

MBA II SEM III

MCQ: 310 – Corporate Governance

Sr. No.	Question	Answer
1	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	C
2	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	B
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	C
4	Fraudulent trading may be (A) A criminal offence committed only by directors of a limited company (B) A civil and a criminal offence committed by an employee (C) A civil and a criminal offence committed only by directors of a limited company (D) A civil offence committed by an employee	B
5	A director of a limited company may not be liable for wrongful trading if he or she (A) Increased the valuation of its inventories to cover any potential shortfall (B) Brought in some expected sales from next year in to the current year (C) Took every step to minimize the potential loss to creditors (D) Introduce into the balance sheet an asset based on a valuation of its brands sufficient to meet any shortfall	C
6	Disqualification of directors may result from breaches under the (A) Health and Safety Act (B) Financial Services Act (C) Sale of Goods Act (D) Companies Act	D
7	According to clause 49 on independent directors. What should be minimum age of independent director. (A) 21 (B) 22 (C) 23 (D) 24	A

8	Who formed the ICGN? (A) European governments (B) US share holders (C) Pension funds (D) Stock markets	C
9	Which one is the dimension(approach) of corporate social responsibility? (A) Corporate philanthropy (B) Stake holders priorities and sustainable development (C) Ethical business (D) All of the above	D
10	According to clause 49 on independent directors. What can be maximum tenure of independent director. (A) 2 terms of 5 years each (B) 3 terms of 5 years each (C) 2 terms of 10 years each (D) 3 terms of 4 years each	A
11	According to section 179 which one of the following is a power of director? (A) To buy back its shares (B) Sell lease or otherwise dispose of the undertakings of the company (C) Remit or give time for the repayment of any debt due by a director (D) Making political contributions exceeding specified limits	A
12	What is kieretsu (A) Pension fund (B) Corporate group (C) Stock exchange (D) Futures Market	B
13	The concept of Corporate Social Responsibility originated in which time period? (A) 1920's and 1930's (B) 19th Century (C) 1980's and 1990's (D) 1960's and 1970's	C
14	Worldwide, about percent of businesses in the private sector are small or medium sized. (A) 80 (B) 85 (C) 90 (D) 99	C
15	The generally accepted definition of a small business is one with or fewer employees. (A) 10 (B) 20 (C) 25 (D) 50	D
16	The generally accepted definition of a medium business is one with or fewer employees. (A) 50	D

	<p>(B) 100 (C) 200 (D) 250</p>	
17	<p>In the United States, small or medium sized businesses provide over percent of total employment. (A) 25 (B) 40 (C) 50 (D) 75</p>	C
18	<p>Owners of stock in a corporation are only liable for . (A) The Amount They Have Invested In The Company's Stock (B) Their Personal Assets (C) The Amount They Have Invested In The Company's Stock And Their Personal Assets (D) None Of The Above.</p>	D
19	<p>A of an issue consists of weighing and balancing all of the competing demands on a firm by each of those who have a claim on it. (A) Stakeholder analysis (B) Board of directors analysis (C) Corporation analysis (D) Management analysis</p>	A
20	<p>The corporations must meet is "do no harm". (A) Moral obligation (B) Moral minimum (C) Moral requirement (D) Moral duty</p>	B
21	<p>In large corporations, the is/are the legal overseers of management. (A) Ceo (B) Shareholders (C) Board members (D) None of the above</p>	C
22	<p>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</p>	B
23	<p>Triple Bottom Line reporting refers to: (A) Using a low, medium and high estimates for profitability forecasts. (B) Measuring the impact of the firm on stockholders, customers and employees. (C) Measuring the social, environmental, and financial performance of the firm. (D) Measuring the impact of local, state, and federal governments on the firm.</p>	C
24	<p>Corporate governance can be defined as:</p>	A

	<p>(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.</p>	
25	<p>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.</p>	B
26	<p>Which board of directors committee is responsible for the guidelines on how the board of directors should operate. (A) Operating (B) Corporate governance (C) Corporate compliance (D) Guiding</p>	B
27	<p>The Sarbanes-Oxley Act was a direct response to which ethics scandals? (A) Tyco (B) WorldCom (C) Enron (D) None of the above.</p>	C
28	<p>What is the name of the process in which an employee informs another responsible employee in the company about potentially unethical behavior? (A) Whistle-blowing (B) Purging and releasing (C) Identification (D) Information transfer</p>	A
29	<p>There are conditions that, if satisfied, change the moral status of whistle blowing. (A) Three (B) Four (C) Five (D) Six</p>	C
30	<p>An example of a whistle blower whose actions were a form of internal government whistle blowing is: (A) Sherron Watkins. (B) Coleen Rowley. (C) Cynthia Cooper. (D) Lee Iacocca.</p>	B
31	<p>One whistle blower the text mentions is Cynthia Cooper who was the vice president of internal audit at . (A) Enron (B) World com (C) Tyco (D) None of the above</p>	B

32	<p>One classic example of whistle-blowing is the:</p> <p>(A) Ford Pinto case. (B) Lincoln case. (C) Toyota case. (D) None of the above.</p>	A
33	<p>A whistle-blower:</p> <p>(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.</p>	C
34	<p>The Sarbanes-Oxley Act:</p> <p>(A) Makes it easier to fire whistle blowers. (B) Reduces the law's protection of employees who disclose securities fraud. (C) Makes it illegal for executives to retaliate against employees who report possible violations of federal law. (D) Provides penalties for blowing the whistle illegitimately or maliciously.</p>	D
35	<p>Inside traders ordinarily defend their actions by claiming that they don't injure:</p> <p>(A) Their boss. (B) Their family. (C) The government. (D) Any one.</p>	D
36	<p>Mr. Anand Desai is in an ethical dilemma regarding purchase of a machine. If he buys the machine from Best Electronics, who are ready to give 5 years warranty, he will not get any monetary benefit for himself. Therefore he decides to buy the machinery from GL Electronics, who is giving only 1 year warranty, in order to gain the personal monetary benefit. Which of the following factors involved in decision-making affects the ethical dilemma of Mr. Anand Desai?</p> <p>(A) Concentration of effect (B) Time interval (C) Proximity (D) Social agreement</p>	C
37	<p>When the implications and consequences of managers' decisions become more evident, managers are faced with the challenge of ethical dilemma. To avoid ethical dilemmas managers can follow the approaches by Clutterbuck and Drummond and Carmichael's. Which of the following does not belong to Clutterbuck's approach?</p> <p>(A) It includes ethics in recruitment criteria (B) It uses reward and punishment mechanisms (C) It establishes openness and transparency into decision-making processes (D) It draws up personal and corporate ethics checklist.</p>	D
38	<p>When a company adopts an anti-pollution environment policy, it is said to be 'going green'. Organizations adopt green initiative due to which of the following reasons?</p> <p>I. Economic benefits from increased efficiency.</p>	D

	<p>II. Competitive advantage through innovation. III. Set a standard or code for moral behavior. IV. Public image. (A) Only (I) above (B) Only (II) above (C) Both (II) and (III) above (D) (I), (II) and (IV) above (E) (I), (III) and (IV) above.</p>	
39	<p>If Vijay Motors is taken over by Vishnu Motors, Mr. Feroz and many other top executives are going to lose their jobs. Therefore in order to discourage the unwanted takeover attempt, the management of Vijay Motors gave stock options, bonuses and severance pay to all the top executives. By adopting which of the following techniques, was the management of Vijay Motors able to protect themselves from hostile takeover? (A) Golden parachute (B) Sandbag (C) Greenmail (D) People pill</p>	A
40	<p>Prakash Industries Ltd. concentrates on profits so that they can continue to sponsor the blind school and the other social activities they have undertaken. They measure their success not only in financial terms but also in terms of contribution to society. In which of the following stages of ethical consciousness Prakash Industries Ltd., can be placed? (A) Law of the jungle (B) Corporate citizenship (C) Profit maximizing in the long-term (D) Stakeholder concept</p>	D
41	<p>Global Tech Ltd., as a corporation enjoys the right to make donations to the leading political parties to push an agenda in favor of it. Which of the following characteristics of a corporation, is Global Tech Ltd. enjoying? (A) Transferability (B) Limited liability (C) Liability for investors (D) Legal personality.</p>	D
42	<p>The decisions taken at Fashions Ltd. were always influenced by Mr. Pratap, uncle of Mr. Rahul who owns the company. Mr. Pratap was held responsible along with the board directors for the acts of the company. Mr. Pratap is playing the role of which of the following types of directors? (A) Non-executive director (B) Alternate director (C) Shadow director (D) Associate director</p>	C
43	<p>The foundation for corporate culture are laid by _____ (A) Corporate members (B) Competitors</p>	C

	(C) Founders (D) Industry standard	
44	An organization's _____ embraces the behavior, rituals and shared meaning held by employees that distinguishes the organization from all others. (A) External environment (B) Culture (C) Dominant culture (D) Ethics	B
45	Components of corporate culture includes _____ (A) Vision and values (B) Practices and people (C) Narrative and place (D) All of these	D
46	Commitment, competence and consistency are three distinct characteristics that result in _____ (A) Culture building (B) Values (C) Organizational socialization (D) Attitudes	A
47	The practices of a company for which it is accountable in relation to other parties is called _____ (A) Social responsibility (B) Code of Ethics (C) Values (D) Culture	A
48	National culture is based on _____ (A) Language (B) The territory of the state (C) The sense of belonging of a people (D) The nation-state.	C
49	A low context culture is _____ (A) A culture where much goes unsaid (B) A culture in which communication is clear and direct (C) A culture where ambiguity is the norm, and directness is avoided (D) A culture in which body language and 'reading between the lines' are important	B
50	Characteristics of organizational culture include all but which one of the following? (A) Common language, terminology and norms of behavior (B) Sustainability policies (C) Preference for formal or informal communication (D) Rulebook of do's and don'ts for staff	B
51	----- may be defined as the enhancement of long-term shareholders while at the same time protecting the interests of other stakeholders. (A) Business ethics	D

	<p>(B) CSR (C) Cultural relativism (D) Corporate governance</p>	
52	<p>Which of the following is/are feature of corporate governance? (A) Non- universality (B) Accountability (C) Ambiguity (D) None of these</p>	B
53	<p>There are usually key participants in corporate governance. (A) Three (B) Four (C) Five (D) Eight</p>	A
54	<p>Corporate governance is concerned with the formation of _____ term objective (A) Very short (B) Short (C) Medium (D) Long</p>	D
55	<p>_____ 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</p>	B
56	<p>Global organizations must their ethical guidelines so that employees know what is expected of them while working in a foreign location (A) Clarify (B) Provide (C) Establish (D) Broaden</p>	A
57	<p>Which of the following is a basic definition of ethics? (A) Moral guidelines for behavior (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</p>	C
58	<p>Applying social criteria to an investment decision refers to . (A) Socioeconomic view (B) Social responsiveness (C) Social responsibility (D) Social screening</p>	D
59	<p>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</p>	A

60	The belief that a firm pursuit of social goals would give them too much power is known as what argument in opposition to a firm being socially responsible? (A) Costs (B) Lack of skills (C) Lack of broad public support (D) Too much power	D
61	Which of the following is associated with the classical view of social responsibility? (A) Economist Robert Reich (B) Concern for social welfare (C) Stockholder financial return (D) Voluntary activities	C
62	The approach to formal corporate ethics initiatives focuses on meeting required behaviour norms or obeying the letter of the law (A) Rules (B) Compliance (C) Principles (D) Values	B
63	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	C
64	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	B
65	Which of the following is a characteristic of the Anglo-American model of corporate governance? (A) The labor relations officer finds a place on the management board (B) The board ratifies whatever decisions the president takes (C) The president is appointed on the basis of a consensus between the shareholders and the banks (D) The supervisory board appoints and monitors the management board	A
66	Internal controls are grouped into the following categories: (A) Effective operations, financial reporting, and compliance. (B) Efficient operations, financial analysis, and management reporting. (C) Efficient operations, financial analysis, and compliance. (D) Production and operations, financial reporting, and management reporting.	D

67	<p>Which of the following makes for an effective control environment with regards to commitment to competence?</p> <p>(A) Its culture is one in which quality and competence are openly valued.</p> <p>(B) Increase interaction between senior management and operating management.</p> <p>(C) Reduce pressure to meet unrealistic performance targets.</p> <p>(D) Assure independence from management.</p>	A
68	<p>To determine a positive control environment, the auditor should consider which of the following control environment actions for integrity and ethical values?</p> <p>(A) Remove incentives and temptations that prompt personnel to engage in fraudulent or unethical behaviour.</p> <p>(B) Review the nature of business risk accepted.</p> <p>(C) Create formal or informal job descriptions or other means of defining tasks that comprise particular jobs.</p> <p>(D) Encourage independence from management.</p>	C
69	<p>That companies must comply with many laws and regulations including company law, tax law and environmental protection regulations requires what category of internal control objectives?</p> <p>(A) Government reporting.</p> <p>(B) Effective operations.</p> <p>(C) Financial reporting.</p> <p>(D) Compliance.</p>	D
70	<p>The most emphasis by auditors is placed on understanding which of the following types of controls?</p> <p>(A) Controls over disclosures.</p> <p>(B) Controls over classes of transactions.</p> <p>(C) Controls over efficiency of operations.</p> <p>(D) Controls on account balances.</p>	C
71	<p>All of the following are sub-systems (contents) of an entity's information system except:</p> <p>(A) Customer and vendor records.</p> <p>(B) Computer systems software.</p> <p>(C) Personnel information.</p> <p>(D) Production system.</p>	C
72	<p>Which of the following is not one of the components of internal control according to COSO?</p> <p>(A) Communication processes related to stakeholders.</p> <p>(B) Monitoring of controls.</p> <p>(C) Risk assessment process.</p> <p>(D) Control procedures.</p>	A
73	<p>US Securities Exchange Commission rules require that management must base its evaluation of the effectiveness of the company's internal control over financial reporting on a suitable, recognised control framework:</p> <p>(A) That can be easily applied to all business types.</p> <p>(B) Established by a body or group that followed due-process</p>	B

	<p>procedures. (C) Based on SEC ethics and conduct. (D) Established by an internationally supported group.</p>	
74	<p>The auditor's primary consideration is whether, and how, a specific control prevents, or detects and corrects, material misstatements: (A) In disclosures. (B) In account balances. (C) In classes of transactions, account balances or disclosures. (D) In classes of transactions.</p>	C
75	<p>Implementation of a control means that the control exists and that: (A) The control is documented. (B) All necessary personnel are trained to operate the control. (C) The entity is using it. (D) The control was properly designed.</p>	C
76	<p>Obtaining audit evidence about the design and implementation of relevant controls may involve all of the following except: (A) Observing and reperforming the application of a specific control. (B) Inspecting documents and reports. (C) Performing analytical procedures. (D) Tracing transactions through the information system relevant to financial reporting.</p>	C
77	<p>All the following describe internal control, according to COSO, except: (A) It is designed to provide reasonable assurance regarding the achievement of objectives of compliance with capital structure strategy. (B) It is designed to provide reasonable assurance regarding the achievement of objectives of efficient operations. (C) It is designed to provide reasonable assurance regarding the achievement of objectives in reliability of financial reporting. (D) It is a process effected by people.</p>	A
78	<p>The auditor's primary consideration is whether, and how, a specific control prevents, or detects and corrects: (A) Material misstatements in classes of transactions, account balances or disclosures. (B) Defalcation by employees. (C) Financial statement fraud. (D) Illegal acts.</p>	A
79	<p>All of the following are components of internal control except: (A) Risk assessment process. (B) The information system. (C) Monitoring. (D) Management reports.</p>	D

80	<p>There are a number of specific elements that usually contribute to a successful control environment and which may be used as indicators of the quality of the control environment of a particular organization. Which of the following is not one of these elements?</p> <p>(A) Segregation of duties in management. (B) Organizational structure. (C) Human resource policies and practices. (D) Assignment of authority and responsibility.</p>	A
81	<p>Which of the following are not general IT controls?</p> <p>(A) System software acquisition. (B) Back-up and recovery. (C) Controls over data centre and network operations. (D) Edit checks of input data.</p>	D
82	<p>Which of the following are not application controls?</p> <p>(A) Manual follow-up of exception reports. (B) Chart of accounts. (C) Access security. (D) Numerical sequence checks.</p>	C
83	<p>Which of the following is not true about the risk assessment component of the COSO internal control framework?</p> <p>(A) If management effectively assesses and responds to risks, the auditor will typically need to accumulate less audit evidence than when management fails to, because control risk is lower. (B) How responsibility is distributed is usually spelled out in formal company policy manuals. (C) Management assesses risks as part of designing and operating the internal control system to minimize errors and irregularities. (D) Auditors assess risks to decide the evidence needed in the audit.</p>	B
84	<p>Which of the following is an example of adequate documents?</p> <p>(A) Passwords that allow only authorized people admittance to the computer software online. (B) Preformatted input screens in a CIS. (C) Systems manuals for computer accounting software should provide sufficient information to make the accounting functions clear. (D) Use of serial numbers on documents and input transactions.</p>	B
85	<p>Segregation of duties means what fundamental functions which must be separated and adequately supervised?</p> <p>(A) Recording, authorization, and custody. (B) Achievability of goals, recording, and custody. (C) Commitment of employees, reporting, and authorization. (D) Transparency of behavior, authorization, and custody.</p>	A
86	<p>Soft controls are the intangible factors in an organization that influence the behavior of managers and employees. Which of the following is not a factor that influences the way people examine their control activities?</p> <p>(A) Clarity for directors, managers and employees as to what constitutes desirable and undesirable behavior.</p>	C

	<p>(B) Openness to discussion of viewpoints, emotions, dilemmas and transgressions.</p> <p>(C) The objective of profit maximization.</p> <p>(D) Role-modeling among administrators, management or immediate supervisors.</p>	
87	<p>The preliminary assessment of control risk includes all the following procedures except:</p> <p>(A) Interview entity personnel to find evidence of management's commitment to the design, implementation and maintenance of sound internal control.</p> <p>(B) Consider the results of previous audits that involved evaluating the operating effectiveness of internal control.</p> <p>(C) Identify possible liabilities which may arise.</p> <p>(D) Discuss the possibility of audit risk with audit firm personnel</p>	C
88	<p>Which of the below is not the broad parameters for reviewing the performance of Managing Director/Executive Director are:</p> <p>(A) Achievement of financial/business targets prescribed by the Board;</p> <p>(B) Developing and managing / executing business plans, operational plans, risk management, and financial affairs of the organization;</p> <p>(C) Display of leadership qualities i.e. correctly anticipating business trends, opportunities, and priorities affecting the Company's prosperity and operations;</p> <p>(D) Exploiting the policies, and strategic plans aligned with the vision and mission of Company and which harmoniously balance the needs of shareholders, clients, employees, and other stakeholders;</p>	D
89	<p>Which of the below is not the broad parameters for reviewing the performance of Non-executive Directors are:</p> <p>(A) Non - Participation at the Board / Committee meetings;</p> <p>(B) Commitment (including guidance provided to senior management outside of Board/ Committee meetings);</p> <p>(C) Effective deployment of knowledge and expertise;</p> <p>(D) Effective management of relationship with stakeholders;</p>	A
90	<p>Which of below is not the broad parameters of reviewing the performance of the Committees, inter alia, are :</p> <p>(A) Discharge of its functions and duties as per its terms of reference;</p> <p>(B) Process and procedures followed for discharging its functions;</p> <p>(C) Effectiveness of suggestions and recommendations received;</p> <p>(D) Size, structure and expertise of the employees ; and Conduct of its meetings and procedures followed in this regard.</p>	D
91	<p>Which of the below is not a Important Steps for Evaluation Process</p> <p>(A) To develop a methodology for evaluation. It may be different for different Companies.</p> <p>(B) As a Bad practice, the Company may also develop a Policy on Board Evaluation.</p> <p>(C) Ideally, evaluation process could commence each year (during last quarter)</p>	B

	<p>to evaluate the performance of concerned body or individual in the succeeding year.</p> <p>(D) It is a good practice that each director is given a copy of the form for assessing the overall performance of Board/Committees/Directors/Chairperson/ Managing Director/wholetime director / Executive Director, as the case may be, sufficiently in advance.</p>	
92	<p>Which of the below is not the point related to Board Meetings and Procedures</p> <p>(A) The Annual Calendar of Board meetings is communicated well in advance and reviewed from time to time.</p> <p>(B) The Board meeting agenda and related background papers are concise and provide information of appropriate quality and detail.</p> <p>(C) The information is received by board members sufficiently in on time for proper consideration.</p> <p>(D) Adequacy of attendance and participation by the board members at the board meetings.</p>	C
93	<p>Organization for Economic Cooperation and Development (OECD) was established with the main objective of seeking sustains _____?</p> <p>(A) Economic growth among its member countries</p> <p>(B) Cooperation in defense of its member countries</p> <p>(C) Economic and army cooperation</p> <p>(D) None of them</p>	A
94	<p>OECD was established in _____?</p> <p>(A) 1963</p> <p>(B) 1961</p> <p>(C) 1962</p> <p>(D) 1960</p>	B
95	<p>The Organisation for European Economic Cooperation (OEEC) was founded In 1948 to help administer the Marshall Plan for the reconstruction of Europe after World War II. It was renamed as _____?</p> <p>(A) European Union (EU)</p> <p>(B) Organisation for Economic Cooperation and Development (OECD)</p> <p>(C) Council of the European Union (CEU)</p> <p>(D) General Agreement on Tariffs and Trade (GATT)</p>	B
96	<p>Where is the Secretariat of the Organisation for Economic Co-operation and Development (OECD)?</p> <p>(A) Tokyo, Japan</p> <p>(B) London, UK</p> <p>(C) Paris, France</p> <p>(D) New York, USA.</p>	C
97	<p>Which of the following countries have been blacklisted by the Organisation for Economic Co-operation and Development (OECD) on refusing to adopt new rules for openness and serving as Tax Havens?</p> <p>(A) Costa Rica, Switzerland, Austria and Andorra</p> <p>(B) Costa Rica, Malaysia, Philippines and Uruguay</p> <p>(C) France, Japan, Laos and Libya</p> <p>(D) The Philippines, Latvia, Lesotho and Ireland</p>	B

98	External audit of the accounts of a limited company is required? (A) Because it is demanded by the company's bankers (B) By the companies act 2006 (C) At the discretion of the shareholders (D) To detect fraud	B
99	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 15% realization of its assets	D
100	Fraudulent trading may be (A) A criminal offence committed only by directors of a limited company (B) A civil and a criminal offence committed by an employee (C) A civil and a criminal offence committed only by directors of a limited company (D) A civil offence committed by an employee	B
101	In large corporations, the _____ is/are the legal overseers of management. (A) Ceo (B) Shareholders (C) Board members (D) None of the above	C
102	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	B
103	Triple Bottom Line reporting refers to: (A) Using a low, medium and high estimates for profitability forecasts. (B) Measuring the impact of the firm on stockholders, customers and employees. (C) Measuring the social, environmental, and financial performance of the firm. (D) Measuring the impact of local, state, and federal governments on the firm.	C
104	A _____ is a problem, situation, or opportunity requiring an individual, group, or organization to choose among several actions that must be evaluated as right or wrong. (A) Crisis (B) Ethical issue (C) Indictment (D) Fraud	B

105	Which moral philosophy seeks the greatest good for the greatest number of people? (A) Consequentialism (B) Utilitarianism (C) Egoism (D) Ethical formalism	B
106	What type of justice exists if employees are being open, honest, and truthful in their communications at work? (A) Procedural (B) Distributive (C) Ethical (D) Interactional	D
107	A high-commitment approach to environmental issues may include all of the following except: (A) Risk analysis (B) Stakeholder analysis (C) Green-washing (D) Strategic sustainability auditing	C
108	Most companies begin the process of establishing organizational ethics programs by developing: (A) Ethics training programs. (B) Codes of conduct. (C) Ethics enforcement mechanisms. (D) Hidden agendas.	B
109	When a firm charges different prices to different groups of customers, it may be accused of: (A) Cultural relativism (B) Money laundering (C) Facilitating payments (D) Price discrimination	A
110	The social economy partnership philosophy emphasizes: (A) Cooperation and assistance. (B) Profit maximization. (C) Competition. (D) Restricting resources and support.	A
111	Which of the following is not a driver of responsible competitiveness? (A) Policy drivers (B) Development drivers (C) Business action (D) Social enablers	B
112	Which of the following is a problem presented by ethics audits? (A) They may be used to reallocate resources. (B) They identify practices that need improvement. (C) Selecting auditors may be difficult. (D) They may pinpoint problems with stakeholder relationships.	C

113	The first step in the auditing process should be to secure the commitment of: (A) Employees. (B) Top executives and directors. (C) Stockholders. (D) Customers.	B
114	Codes of conduct and codes of ethics (A) Are formal statements that describe what an organization expects of its employees. (B) Become necessary only after a company has been in legal trouble. (C) Are designed for top executives and managers, not regular employees. (D) Rarely become an effective component of the ethics and compliance program.	A
115	Which of the following is NOT one of the primary elements of a strong organizational compliance program? (A) A written code of conduct (B) An ethics officer (C) Significant financial expenditures (D) A formal ethics training program	C
116	.In a _____ organization, decision making is delegated as far down the chain of command as possible. (A) Decentralized (B) Creative (C) Flexible (D) Centralized	D
117	Managerial ethics can be characterized by all of the following levels except. (A) Immoral management (B) Amoral management (C) Demoral management (D) Moral management	C
118	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	B
119	What makes a corporation distinct from a partnership? (A) If the members of a corporation die, the corporation remains in existence providing it has capital (B) If the members of a corporation die, the corporation ceases to exist (C) A corporation cannot own property (D) A corporation cannot be held responsible for the illegal acts of its employees	A

120	Applying social criteria to an investment decision refers to _____.	
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