

PhD Workshop in Corporate Governance

- Summary

August 23rd 2016, Hämeenkyllän Kartano, Vantaa

The PhD workshop on August 23rd took place at Hämeenkyllän Kartano in Vantaa. The workshop was divided into 5 sessions and 2 separate talks within different subject areas, and the event was concluded by a presentation on EU level corporate governance given by Klaus Ilmonen from Hannes Snellman.

The sessions included presentations by 12 PhD students and researchers with different international backgrounds, and their work was discussed by experts and PhD's from UK, Germany, Denmark and Finland. This is a brief summary of the participants and their topics. Please be in touch with HCCG if you are interested in the material of any of the presenters.

Session 1 – Corporate Governance and firm performance

Telmo Vieira from Universidad de Lisboa (Portugal) presented his topic *Firm performance and corporate governance variables*. Vieira presented results indicating a positive correlation between market based performance (TobinsQ) and both CEO-Chairman Duality as well as Director Ownership. His work was discussed by PhD Wolfgang Bessler from Justus Liebig University Giessen (Germany).

Biruk Ayalew Wondem from Punjabi University (India) presented his topic *Corporate Governance Practices and Its Impact on Corporate Performance in Ethiopia*. Wondem is at the beginning stages of his research, and the general objective of the study is to assess the Corporate Governance practices in Ethiopia and its impact on financial performance; to investigate the stakeholders' perception as to corporate governance practices in the country as well as the policy and regulatory frameworks on listed companies' governance practices in Ethiopia. His work was discussed by Bruce Hearn from University of Sussex (UK).

Session 2 – Legal Aspects

Marina Madsen from Aarhus University (Denmark) presented her topic *The post-crisis investor: active ownership and legislative challenges in company law since the financial crisis*. Her thesis focuses on how to identify and promote the “right” kind of ownership, combating issues of passive investors, short-termism and hedge-fund activities as well as other problems pointed out as reasons behind the financial crisis. Her work was discussed by Klaus Ilmonen from Hannes Snellman.

Volkswagen Case Presentation

Wolfgang Bessler presented an in-depth case review titled *German Corporate Governance System and the control Problems at Volkswagen*. Bessler walked the participants through some general characteristics of the CG of “Germany Inc”, making control problems an inevitable reality. These include substantial cross-holdings, bank influence and board interlocks as well as an ever increasing ownership by foreign investors. Bessler also effectively illustrated the dense network of directors in German listed firms, which however is thinning over time in terms of inter-connections.

The CG database

Laura Arranz-Aperte from Hanken School of Economics presented her ongoing work with constructing a Corporate Governance database, gathering information of Nordic companies. Once finished, the database will be a vast resource of CG information and data, with a user-friendly search function.

Session 3 – Institutional Investors

Christa Børsting from Copenhagen Business School (Denmark) presented her topic *Industrial Foundations as Long-Term Owners*. Her research indicates that industrial companies owned by foundations are distinguishable by e.g. more stable ownership, lower management turnover as well as a higher *longtermism index*. Her work was discussed by Naufal Alimov from Hanken School of Economics.

Mikael Ehne from Stockholm School of Economics (Sweden) discussed his topic *Institutional Investors in Swedish Corporate Governance*. His research includes three studies; “International Investors in Swedish CG”, “Hedge Fund Activism in Sweden” and “Domestic Institutional Investor ownership and firm outcomes”. Ehnes work deals with the rise of institutional investors and in combination with a shareholder orientation of governance. His work was discussed by Tom Berglund from Hanken School of Economics.

Naufal Alimov presented his topic *Institutional investors as Shareholders: the case of Pension Funds*. Alimovs study is in its final stages, and it exploits the institutional framework created after the *pension reform* in Sweden, with the objective to assess the role of Swedish public pension funds in the governance of firms. His results suggest that impact through corporate governance by these funds is found to be ineffective, suggesting that funds tend to “vote with their feet” and exit companies performing below expectation.

Session 4 – Emerging Markets

Dmitri Trifonov from Higher School of Economics (Moscow, Russia) presented his topic *The impact of political affiliation on the results and mechanisms of corporate governance in Russia*. Trifonov is an aspiring PhD student, and his research proposal focuses on the problem of politicization of the Russian business environment, a study area providing contradictive conclusions. He has developed specified hypotheses to describe a detailed nature of the Russian corporate governance and the impact of political affiliation. His work was discussed by PhD Benjamin Maury from Hanken School of Economics.

Session 5 – Miscellaneous

Jenni Mikkonen from University of Oulu (Finland) presented her topic *Do an Insider's Wealth and Income matter in the Decision to engage in Insider Trading?* The paper she presented reports results on Swedish data concerning how insiders react to different types of news, showing, among other things, that more wealthy individuals are less likely to sell out in response to bad news. Her work was discussed by Salla Pöyry from Hanken School of Economics who pointed out some aspects where some clarification could improve the report, one them being a more detailed description of what having a “criminal record” that was taken as proxy for lower risk aversion by the authors, actually signifies in Sweden.

Olga Neselevska from Hanken School of Economics presented her topic *Corruption and inefficiency: theory and evidence from state procurements*. Her study investigates how corruption in the public sector influence managerial efforts, firm efficiency and firm behaviour. Her findings suggest that, in more corrupt environments, managers put more efforts into rent-seeking rather than into factor coordination,

and firms "shift" from operating on the free market towards doing business with the state. The project was discussed by Edvard Johansson from Åland Univeristy o Applied Sciences.

Concluding reflections

The workshop was concluded by Klaus Ilmonen from Hannes Snellman and University of Helsinki, who gave a presentation based on his dissertation, that he defended the previous week at the University of Helsinki: *Designing EU Corporate Governance Regulation*. He gave a broad overview of corporate governance literature in different disciplines, and strongly emphasized the need to understand corporate governance issues from a multidisciplinary perspective. He concluded his presentation with some reflections on his personal experiences in going through the whole process of doing the research, writing the reports leading up to the final defence of the thesis.

After the research related program, some participants enjoyed dinner in peasant weather at Hämeenkylän Kartano.

HCCG would like to thank all the participants in the 2016 PhD Workshop in Corporate Governance for impressive presentations and fruitful discussions.

The next PhD Workshop will be held in Hanasaari in August 2017.