

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: 1.3.2017	Tentin kesto tunteina / Exam in hours: 3
Tentin nro / No. of the exam: 3.	Opintopistemäärä / Credit units: 6 cr
Tentaattori(t) / Examiner(s): Juha-Pekka Kallunki	Sisäinen postios. / Internal address: 6 OYKKK
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) *Shareholders can influence managers indirectly through the board of directors.*
 - c) *More rigorous theoretical analyses do not help in addressing the endogeneity problem.*
 - d) *Yermarck (1996) reports that the firm value decreases with the increasing 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) *Roll's (1986) "Hubris Hypothesis" means that managers in acquiring firms pay too much for their targets.*

2. *Endogeneity is often a problem in corporate governance research. What is this problem and how can we try to solve it? [6p]*

Prof. Nilsson's lectures:

3. *During one of the lectures we were covering potential problems with option based incentive programs. Name and shortly and discuss five of these potential problems. [6p]*