

CORPORATE GOVERNANCE 721128S 6 ECTS

Assistant Professor Alexandra Middleton

3^d EXAM 27 February 2014

Dictionary or any other materials are not allowed in the exam.

Questions based on Alexandra Middleton's lectures

1. This question is composed of two parts (max. 14 points)
 - a) Please provide brief definitions, explanations or your understanding (when appropriate) of the following concepts, terms (max. 8 points):
 - Moral hazard
 - The Hubris hypothesis
 - Fiduciary duties of board of directors
 - Value destroying M&As
 - Institutional investors
 - Civil code countries
 - Insider corporate governance system
 - Role of auditors in fraud detection
 - b) Discuss the problem of empire building in corporate governance. In your discussion refer to the results of study by Hope and Thomas (2008) (max. 6 points)
2. Discuss differences between agency, stakeholder and stewardship theories of corporate governance. Elaborate on the agency problem in corporate governance and outline possible solutions to this problem. (Limit your answer to max. 2 pages, max. 12 points).

Question based on Henrik Nilsson's lectures.

3. Shortly discuss the design of a typical executive stock option program. Also, discuss the advantages and disadvantages with stock options in incentive programs. (max. 12 points).