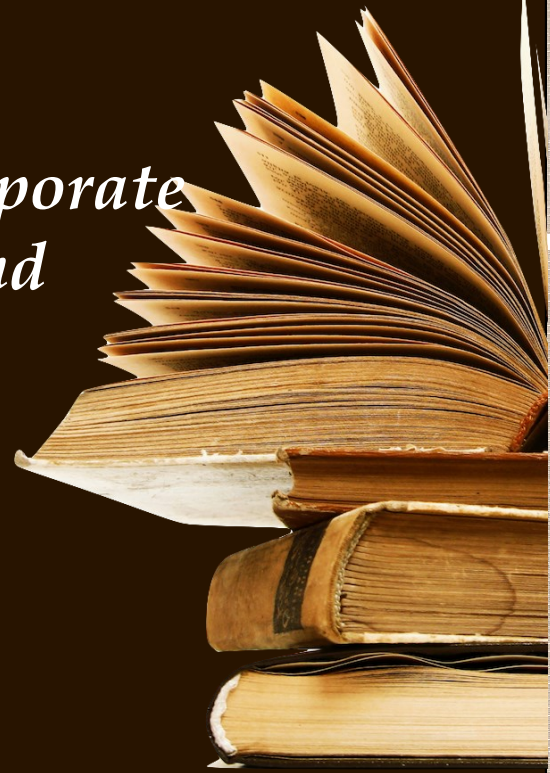


# REPORT

## International Conference *“Global Financial Market and Corporate Governance: Issues of Efficiency and Performance “*

*September, 25, 2014, Nuremberg, Germany*





International conference "Global Financial Market and Corporate Governance: Issues of Efficiency and Performance" was held in Nuremberg on



September 25, 2014 with the joint organizational participation of School of Business and Economics, University of Erlangen-Nuremberg (FAU, Publishing house "Virtus Interpress" and International Center for Banking and Corporate Governance. The idea of the conference has been developed by Professor Alexander Kostyuk and Professor Markus Stiglbauer in 2012 and was approved during the negotiations at the international conference "Corporate Governance and Reg-

ulation: Outlining New Horizons for Theory and Practice" that took place in Pisa in September 2012.

The main purpose of the conference was to provide the platform for academics and practitioners to analyze current challenges for the financial market and outline possible scenarios of its development.



The conference took place at FAU at the historical part of the Nuremberg old town. Experts from 20 countries gathered to participate in the conference. Publishing house "Virtus Interpress" supported this event as sponsor coming not only with funds as well as with clear understanding of importance of such events both for academics and practitioners in Germany and worldwide.

and opening remarks of the conference hosts from FAU - Professor Markus Stiglbauer. He highlighted the relevance of the conference topics to the current global financial trends, greeted participants

and wished them fruitful work so that they were successful in contributing to the solution of important financial issues and expressed their hopes that the conference should become efficient platform for the creation of new partnerships and contacts. Professors Alex Kostyuk and Serhiy Kozmenko, representing International Center for Banking and Corporate Governance expressed their gratitude to all participants for their valuable contribution to the conference proce-



dures and emphasized the importance of the strong research network that forms between participants during such events.





Further the floor was passed to the first key-note speaker - Ania Zalewska, Professor, Director of the Centre for Governance and Regulation at the School of Management, University of Bath, UK and Visiting Scholar of the Haas School of Business, University of California, Berkeley, USA. She has a strong experience of research activity and acts as an advisor to numerous British regulative bodies. Her report concerned the changes in the

regulation of corporate governance in financial and non-financial institutions and how corporations are adapting to these changes. Prof. Zalewska professionally analyzed changes in the supervisory framework in recent years.



Next key-note speaker Philip Weights, Managing Director, Enhanced Banking Governance GmbH, Zurich and former Chief Auditor of EFG Bank, Zurich, Switzerland. Mr. Weights has 50 years solid international experience within the banking industry. As experienced Chief Auditor and consultant with a high profile individual dealing at the level of the Board of Directors, Audit Committee,

and Risk Committee he made a speech on Banking Governance Consulting & Audit from the practical point of view.



The conference was then divided into three parallel sessions. The first parallel session was titled "Corporate Governance: Shareholders' Rights, Ownership Structure and Internal Control". The second parallel session titled "Corporate Governance: General Issues" with professor Maclyn Clouse, University of Denver (the USA) as a session chair included presentations with emphasis to different aspects of general corporate governance activities.

Session titled "Financial Markets: Corporate Governance and Regulation" was the third in the program.



Many interesting and recently demanded issues have been presented by participants. Example given,



Udo Braendle from American University in Dubai (UAE) presented analysis of corporate governance codes in developing countries on the example of Russia. He has presented critical analyses of the new code in comparison to its predecessor and global best practices. Implications are given, if the future of corporate governance in Russia should be based on directives or standards.

Anthony Nwafor, University of Venda (South Africa) highlighted the issue of stakeholders' interests



protection in corporations. A case was made for a shift to the pluralist approach that gives equal consideration to the shareholders and other stakeholders' interests in realization of the fact that the stakeholders contribute immensely to the success of the company and suffer enormously from neglect in the course of the company's operations.

Representatives of the Saddle Operating (the USA), CFO J. Douglas Ramsey and VP Alexander H. Gnutti analyzed the impact of corporate ownership, board structure, firm size, stock performance and



proposal sponsor on the voting outcomes of corporate governance proposals. The empirical results show that insiders do not support shareholder proposals with the negative influence jumping significantly in recent 20 years. Firm size as measured by the book value of total assets is zero or negatively associated with the voting outcome on shareholder proposals. 1 year historical returns had small positive asso-

ciations but were statistically insignificant.



Nurul Nazlia Jamil from the University of Manchester (the UK) presented a study based upon agency theory, analyzing the conflicting incentives of politicians, shareholders and managers and resource dependence theory that posits directors as a link between firm and external resources to gain competitive advantage and bringing in resource to the firm as the advantages of political connections. Her results show a higher proportion of independent directors in the audit committee and political connection firms are associated with the higher audit fees. However, positive association between audit committee and audit fee found to be weaker in firms with the audit committee who is a politician.



South-Korean researchers Jasper Kim and YouRee Lee focused their attention the question of how to enhance corporate governance using public-private partnerships incorporating shared incentives and social finance models towards stakeholder and shareholder value in a post-subprime crisis era. Through the Complexity Science framework presenters argued that the implementation of social finance, generally, and social impact bonds, specifically, can represent a viable model to achieve such objective - a model in which value is furthered and potentially maximized between relevant public and/or private sector networks on behalf of both stakeholders and shareholders through the pursuit of an efficient combination of shared incentives.



Yaroslav Mozghovyi and Dmitriy Govorun from the Ukrainian Academy of Banking of the National Bank of Ukraine made a presentation on the specific and complexity of banking activity in the pre-crisis and post-crisis conditions, given the recent changes in the banking regulation.



Market capitalization and corporate governance were discussed by Maclyn Clouse (University of Denver, the USA) during his presentation. Presenter proposed to investigate a relationship between corporate governance variables and market capitalization. Prof. Clouse specifically integrated corporate governance variables into a predictive model for market capitalization destruction, using the example of the largest six gold mining companies publicly-listed in the USA.



Anna-Lena Kühn (University of Erlangen-Nürnberg, Germany) focused the presentation on issues of sustainability reporting in social, cooperative and commercial banks.

One more issue of corporate governance – gender diversity was under the interest in presentation of Angela Giovinco (Sodali, Spain). Board structure regulation practices were outlined during the presentation. Women leadership and presence in Spanish boards were discussed during

the presentation. It was stated that the current Spanish situation for regulations at local or European level are not enough to reach a balanced boardroom.

Georgios K. Papachristou and Michail K. Papachristou (Ministry of Greek National Defense, Greece) proposed to discuss the corporate governance in public sector focusing on the case of healthcare industry in Greece. The necessity and positive expectations from basic governance principles implementation in the public sector was stressed on.



The issues of corporate governance, credit risk, performance and macro-economic level determinants were discussed in presentation of Ulaganathan Subramanian (School of Business, Institut Teknologi Brunei, Brunei). The specifics of BRICS countries was taken into account in presentation.

The third session included the papers devoted to issues of financial markets, corporate governance and regulation. The range of problems of

risk management, corporate governance regulation and investment climate were discussed during the session. It started with the presentation of Loredana Ferri Di Fabrizio (University of Chieti-Pescara, Italy). She concentrated the attention on hostile takeovers, hubris CEOs and lack of derivatives regulation. During the speech she described the theoretical framework and provided the cases of Italian companies with regard to management activity and lack of regulation.



Remmer Sassen (Hamburg University, Germany) stressed the attention of session participants on regulation of risk management within various legal approaches. As a basis models of Germany and the USA were taken to investigate the system of risk management in companies. Two conceptual models were proposed and the conclusion concerning the future research prospects were made during the presentation.



The issues of avoiding and minimizing of crisis consequences were presented by Derek Ireland (Arthur Kroeger College Carleton University, Canada). He outlined the experience of Canada during the crisis of 2009. He also proposed a conceptual model as a solution for protecting the financial sector in Canada due to the possible negative outcomes from the global financial instability. Some changes in regulatory sphere were announced during the presentation.

Khurshid Djalilov (Bournemouth University, the UK) proposed to talk about the evaluation of corporate governance factors, their impact and relation with bank performance in various groups of transition countries. He stressed the specific of his approach in establishing the separate groups of countries to be analyzed and forming the indicators.



Ana Cristina A. P. Carvalho (Mackenzie Presbyterian University, Brazil) concentrated attention of participants on issues of information risk management and focused on legal issues in Brazil, especially after the post-Snowden era.

The issues of investments and appropriate investment climate in Indonesia were highlighted in the presentation of Sidharta Utama (University of Indonesia, Indonesia).

This international conference as always was conducted in the atmosphere of interesting communication between aspired researches with common views on the key issues during the discussions of the conference. During the conference members of the International Centre for banking and Corporate Governance held a series of talks about the future of cooperation with foreign partners.

Organizers of the conference would like to express their gratitude to all participants and supporters who joined our international network and visited Nuremberg to make their deposit by high quality presentations, interesting discussions and feel unique atmosphere of the fruitful scientific gathering.



## CONFERENCE ORGANIZING COMMITTEE

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