Multiple choice questions

Chapter 1

1. Which of the following groups has a role to play in a shareholder-centred corporate governance system?
2. Trade unions
3. Rating agencies
4. Auditors
5. Companies in the supply chain
6. Which of the following might be expected to encourage convergence in corporate governance systems?
7. The operations of multinational companies
8. The UK’s Stewardship Code
9. The OECD’s Principles of Corporate Governance
10. All the above
11. Which of the following best describes the dual board system?
12. One board oversees strategy, the other has a monitoring role
13. One board oversees strategy, the other is concerned with employee relations
14. One board oversees strategy, the other regulates the relationship with the firm’s auditors
15. One board takes decisions on remuneration and succession planning, the other has a monitoring role
16. Which of the following is not an accepted way of classifying corporate governance systems?
17. Inside ownership/outside ownership
18. Shareholder/stakeholder
19. Network/bilateral
20. Bank-based/market-based
21. Which legal tradition uses the ruling in previous cases to determine the outcome of new cases?
22. Civil law
23. Roman law
24. Common law
25. All traditions do this
26. What does a risk-averse shareholder seek?
27. The highest possible return
28. The lowest possible risk
29. The highest return consistent with the level of risk they are willing to accept
30. The highest risk consistent with their desired level of return
31. Manufacturing companies listed on the London Stock Exchange have to provide information on remuneration in their annual reports. For which groups do they have to reveal this information?
32. Board members only
33. High end employees only
34. The CEO only
35. Board members and high end employees
36. Different academic disciplines take different views of corporate governance. Looking at the following definitions and disciplines, which definition matches with which discipline?
37. Corporate governance is concerned with relationship between shareholders and corporate management.
38. Corporate governance is concerned with the relationship between providers of finance and corporate management.
39. Corporate governance is concerned with the relationships between all corporate stakeholders.
40. Economics
41. Management
42. Law
43. (i) and (II)
44. (ii) and (I)
45. (iii) and (II)
46. (iii) and (III)
47. Companies in the UK have to prepare their financial statements according to which of the following principles?
48. UK Generally Accepted Accounting Principles
49. International Accounting Standards
50. International Financial Reporting Standards
51. European Union Financial Accounting Standards
52. Which of the following plays an important role in corporate governance in the US?
53. The Cadbury Report
54. Blockholders
55. Dual boards
56. Hostile takeovers

Chapter 2

1. Which of the following is an example of a bonding activity?
2. The appointment of independent directors to the board
3. The payment of dividends to shareholders
4. An external audit
5. All the above
6. Consider the situation in which A is the company at the top of a pyramid and B is a company lower down in the pyramid. Catriona is a blockholder in A. Which of the following is the most accurate description of tunnelling?
7. Catriona has high control and cash flow rights in B, which moves funds to A in which Catriona has low cash flow and control rights.
8. Catriona has low control and cash flow rights in B, which moves funds to A in which Catriona has high cash flow and control rights.
9. Catriona has high control and low cash flow rights in B, which moves funds to A in which Catriona has low cash flow and high control rights.
10. Catriona has high control and low cash flow rights in B, which moves funds to A in which Catriona has high cash flow and control rights.
11. In UK law, who are the members of a company?
12. The shareholders
13. The directors
14. The employees
15. The bondholders
16. Which of the following corporate goals is consistent with the maximisation of shareholder wealth?
17. Revenue maximisation
18. Profit maximisation
19. Managerial utility maximisation
20. Satisficing
21. Empirical evidence on hedge funds indicates that when they take an interventionist strategy in investee companies, they create positive abnormal returns. Why is this?
22. Because hedge funds hold diversified portfolios so their managers have good experience which is valuable to investee companies
23. Because hedge funds do not have to diversify so can become blockholders and influence managerial decision-making
24. Because hedge fund managers are more likely to sell shares to hostile bidders
25. Because hedge fund managers encourage companies to borrow
26. In UK law, what is the key difference between the decision to acquire another company and the decision to accept the annual report?
27. Acquisitions require a larger majority vote in favour than does acceptance of the annual report
28. Shareholders cannot vote on acquisitions but can vote on the annual report
29. Proxy votes cannot be cast on merger decisions, but can be cast on the annual report
30. There is no difference
31. Which of the following is the best description of the type II agency problem?
32. Company directors make decisions that are not in the best interests of shareholders
33. Company directors make decisions that are not in the best interests of stakeholders
34. Blockholders act in ways that are not in the best interest of minority shareholders
35. Blockholders act in ways that are not in the best interests of stakeholders
36. Which of the following constitutes a breach of the fiduciary duty owed by the board to the shareholders?
37. An issue of dual-class shares
38. Insider trading
39. Communication with mutual funds rather than with the people who invest with mutual funds
40. The failure to hold a vote on resolutions at the AGM
41. Stefan works for company A which owns a majority stake in company B. he sits on B’s board of directors. Matthew works for B and sits on A’s board of directors. This is an example of:
42. Cross-shareholding and interlocking directorships
43. Tunnelling and interlocking directorships
44. Pyramid ownership and interlocking directorships
45. Pyramid ownership and tunnelling
46. Which of the following best describes a bonding activity?
47. It is performed by managers
48. It is performed by shareholders
49. It is performed by managers and imposes a cost on shareholders
50. It is performed by managers and is costly to them

Chapter 3

1. Which of the following words describes the practice of appointing employee representatives to the supervisory board?
2. Stewardship
3. Agency
4. Entrenchment
5. Codetermination
6. It is generally agreed that boards should evaluate their performance. In which type of evaluation is the performance of individual board members discussed?
7. Board to board
8. Board to market
9. Market to market
10. Market to board
11. What name is given to a board in which a proportion of members is re-elected each year?
12. Unitary
13. Management
14. Supervisory
15. Staggered
16. Which of these duties is imposed on directors by the UK Companies Act, 2006?
17. To safeguard shareholder wealth
18. To promote the success of the company
19. To maximise profit
20. To be loyal to the CEO
21. Which of the following is not a requirement of the UK Companies Act, 2006?
22. Company directors must be at least 16 years old
23. The board should have at least 2 members
24. Directors should use independent judgement
25. The majority of directors should be independent
26. What is duality?
27. The practice of having both a management and a supervisory board
28. The situation when the CEO is also the chair of the board
29. The practice of appointing both a chair and a vice-chair of the board
30. The use of board sub committees to make decisions in specialist areas
31. Paul works for company A but sits on the board of company B. A is a client of B. Which of the following term best describes Paul’s position on the board of B?
32. Executive director
33. Non-executive director
34. Affiliated non-executive director
35. Independent director
36. Independent directors are supposed to make boards work better and so contribute to the success of the firm. In practice there is not always a positive relationship between firm performance and board independence. Which of the following reasons has been discussed in the literature to explain this?
37. The number of independent directors has not reached a critical mass
38. Executive directors withhold information from independent directors
39. Holding outside directorships is a perk
40. All the above have been discussed in the literature
41. Which of the following roles is not performed by the audit committee of an American company?
42. Appointing the external auditor
43. Ensuring that the auditor does not provide too many other, non-audit services
44. Managing the relationship between the company and its auditors
45. Reporting on the integrity of the company’s financial systems
46. Which of the following recommendations on board busyness is included in the UK Corporate Governance Code?
47. A CEO should be allowed to take up a single independent directorship
48. A CEO should take a maximum of three independent directorships
49. An executive director should be allowed to sit on the board of a single FTSE100 company as an independent director
50. An executive director should take a maximum of three independent directorships of FTSE100 companies

Chapter 4

1. Each of the following is a stakeholder in typical bank:
2. The employees
3. The customers
4. The environment

Which ones are the primary stakeholders?

1. (i) and (ii)
2. (i) and (iii)
3. (ii) and (iii)
4. (i) (ii) and (iii)
5. Why do lenders play an important role in corporate governance?
6. Because they supply a large proportion of most firms’ finance
7. Because they have a relational contract with corporate management
8. Because they impose debt covenants
9. Because company law demands it
10. Boatright (2004) argues that the company owes a fiduciary to its employees because in the event of bankruptcy they lose
11. Their jobs
12. Their firm-specific human capital
13. Their company shares
14. Their codetermination rights
15. The idea that keeping stakeholders satisfied contributes to shareholder value is associated with which concept?
16. Stakeholder theory
17. Transactions costs economics
18. Profit maximisation
19. Enlightened shareholder value maximisation
20. Under what circumstances does a company have a fiduciary duty towards its debtholders, according to the judgement in *Crédit Lyonnais Bank Nederland v. Pathé Communications Corp.*?
21. When the debtholders impose covenants
22. When the debtholders have a representative on the board of directors
23. When the company is in the zone of bankruptcy
24. When the company’s shareholders attempt to expropriate the debtholders
25. Which of the following pairs of human attributes leads to the existence of significant transactions costs?
26. Bounded rationality and risk-aversion
27. Bounded rationality and opportunism
28. Bounded rationality and uncertainty
29. Bounded rationality and non-satiety
30. Lorna decides to buy a second hand car. She doesn’t know much about cars so she buys several motor magazines and drives to all the garages in her local area before finding the car she wants. The garage arranges and pays for an inspection of the car before she buys it. What are the total transactions costs of the deal?
31. The purchase price of the car, the cost of the magazines, the cost of the trips to the garages and the cost of the inspection.
32. The cost of the magazines, the cost of the trips to the garages and the cost of the inspection.
33. The purchase price of the car, the cost of the magazines, and the cost of the trips to the garages.
34. The purchase price of the car, the cost of the magazines, and the cost of the inspection.
35. Which of the following is an example of relationship marketing?
36. Corporate image advertising
37. A television advertisement indicating what a new product does
38. Sending newsletters to existing customers
39. Product placement in films
40. Campbell Homecare is a retailer which sells household items. Included in its product range are curtain rails, bedding and curtains in both plain colours and featuring popular cartoon characters; all of these are supplied by companies based in the same European country as Campbell Homecare. Campbell also sells pillows stuffed with environmentally-friendly filling created as a by-product of agricultural activity in Kenya. With which of its suppliers should Campbell have a self-enforcing agreement?
41. Curtain rails
42. All bedding, curtains and pillows
43. Bedding and pillows featuring cartoon characters
44. Pillows and the bedding and curtains featuring cartoon characters
45. What is the key attribute of stakeholder theory that differentiates it from other approaches to management?
46. It is based on the idea that managers have legal duties to stakeholders
47. It is based on the idea that managers must offer good financial returns to stakeholders
48. It is based on the idea that managers have an ethical duty towards stakeholders
49. It is based on the idea that companies cannot exist without stakeholders

Chapter 5

1. Which of the following theories stresses the importance of extrinsic rewards?
2. Maslow’s hierarchy
3. Stewardship theory
4. Agency theory
5. Stakeholder theory
6. Which of the following elements of a typical director’s remuneration package could be said to be justified by equity theory?
7. The fixed salary based on salaries in peer companies
8. The annual bonus based on accounting performance
9. The long-term bonus based on stock market performance
10. The non-pecuniary benefits based on industry norms
11. Which of the following contributes to the ratchet effect on directors’ salaries?
12. The use of stock options whose exercise price is the same as the current share price
13. The inclusion of larger companies in the comparator group
14. The use of accounting profit as a performance measure
15. The use of deferred bonuses
16. The shareholders’ vote on remuneration, or ‘say on pay’, is binding in which of the following countries?
17. The UK
18. The US
19. Australia
20. Sweden
21. Which of the following best describes a crowding-in effect?
22. People are not intrinsically motivated
23. People lose their intrinsic motivation when they are paid
24. People are intrinsically motivated
25. People improve their intrinsic motivation when they are paid
26. What name is given to the idea that performance-based remuneration schemes contribute to agency problems by creating perverse incentives?
27. Optimal contracting
28. Managerial power
29. Equity theory
30. Crowding-in
31. Under which of the following circumstances would the inclusion of options in a managerial remuneration package lead to a reduction is agency costs?
32. When the exercise price is higher than the current share price and directors are less risk-averse than shareholders
33. When the exercise price is higher than the current share price and directors are more risk-averse than shareholders
34. When the exercise price is lower than the current share price and directors are less risk-averse than shareholders
35. When the exercise price is lower than the current share price and directors are more risk-averse than shareholders
36. What type of remuneration information must be provided by companies listed on the London Stock Exchange?
37. A detailed explanation of all parts of the CEO’s remuneration package
38. The total payments made to the board
39. A detailed explanation of the payments made to independent directors
40. A detailed explanation of the payments made to each director
41. Which of the following measures of corporate performance would be most appropriate to use in a remuneration package designed according to the optimal contracting approach?
42. Earnings per share
43. Earnings per share above the industry median
44. Total shareholder return
45. Total shareholder return above the industry median
46. In which of the following countries are independent directors allowed to hold shares in the companies on whose boards they sit?
47. The UK
48. The US
49. Spain
50. All the above

Chapter 6

1. If the stock market is also a market for corporate control it is:
2. A place where shareholders compete to own corporate assets
3. A place where shareholders can liquidate unwanted shareholdings
4. A place where managers compete to manage corporate assets
5. A place where managers compete to attract new funds
6. Why is shareholder intervention in corporate management classed as a public good?
7. Because the only type of shareholder who would do this is the state
8. Because intervention that takes place in private is ineffective
9. Because intervention brings benefits to all shareholders
10. Because intervention brings benefits to all stakeholders
11. Which of the following types of acquisition is most likely to be disciplinary?
12. Horizontal
13. Vertical
14. Conglomerate
15. Hostile
16. Which of the following characteristics would you expect to see in the target of a hostile takeover bid?
17. It is under-valued
18. The shareholders receive the bid
19. The managers lose their jobs when the deal is completed
20. All the above
21. Which of the following characterises a flip-in shareholder rights plan?
22. All the target shareholders get the right to buy new shares in the target company, at a discount
23. All the target shareholders apart from the potential acquirer get the right to buy new shares in the target company, at a discount
24. All the target shareholders get the right to buy new shares in the target company, at the market price
25. All the target shareholders apart from the acquiring company get the right to buy new shares in the target company, at the market price
26. Which of the following best describes the situation of a company which has been acquired in a private equity deal?
27. It retains its stock market listing, but most of its shares are held as a block by a holding company
28. It retains its stock market listing, but all its shares are held as a block by a holding company
29. It becomes a private limited company, with most of its shares are owned by a holding company
30. It becomes a private limited company, with all its shares owned by a holding company
31. Which of the following characteristics would make ‘voice’ a more viable strategy than ‘exit’ for the shareholder described?
32. The shareholder is a member of the founding family who owns a block of shares in the company
33. The shareholder is a pension fund with a passive investment strategy
34. The strategy is not viable for (a) or (b)
35. The strategy is viable for both (a) and (b)
36. What name is usually given to the following transaction that occurs between A, a takeover target and B, a potential acquirer? A buys the shares previously acquired by B as a toe-hold, paying more than the market price for the shares.
37. Shareholder rights plan
38. Greenmail
39. Pseudo-bid
40. Abusive transaction
41. Hostile takeovers were an important corporate governance mechanism in the UK and US during which merger wave?
42. 1920s
43. 1960s
44. 1980s
45. 1990s
46. When compared with the board of a typical listed company, the average board of a private company has:
47. Fewer members but a greater proportion of independent directors
48. More members with a greater proportion of independent directors
49. Fewer members and a smaller proportion of independent members
50. More members and a smaller proportion of independent directors

Chapter 7

1. According to the UK Corporate Governance Code, the board should set up three sub-committees:
2. Audit committee
3. Remuneration committee
4. Nomination committee

Which of the committees should be made up entirely of independent directors?

1. (i) (ii) and (iii)
2. (i) and (ii)
3. (i) and (iii)
4. (ii) and (iii)
5. Lorna is a non-executive director sitting on the board of company A. Which of the following would prevent her from being deemed ‘independent’ according to the UK Corporate Governance Code?
6. Lorna worked for A seven years ago
7. Lorna’s company supplied inputs to A five years ago
8. Lorna has been on A’s board for ten years
9. Lorna receives a flat fee for chairing the audit committee
10. Who should sit on the audit committee in order to comply with the Sarbanes-Oxley Act?
11. Non-executive directors
12. Independent directors
13. Non-executive directors, one of whom is a finance expert
14. Independent directors, one of whom is a finance expert
15. The UK’s Stewardship Code is designed to influence the behaviour of which organisations?
16. Listed companies
17. Private companies
18. Banks
19. Non-bank financial institutions
20. In which of the following countries does regulation permit duality?
21. UK
22. US
23. Finland
24. South Africa
25. When signing the company’s financial statements the CEO and CFO of an American company implicitly offer several guarantees to investors. Which of the following is not part of that guarantee?
26. The officers have established and tested internal controls
27. The officers have reported deficiencies in controls to the auditors
28. The officers have alerted potential frauds to the auditors
29. The statements offer a true and fair view of the company’s position
30. Evidence shows that codes of corporate governance tend to be adopted in which countries?
31. English-speaking countries
32. Common law countries
33. Civil law countries
34. European countries
35. Under which of the following circumstances would a company listed on the London Stock Exchange be in breach of the exchange’s listing requirements?
36. If it does not comply with the UK Corporate Governance Code
37. If it does not comply with the UK Corporate Governance Code but does explain why it has acted this way
38. If it neither complies with the UK Corporate Code nor explains why it has acted this way
39. None of these breaches the listing requirements
40. All listed American companies must have an audit committee thanks to which of the following?
41. The SEC
42. The New York Stock Exchange
43. The Sarbanes-Oxley Act
44. The Business Roundtable
45. Which of the groups that sponsored the formation of the Cadbury Committee in 1991 today publishes the UK Code of Corporate Governance?
46. The London Stock Exchange
47. The accountancy profession
48. The Financial Reporting Council
49. It is a joint publication of all the sponsors

Chapter 8

1. Which of the following provides grounds for an audit company to issue a qualified audit report?
2. It provides additional services to the client company
3. The client company includes executive directors on its audit committee
4. It disagrees with the procedures used by the client company
5. The client prepares its financial statements in accordance with International Financial Reporting Standards
6. Which of the following must, by law, be included in the Directors’ Report of a British company?
7. An analysis of key performance indicators
8. Details of the remuneration packages received by directors
9. The profit and loss account
10. All the above
11. What is the ‘expectations gap’ in auditing?
12. The CFO’s forecasts are materially different from the auditor’s
13. Users of financial statements believe the information is misleading but the auditors say it gives a ‘true and fair view’
14. The audit committee and the auditor disagree over internal controls
15. The general public believes the auditor’s main role is to detect fraud, the auditor believes this is a minor role
16. Which aspect(s) of voluntary information disclosure suggest that it could be used as a bonding mechanism?
17. It is costly to shareholders
18. It is costly to managers
19. It is costly to shareholders and reveals unobservable information about the company
20. It is costly to managers and reveals unobservable information about the company
21. Which of the following describes Regulation Fair Disclosure?
22. A requirement of the SEC in the US, which ensures that companies publish all the information they make available to analysts
23. A requirement of the Financial Reporting Council in the UK that a company’s financial statements provide a true and fair view of its financial state
24. The disclosure of ‘soft’ information to analysts in Italy, in accordance with the Italian Code of Corporate Governance
25. The explanation provided by British companies when they choose not to comply with the UK Corporate Governance Code
26. International Financial Reporting Standards value assets according to which of the following concepts?
27. Cost
28. Market value
29. Fair value
30. True and fair value
31. By what name was the statement of financial position formerly known?
32. The income statement
33. The statement of changes in equity
34. The cash flow statement
35. The balance sheet
36. Which UK regulation requires companies to disclose information on corporate social responsibility?
37. The Stewardship Code
38. The UK Code of Corporate Governance
39. The Companies Act 2006
40. UK Generally Accepted Accounting Principles
41. Which of the following statements about accruals accounting is true?
42. It leads to earnings that are smoother than cash flows
43. It leads to cash flows that are smoother than earnings
44. It is fraudulent
45. It leads to a qualified audit report
46. Which of the following statements about corporate image advertising is not true?
47. It aims to affect a broad range of stakeholders
48. It aims to increase consumption of the company’s products
49. It aims to improve the company’s reputation
50. It mentions all the company’s products

Chapter 9

1. Which of the following best describes the role of the International Finance Corporation?
2. It offers loans to companies in low- and middle-income countries
3. It makes grants to companies in developing nations
4. It offers advice to private sector companies in developing nations
5. It offers advice to publicly owned companies in low- and middle-income countries
6. Which of the following statements about the OECD Principles of Corporate Governance is/are true?
7. Companies should operate a one-share-one-vote system
8. Institutional investors should be obliged to vote on company resolutions
9. Anti-takeover devices should be discouraged
10. (i) only
11. (iii) only
12. (ii) and (ii)
13. (ii) and (iii)
14. Which of the following recommendations is included in the OECD’s Guidelines on Corporate Governance of State-owned Enterprises (SOEs)?
15. The state should vote on SOE resolutions
16. SOEs should be protected from bankruptcy
17. SOE boards should have sub-committees
18. State officials should sit on SOE boards
19. Under what circumstances is overseas listing a signal of the quality of a domestic company?
20. When the overseas market is more liquid than the domestic market
21. When the overseas market has more stringent listing requirements than the domestic market
22. When the domestic market is dominated by local investors and the overseas market includes international investors
23. When the domestic market is small relative to the overseas market
24. Which of the following governance problems would you expect to find in an emerging market?
25. A small number of experienced, independent directors
26. An illiquid stock market
27. Little investor protection
28. All the above
29. Empirical work on the effect of country-level corruption on companies has revealed which of the following results?
30. Higher corruption makes companies more risky
31. Higher corruption lowers shareholder returns
32. Higher corruption leads companies to adopt better governance practices
33. There is no relationship between country-level corruption and corporate governance
34. Which international organisation publishes Reports on the Observation of Standards and Codes?
35. The World Bank
36. The IMF
37. The OECD
38. The IFC
39. An analysis of the banking system based on asymmetric information implies which of the following conclusions?
40. Concentrated banking is bad for the economy because banks will charge higher interest rates than they would in a more competitive system
41. Concentrated banking is good for the economy because banks are better able to screen potential borrowers than they would be in a more competitive system
42. Concentrated banking is good for the economy because one large bank will be state-owned and will lend more than other banks, encouraging economic growth
43. Concentrated banking is bad for the economy because it implies that banks hold too much data on non-banking companies
44. Why might the entry of foreign banks cause problems in an emerging economy?
45. Because the increase in competition lowers interest rates and reduces the profitability of all banks
46. Because foreign banks find it harder to identify credit worthy companies
47. Because the entry of foreign banks drives out less efficient local banks
48. Because, following the banking crisis that started in 2007, foreign banks face lending restrictions imposed by their own governments
49. Which of the following types of company is not included in the categories of business that are helped by the IFC?
50. Unlisted family companies
51. State owned enterprises
52. Financial institutions
53. They are all helped by the IFC

Chapter 10

1. Which of the following theories suggests that it is desirable to concentrate power in the hands of the CEO?
2. Agency theory
3. Stakeholder theory
4. Stewardship theory
5. Transactions costs theory
6. In the UK, which of the following types of organisation is subject to a governance code?
7. Financial entities
8. Listed companies
9. Audit firms
10. Each type is subject to a code
11. Which of the following is a popular model specification used when testing the hypothesis that corporate performance depends on board composition?
12. Tobin’s q is the dependent variable and board size is the explanatory variable
13. Tobin’s q is the dependent variable and the proportion of independent directors on the board is the explanatory variable
14. Tobin’s q is the dependent variable and the explanatory variables are the proportion of independent directors on the board and other variables such as company size and gearing
15. Tobin’s q is the dependent variable and the explanatory variables are the proportion of independent directors on the board, a governance index and other variables such as company size and gearing
16. Which of the following best describes an endogenous variable?
17. Its value is known only at the end of a process
18. Its value is determined by forces outside the model
19. Its value is determined within the model
20. Its value is always the same
21. You use data on a cross-section of companies and run a regression in which the dependent variable is return on assets and one of the independent variables is a dummy variable taking the value 1 if the CEO is also the chair of the board. The coefficient on the dummy variable is positive and statistically insignificant. What should you conclude?
22. Duality leads to improved profitability
23. Duality has no effect on profitability
24. Duality is endogenous
25. There is two-way causation between profitability and duality
26. You use data on a cross-section of companies in the UK, and run a regression in which the dependent variable in Tobin’s q and one of the independent variables is a dummy variable taking the value 1 if the company has an audit committee. You find that the coefficient on the dummy variable is positive and statistically insignificant. You show your results to three friends who offer the following interpretations:
27. All companies comply with the UK Code of Corporate Governance
28. Audit committees affect on profitability
29. q is not controlled by management so it is a poor measure of performance

Which of these views is/are right?

1. (i) only
2. (i) and (ii)
3. (ii) only
4. (i) and (iii)
5. Which authors are associated with the distinction between the type I and type II agency problems?
6. Jensen and Meckling
7. Weir and Laing
8. Villalonga and Amit
9. Klapper and Love
10. Which committee was the first to recommend changes to the structure of the boards of British companies?
11. Walker
12. Higgs
13. Turnbull
14. Cadbury
15. What is the main contribution to governance offered by Transactions Costs Economics?
16. The idea that a company owes a fiduciary duty to its employees
17. The idea that vertical mergers are desirable
18. The idea that one company can influence the governance of another
19. the idea that governance mechanisms should be cost effective
20. The following companies have all been criticised for their corporate governance practices. Which one has not also been affected by fraud?
21. Polly Peck
22. Mirror Group Newspapers
23. Marks and Spencer
24. Enron