

Department of Accounting and Commercial Law

3735 Corporate Governance and Innovation

Professor Petri Mäntysaari, Vasa

Examination, 26 April 2014, Vasa and Helsingfors

Time: 4 hours

Materials: No materials.

Please answer the following questions:

1. Please compare the main corporate governance aspects of angel funding, crowdfunding, and venture capital funding
2. Dr. Eve is a genius. She has invented a device that works as a cure to the common flu. She owns a Eve Ltd, a limited-liability company. The company has three board members, Dr. Eve (chairman), Mum Eve (member, her mother) and Dad Eve (member, her father). What Dr. Eve needs is € 10 million to start production of this device. Unfortunately, Dr. Eve is poor. Adam is rich. He owns a venture capital firm. He would like to invest € 10 million in Dr. Eve's business, but he wants to become a billionaire within 5 years and exit Dr. Eve's firm after five years. Please structure a customary transaction that helps: Dr. Eve to get € 10 million from Adam; Adam to become a billionaire within 5 years; and Adam to reduce agency costs.
3. Should firms use takeover defenses from the perspective of sustainability and innovation?
4. Should firms use the U-form or the M-form from an innovation perspective?
5. What board model is better from the perspective of sustainability and innovation, the British board model or the German board model for large companies?

*You may take the exam paper with you, if you like. Good luck!*