



BE QUIZ - Practice material

Business Ethics (Technische Universität München)

Basic Concepts

1. **What is NOT a typical question from the domain of business ethics?**
 - a) Should manager salaries be capped?
 - b) Do pharmaceutical companies have special obligations?
 - c) When does the fetus begin to be a human?
 - d) Can Corporate Social Responsibility become a business case?
2. **The majority of surveyed Germans in an opinion poll answered in 2005 that ...**
 - a) High profits are morally welcome
 - b) High profits are morally questionable
 - c) Entrepreneurs should be taxed at a lower rate
 - d) Society benefits from higher profits
3. **Which prominent scandal induced business ethics as an independent field of investigation?**
 - a) The Tazreen Incident
 - b) The Brent Spar Fiasco
 - c) The Ford Pinto Case
 - d) The Benetton Scenario
4. **What caused the Ford Pinto's aggravated fire hazard?**
 - a) The fuel system
 - b) The engine
 - c) The alternator
 - d) The braking system
5. **What are the two basic elements of problems in business ethics?**
 - a) environment of scarcity & at least one subject is involved
 - b) environment of elasticity & at least one subject is involved
 - c) at least two subjects are involved & environment of elasticity
 - d) at least two subjects are involved & environment of scarcity
6. **What describes the criterion of distributive justice best?**
 - a) How can we improve the supply of goods to satisfy more demand?
 - b) How can we increase the quantity and quality of goods?
 - c) How should scarce production factors be allocated?
 - d) How should the given goods be shared?
7. **What is a question of descriptive ethics?**
 - a) What do Caribbeans consider to be ethical?
 - b) What does "evil" mean?
 - c) Should the death penalty be banned?
 - d) Can a machine be a moral actor?
8. **What is NOT a variant of normative ethics?**
 - a) Deontological ethics
 - b) Utilitarian ethics
 - c) Empirical ethics
 - d) Virtue ethics

9. Which statement about the veil of ignorance is FALSE?

- a) It was invented by John Rawls
- b) It is a thought experiment
- c) It is a concept from contract theory
- d) It is a realistic description of how people reason

10. What is NOT a common dualistic pair of opposites in the context of business ethics?

- a) Altruism vs. egoism
- b) Ecology vs. economy
- c) Solidarity vs. competition
- d) Profit vs. cost

11. What is the central question that dualistic conceptions of business ethics neglect?

- a) How can the postulated goals be justified?
- b) How can the postulated goals be implemented?
- c) How can the justified goals be postulated?
- d) How can the implemented goals be postulated?

12. Which of the following claims do monistic approaches make about ethics?

- a) It has to show that constant rule violation is beneficial
- b) It has to show that rule compliance is beneficial in every individual case
- c) It has to make people act constantly against their own interest
- d) It has to show that rule compliance is beneficial in the aggregate

13. Which philosopher requested that ethics has to show that all its demands are in the interest of the individual?

- a) David Hume
- b) Immanuel Kant
- c) Aristotle
- d) Plato

14. What is the goal of corporate ethics?

- a) Try to make incomplete contracts complete
- b) Give recommendations in face of complete contracts
- c) Give recommendations in face of incomplete contracts
- d) Try to make complete contracts incomplete

Historical Background & Foundations and Tools

1. **What was NOT characteristic of pre-modern societies?**
 - a) possibility of face-to-face control
 - b) strong importance of industrial sector
 - c) clear notion of a hierarchy of professions
 - d) economy was coined by self-sufficiency and risk aversion
2. **Pre-modern societies played zero-sum games. What does this mean?**
 - a) Win-win situations were prevalent
 - b) These societies experienced strong material growth
 - c) Profits were always zero
 - d) The profit of one was the loss of another
3. **What is NOT a beneficial function of the market?**
 - a) The market is an instrument for the use of distributed knowledge
 - b) The market is an engine of innovation
 - c) The market produces unequal incomes
 - d) The market is an instrument of disempowerment
4. **What is true of a planned economy?**
 - a) The problem of scarcity is resolved
 - b) The price loses its function as scarcity indicator
 - c) The price insures a balance between supply and demand
 - d) People do no longer have preferences
5. **Which view on the value of a good is characteristic of antiquity?**
 - a) The value of a good is subjective
 - b) A good's value depends on supply and demand
 - c) The value of a good is objective
 - d) A good's value is determined by scarcity
6. **Who formulated the Categorical Imperative?**
 - a) Jeremy Bentham
 - b) John Stuart Mill
 - c) Immanuel Kant
 - d) Max Weber
7. **What is the trolley dilemma about?**
 - a) Weighing lives
 - b) Supply chain ethics
 - c) Automation of vehicles
 - d) Buying groceries
8. **What is a typical deontological judgment?**
 - a) You shall promote the greatest benefit of the greatest number
 - b) You shall maximize the sum of happiness
 - c) You shall not instrumentalize people
 - d) You shall minimize the harmful consequences to society

9. How is the concept called that requests consistency of norms and judgments of individual cases?

- a) Nash equilibrium
- b) Equilibrated reflection
- c) Reflective equilibrium
- d) Infinite reflection

10. What is NOT a tool of establishing norms under dissent?

- a) virtue ethics
- b) contractual concepts
- c) democratic majority principle
- d) discourse ethics

11. Economists have an open concept of advantage. What does open mean in this context?

- a) Preferences are subjective
- b) Preferences are changing over time
- c) Preferences are endogenous
- d) Preferences are objective

12. What does methodological individualism mean?

- a) Every individual behavior depends on social circumstances
- b) Macro phenomena CANNOT be explained by individual behavior
- c) Methods vary from individual to individual
- d) Every analysis of society begins with the individual

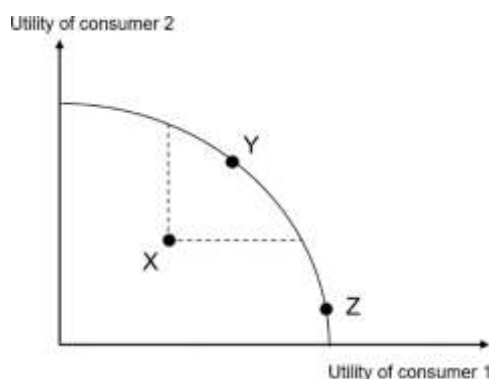
13. What does Gossen's First Law describe?

- a) Total benefit of a good decreases with increasing consumption
- b) Marginal benefit of a good decreases with increasing consumption
- c) Total benefit of a good increases with increasing consumption
- d) Marginal benefit of a good increases with increasing consumption

14. What is NOT a transitive relationship?

- a) If A is preferred to B and B is preferred to C, then A is preferred to C
- b) If A is larger than B and B is larger than C, then A is larger than C
- c) If A is older than B and B is older than C, then A is older than C
- d) If A loves B and B loves C, then A loves C

15. Consider the image. Which statement is correct?



- a) Movement from X to Z is a Pareto-improvement
- b) Movement from Y to Z is a Pareto-improvement
- c) Movement from X to Y is a Pareto-improvement
- d) Movement from Z to Y is a Pareto-improvement

16. What is characteristic of a pure coordination game?

- a) Rule violations have to be sanctioned
- b) Players have divergent interests
- c) Equilibrium is self-enforcing
- d) It is dilemmatic

17. How is the Nash equilibrium defined?

- a) No player has a unilateral incentive to change her strategy
- b) All players have a unilateral incentive to change their strategy
- c) One player has a unilateral incentive to change her strategy
- d) No strategy has a unilateral incentive to change its player

18. Which inequation turns the depicted game into a prisoner's dilemma?

		Player 2	
		cooperate	defect
Player 1	cooperate	a, a	b, c
	defect	c, b	d, d

- a) $c > d > a > b$
- b) $c > a > b > d$
- c) $c > a > d > b$
- d) $c > b > a > d$

19. What is NOT a way to overcome the prisoner's dilemma?

- a) Taxing defection
- b) Subsidizing cooperation
- c) Sanctioning defection
- d) Punishing cooperation

20. Which statement about the Battle of the Sexes is WRONG?

- a) It has two Nash equilibria in pure strategies
- b) Interest to coordinate is entangled with distribution conflict
- c) There exists a dominant strategy
- d) Cooperation fails if both go to their favorite places

Corporate Ethics

1. Which of the following statements is correct?
 - a) Compliance asks what rules a company should adhere to
 - b) Compliance only deals with the adherence to codified state laws
 - c) Compliance only deals with self-imposed principles
 - d) Compliance considers rules to be exogenously given
2. Which is NOT a risk that companies face in case of compliance violations?
 - a) Penalties
 - b) Media disinterest
 - c) Exemption from public procurement
 - d) Reputational losses
3. Who developed the Corruption Perception Index?
 - a) McKinsey & Company
 - b) Transparency International
 - c) The European Research Council
 - d) Harvard University
4. What is Transparency International's definition of corruption?
 - a) It is the abuse of entrusted power for private gain
 - b) It is the abuse of private power for entrusted gain
 - c) It is the power of entrusted abuse for private gain
 - d) It is the gain of entrusted abuse for private power
5. Consider the field of anti-trust laws. What is meant by "exploitative abuse"?
 - a) Behavior that primarily harms competitors
 - b) Inappropriate business conditions that a company imposes on suppliers
 - c) A penetration of the market by very low prices
 - d) The crowding out of other companies
6. What is the title of a famous essay by Milton Friedman?
 - a) The social responsibility of business is to decrease its profits
 - b) The social responsibility of business is to increase its profits
 - c) The social profit of business is to decrease its responsibility
 - d) The social profit of business is to increase its responsibility
7. What is the relationship between a company's owner and its manager according to Principal-Agent Theory?
 - a) The owner is the agent, the manager is the principal
 - b) Owner and manager are agents
 - c) The owner is the principal, the manager is the agent
 - d) Owner and manager are principals

8. What is a key difference between CSR and the concept of the honorable businessman (HB)?

- a) CSR targets bigger companies, the HB targets the individual
- b) The HB targets companies, CSR targets bigger individuals
- c) CSR relies on virtue ethics, while the HB does not
- d) CSR relies on deontological ethics, while the HB relies on consequentialism

9. What does NOT speak against Friedman's claim that only the state should be responsible for social redistribution?

- a) The state has the power to tax
- b) Social problems are outside legislative sphere of influence
- c) The state is dominated by interest groups
- d) The state has high transaction costs and inadequate information

10. Which statement about trust is correct from an economic perspective?

- a) Trust increases transaction costs
- b) Trust hinders the conclusion of complete contracts
- c) The exploitation of trust enables mutual advantages
- d) Trust can be interpreted as capital