
 - ☐ C. The decision must derive from racial or sexual prejudice.
 - ☐ D. The decision must have a harmful impact on the interest of employees.
27. Which of the following is NOT a true statement regarding discrimination?
- ☐ A. A discriminatory act may be part of the isolated behavior of a single individual.
 - ☐ B. A discriminatory act may be part of the routine, institutionalized behavior of a group.
 - ☐ C. A discriminatory act may be the intentional change of routine of a group due to personal prejudices.
 - ☐ D. None of the above
28. Which is a clear indication of discrimination?
- ☐ A. A company preferentially hires new employees with graduate degrees.
 - ☐ B. A disproportionate number of a certain group's members hold less desirable positions despite their preferences and abilities.
 - ☐ C. Promotions are given based solely on sales figures.
 - ☐ D. A business owner promotes his son to a high-paying position in the company.

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29. Types of comparisons to provide evidence of discrimination are _____.
- ____ A. comparisons of average benefits given to various groups
 - ____ B. comparisons of the proportion of a group found in the lowest levels of the institution
 - ____ C. comparisons of the proportion of a group found in the most advantageous positions in the institution
 - ____ D. all the above
30. Arguments against discrimination are _____.
- ____ A. utilitarian, rights, and justice arguments
 - ____ B. rights, entitlements, and fairness arguments
 - ____ C. justice and Kantian arguments
 - ____ D. civil and criminal
31. "It might be true that society as a whole would benefit by having some group discriminated against" is a/an _____ argument for discrimination.
- ____ A. Kantian
 - ____ B. Utilitarian
 - ____ C. Capitalist
 - ____ D. Communist

32. Kant would argue that humans should be treated as ends in themselves and never as a means to an end. With respect to discrimination, this implies that people should be treated as what?
- ____ A. equals
 - ____ B. property
 - ____ C. competitors
 - ____ D. family
33. Who argued that it is unjust to give some people more opportunity than others?
- ____ A. Kant
 - ____ B. Rawls
 - ____ C. Marx
 - ____ D. Kohlberg
34. Widely recognized categories of discriminatory practices include _____.
- ____ A. recruitment practices that rely on the word-of-mouth referrals of present employees who tend to recruit only from the groups already represented
 - ____ B. screening practices that include qualifications not relevant to a job
 - ____ C. promotion practices that place groups on separate tracks or that rely solely on seniority when past discrimination has kept women or minorities out of senior positions
 - ____ D. all the above

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35. Since the jobs women have historically taken pay low wages and salaries, proponents of _____ programs attempt not to place women into higher paying jobs, but to increase the salaries of those jobs where women currently are employed.
- _____ A. competitive value
 - _____ B. competitive position
 - _____ C. comparable worth
 - _____ D. comparable equity
36. What was Roger Misiolek accused of?
- _____ A. sex-based and race-based insults
 - _____ B. physical violence
 - _____ C. sexual harassment
 - _____ D. all of the above
37. How many women initiated the class action lawsuit against Wal-Mart?
- _____ A. one
 - _____ B. six
 - _____ C. two hundred
 - _____ D. two hundred thousand

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38. Which of the following forms of employee discrimination is NOT legally protected in the United States?
- ☐ A. discrimination by ability
 - ☐ B. discrimination by sex
 - ☐ C. discrimination by nationality
 - ☐ D. discrimination by race
39. Which is untrue of affirmative action?
- ☐ A. It requires firms to only hire minorities and women until the ratio is correct.
 - ☐ B. All businesses in America are required to participate in affirmative action.
 - ☐ C. It requires that any layoffs target the majority population first.
 - ☐ D. All of the above
40. Which is true of discrimination?
- ☐ A. It must be intentional.
 - ☐ B. It must have a negative impact.
 - ☐ C. It must be individual.
 - ☐ D. It must be direct.

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1. The traditional, "rational" model of the business organization is best defined as what?
 - _____ A. a commercial enterprise based on the Kantian mathematical model
 - _____ B. a structure of formal relationships, which are designed to achieve a goal efficiently
 - _____ C. a business that makes decisions based purely on finances, regardless of ethical concerns
 - _____ D. a business following Plato's philosophy of rational numbers

2. A firm's organizational chart serves what function?
 - _____ A. It illustrates the idealized hierarchy of authority, reporting, and responsibility.
 - _____ B. It exemplifies the fundamental reality of the organization.
 - _____ C. It demonstrates the informal groupings and alliances within an organization.
 - _____ D. It gives the layout and location of employees and managers within a building.

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3. In this view, the employee's main moral duty is to work toward the goals of the firm. This view is referred to as _____.
- _____ A. law of legitimacy
 - _____ B. law of structure
 - _____ C. law of agency
 - _____ D. law of duty
4. A conflict of interest can arise when _____.
- _____ A. an employee has a private interest in the outcome of a task in which they are engaged in that is possibly antagonistic to the firm's interests
 - _____ B. an employee is failing to provide profit to the company due to personal issues
 - _____ C. an employee has an interest outside the company substantial enough that it might affect the employee's independent judgment on the firm's behalf
 - _____ D. A and C
5. Potential conflicts of interest are likely to become unethical if the employee _____.
- _____ A. has his or her judgment impaired by the conflict
 - _____ B. discloses the conflict to his or her employer
 - _____ C. resigns before damage is done
 - _____ D. all of the above

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6. A firm's main moral duty to its employees is to provide them with _____.
____ A. a clean working environment
____ B. friendly supervisors
____ C. medical and dental insurance
____ D. fair wage and fair working conditions
7. Each year, _____ percent of the job force suffers a job-related injury or illness.
____ A. 5
____ B. 10
____ C. 15
____ D. 20
8. Risks are sometimes unavoidable and acceptable, as long as _____.
____ A. employees are not coerced
____ B. employees are fully compensated for assuming them and they do so freely and knowingly
____ C. no one else has the expertise to do the work
____ D. all of the above

9. What is "whistle blowing?"
- ☐ A. the attempt by an employee to disclose wrongdoing in an organization
 - ☐ B. sexual harassment
 - ☐ C. the legal requirement to audibly indicate the end of the normal work day
 - ☐ D. employees wasting company time
10. Whistle blowers are often punished how?
- ☐ A. directly, by their employers
 - ☐ B. indirectly, by future employers due to demonstrated lack of loyalty
 - ☐ C. indirectly, by their coworkers for the breach of confidence in the team
 - ☐ D. all of the above
11. Which of the following is NOT usually considered the property of the employer?
- ☐ A. skills that an employee acquires by working for a company
 - ☐ B. products produced by the employee during work hours
 - ☐ C. anything produced using corporate resources
 - ☐ D. designs and inventions created during employment

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12. Workers' risks on the job in less developed countries are affected by _____.
- _____ A. labor markets that are not competitive or job risks not yet known
 - _____ B. workers accepting risks unknowingly because the worker doesn't have access to the risk information
 - _____ C. workers knowingly accepting risks because they lack mobility to enter less risky industries
 - _____ D. all of the above
13. Which of the following are NOT concerns to anyone working in the United States?
- _____ A. Labor markets may not be competitive or the job risks are not yet known.
 - _____ B. Workers might accept risks unknowingly because the worker doesn't have access to the risk information.
 - _____ C. Workers might knowingly accept risks because they lack mobility to enter less risky industries.
 - _____ D. None of the above
14. Whose argument about moral rights supports the employee's right to give or withhold his or her consent before the private aspects of his or her life are investigated?
- _____ A. Marx
 - _____ B. Bentham
 - _____ C. Kant
 - _____ D. Mill

15. Which organizational layer can be said to generate the broad policy decisions and direction for the firm?

- ☐ A. operating layer
- ☐ B. middle management
- ☐ C. top management
- ☐ D. none of the above

16. Which organizational layer can be said to form alliances and create conflicts of interest?

- ☐ A. operating layer
- ☐ B. middle management
- ☐ C. top management
- ☐ D. none of the above

17. Which organizational layer can be said to generate material goods and direct outputs of the firm?

- ☐ A. operating layer
- ☐ B. middle management
- ☐ C. top management
- ☐ D. none of the above

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18. Awarding a contract to your brother is likely an example of what?
- ___ A. subjective conflict of interest
 - ___ B. objective conflict of interest
 - ___ C. commercial bribe
 - ___ D. commercial extortion
19. Demanding a personal gift for awarding a contract to an outside firm is likely an example of what?
- ___ A. subjective conflict of interest
 - ___ B. objective conflict of interest
 - ___ C. commercial bribe
 - ___ D. commercial extortion
20. Awarding a contract in the hopes of improving your chances of getting a new job with the contracting company is likely an example of what?
- ___ A. subjective conflict of interest
 - ___ B. objective conflict of interest
 - ___ C. commercial bribe
 - ___ D. commercial Extortion