

Section A : Basic Concepts (30 Marks)

- This section consists of questions with serial number 1 - 30.
- Answer all questions.
- Each question carries one mark.
- Maximum time for answering Section A is 30 Minutes.

1. Identify the concept being referred to in all of the following statements.
 - I. It represents a set of rules.
 - II. It states how the people in a particular organization or country should behave.
 - III. It is self-imposed or self-regulated.
 - (a) Code
 - (b) Standard
 - (c) Regulation
 - (d) Principle
 - (e) Guideline.

2. A director assumes two roles, performance and conformance, while governing the activities of an organization. Which of the following is/are **true** with regard to the performance role played by a director?
 - I. In this role, director acts as a source of know-how, expertise and external information.
 - II. In this role, director caters to the needs of the corporation for networking, representing and adding status.
 - III. In this role, director ensures that the company follows the policies and procedures laid down by the board.
 - (a) Only (III) above
 - (b) Both (I) and (II) above
 - (c) Both (I) and (III) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II) and (III) above.

3. The board of directors of Tata Tea and its management had a series of discussion before the board proposed the leveraged buyout of Tetley Tea, UK. Discussions were to decide about the changes, if any, to be brought about in the structure of Tata to achieve the growth aspirations of the company. The board, in this case is said to be discharging its role at which of the following levels of strategy development?
 - (a) Systematic level strategy
 - (b) Structural and portfolio strategy
 - (c) Implementation strategy
 - (d) Policy making strategy
 - (e) Supervisory strategy.

4. Mr. Krishna, a director of Satya Computer Services received an amount of Rs.2,00,000, besides his remuneration as a director for the company as special fee for a particular contract. This payment of special fees is undisclosed in the annual report. Mr. Krishna, after the acceptance of the special fee, loses the status of being called a/an
- Nominee director
 - Alternate director
 - Independent director
 - Representative director
 - Associate director.
5. Depending on the way boards' function, their commitment to effective communication and concern for interpersonal relations, they may be categorized into different styles. Which of the following represents a characteristic of Rubber Stamp board style?
- Low concern for relations among directors and low commitment to effective communication
 - High concern for relations among directors and high commitment to effective communication
 - Low concern for relations among directors and high commitment to effective communication
 - High concern for relations among directors and low commitment to effective communication
 - Equal concern for relations among directors and for commitment to effective communication.
6. Corporate governance is concerned with the way corporate entities are governed. Which of the following statements is **true** in the context of corporate governance?
- It works with an internal focus
 - It is task oriented
 - It enables conducting or supervising action with the judicious use of resources
 - It primarily focuses on specific goal attainment over a definite time frame
 - It is concerned with where the company is going.
7. Mr. Sugeet, an investor in Infra Land Ltd., had not paid last call of Rs.150 on the 100 shares held by him in the said company. Infra Land Ltd., eventually goes into liquidation. Sugeet, in this instance can be asked to pay only the unpaid amount on his shareholding. This benefit accrues to Sugeet on account of which of the following features of a corporation?
- Free transferability
 - Legal personality
 - Centralized management
 - Separate legal entity
 - Limited liability.
8. When NDTV Good times, television channel engages itself in all of the following activities
- Ensuring the normal flow of communication in society.
 - Shaping the society and its culture.
 - Transforming the society by transmitting knowledge in areas like education, health and welfare.
- It is said to be performing, which of the following tasks?
- Maintenance tasks
 - Adaptive tasks
 - Political tasks
 - Social responsibility tasks
 - Economic tasks.

9. Below given is the Enlightenment matrix used to measure corporate giving of the organizations through activities like community projects, health and education.

Social responsibility	Pure Philanthropy
Cause-related marketing	Enlightened self-interest

Identify the metrics based on which the given matrix is constructed.

- (a) Philanthropy; self-interest
 (b) Profitability; philanthropy
 (c) Social responsibility; self-interest
 (d) Self-interest; ethical marketing
 (e) Ethical Marketing; philanthropy.
10. Stakeholders can be categorized into external and internal based on their relationship with the organization. Identify who among the following can be classified as an internal stakeholder of an organization.
- (a) Consumers
 (b) Creditors
 (c) Competitors
 (d) Suppliers
 (e) Shareholders.
11. The responsibilities of a business corporation towards their consumers can be summed up by the five R's. Which of the following does **not** constitute a component of the five R's?
- (a) Right quality
 (b) Right quantity
 (c) Right distribution
 (d) Right place
 (e) Right price.
12. By going global, companies reduce their sourcing and distribution costs besides availing several other benefits. Which of the following does **not** constitute a valid reason for the companies to go global?
- (a) Lower wage rates
 (b) Reduced transportation costs
 (c) Saturation of local market
 (d) Independent governance by foreign administrators
 (e) Recession in domestic market.
13. Multi-National Companies (MNCs) are accused of indulging in unethical practices on all of the following grounds, **except**
- (a) Encouraging brain drain
 (b) Bringing in plant and equipment, otherwise difficult to acquire
 (c) No recognition to trade unions
 (d) Using expatriate staff for all significant managerial positions
 (e) Exporting jobs through investment in foreign production.

14. The success or failure of a business depends upon the decisions taken by the management. In this regard, which of the following statements is/are **true** with reference to the ethical dilemmas arising in the decision making?
- I. They involve a range of actions and their corresponding consequences.
 - II. The cause for such dilemmas is the value judgments to be made.
 - III. These dilemmas arise only in case of employers.
- (a) Only (III) above
 - (b) Both (I) and (II) above
 - (c) Both (I) and (III) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II) and (III) above.
15. In September, 2009, the accounting books of Fund Easy Ltd., had been cooked up by incorrectly recognizing crores of rupees as accrued interest in the financial statements. Which of the following ways of committing a fraud has Fund Easy Ltd. adopted?
- (a) Fraudulent timing differences
 - (b) Concealed liability and expenses
 - (c) Fraudulent omissions
 - (d) Fraudulent asset valuations
 - (e) Fictitious revenues.
16. Businesses usually have two sets of accounts, financial and internal management. Which of the statements is **not true** with regard to the internal management accounts maintained by businesses?
- (a) These accounts are used by the companies to report to their shareholders
 - (b) These accounts show the operations within the business and its financial activities
 - (c) Management accountants are involved in the preparation of these accounts
 - (d) All the transactions and the activities should be recorded in these accounts
 - (e) These accounts help the management in determining the systematic use of finance.
17. Codes are generally self-regulatory rules for guiding the conduct or behavior. Which of the following statements is **not true** in the context of self-regulation?
- (a) Self-regulation permits the imposition of ethical standards
 - (b) Self-regulatory systems have built in motivation to regulate for effectiveness and least interference
 - (c) Self-regulators being part of the group understand the issues facing the group
 - (d) Self-regulation system has a built-in system of checks and balances
 - (e) Self-regulations are less comprehensive than official regulations, hence are easier to implement.

18. Many models of corporate governance try to involve various stakeholders in the governance of the company. Identify the model of corporate governance being spoken about in all the following statements.
- I. Corporations dealt with under this model can be grouped into three categories: private companies, public companies, banks and other corporations.
 - II. Under this model, the founder, his family and associates exercise maximum control over the activities of the private company.
 - III. Central and State Governments choose the members of the board for a public company, under this model.
- (a) Anglo-American Model
 - (b) German model
 - (c) Japanese model
 - (d) Indian model
 - (e) British model
19. Which of the following statements **best** defines the term 'ethics'?
- (a) Systematizing the concepts of right or wrong behavior
 - (b) Defending the concepts of right or wrong behavior
 - (c) Recommending the concepts of right or wrong behavior
 - (d) Recognizing the rules of conduct for right or wrong behavior
 - (e) Umpiring the concepts of right or wrong behavior.
20. Which of the following branches of ethics deals with specific controversial issues like capital punishment, cloning and nuclear war?
- (a) Meta ethics
 - (b) Normative ethics
 - (c) Applied ethics
 - (d) Virtue ethics
 - (e) Theological ethics.
21. Most businesses encounter two types of ethical problems, overt and covert. All of the following are the examples of overt ethical problems **except**
- (a) Act of bribery
 - (b) Act of theft
 - (c) Act of burglary
 - (d) Act of collusion
 - (e) A pre-acquisition deal struck based on insider trading.
22. Decisions, either ethical or unethical, have wide ramifications. Which of the following forms a source for ethical decisions?
- (a) Human actions which are voluntary
 - (b) Actions beyond human control
 - (c) Actions, a human is compelled to do by law
 - (d) Actions in the natural course of life
 - (e) Actions arising out of social obligations.

23. While there is no agreement among ethicists on the acceptance of moral principles, most of them do agree to certain pre-requisites for the same. Which of the following is **not** a pre-requisite for a moral principle to be accepted?
- (a) It should be prescriptive
 (b) It should be applicable universally
 (c) It should presuppose social interaction
 (d) It should possess practicability
 (e) It should be legally implementable.
24. Below given is a table showing different techniques employed by the target company to thwart a takeover bid and their working.

Technique	Working of the technique
(i) Sandbag	(a) Management threatens, in the event of takeover the entire management team will resign
(ii) People pill	(b) Lucrative benefits to the top executives of the company
(iii) Golden parachute	(c) Company stalls the takeover attempt in the hope of a more favorable company taking over

Which of the following pairing represents a correct match between the technique and its working?

- I. [(i), (c)]
 II. [(ii), (a)]
 III. [(iii), (b)]
 IV. [(i), (b)]
- (a) Only (I) above
 (b) Only (II) above
 (c) Only (III) above
 (d) Only (IV) above
 (e) (I), (II) and (III) above.
25. Anupama, the president of Royal Corporation, in a press release made the statement: "The primary purpose of my organization is to maximize the shareholders value". Anupama's organization can be called an ethical organization on the basis of which of following theories?
- (a) Theory of corporate moral excellence
 (b) Ethics and stakeholders theory
 (c) Ethics and corporate governance
 (d) Integrative social contract theory
 (e) Deontological ethical theory.
26. An attempt to benefit from stock market fluctuations by using unpublicized information gained on the job can be termed as
- (a) Affirmative action
 (b) Discriminatory initiative
 (c) Insider trading
 (d) Whistle blowing
 (e) Distributive justice.

27. Every organization whether large or small, has its own corporate code. Corporate code can take any of the following forms **except**
- Compliance codes
 - Corporate credos
 - Management philosophy statements
 - Compliance certificates
 - Audit certifications.
28. According to the principle of ethical remuneration, remuneration is considered ethical when it is just and equitable. Which of the following statements is **not true** with regard to the principle of ethical remuneration?
- Pressing needs of a person do not qualify him for greater remuneration
 - Mere possession of superior skills and abilities do not determine the remuneration
 - Employees who work hard to perform a task need not be rewarded more than those who do it effortlessly
 - An employee, who works hard but fails to achieve results, deserves no reward but sympathy
 - An employee should be rewarded higher for his experience and loyalty irrespective of its contribution to the long term owner's value.
29. When an organization exhibits all of the following traits
- Business is operated on the socially and generally accepted business practices.
 - Good business is believed to be good ethics.
 - Aim of the business in this stage is to maximize profits within the constraints of law.
- It is said to be in which of the following stages of ethical consciousness?
- Anything for profit
 - Stakeholder concept
 - Corporate citizenship
 - Profit-maximization in the short-term
 - Profit-maximization in the long-term.
30. Marketing mix, which includes the product, price, promotion and place is crucial for the marketing decision making process. Which of the following is **not true** with regard to the ethical aspects of 4 p's included in the marketing mix?
- Ethical aspects in case of products relate to their advertisements and their up gradations.
 - Ethical marketing decision involved in price is not always visible.
 - It is ethical for a marketer to stop distribution of a product in a place which is not yielding profits.
 - To eliminate the competitor from the market, spreading unfounded rumors about the competitors is considered ethical.
- Only (IV) above
 - Both (I) and (II) above
 - Both (II) and (III) above
 - Both (III) and (IV) above
 - (I), (II) and (III) above.

END OF SECTION A