

DO NOT REMOVE THE QUESTION PAPER FROM THE EXAMINATION HALL

UNIVERSITY OF LONDON

CENTRE FOR FINANCIAL AND MANAGEMENT STUDIES

MSc Examination
MBA Examination
Postgraduate Diploma Examination
for External Students

91DFMC244
91DFMC344

FINANCE (BANKING)
FINANCE (ECONOMIC POLICY)
FINANCE (FINANCIAL SECTOR MANAGEMENT)
FINANCE (QUANTITATIVE FINANCE)
FINANCE AND FINANCIAL LAW
INTERNATIONAL BUSINESS ADMINISTRATION

Corporate Governance

Specimen Examination

*This is a specimen examination paper designed to show you the type of examination you will have at the end of the year for **Corporate Governance**. The number of questions and the structure of the examination will be the same but the wording and the requirements of each question will be different. Best wishes for success in your final examination.*

The examination must be completed in **THREE** hours.

Answer **THREE** questions, selecting at least **ONE** question from **EACH** section. The examiners give equal weight to each question; therefore, you are advised to distribute your time approximately equally between three questions.

PLEASE TURN OVER

Answer **THREE** questions; *at least ONE* from **EACH** section.

Section A

Answer at least ONE question from this section.

1. Summarise the historical, evolutionary perspective on the debate over the role of law and the state in the rise of dispersed ownership and equity market. Explore some lessons for transition economies from the historical experience.
2. Outline and discuss the major merits and pitfalls of the “equity market-based”, “bank-led”, and “family-based” corporate financing and governance systems in their adaptation to different legal, political, and economic histories.
3. Discuss how in a family-controlled large corporation with the pyramid structure, the internal capital market could be used either to expropriate or to protect minority shareholders. How does this differ from the external capital market?
4. Critically evaluate the importance of self-regulation in the development of corporate governance practices. Use appropriate examples to justify your conclusions.

Section B

Answer at least ONE question from this section.

5. Outline the key emphases in both agency theory and resource-dependence theory. Discuss their application to the board of directors? How well do these theories reflect reality?
6. How important is corporate culture for success? What is the role of the CEO in developing a corporate culture and how should this role be rewarded? You should use appropriate case study material to justify your answer.
7. Based on the case materials of General Motors (GM), discuss the extent to which the GM’s problem was one of “culture” or of bureaucratisation, or of corporate governance failure? Is there such a thing as “large company disease”? How can it be treated?
8. Summarise the key guidelines in the OECD Principles of Corporate Governance. Should international investors regard the Principles as the best they can hope to expect, or should they represent the minimum acceptable standards?

[END OF EXAMINATION]