

## **CORPORATE GOVERNANCE**

### **21BSC030**

Semester 1 2021/22

(1b) Exam paper

This is a (1b) online examination, meaning you have a total of **2 hours plus an additional 30 minutes** to complete and submit this paper. The additional 30 minutes are for downloading the paper and uploading your answers when you have finished. If you have extra time or rest breaks as part of a Reasonable Adjustment, you will have further additional time as indicated on your exam timetable.

**It is your responsibility to submit your work by the deadline for this examination. You must make sure you leave yourself enough time to do so.**

**It is also your responsibility to check that you have submitted the correct file.**

#### Exam Help

If you are experiencing difficulties in accessing or uploading files during the exam period you should contact the exam helpdesk. For urgent queries please call **01509 222900**.

For other queries email [examhelp@lboro.ac.uk](mailto:examhelp@lboro.ac.uk)

You may handwrite and/or word process your answers, as you see fit. It is preferred that you type your answers.

This is an **open book exam** and you may refer to module materials, notes or textbooks when answering. However, you **must produce your own responses** to the exam questions and you **should not copy or reproduce content** from a source without quotation marks and a citation. Students who do this will be marked down for poor scholarship or the work will be considered for Academic Misconduct in line with regulation XVIII.

You must clearly identify the question and part, as required, in your answer, either through the numbering system or by including the relevant exam question and/or part as a heading.

You may include headings, bullet points etc to help with clarity as required. Graphs and images may also be included and should be appropriately referenced.

In text citations should use the Harvard style in accordance with the School of Business and Economics guidelines. You do not need to include a reference list.

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**Answer any TWO questions from a choice of FOUR.**

**The maximum word length allowed is 1,500 words per question. Where questions involve a number of sections, the relevant maximum word limit is highlighted for each section of the question**

**ALL QUESTIONS CARRY EQUAL MARKS.**

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1. (a) The Cadbury Report (1992) served as a watershed moment in the regulation of corporate governance in the UK. Discuss the key components of Cadbury (1992) and comment on how its provisions continue to influence corporate governance regulation to the present day

(50 marks – maximum 750 words)

- (b) Summarise the main board disclosures required by UK listed companies in relation to the UK Corporate Governance Code (2018).

(30 marks – maximum 450 words)

- (c) Do you believe that the current system of corporate governance regulation in the UK is effective? Please give detailed justifications for your answer

(20 marks – maximum 300 words)

(100 marks and a maximum of 1,500 words in total)

2. (a) The use of non-executive directors has been a cornerstone of UK corporate governance regulation since 1992. Discuss the governance role of non-executive directors and evaluate the available empirical evidence on their usefulness in reconciling the interests of company shareholders and managers.

(75 marks – maximum 1,125 words)

- (b) What do you see as the governance challenges facing non-executives and how do you think any such challenges might be overcome going forward?

(25 marks – maximum of 375 words)

(100 marks and a maximum of 1,500 words in total)

3. (a) Successive governance reforms in the UK have argued against the use of CEO duality (i.e. the same individual serving as Chair and CEO) in listed companies. Discuss fully the theoretical arguments and the available empirical evidence on the governance role of CEO duality.

(40 marks – maximum of 600 words)

- (b) One of the most topical issues in corporate governance is the desire for greater board diversity. A key element of this is initiatives designed to increase the representation of female directors. Discuss the role of board diversity generally in corporate governance and evaluate the empirical evidence on the impact of female board members on corporate performance and behaviour.

(60 marks – maximum 900 words)

(100 marks and a maximum of 1,500 words in total)

4. Audit committees are an important part of current corporate governance recommendations. Discuss fully the governance role of audit committees, including details of their regulation in the UK, and the available empirical evidence on their effectiveness in preserving the quality of corporate financial reporting.

(100 marks and a maximum of 1,500 words in total)

**C N O'SULLIVAN**