**Question for Person 1 - an introduction to the topic of corporate governance, specifically focusing on the expropriation of minority shareholders. This can involve providing an overview of the importance of minority shareholders in the corporate governance system, explaining the concept of expropriation, and setting the context for the analysis of various forms of expropriation, including tunnelling and nepotism. Person 1 will also highlight the significance of empirical evidence from existing research in understanding these issues and building a strong argument.**

In 1999 the OECD ( ORGANISATION FOR ECONOMIC CORPORATION AND DEVELOPMENT) defined corporate governance as a cluster of relationship between a company’s management, its board, its shareholders and other stakeholders that offer the construction from which the goals of the company are laid out and the methods of achieving those goals and observing functions are established. Also the ‘Chartered Governance Institute UK & Ireland’ explains the term Corporate Governance as the way that the companies are governed and their purposes. Through it we can find out about the classification of power, responsibility and decision-making ability. In theory it is a method that helps the management and the board of the company to deals with the day-to-day activities and running of the company. Corporate governance makes sure that the company has a proper system in place for its smooth running.( OECD CONFERENCE OF 1999 AND CHARTERED GOVERNANCE INSTITUTE UK AND IRELAND CONFERENCE)

The problem of expropriation occurs when the company’s control is dealt by separate entities rather than the business’s ownership. This can be seen when corporations are run by professional managers, they have little or do not have any rights of the equity of the corporations. Whereas there are separate shareholders of the company who have considerable level of control over the firm’s matters. Hence these are divided by the two types of shareholders, the controlling shareholders and the minority shareholders. Hence we can see the issue of expropriation of minority shareholders by the controlling shareholders. This is in the form of tunnelling, transfer pricing, nepotism and infighting.( **Title: INTERNATIONAL CORPORATE GOVERNANCE, AUTHOR- GOERGEN AND MARC )**

Tunnelling is a problem which occurs when a majority shareholder diverts a firm's money at the expense of other shareholders. Tunnelling may take in many ways, such as asset transfer that aim to hide valuable resources from the firm or it can be based as legal or illegal, depending on the specific actions taken and the country's legal system therein. For example, a minority investor in France unsuccessfully sued when a dominant owner steered the business toward a family-owned subsidiary; in this case, the court ruled that the decision was legitimate. However, in a case in Taiwan, multiple executives were arrested, and their firm was finally delisted following the discovery of tunnelling activities. Companies engage in non-self-serving tunnelling when they need to benefit their stakeholders, such as family and friends or the government. Owners can engage in one or both types of tunnelling at the same time. In the latter case, the relationship between tunnelling and ownership is the strongest as it is affected by both reasons of tunnelling(https://corporatefinanceinstitute.com/resources/commercial-real-estate/expropriation/)

***Nepotism*** in the workplace occurs when a leader within an organization uses their influence to favour individuals based on personal relationships. For example hiring family members over better qualified people. Treatment of employees, favouring few over others.

Nepotism in the workplace is unfair and can lead to great consequences for companies. Also leading to poor work ethics and creating trust issues at the workplace.(https://corporatefinanceinstitute.com/resources/commercial-real-estate/expropriation/)

Further, in today’s time we can note the following points which highlights the importance of minority shareholders in general. Like, holding firm’s outstanding shares, voting on important decisions within the company such as electing board members or approving mergers /acquisitions,etc. Sometimes minority investments generates more capital, provides stability and allow expansion of the business in general.

We can also note very important challenges that these minority shareholders are facing in Asian nations in particular. These includes transparency, accountability, ethical dilemma, conflict of interest and oversight issues,etc.( https://jmuirandassociates.com/corporate-governance-issues/)

Corporate governance affects the spread and functioning of capital markets and puts a strong influence on resource allocation in economy. In the period of increasing capital mobility, liberalization and globalisation, it had become an important framework condition affecting the industrial ambitions and economies of Member countries.( https://jmuirandassociates.com/corporate-governance-issues/)

The benefits of concentrated ownership can be seen in following ways- it brings effective monitoring of management and helps to control agency problems. However, the costs related with concentrated ownership are low liquidity and reduced possibilities for risk diversification. Scattered ownership brings higher liquidity, which can be vital for the development of innovative project. On the other hand, it does not encourage commitment and long-term relationships that might be required for certain types of investments.( https://jmuirandassociates.com/corporate-governance-issues/)

Policy recommendations should attempt to narrate for the interactions between corporate governance and the institutional framework in any economy. In search for better practice, it should be based on an identification of what works in defined countries, to anticipate what broad principles can be taken from these experiences, and to examine the conditions for transferability of these practices to other countries.( https://jmuirandassociates.com/corporate-governance-issues/)

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