



BRAINWARE UNIVERSITY

Term End Examination 2021 - 22
Programme – Bachelor of Law
Course Name – Corporate Governance
Course Code - LLB405A
(Semester IV)

Time allotted : 1 Hrs.15 Min.

Full Marks : 60

[The figure in the margin indicates full marks.]

Group-A

(Multiple Choice Type Question)

1 x 60=60

Choose the correct alternative from the following :

- (1) The framework for establishing good corporate governance and accountability was originally setup by

a) Nestle committee	b) Rowntree committee
c) Cadbury committee	d) Thornton committee
- (2) Which of the following is not one of the underlying principles of the corporate governance combined code of practice?

a) Accountability	b) Openness
c) Acceptability	d) Integrity
- (3) Directors responsibilities are unlikely to include

a) a duty to keep proper accounting records	b) a fiduciary duty
c) a duty to propose high dividends for shareholders	d) a duty of care
- (4) A company may become insolvent if it

a) makes a loss	b) has negative working capital
c) cannot meet its budgeted level of profit	d) cannot pay creditors in full after realisation of its assets
- (5) Fraudulent trading may be

a) a criminal offence committed only by director	b) a civil and a criminal offence committed by an
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- (16) The-----that corporations must meet is “do no harm”.
- a) moral obligation
 - b) moral minimum
 - c) moral requirement
 - d) moral duty
- (17) The-----position is that a corporation can and should be evaluated not only in terms of its financial bottom line, but also in terms of its environmental bottom line and its social/ethical bottom line.
- a) Bottom line
 - b) Double Bottom line
 - c) Triple Bottom line
 - d) Final line
- (18) Corporate governance can be defined as:
- a) the system used by firms to control the actions of their employees.
 - b) the election process used to vote in a new Board of Director.
 - c) the corporate compliance system used by the firm.
 - d) the system used by firms to identify who the critical stakeholders are for the firm.
- (19) The system that is used by firms to control and direct their operations and the operations of their employees is called:
- a) Corporate Compliance.
 - b) Corporate Governance
 - c) . Corporate Control
 - d) Corporate Directive
- (20) The Sarbanes-Oxley Act was a direct response to which ethics scandals?
- a) Tyco
 - b) WorldCom
 - c) Enron
 - d) None of the above
- (21) There are-----conditions that, if satisfied, change the moral status of whistleblowing.
- a) three
 - b) four
 - c) five
 - d) Six
- (22) One whistleblower the text mentions is Cynthia Cooper who was the vice president of internal audit at-----
- a) Enron
 - b) WorldCom
 - c) Tyco
 - d) none of the above
- (23) A whistle-blower:
- a) doesn't have to be a past or present member of the organization.
 - b) doesn't have to report activity that is illegal, immoral, or harmful.
 - c) is any employer who spreads gossip.
 - d) far from being disloyal, may be acting in the best interest of the organization.
- (24) Inside traders ordinarily defend their actions by claiming that they don't injure:
- a) their boss
 - b) their family
 - c) . the government
 - d) . any one
- (25) Which act provides sweeping new legal protection for employees who report possible securities fraud making it unlawful for companies to “discharge, demote, suspend, threaten, harass, or in any other manner discriminate against” them?
- a) Sarbanes-Oxley Act of 2002
 - b) Foreign Corruption Act

- c) Economic Espionage Act
- (26) What is meant by the phrase CSR?
- a) Corporate Social Responsibility
c) Corporate Society Responsibility
- d) U.S. vs. O'Hagan
- b) Company Social Responsibility
d) Company Society Responsibility
- (27) Why, according to stakeholder theory, is it in companies' best interests to pay attention to their stakeholders?
- a) If firms only act in their own self-interest employees may feel exploited.
c) If firms only act in their own self-interest customers might not like the image that the company portray.
- b) If firms only act in their own self-interest government might put more regulation on them.
d) If firms only act in their own self-interest and inflict harm on stakeholders then society might withdraw its support.
- (28) What is the enlightened self-interest model of CSR?
- a) That it is in an organization's own best interest to put itself first rather than its ethics.
c) That it is in an organization's own best interest to act in an ethical way.
- b) That it is in an organization's best interest to consider what a shareholder would want.
d) That it is in an organization's own best interest to follow the legislation and abide by the law.
- (29) What is triple bottom line?
- a) An accounting tool that looks at the impact on people, planet and profits.
c) An accounting tool that looks at cost, profit and loss.
- b) A management strategy which states all the attention should be on profits.
d) A management strategy which focuses on corporate social responsibility.
- (30) What is the purpose of a balanced scorecard?
- a) To measure contribution of people to business growth
c) To relate business performance to customer satisfaction
- b) To combine a range of qualitative and quantitative indicators of performance
d) All of the above
- (31) Which of the following does the term Corporate Social Responsibility relate to?
- a) Ethical conduct
c) Community investment
- b) Environmental practice
d) All of the above
- (32) What is Ethics to do with?
- a) The wider community
c) Right and wrong
- b) Business
d) Nothing
- (33) Which of the following is an example of an area where business ethics apply?
- a) Conduct of international operations
c) In the personal life of staff
- b) Nowhere
d) None of the above
- (34) Which legislation relates to the concept of business ethics?
- a) Freedom of Information Act
c) Building regulations
- b) Food Act
d) All of these
- (35) The-----dimension of social responsibility refers to a business's societal contribution of time, money, and other resources

- a) Ethical
c) Volunteerism
- b) Philanthropic
d) Strategic
- (36) Which moral philosophy seeks the greatest good for the greatest number of people?
a) Consequentialism
c) Egoism
- b) Utilitarianism
d) Ethical formalism
- (37) A high-commitment approach to environmental issues may include all of the following except
a) risk analysis
c) green-washing
- b) stakeholder analysis
d) strategic sustainability auditing
- (38) Most companies begin the process of establishing organizational ethics programs by developing
a) ethics training programs.
c) ethics enforcement mechanisms
- b) codes of conduct
d) hidden agendas.
- (39) The social economy partnership philosophy emphasizes:
a) cooperation and assistance.
c) competition
- b) profit maximization.
d) restricting resources and support
- (40) 68. Which of the following is a problem presented by ethics audits?
a) They may be used to reallocate resources.
c) Selecting auditors may be difficult.
- b) They identify practices that need improvement.
d) They may pinpoint problems with stakeholder relationships.
- (41) Codes of conduct and codes of ethics
a) are formal statements that describe what an organization expects of its employees.
c) are designed for top executives and managers, not regular employees.
- b) become necessary only after a company has been in legal trouble.
d) rarely become an effective component of the ethics and compliance program.
- (42) Which of the following is NOT one of the primary elements of a strong organizational compliance program?
a) A written code of conduct
c) Significant financial expenditures
- b) An ethics officer
d) A formal ethics training program
- (43) -----are standards of behaviour that groups expect of their members.
a) Codes of conduct
c) Group norms.
- b) Group values.
d) Organizational norms.
- (44) Managerial ethics can be characterised by all of the following levels except
a) immoral management
c) demoral management
- b) amoral management
d) moral management
- (45) External audit of the accounts of a limited company is required
a) because it is demanded by the company's bankers
c) at the discretion of the shareholders
- b) by the Companies Act 2013
d) to detect fraud

- (46) 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 maximization is the main objective of organizations
 - d) Stakeholders have differing levels of power
- (47) An organization that is owned by shareholders but managed by agents on their behalf is conventionally known as the modern:
- a) Conglomerate
 - b) Corporation
 - c) Company
 - d) Firm
- (48) The term 'asymmetry of information' means information in a corporation is:
- a) Transferable to all stakeholders
 - b) Not transferable to all stakeholders
 - c) Not equally transparent to all stakeholders
 - d) Equally transparent to all stakeholders
- (49) The view that sees profit maximization as the main objective is known as
- a) Shareholder theory
 - b) Principal-agent problem
 - c) Stakeholder theory
 - d) Corporation theory
- (50) Where an organization takes into account the effect its strategic decisions have on society, this is known as:
- a) Corporate governance
 - b) Business policy
 - c) Business ethics
 - d) Corporate social responsibility
- (51) Periodic ethics audits
- a) Are required by the Indian stock exchange
 - b) A method of fostering ethics
 - c) A method of quantitative assessment
 - d) Always use external consultants
- (52) Political intrusion into business
- a) May be desirable in some circumstances
 - b) Is anathema
 - c) Politics should have no say in how business is conducted
 - d) state legislation over-rides Federal Legislation
- (53) Quantification in ethics may be done by
- a) Putting monetary value on prospective actions
 - b) Comparing the value of one action with another
 - c) Both A and B
 - d) Neither A or B
- (54) The----- approach to formal corporate ethics initiatives is proactive and inspirational.
- a) Rules
 - b) Compliance
 - c) Principles
 - d) Values
- (55) Social responsiveness refers to the capacity of a firm to adapt to changing -----.
- a) societal conditions
 - b) organizational conditions
 - c) societal leaders
 - d) organizational managers
- (56) Applying social criteria to an investment decision refers to-----
- a) socioeconomic view
 - b) social responsiveness
 - c) social responsibility
 - d) social screening

- (57) Which of the following is a basic definition of ethics?
- a) moral guidelines for behaviour
 - b) rules for acknowledging the spirit of the law
 - c) rules or principles that define right and wrong conduct
 - d) principles for legal and moral development
- (58) _____ is a document that outlines principles for doing business globally in the areas of human rights, labour, the environment, and anticorruption
- a) A code of ethics
 - b) The Global Compact
 - c) The Foreign Corrupt Practices Act
 - d) Global Ethics
- (59) What is meant by the phrase 'teleological ethics'?
- a) Is used to judge if an action is right, fair and honest
 - b) An action can only be judged by its consequences
 - c) Developing the individual personal characteristics
 - d) The key purpose of ethics is to increase freedom
- (60) The term 'asymmetry of information' means information in a corporation is:
- a) Transferable to all stakeholders
 - b) Not transferable to all stakeholders
 - c) Not equally transparent to all stakeholders
 - d) Equally transparent to all stakeholders