'**Corporate Governance: Responsibilities of Corporate Gatekeepers**'

Instructor: Zabihollah (Zabi) Rezaee

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Final Exam Questions

Question 1

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| **Question Text** | Which of the following is not a function of corporate governance? |
| **Answer Options** | 1. Oversight function by the board of directors 2. Managerial function delegated to management 3. Fundraising function 4. Compliance function |
| **Correct Answer(s)** | c |
| **Learning Objective:** | Functions of corporate governance |

Question 2

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| **Question Text** | Which of the following is not a guiding principle of good governance? |
| **Answer Options** | 1. Responsibility 2. Independence 3. Likable 4. Leadership ability and knowledge |
| **Correct Answer(s)** | c |
| **Learning Objective:** | Corporate governance principles |

Question 3

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| **Question Text** | Which of the following is not an internal corporate governance mechanism? |
| **Answer Options** | 1. Federal and state statutes 2. Board of directors 3. Internal audit function 4. Board committees |
| **Correct Answer(s)** | a |
| **Learning Objective:** | Corporate governance mechanisms |

Question 4

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| **Question Text** | Convergence in the global corporate governance is: |
| **Answer Options** | 1. Desirable 2. Possible 3. Feasible 4. All of the above |
| **Correct Answer(s)** | d |
| **Learning Objective:** | Convergence in the global corporate governance |

Question 5

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| **Question Text** | What is a cause of the 2007-2009 global financial crises? |
| **Answer Options** | 1. Excessive risk taking by management 2. Lack of proactive, scalable, and effective corporate governance measures including regulations 3. Greed 4. All of the above |
| **Correct Answer(s)** | d |
| **Learning Objective:** | The role of corporate governance in preventing future financial crises |

Question 6

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| **Question Text** | What is the primary mission of a public company? |
| **Answer Options** | 1. To maximize profit 2. To contribute to society 3. To create shared value for all stakeholders including shareholders 4. None of the above |
| **Correct Answer(s)** | c |
| **Learning Objective:** | The role of corporations and their financial reports in ensuring global competiveness, efficiency, liquidity, and safety of financial markets |

Question 7

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| **Question Text** | Which of the following is not an external corporate governance mechanism? |
| **Answer Options** | 1. Market for corporate control 2. Labor market 3. Governance committee 4. Federal and state statutes |
| **Correct Answer(s)** | c |
| **Learning Objective:** | External Corporate governance mechanisms |

Question 8

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| **Question Text** | External governance mechanisms such as the capital market and state and federal regulations are designed to: |
| **Answer Options** | 1. Keep companies from providing a large earnings-per-share. 2. Align the interests of insiders with the interests of outsiders. 3. Prohibit corporate takeover efforts. 4. Ensure management makes budget. |
| **Correct Answer(s)** | b |

Question 9

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| **Question Text** | Which of the following statements best describes the compliance function? |
| **Answer Options** | 1. The compliance function is composed of a set of laws, regulations, rules, and standards established by state and federal legislators which are followed only when beneficial. 2. Compliance is following your internal bylaws and regulations. 3. The compliance function is composed of a set of laws, regulations, rules, and standards established by state and federal legislators which must be followed regardless of the cost. 4. Compliance is a nuisance that deters from the company’s main goal of making money. |
| **Correct Answer(s)** | c |

Question 10

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| **Question Text** | Which of the following can influence corporate governance in the United States? |
| **Answer Options** | 1. State and federal statutes. 2. Court decisions. 3. Listing standards and best practices. 4. All of the above. |
| **Correct Answer(s)** | d |