

Corporate Governance and Management

Business · Practice Test · 10 Questions

1. What is a key aspect of corporate governance mentioned in the text?

- A) Ignoring shareholder rights
- B) Ensuring transparency and accountability
- C) Prioritizing director self-interest
- D) Limiting information flow

2. Who is responsible for managing the affairs of a company?

- A) Shareholders exclusively
- B) The board of directors
- C) External auditors
- D) Government regulators

3. What is essential for effective corporate governance?

- A) Lack of communication
- B) Clear responsibilities and rights
- C) Limited director oversight
- D) Opaque decision-making processes

4. The text emphasizes the importance of...

- A) Centralized control without checks
- B) A system of checks and balances
- C) Unilateral decision-making by the CEO
- D) Minimal shareholder involvement

5. What does the text suggest directors should be accountable for?

- A) Their personal finances
- B) The company's performance and actions
- C) External market fluctuations
- D) Competitor strategies

6. The text mentions the need for shareholders to...

- A) Avoid all participation
- B) Be informed and participate in decision-making
- C) Delegate all power to directors
- D) Focus only on dividend payouts

7. What is a primary goal of corporate governance?

- A) Maximizing director salaries
- B) Ensuring the company's long-term sustainability and success
- C) Minimizing legal obligations
- D) Avoiding external audits

8. The text implies that a well-functioning corporate governance system requires...

- A) Autocratic leadership
- B) Defined roles and duties for all stakeholders
- C) Secrecy in operations
- D) Limited legal frameworks

9. What does the text state about the involvement of directors in decision-making?

- A) They should avoid making decisions
- B) Their decisions should be based on company interests
- C) They should prioritize personal gain
- D) Their decisions are not subject to review

10. The text suggests that corporate governance is a system that...

- A) Is optional for small companies
- B) Governs the relationship between management, shareholders, and other stakeholders
- C) Is solely focused on financial reporting
- D) Is designed to increase operational costs