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

Instructor: Zabihollah (Zabi) Rezaee

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Review Questions

Question 1

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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:** | Guiding principles of corporate governance |

Question 2

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| **Question Text** | Which of the following is not a source nor deriver of corporate governance? |
| **Answer Options** | 1. Management philosophy 2. State and federal laws 3. Listing standards 4. Best practices |
| **Correct Answer(s)** | a |
| **Learning Objective:** | Derivers of corporate governance, including: state and federal statutes, listing standards, and best practices |

Question 3

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| **Question Text** | What is the primary goal of corporate governance? |
| **Answer Options** | 1. To create a balance of power-sharing through governance mechanisms among shareholders, directors, and management to enhance shareholder value and protect the interests of other stakeholders. 2. To create power for management 3. To enhance management authority 4. To empower the board of directors |
| **Correct Answer(s)** | a |
| **Learning Objective:** | Corporate governance mechanisms and measures |

Question 4

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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:** | Internal corporate governance mechanisms |

Question 5

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| **Question Text** | How can corporate governance reporting and assurance be improved? |
| **Answer Options** | 1. Gatekeepers accountability 2. Management performance 3. Board of directors effectiveness 4. All of the above |
| **Correct Answer(s)** | d |
| **Learning Objective:** | Corporate governance reporting and assurance |

Question 6:

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| **Question Text** | Which of the following is not crucial to the integrity and efficiency of capital markets and economic growth**?** |
| **Answer Options** | 1. Sustainability and financial health of public companies. 2. Public trust. 3. High stock prices. 4. Investor confidence. |
| **Correct Answer(s)** | c |

Question 7:

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| **Question Text** | What is the primary mission of a public company? |
| **Answer Options** | 1. Make money now without planning for the future. 2. Keep management happy. 3. Create sustainable and enduring corporate value. 4. Remain idle and complacent with current performance. |
| **Correct Answer(s)** | c |

Question 8:

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| **Question Text** | Which of the following cannot be achieved by effective corporate governance? |
| **Answer Options** | a. Ensure corporate accountability.  b. Enhance the integrity and efficiency of the capital market.  c. Eliminate the prospect of fraud within an organization.  d. Enhance the reliability and quality of public financial information |
| **Correct Answer(s)** | c |