

YLIOPISTOTENTTI - UNIVERSITY EXAM

Opiskelijan nimi / Student name:	Opiskelijanumero / Student number:
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Opettaja täyttää / Lecturer fills in:

Opintojakson koodi and nimi / The code and the name of the course: 721128S / Corporate Governance	
Tiedekunta / Faculty: OBS	
Tentin pvm / Date of exam: 23.1.2017	Tentin kesto tunteina / Exam in hours: 3
Tentin nro / No. of the exam: 1. Retake (esim. Tentti, 1. uusinta, 2. uusinta / e.g. Exam, 1. retake, 2. retake)	Opintopistemäärä / Credit units:
Tentaattori(t) / Examiner(s): Juha-Pekka Kallunki	Sisäinen postios. / Internal address: TaTK
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 Suomenkielisessä tutkinto-ohjelmassa olevalla opiskelijalla on oikeus käyttää arvioitavassa opintosuorituksessa suomen kieltä, vaikka opintojakson opetuskieli olisi englanti. Tämä ei koske vieraan kielen opintoja. (Kts. <u>Koulutuksen johtosääntö 18 §</u>) In a Finnish degree programme a student has a right to use Finnish language for their study attainment, even though the language of instruction is English, (excluding language studies) even when the language of instruction is other than Finnish. (See <u>the Education Regulations 18 §</u>)	
Kysymyspaperi on palautettava / Paper with exam questions must be returned: <input checked="" type="checkbox"/> Kyllä / Yes <input type="checkbox"/> Ei / No	

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) *Schleifer and Vishny (1997) give a well-known definition for accounting conservatism.*
 - b) *Berle and Means (1932) defined how corporate structures create a need for corporate governance.*
 - 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) *Yermarck (1996) reports that the firm value decreases with the board size.*
 - e) *In their article "Tax Noncompliance and Insider Trading", Kallunki, Mikkonen, Nilsson and Setterberg (2015) show that insiders sell their stocks to avoid taxes.*
 - f) *There are two solutions to the agency problem, i.e. Incentives and Monitoring.*

2. *Corporate boards can include several sub-committees. What are the most common sub-committees and their tasks? [6p.]*

Prof. Nilsson's lectures:

3. *In one of the case seminars we were discussing executive compensation at Reckitt Benckiser plc. What are the main advantages (pros) and disadvantages (cons) with its compensation plan? [6p.]*