

What Are Business Ethics and Ethical Dilemmas?

Worksheet

Business ethics are the moral principles governing corporate behavior. Ethical dilemmas occur when profit conflicts with integrity, employee welfare, customer safety or environmental responsibility - requiring principled decision-making that weighs all stakeholder interests.

Questions

1. A company discovers a safety issue but fixing it is expensive. Ethics says

- A) ignore it
- B) fix it immediately
- C) wait for a lawsuit
- D) blame the customer

2. An ethical dilemma occurs when

- A) profit is high
- B) business goals conflict with moral values
- C) employees ask for raises
- D) the company is small

3. Stakeholders in business include

- A) only shareholders
- B) employees, customers, shareholders, communities & suppliers
- C) only CEOs
- D) competitors only

4. Long-term business success relies on

- A) maximum profit this quarter
- B) reputation, trust and ethical practices
- C) low prices only
- D) ignoring regulations

5. A manufacturer discovers a product defect affecting ~100 customers. Fixing it costs \$2M; quiet lawsuit settlements cost \$500K. What is the ethical choice?

6. A startup has \$100K runway and could cut corners on data privacy compliance (save \$50K) or invest in proper infrastructure (stay on track). Short-term profit vs. legal/reputational risk.

7. A retailer sources from factories with poor labor conditions to hit price targets. How much profit do they gain vs. risk?

8. Define: What are business ethics?

9. Define: What creates an ethical dilemma?

10. Define: Why does ethics matter in business?

Answer Key

1. B) fix it immediately - Customer safety is a core ethical principle.
2. B) business goals conflict with moral values - Dilemmas are the clash between profit and principle.
3. B) employees, customers, shareholders, communities & suppliers - Stakeholders are all groups affected by the company.
4. B) reputation, trust and ethical practices - Sustainable success needs ethics, not just short-term gains.
5. Option A (profit-first): Pay \$500K in settlements, hide defect, protect short-term earnings. Option B (principled): Invest \$2M recall & fix, protect customer safety, build long-term trust. Ethical choice = B; builds reputation, avoids legal liability, retains customers.
6. Cost of corners cut: fines \$500K, reputational damage, customer loss = \$2M total. Cost of compliance: \$50K investment. ROI on ethics: avoid \$2M damage for \$50K spend = 40:1 return on doing the right thing.
7. Savings from unethical sourcing: \$200K/year profit. Risk: labor scandal costs \$50M in reputation + boycott. Ethical sourcing cost: \$300K/year (still profitable, risk-free).
8. Moral principles and values guiding how companies operate, treat stakeholders and contribute to society.
9. A conflict between business goals (profit, growth) and moral values (honesty, fairness, safety, responsibility).
10. It builds trust, ensures legal compliance, attracts talent and customers, and creates sustainable long-term value.

Bounlu

All cards, step-by-step solutions and an AI tutor are in the Notek app.
Promy turns exam dates into automatic reminders.