



YLIOPISTOTENTTILOMAKEPOHJA / UNIVERSITY EXAM TEMPLATE

Koskee tiedekunta LuTK, OyKKK, KaTK, TTK, TST ja BMTK (Linnanmaan tentit) /
Concern

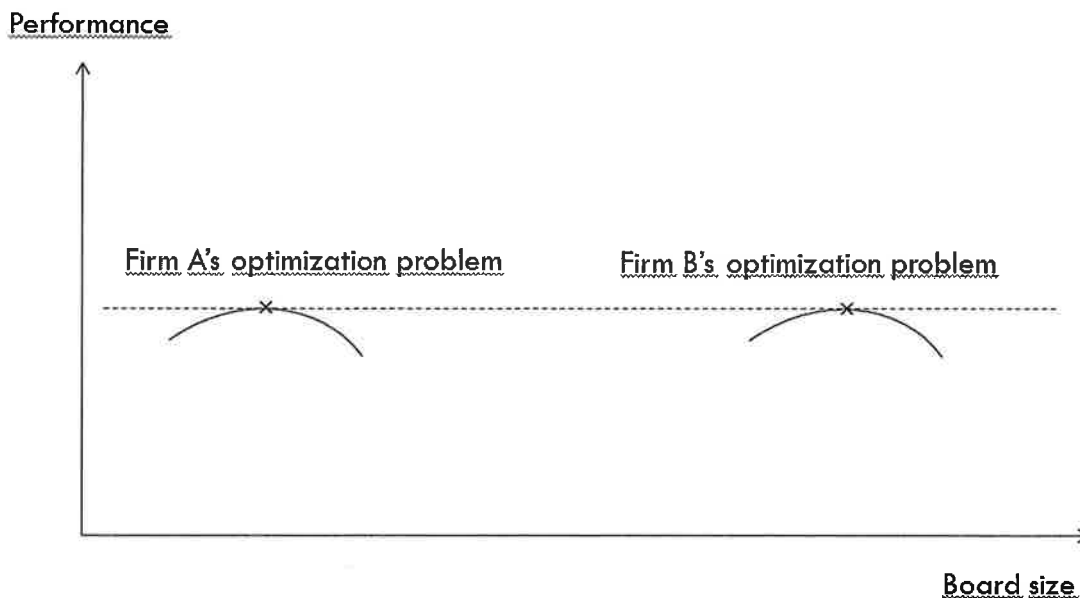
Date of exam: February 23, 2016		Tentin kesto tunteina / Exam in hours: 4	
Tiedekunta / Faculty: OYKKK			
Opintojakson koodi, nimi, tentin numero ja opintopistemäärä / The code and the name of the course, number of the exam and credit units: 721128S, Corporate Governance, 6 op			
Tentaattori(t) / Examiner(s): Juha-Pekka Kallunki		Sisäinen postios. / Internal address: OYKKK/Dept. of Accounting	
Sallitut apuvälineet / The devices allowed in the exam:			
<input type="checkbox"/> Nelilaskin / Standard calculator	<input type="checkbox"/> Funktiolaskin / Scientific calculator	<input type="checkbox"/> Ohjelmoitava laskin / Programmable calculator	
<input type="checkbox"/> Muu materiaali, tarkennettu alla / Other material, specified below:			
Tenttiin vastaaminen / Please answer the questions:			
<input type="checkbox"/> Suomeksi / in Finnish		<input checked="" type="checkbox"/> Englanniksi / in English	
Kysymyspaperi on palautettava / Paper with exam questions must be returned:			
<input checked="" type="checkbox"/> Kyllä / Yes		<input type="checkbox"/> Ei / No	

Faculties SCI, OBS, OMS, TECH, ITEE and BMM (Linnanmaa campus)

Prof. Kallunki's lectures:

1. Below are six statements. Answer whether they are true or false [correct answer = 2p., wrong answer = -2p., no answer = 0p.; Min = 0p., max = 12p.]
 - a) Berle and Means (1932) defined how corporate structures create a need for corporate governance.
 - b) There are two solutions to the agency problem, i.e. Incentives and Monitoring.
 - c) "Comply or Explain" principle means that companies should comply with all the recommendations of the Corporate Governance Code, but they may depart from an individual recommendation if they disclose and explain the deviation.
 - d) Hambrick and Mason (1984) were first to argue that managerial experiences, values and cognitive styles affect their choices and consequent corporate decisions.
 - e) In their article "Why Do Insiders Trade? Evidence Based on Unique Data on Swedish Insiders", Kallunki, Nilsson and Hellström (2009) show insiders trade for many reasons.
 - f) Roll's (1986) "Hubris Hypothesis" means that managers in acquiring firms pay too much for their targets.

2. Explain the following figure [6p.]



CONTINUES ON THE NEXT PAGE!

Prof. Nilsson's lectures:

- 3. During class we discussed five theories that can be used to explain and understand the increase in executive compensation in US and other countries during the last twenty-five years. Describe these theories and argue for which one of the theories you think is most relevant.*

