

TYBFM Sem V Business ethics and corporate governance

- 1 Which of the following is the key objective of business ethics?
 - a) Acts as moral standards
 - b) Developing socially responsible business
 - c) Stressing business responsibilities
 - d) All of the above
- 2 What is business ethics?
 - Increasing profit of the business
 - Application of everyday moral or ethical norms of the business
 - Right person for the right job
 - None of the above
- 3 To understand business ethics, it is necessary to know important features of ethics first these. Are:
 - Related to human aspects
 - Conduct of business
 - Social welfare functions
 - All of the above
- 4 Businessmen need to study business ethics to make better decision for?
 - The business
 - The society he lives and run the business
 - Both a and b
 - Only B
- 5 Social contract is the contract between?
 - Society and shareholders
 - Society and customer
 - Customer and manufacturer
 - Directors and Manufacturer
- 6 What is ethics?
 - It points out the difference between right and wrong
 - It concentrate on what is wrong
 - It concentrate on Moral principle
 - It is the function of the business
- 7 Moral consciousness leads to businessmen to avoid?
 - Adulteration
 - Overcharging
 - Black marketing
 - All of the above
- 8 What will be effect on business, If businessmen disobey laws and regulation of the government?
 - Power
 - Prestige
 - Both a and b
 - Only a
- 9 Focus on the ethics in the workplace helps employee to deal with following situation
 - Face reality both good and bad
 - Gain confidence
 - Deal with complex situation
 - All of the above

10 The scope of business ethics includes which of the following?

- Ethics in compliance
- Ethics in production
- Ethics in Marketing
- All of the above

11. The primary stakeholders are:

- a. Customers. b. Suppliers. c. Shareholders. d. Creditors.

12. The goal of corporate governance and business ethics education is to:

- a. Teach students their professional accountability and to uphold their personal Integrity to society.
- b. Change the way in which ethics is taught to students.
- c. Create more ethics standards by which corporate professionals must operate.
- d. Increase the workload for accounting students.

13. The corporate governance structure of a company reflects the individual companies':

- a. Cultural and economic system.
- b. Legal and business system.
- c. Social and regulatory system.
- d. All of the above.

14. The internal audit function is least effective when the department:

- a. Is non-independent.
- b. Is competent.
- c. Is objective.
- d. Exhibits integrity

15. Under the _____, both internal and external corporate governance mechanisms are intended to induce managerial actions that maximize profit and shareholder value.

- a. Shareholder theory.
- b. Agency theory.
- c. Stakeholder theory.
- d. Corporate governance theory.

16. One of the objectives of the Sarbanes-Oxley Act was to:

- a. Increase the cost of compliance with federal regulations.
- b. Force foreign companies to delist from U.S. capital market exchanges
- . c. Improve the quality and transparency of financial reporting.
- d. Increase the compliance burden for small companies.

17. An organization's appropriate tone at the top promoting ethical conduct is an example of:

- a. Ethics sensitivity.
- b. Ethics incentives.
- c. Ethical behavior.
- d. Consequentialist

18. An independent director is one who:

- a. Did not attend a school supported by the company.
- b. Does not have outside relationships with other directors.
- c. Does not have any other relationships with the company other than his or her directorship.
- d. All of the above.

19. The chairperson of the board of directors and CEO should be leaders with:

- a. Vision and problem solving skills.
- b. The ability to motivate.
- c. Business acumen.

d. All of the above.

20. A board that is elected in a classified system is known as a:

a. Diversified board.

b. Staggered board.

c. Rotating board.

d. Declassified board.

21. Black marketing, hoarding are examples of which of the following ethical issue

a) Marketing

b) HRM

c) Finance

d) IT

22) Government, society customer etc are collectively known as

a) Creditors

b) Shareholders

c) Stakeholders

d) Trustee

23) Training enables employees to practice organizations values.

a) Vestibules

b) on-site

c) appraisal

d) ethics

24) The integrity pact has been developed by

a) Infosys

b) SEBI

c) Transparency

d) International

25) Which of the following is the forum for corporate governance, located with in IFC and co-founded by world bank and OECD

a) SEBI

b) GCGF

c) WHO

d) UNICEF

26) As per clause 49, audit committee should consist of minimum of how many director

a) 3

b)4

c)5

d)6

27) Which of the following committee identifies persons who are qualified to become directors and who may be appointed in senior management?

a) Nomination

b) Remuneration

c) Audit

d) Appraisal

28) which of the following trading refers to disclosing unpublished price sensitive information to an outsider

a) Bull

b) Share

c) Insider

d) Corporate

29) Which of the following is a set of rules which are accepted as general principles in an organization?

a) Selection policy

b) Code of ethics

c) Honesty pledge

d) Leadership

30) Who are the major player in the integrity pact

a) CVC

b) CBR

c) RBI

d) SBI

31) Features of business ethics includes

a) Lays support to social welfare functions

b) Earn profit

c) Business earning

d) Guidelines

32) What are the organization ensures that compliance with law is filled by a desire to abide by the laws

a) Government

b) Public

c) Customer

d) Creditor

33) Most companies begin the process of establishing organizational ethics programs by developing

a) Code of conduct

b) Law

c) Ethics

d) Corporate

34) The form of ethics that endeavors to help professionals decide what to do when they are confronted with case or situation that raises an ethical question or moral problem is referred as

a) Personal Ethics

b) Organizational Ethics

c) Professional ethics

d) Business ethics

35) A document prepared to guide organization members when encountering ethical dilemmas is

a) Code of ethics

B) code of conduct

c) Profit

d) AOA

36) The pivotal role in any system of corporate governance is performed by

a) Board of directors

b) Shareholders

c) Government

d) Stakeholder

37) According to ICSI corporate governance is

a) The applicant of business management practices

b) Compliance of law in true letter and spirit

c) Adherence to ethical standards for effective management

d) making profit

38) A criminal offence committed only by directors of a limited company

a) Fraudulent trading

b) Ethical trading

c) Comparative trading

d) Monopolistic trading

39) Factors influencing corporate governance include

- a) Institutional environment
- b) Financial structure
- c) Ownership structure
- d) Structure

40) Which of the following is not one the underlying principle of the corporate governance combined code of practice

- a) Acceptability
- b) Accountability
- c) Openness
- d) Integrity

41) The word governance comes from

- a) Latin
- b) Italian
- c) Indian
- d) American

42) Which of the following is not an ethical issue

- a) Organisational system related
- b) Corporate issue
- c) Individual Issue
- d) Communication issues

43) What type of ethical issue does a green company resolves

- a) Environment
- b) Finance
- c) Social
- d) Political

44) Which ethical principle specifies to do what is good

- a) Governance
- b) Ethical practice
- c) Beneficence
- d) Least harm

45) What is the philosophical study of moral values and rules

- a) Morality
- b) Ethics
- c) Law
- d) marketing

46) Which of the following descriptions applicable to different types of directors and their independence is incorrect?

- A Independent executive director.
- B Independent non-executive director.
- C Non-independent executive director.
- D Non-independent non-executive director

47) Which of the following regarding agency theory is correct?

- A Agency theory only applies to large entities.
- B Agents act in the best interest of the principal.
- C Agents are assumed to be in a position of power.
- D Agency theory defines the relationship between agents and directors.

48) which of the following regarding the composition of the nomination committee of a listed company is most correct?

- A A minimum of three members chaired by an executive director.
- B A majority of independent directors chaired by an independent director.
- C A majority of three members of whom most are independent directors.
- D A minimum of one independent director who also chairs the committee.

49) Which of the following regarding corporate governance is correct?

A Corporate governance can temper growth.

B Good corporate governance can result in excessive risk-taking.

C Corporate governance often result in prompt and effective decision-making.

D The aim of corporate governance is to protect the interests of shareholders and the local economies.

50) Which of the following statements regarding institutional shareholders is correct?

A These shareholders have extensive power to monitor the activities of the company.

B Institutional shareholders prefer to exert their power privately rather than publicly.

C These shareholders often aim to improve outcomes rather than sell their shareholding.

D Institutional shareholders are known to publicly use their voting power to encourage sound corporate governance.

51. The OECD argues that corporate governance problems arise because

a) Ownership and control is separated

b) Managers always act in their own self interest

c) Profit maximum

d) Stakeholders have differing levels of power

52. The constituents of corporate governance are

a) Board of directors

b) The shareholders

c) Management

d) CEO

53. Good corporate governance recognizes the diverse interest of

a) Shareholders

b) Lenders

c) Government

d) Customer

54. Good corporate governance is simply good business it ensures
- a) Transparency in business transactions
 - b) Statutory and legal compliances
 - c) Protection of shareholders interest
 - d) Earning high profit
- 55 Key constituents of corporate governance are?
- a) Board of Directors
 - b) Shareholders
 - c) Management
 - d) All of the above
- 56 The primary stakeholders are
- a) Customers.
 - b) Suppliers.
 - c) Shareholders.
 - d) Creditors.
- 57 The corporate governance structure of a company reflects the individual companies'
- a) Cultural and economic system.
 - b) Legal and business system.
 - c) Social and regulatory system.
 - d) All of the above.
- 58 The internal audit function is least effective when the department:
- a) Is non-independent.
 - b) Is competent.
 - c) Is objective.
 - d) Exhibits integrity
- 59 The goal of corporate governance and business ethics education is to:
- a) Teach students their professional accountability and to uphold their personal Integrity to society.
 - b) Change the way in which ethics is taught to students.
 - c) Create more ethics standards by which corporate professionals must operate.
 - d) Increase the workload for accounting students.
- 60 .An organization's appropriate tone at the top promoting ethical conduct is an example of:
- a) Ethics sensitivity.
 - b) Ethics incentives.
 - c) Ethical behavior.
 - d) Consequentialist.
- 61 The chairperson of the board of directors and CEO should be leaders with:
- a) Vision and problem solving skills.
 - b) The ability to motivate.
 - c) Business acumen.
 - d) All of the above.
- 62 Components of corporate culture includes

- a) Vision and values
 - b) Practices and people
 - c) Narrative and place
 - d) All of these
- 63 The foundation for corporate culture are laid by
- a) Corporate members
 - b) Competitors
 - c) Founders
 - d) Industry standard
- 64 An organization's obligation to act and protect and improve society's welfare as well as its own interest is referred as
- a) Organizational social responsibility
 - b) Organizational social responsiveness
 - c) Corporate obligation
 - d) Business ethics
- 65 Most companies begins the process of establishing organizational ethics programs by developing
- a) Ethics training program
 - b) Code of conduct
 - c) Hidden agenda
 - d) Ethics enforcement committee
- 66 A company may be insolvent if it
- a) Has negative working capital
 - b) Cannot meet its budgeted level of profit
 - c) Makes losses
 - d) Cannot pay creditors in full after realization of assets
- 67 The word governance comes from
- a) Latin root
 - b) Italian
 - c) Indian
 - d) American
- 68 Which of the following would most effectively act as the primary objective of a business organization?
- a) To make profit
 - b) To procure resources
 - c) To communicate with shareholders
 - d) To make advertising
- 69 Codes of ethics are statements of value and principles that determine?
- a) Purpose of the company
 - b) Profit of the company
 - c) Growth of the company
 - d) Regulation
- 70 What enables employees understand how business ethics relates to all operational issues in the organization?
- a) Ethics committee
 - b) Ethics training
 - c) Board of directors
 - d) Shareholders
- 71 What is the importance of ethical committee?

- a) Social and economical
 - b) Ensure good corporate citizenship
 - c) Both a and b
 - d) Only b
- 72 The benefits for companies to properly implement its ethics committee can be?
- a) Create more stable operating environments
 - b) Enhance reputation
 - c) Give improved access to new market
 - d) All of the above
- 73 The pivotal role in any system of corporate governance is performed by?
- a) Board of directors
 - b) Shareholders
 - c) Government
 - d) stakeholders
- 74 A criminal offence committed only by directors of a limited company
- a) Fraudulent trading
 - b) Ethical trading
 - c) Competitive trading
 - d) Monopolistic trading
- 75 Following are the elements of effective ethics training programme
- a) Employment term
 - b) Performance appraisals
 - c) Corporate governance
 - d) All of the above
- 76 Which of the following does the term corporate social responsibility relate to?
- a) Ethical code
 - b) Environment practice
 - c) Community investment
 - d) All of the above
- 77 Who will be able to provide an overarching view of the how the company. Does its business?
- a) Ethics committee
 - b) Integrity pact
 - c) Ethics training
 - d) Board of directors
- 78 Which ethical practice specifies to do what is good?
- a) Beneficence
 - b) Least harm
 - c) Both a and b
 - d) None of the above
- 79 Most companies begin the process of establishing organizational ethics programs by developing.
- a) Code of conduct
 - b) Law
 - c) Human resources
 - d) Marketing
- 80 A document prepared to guide organization members when encountering ethical dilemmas is called as?
- a) Code of ethics

- b) Code of conduct
 - c) None of the above
 - d) Only b
- 81 Which of the following is not the ethical issue?
- a) Organization system related
 - b) Corporate issues
 - c) Individual issues
 - d) Communication issues
- 82 What in an organization ensures that compliance with law is fueled by a desire to abide by the law?
- a) Ethical climate
 - b) Manger
 - c) Information system
 - d) Control system
- 83 The philosophical study of moral values and rules is called as.
- a) Human resources management
 - b) Ethics
 - c) Law
 - d) All of the above
- 84 What type of ethical issue does a green company resolves?
- a) Environment
 - b) Financial
 - c) Social
 - d) Political
- 85 The form of ethics that endeavors to help professionals decide what to do when they are confronted with a case or situation that raises an ethical question or moral problem is referred to as:
- a) Personal ethics
 - b) Organizational ethics
 - c) Professional ethics
 - d) Business ethics
- 86 The statements of values and principles that determine the purpose of the company is called as?
- a) Code of ethics
 - Offer documents
 - b) Prospectus
 - c) None of the above
- 87 A written corporate code of conduct fulfils following functions?
- a) Human resources
 - b) Marketing
 - c) Communicative functions
 - d) None of the above
- 88 What do you mean by CSR?
- a) Corporate social responsibility
 - b) Company social Responsibility
 - c) Company Society Responsibility
 - d) None of the above
- 89 In conduct of their activities the business firms are expected to be, which of the following?

- a) Fair business practices
 - b) Only Profit oriented
 - c) Only Sales oriented
 - d) Only Expansion
- 90 Every business running for the profit motive, but it may affect following goals of the business
- a) Social goals
 - b) Competitive goals
 - c) Marketing goals
 - d) Sales goals
- 91 Ethical problems and phenomena arise in following functional areas of companies?
- a) Marketing
 - b) Human Resources
 - c) Only a
 - d) Both a and b
- 92 What is the role of the government in business ethics?
- a) Ensuring business survival
 - b) Staffing of employees in companies
 - c) Product branding of the company
 - d) Ensuring corporations act according to the rules and norms of society
- 93 What are the ethical issues confronted in marketing ethics?
- a) Black marketing
 - b) Misleading advertising
 - c) Content in the advertising
 - d) All of the above
- 94 What are the ethical issues in finance?
- a) Over billing expenses
 - b) Fake reimbursement
 - c) Only b
 - d) Both a and b
- 95 Who is responsible for overall ethical climate and organizational culture which decides its destiny?
- a) Customer
 - b) Competitor
 - c) Board of directors
 - d) Shareholders
- 96 What are the factors influencing business ethics?
- a) Cultural differences
 - b) Organizational behavior
 - c) Both a and b
 - d) Only a
- 97 What are the features of organizational ethics?
- a) Lays support to social welfare functions
 - b) Provides code of business conduct
 - c) Acts as guiding principles of business
 - d) All of the above
- 98 Who among the following is responsible for Monitoring the effectiveness of the company's governance?
- Staff
 - a) Board of directors

b) Shareholders

c) Consumers

99) Agency theory specifies mechanisms to reduce

a) Organisational motive

b) Corporate value

c) Agency loss

d) Agency profit

100) Satisfied stakeholders may behave in which of the following ways

a) Leave organization

b) Demonstrate loyalty

c) Gossip about organization

d) Seek to change things in the organisation