



Copenhagen
Business School
HANDELSHØJSKOLEN



CENTER FOR CORPORATE GOVERNANCE
Copenhagen Business School
Annual Report 2010



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Some Projects Concluded in 2010

Shareholder Meetings in Denmark, Sweden and the US

This Ph. D. project conducted by Therese Strand under the “Danish Corporate Governance in Practice main Project” studies shareholder meetings in a Comparative Perspective. It finds very modest activity at Danish shareholder meetings and most of what is said is not obviously relevant to the company. This raises questions about the functions of shareholder meetings. Is it possible and desirable to raise the level of discussion? Could presentation by board or shareholder committees play a role? Should the auditor be obligated to speak? We plan to start a public debate about these questions in 2011.

Compliance with the Danish Corporate Governance Code

This project by Casper Rose and Karolina Dolata under the “Danish Corporate Governance in Practice main Project” studied compliance with the Danish best practice corporate governance code. It found relatively good compliance rates of 70%, but companies neither complied with nor explained non-compliance for 30% of the recommendations. Apparently many companies do not realize that either comply or explain is now mandatory for all the recommendations. The report is available on our home page.

Non-executive directors in Small and Medium Sized Enterprises

This project by Thomas Poulsen, Steen Thomsen and Morten Bennedsen for the Danish Ministry of Business and Economics surveyed research on the role of external board members in small and medium sized companies. While there is no lack of start ups in Denmark, very few large Danish companies were founded after 1970 - compared to Google, Oracle, Microsoft and many others in the US. The project found that professional, external board members may play a role in accelerating growth and value creation in the mostly founder- or family-owned small and medium sized Danish companies.

Corporate Governance Failure and Iceland’s Financial Collapse

This Ph. D. project by Olaf Sigurjohnson, University of Reykjavik and CCG, examines the role of weak corporate governance as a cause of the severe financial crisis in Iceland 2008-2010. While the formalities of corporate governance were in place, the project finds that a tightly knit and defensive business culture was a main cause of the crisis. Warnings and obvious danger signals were systematically ignored by the elite.



The creation of the Nordic Corporate Governance Network

Researchers from the Nordic Countries – Denmark, Finland, Norway and Sweden – launched a network to study corporate governance in Nordic firms. Nordic firms are known to have special corporate governance characteristics – including concentrated ownership, two-tier boards, employee representation, low to moderate incentive pay for managers and financial transparency.

“We need to continually assess the strengths and weaknesses of our corporate governance model”, it’s first Chairman, Professor Tom Berglund said. “Moreover, there are also differences, we can learn from. For example, in Finland most firms do not have employee representation on their boards. Careful comparison of performance outcomes produced by existing differences contributes to streamlining of Nordic corporate governance”.

“The rest of the world can also learn from the Norwegian gender quota experience, according to which at least 40% of board members in listed firms must come from each gender”, Professor Trond Randøy said, founding board member from Norway. “We need to assess whether a gender quota is really a good idea and to consider the issue of board diversity more generally. Is board diversity and advantage or a disadvantage for the competitiveness of Nordic firms?”

“In Sweden, we are concerned about the efficiency of our investments. Dual class shares (A and B shares) may lead to overinvestment in the established firms”, Professor Per-Olof Bjuggren said, Jönköping International Business School, Sweden. “However we also see new entrepreneurial firms such as Google and Facebook having dual class shares, so we also need to be aware of their potential advantages.”

“Foundations play a strong role as owners business companies of both in Denmark and Sweden, for example the A.P. Møller and Novo foundations or the Wallenberg foundations”, Steen Thomsen said, Copenhagen Business School, and the executive director of NCGN. “They appear to be doing quite well, and understanding this unique corporate governance model is very interesting for the outside world.”

The Network consists of leading corporate governance scholars from the Nordic countries and is open to researchers and others with an interest in corporate governance. It plans to hold workshops for Nordic researchers, promote cooperation among Nordic researchers and to make research results more visible in the other Nordic countries - as well as to the rest of the world. *“We hope to contribute to a deeper international understanding of the Nordic corporate governance model”, NCGN Chairman Professor Tom Berglund said.*

The founding board members of the Nordic Corporate Governance Network are:

Professor Tom Berglund, Hanken School of Economics, Finland, Chairman

Professor Steen Thomsen, Copenhagen Business School

Professor Trond Randøy, University of Agder

Professor Per-Olof Bjuggren, Jonkoping International Business School

About the Center for Corporate Governance

The Center for Corporate Governance (CCG) is a virtual forum for the advancement of knowledge in Corporate Governance, which we define as “the control and direction of companies” by owners, boards, incentive systems, law and other mechanisms. It is a truly interdisciplinary centre comprised of researchers in finance, economics, accounting, law, management and international business as well as business people, auditors and government officials. We organize research projects, workshops, Ph.D. courses and seminars in close cooperation with the business community, e.g. through our advisory board. The centre was established 1st of January 2005 by a grant from Finn Junge-Jensen, President of CBS, and opened officially in March 2005.

Objectives

The purpose of the centre is to advance the state of knowledge in the field and thereby to contribute to good corporate governance in practice. This involves joining resources from several functional areas, international academic institutions, and the business community. We aim for

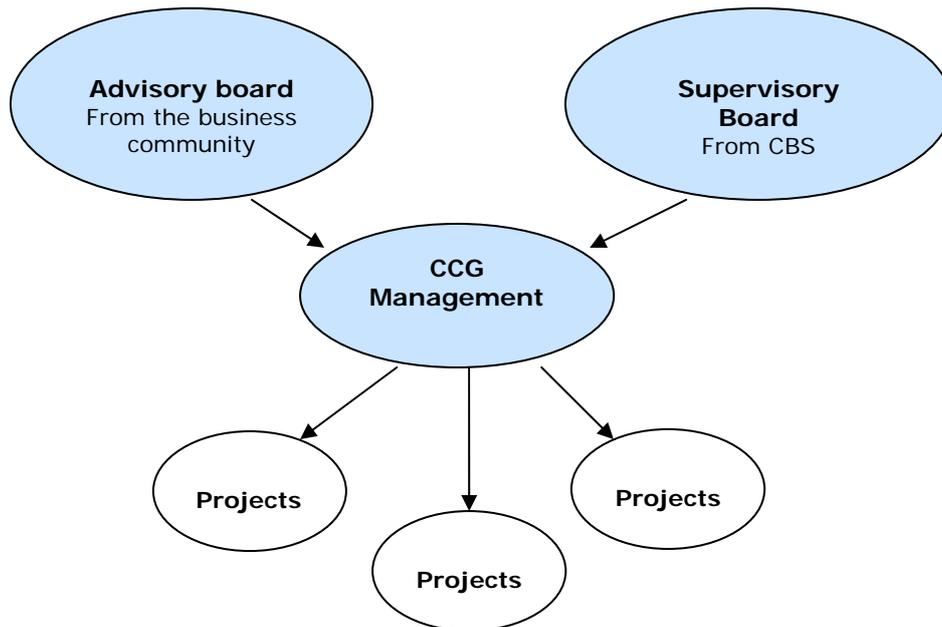
- International visibility and recognition, primarily through publications in professional, international journals, but also through workshops, seminars and policy work.
- Funding of research projects in corporate governance from national and international research agencies, government organizations, charities and business firms.
- Recruitment of Ph.D. students working on corporate governance.
- A much-improved dialogue with the business community in the form of cooperative research projects, training programs and the like.

Values

CCG does not promote any specific corporate governance doctrine, but is a research forum to facilitate discussion and dialogue between various viewpoints. Thus, the participants do not necessarily agree on anything except a shared interest in the subject. There are currently many “quick fix solutions” to corporate governance and their proponents as well as the business community seem likely to benefit from careful assessment of the alternatives.

Organization

The centre is headed by a managing director, Professor Steen Thomsen under the direction of a supervisory board composed of representatives from participating CBS departments. In addition, the centre is guided by a business advisory board on long-term strategic issues.



The advisory board is composed of leading officers and directors from large Danish companies and institutional investors. It provides ideas for research projects, feedback on our activities and comments on developments in corporate governance.

The supervisory board – which carries the formal responsibility – is composed of professors from the CBS departments of accounting, economics, finance, international economics and management, which joined forces in establishing the centre.



People at the Center for Corporate Governance



Steen Thomsen

Steen Thomsen, director of CCG and Professor, Ph.D., has published extensively on corporate governance including a 2008 textbook and papers in *Strategic Management Journal* and *Journal of Corporate Finance*. His current research interests include industrial foundations, private equity and Scandinavian Corporate Governance. He has served as a consultant and lecturer to many large companies and government organizations, including the EU, the UN, Copenhagen Stock Exchange and the Danish Central Bank.



Casper Rose

Casper Rose is Professor with special tasks at CCG with special tasks in “company law and corporate governance”. He holds a Ph.D. in finance from Department of Finance, CBS as well as a Master of Law degree from the University of Copenhagen. He has published extensively in international journals dealing with the interaction between law and finance. He combines legal analysis with quantitative methods exploring how changes in the legal environment influence managerial/shareholder incentives. His current research includes the design of optimal regulation following the global financial crisis as well as the role of employee appointed board members. He serves as a free lance consultant for large corporations and organizations. He has also worked as legal advisor in Dansk Industri (Confederation of Danish Industries) as well as in Danske Bank where he served as Chief Analyst in Group Operational Risk.



Niels Mygind

Niels Mygind holds a cand.polit./M.Sc. in 1980 from Department of Economics, Copenhagen University. He has been director of the Center for East European Studies since 1996. And is currently Professor with special responsibilities in the research area “Corporate Governance and Restructuring in Eastern Europe”. Since the start of 2008 he has been Head of the Department of International Economics and Management.

Professor Mygind has an extensive list of international publications that spans the general analysis of societies in transition; privatization, restructuring and employee ownership in Eastern Europe, with emphasis on the Baltic Countries, and Corporate Governance – shareholder-stakeholder issues with focus on employee participation.



Jette Steen Knudsen

Jette Steen Knudsen, Associate Professor and Ph.D. (MIT) conducts research, teaching and consulting on CSR, corporate governance, EU services sector liberalization as well as globalization and international business strategy. Current research interests include 1) CSR codes of conduct, 2) linkage between CSR and corporate strategy, and 3) board diversity. She has written numerous scientific articles and newspaper articles. Jette is a frequent speaker in Denmark and internationally for companies, the Danish Globalization Council, the EU Commission, the European Parliament and national governments.

**Aleksandra Gregoric**

Aleksandra Gregoric, Ph.D., Assistant Professor, holds a Masters degree in Economics and Banking from University of Siena (Italy) and a Ph.D. in Corporate Governance from the Faculty of Economics in Ljubljana (Slovenia). She was a visiting scholar at ECARES (Universite Libre de Bruxelles), Stockholm School of Economics and attended courses at the London School of Economics. Her research mostly focuses on the issues of corporate governance, particularly on the questions related to ownership, executive remuneration and board structures.

**Bersant Hobdari**

Bersant Hobdari, Associate Professor, Ph.D., in his research is focused on various corporate governance issues such as the impact of ownership structures on firm performance, the determinants of board structure and its impact on firm performance, the design of internal and external mechanisms of corporate control and their respective impact. He has published his research in journals like *Corporate Governance: An International Review*, *Corporate Ownership and Control* and *Applied Economics*.

**Sabina Nielsen**

Sabina Nielsen is assistant professor and a Marie Curie post-doctoral research fellow at Copenhagen Business School. She received her Ph.D. from University of St. Gallen, Switzerland. Her research in the area of corporate governance and top management teams has been published in international scholarly journals and in best paper proceedings of the Academy of Management and the Academy of International Business. Her research interests include the composition, dynamics and decision-making of top management teams and boards of directors.

**Thomas Poulsen**

Thomas Poulsen, assistant professor, is Ph.D. in Finance from Aarhus Business School 2008. His main area of research is corporate governance, with an interest in corporate finance topics. A unifying theme of his recent research is that it applies game theory to ownership data to map voting power of shareholders in public firms. In addition, he is also interested in studying in more detail the sources and dynamics of private benefits. Currently, he is writing about merger waves, limits of private equity, seal-dealing, and employee ownership. He is teaching at graduate level and supervising thesis at both undergraduate and graduate level.

**Evis Sinani**

Evis Sinani is an Associate Professor at the Department of International Economics and Management. She has publications in *Journal of Comparative Economics*, *Applied Economics* and *Journal of International Business Studies*. Her research interests lie in corporate governance, networks of firms and boards of directors, firm/industry dynamics (entry, exit, survival) as well as on the impact that foreign firms have on the

productivity of local firms and their potential crowding out.



Steffen Brenner

Steffen Brenner is Assistant Professor at the CCG. He received his Ph.D. from Humboldt University Berlin in 2002. He was previously visiting scholar at the Graduate School of Business, Stanford University and the Kellogg School of Management at Northwestern University. Steffen has published in journals such as *Economic Theory*, *Corporate Governance: An International Review* and *Journal of Regional Science*. His current research projects address eliciting managerial risk-aversion, the impact of moral standards on CEO pay, and the role of media as a governance mechanism.



Therese Strand

Therese Strand is a Ph.D. student at CCG financed by the project on Danish Corporate Governance in Practice. Her research interests concern various aspects of corporate governance centered primarily on ownership in listed corporations. Therese is particularly interested in the intersection between economics and law. Recent research dealt with institutional activism and the underlying objectives of institutional investors. Current projects concern the function of general meetings as a control mechanism for shareholders in relation to national legal settings, and the duality of potential agency costs following institutional activism.

Advisory Board

Lars Nørby Johansen, Falck A/S (Chairman)

CEO Jeppe Christiansen, LD Invest

Chairman Kurt Gimsing, The Institute of State Authorized Public Accountants in Denmark (FSR)

CEO Henrik Heideby, PFA

CEO Peter Engberg Jensen, Nykredit

CEO Tom Knutzen, Danisco

Deputy Director General Tine Roed, The Confederation of Danish Industry (DI)

CEO Lars Rohde, ATP.

Vice President Anders Wuertzen, A. P. Møller-Mærsk

As of March 2010 Poul Svanholm, former CEO of Carlsberg, Chairman of Danske Bank and Vice Chairman of A. P. Møller Maersk, retired from our advisory board. We wish to acknowledge his help and support during the founder period of the center.

Supervisory Board



Professor Morten Bennedsen, Department of Economics, Insead & CBS (Chairman)

Professor Niels Mygind, Department of International Economics and Management, CBS

Professor Michael Møller, Department of Finance, CBS

Professor Carsten Rohde, Department of Accounting and Auditing, CBS

Research Assistants

Martin Pedersen

Karolina Dolata

Henrik Lorin Rasmussen

Administration

Tina Rasmussen



Affiliated researchers at Copenhagen Business School

Department of Economics

Professor Morten Bennedsen (supervisory board chair)

Professor Peter Bogetoft

Professor Søren Bo Nielsen

Department of Finance

Professor Michael Møller (supervisory board member)

Associate Professor Ken Bechmann

Professor Niels Christian Nielsen

Assistant Professor Kasper Meisner Nielsen

Associate Professor, **Center for Statistics**, Dorte Kronborg

Associate Professor, **Center for Statistics**, Hans Kurt Kvist

Department of Accounting and Auditing

Associate Professor Michael Andersen

Associate Professor Kim Klarskov Jeppesen

Professor Thomas Plenborg

Associate Professor Carsten Rohde (supervisory board member)

Department of Management, Politics and Philosophy

Associate Professor Martin Iversen



Activities 2010

Research: CCG researchers continued to publish their research in high ranking professional journals including the Strategic Management Journal, Corporate Govs and The Quarterly Journal of Economics (refer to publication list) and organize a range of seminars and workshops on issues like dual class shares and European governance initiatives (refer to seminar list). A number of externally funded research projects were begun - on topics like family ownership, financial mutuals and Nordic corporate governance (refer to research projects).

Teaching: Our faculty taught several courses in corporate governance at the masters and MBA programs at CBS:

International networks: Researchers from Yale, Insead, Alberta and King's College are associated with the centre as fellows. Researchers at the centre collaborate with faculty from leading international universities across the world (e.g. Bangkok, New York, Singapore and Stockholm).

Business relations: Faculty at the centre continued an active dialogue with the business community in the business press, lecture and applied studies.

Workshops/Seminars/Conferences at CCG in 2010

17th of marts

Foundation ownership and economic performance. Steen Thomsen presented his and co-author Henry Hansmann's paper on Foundation ownership and economic performance.

13th of April

The Committee on Corporate Governance's Recommendations for corporate governance of April 2010 presented their new recommendations.

Speakers:

Sten Scheibye, chairman of othe committeee

Grant Kirkpatrick, Head, Corporate Affairs Division, OECD

Peter Montagnon, Association of British Insurers. European Corporate Governance Forum

Peter Ravn, SimCorp A/S

Steen Thomsen, professor, PhD, CBS, Center for Corporate Governance

21th of April

PhD student Julia Stauning presented her Ph. D. proposal "Corporate governance in the EU"

28th of april

Jette Steen Knudsen, CBS and Sophie Meunier, Princeton held a seminar about the Financial crisis in France

3th of May Conference: Corporate Governance in non-listed companies

Is Corporate Governance only for listed companies? Committee for Corporate Governance issued in April 2010 updated recommendations on corporate governance, with increased requirements for the boards' independence and skills, managerial compensation, dialogue with shareholders, etc.

Formally, the recommendations addressed solely to the approx. 200 Danish listed companies. But there are around 50,000 unlisted companies in Denmark, plus thousands of cooperatives, commercial foundations and associations. Together the non-listed companies count for the largest part of the economic activity. The question is whether this large group of companies also can benefit from working systematically with Corporate Governance? Could they, build on the recommendations of listed companies?

Speakers:

Steen Thomsen, professor, PhD, CBS, Center for Corporate Governance

Marianne Phililp, Kromann Reumert, Vice-Chairman of the Committee on Corporate Governance.

Søren Svendsen, CBS,

Mette Neville, Aarhus School of Business and Center for Corporate Governance, CBS.

23-25 May. Corporate Governance and National Institutions, Rome.

Aleksandra Gregoric, assistant professor at the Center for Corporate Governance organized a special track at European Academy of Management Conference in Rom. Keynote speakers: Morten Bennedsen, Insead and Igor Filatotchev, City University, London. A contributed paper by Tom Kirschmeyer, Universuty of Bath, won the best paper prize in corporate governance.

1th of June

Seminar, Anthea Yan Zhang associate professor at Rice university and Thomas Poulsen, CBS

2th of June

A seminar was held with Ernst Maug, professor for Corporate Finance at the University of Mannheim and assistant Professor Thomas Poulsen, CBS.

9th of June

Corporate Governance of UK Financial Institutions

The British Chamber of Commerce in Denmark, Nordic Capital Markets Forum and Copenhagen Business School, invited to an event which highlighted the latest developments in Corporate Governance of the UK financial sector. The Walker Review has made recommendations which gave “food for thought” to the authorities and Boards of financial institutions in Denmark and other Nordic countries.

Speaker:

Mariano A Davies, President, British Chamber of Commerce

Mr. Klaus Willerslev-Olsen, Deputy Director, The Danish Bankers Association

Sir David Walker, author of the “Walker Review” of corporate governance in UK Financial Institutions

Sten Scheibye, Chairman of the Danish Committee for Corporate Governance

Steen Thomsen, Director of the Centre for Corporate Governance, Copenhagen Business School



Sir David Walker speaking in Copenhagen. Foto: Hasse Ferrold

7-11th of June

PhD course with Randall Morck, Alberta School of Business. 20 unresolved issues in Corporate Finance.

18th of June

Randall Morck Alberta School of Business and Henry Hansmann Yale Law School Corporate Governance

17th of June and 18th of June

Workshop on Corporate Social responsibility with Bradley Googins, Phil Mirvis, Dana Brown, Antje Vetterlein.

21st of June

Workshop Steen Thomsen, Randall Morck, Dennis Mueller, Morten Sørensen, Bruce Kogut, Steffen Brenner

15th September

Ruediger Fahlenbrach assistant Professor at Ecole Polytechnique Fédérale de Lausanne and Assistant Professor Thomas Poulsen, CBS

21st of September

Compliance with the Danish Corporate Governance Code

Denmark has for almost 10 years had recommendations on good corporate governance. The principle is "comply or explain": Companies must either follow the recommendations or explain why they do not. But what's really happening? Do they follow the recommendations? Do they explain? Which recommendations do they follow the most? How is the quality of their reporting? Professor Caspar Rose from the Centre for Corporate Governance completed a study of Danish companies' compliance, which was discussed at this seminar

Speakers:

Steen Thomsen, Director of the Centre for Corporate Governance, Copenhagen Business School
Caspar Rose, professor, PhD, CBS, Center for Corporate Governance
Bjørn Sibbern, President of NASDAQ OMX Copenhagen

24th of September

Tom Aabo Aarhus School of business and Thomas Poulsen, CBS

5th of October

Stephen Bottomley Australian National University and Assistant Professor Thomas Poulsen, CBS. about constitutionalising Corporate Governance

7th of October

Corporate governance in Industrial Foundations

More than any other country, Denmark is characterized by industrial foundations which own "the crown jewels" in Danish industry - companies like AP Moller-Maersk, Novo Nordisk, Novozymes, Carlsberg, William Demant, Cowi, Ramboll, Hempel, Grundfos, Danfoss and many more.

Therefore it is vital that the foundations exercise their ownership well. But what is good corporate governance in a foundation? How do board members are foundation managers best perform their

role? What can we learn from recent scandals? The foundations also play an important role through donations, especially to universities, where they help to finance a growing portion of research efforts. How should this relationship be organized?

Speakers

Steen Thomsen, Copenhagen Business School

Jytte Heje Mikkelsen Erhvervs- og selskabsstyrelsen

Carsten Fode, Kromann Reumert

Steen Hemmingsen, Lundbeckfonden

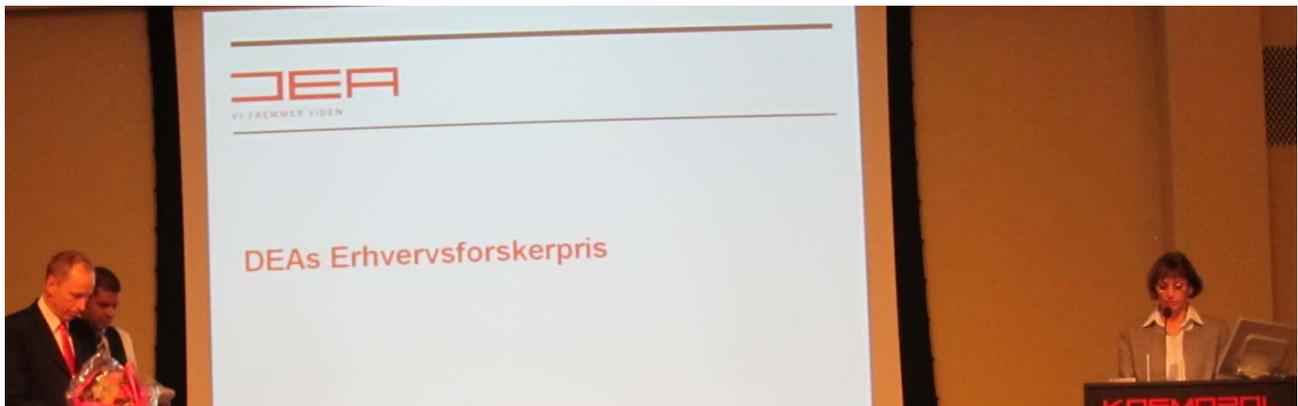
Birgitte Nauntofte. Novo Nordisk Fonden.

19th of October

Seminar with Professor Paul Oyer Stanford and Assistent Professor Thomas Poulsen, CBS

10th of November

Seminar with Johanne Grosvold University of Bath and Assistent Professor Thomas Poulsen, CBS



CFO Birgit Aagaard Svendsen, Lauritzen, Nominating Center Director Steen Thomsen, as the business researcher of the year, 2010.

Selected Publications 2010

Journal Articles:

Brenner, Steffen. (2010). Passive shareholders and active managers: An empirical test of Admati and Pfleiderer's hypothesis. *Applied Financial Economics*, **20**(4), p.275-291.

Brenner, Steffen. (2010). Self-disclosure at international cartels, *Journal of International Business Studies* (forthcoming).

Brenner, Steffen. 2010). On the irrelevance of insider trading for managerial compensation, *European Economic Review* (forthcoming).

Gregoric, Aleksandra; Polanec, Saso; Slapnicar, Sergeja. / Pay me Right: Reference Values and Executive Compensation. I: *European Financial Management*. 2010; Vol. 16, Nr. 5, 01.01.2010. p. 778-804.

Hobdari, Bersant; Mygind, Niels; Jones, Derek C. / Corporate Governance and Liquidity Constraints: A Dynamic Analysis.. I: *Comparative Economic Studies*. 2010; Vol. 52, Nr. 1, 01.01.2010. P. 82-103

Nielsen, Bo Bernhard; Nielsen, Sabina. / The Role of Top Management Team International Orientation in International Strategic Decision-Making: The Choice of Foreign Entry Mode.. I: *Journal of World Business*. 2010 ; Vol. 2010, 01.01.2010

Nielsen, Sabina; Nielsen, Bo Bernhard. / Why do Firms Employ Foreigners on Their Top Management Team? : An Exploration of Strategic Fit, Human Capital an Attraction-Selection-Attrition Perspectives.. I: *International Journal of Cross Cultural Management*. 2010; Vol. 10, Nr. 2, 01.01.2010. P.195-209

Nielsen, Sabina. / Top Management Team Diversity: A Review of Theories and Methodologies.. I: *International Journal of Management Reviews*. 2010; Vol. 12, Nr. 3, 01.01.2010. P. 301-316

Nielsen, Sabina. / Top Management Team Internationalization and Firm Performance: The Mediating Role of Foreign Market Entry. I: *M I R: Management International Review*. 2010; Vol. 50, Nr. 2, 01.01.2010. P. 185-206

Nielsen, Sabina; Huse, Morten. / The Contribution of Women on Boards of Directors: Going beyond the Surface .I: *Corporate Governance*. 2010; Vol. 18, Nr. 2, 01.01.2010. s. 136-148

Nielsen, Sabina; Huse, Morten. / Women Directors' Contribution to Board Decision-Making and Strategic Involvement: The Role of Equality Perception.. I: *European Management Review*. 2010; Vol. 7, Nr. 1, 01.01.2010. P.16-29.

Poulsen, Thomas; Lund-Nielsen, Bjørn. / Kapitalfondsejede selskaber klarer tilsyneladende lavkonjunkturen bedre.. I: *Finans/Invest*. 2010; Nr. 7, 01.01.2010. p.11-17

Poulsen, Thomas. (2010), Private benefits in corporate control transactions, *International Review of*

Financial Analysis, doi:10.1016/j.irfa.2010.10.002

Poulsen, Thomas; Strand, Therese; Thomsen, Steen. / Voting Power and Shareholder Activism: A Study of Swedish Shareholder Meetings. In: Corporate Governance (Oxford). 2010; Vol. 18, Nr. 4, 01.01.2010. p. 329-343

Rose, Caspar. / Corporate Governance i danske børsnoterede selskaber.. I: Revision og Regnskabsvæsen. 2010; Nr. 12, 01.01.2010. p. 10-18

Rose, Caspar. / Director's Liability and Investor Protection: A Law and Finance Perspective .. I: European Journal of Law and Economics. 2010; Nr. Preview, 01.01.2010

Rose, Caspar. / Ejerværn bør være et uddebatteret emne.. I: Pengenyt. Lokale Pengeinstitutters medlemsblad. 2010; Nr. 1/2010, 01.01.2010. p. 22-23

Rose, Caspar. / The New European Shareholder Rights Directive: Removing Barriers and Creating Opportunities for More Shareholder Activism and Democracy. I: Journal of Management & Governance. 2010; Nr. Preview, 01.01.2010

Rose, Caspar. / The Transfer of Property Rights by Theft: An Economic Analysis. I: European Journal of Law and Economics. 2010; Vol. 30, Nr. 3, 01.01.2010. P 247-266 .

Books and book chapters:

Brenner, Steffen. (2010). Location (Hotelling) games and applications. Wiley Encyclopedia of Operations Research and Management Science (forthcoming).

Nielsen, Søren Bo; Thomsen, Steen; Bennedsen, Morten; Meisner Nielsen, Kasper. / Private Equity in Denmark: Capital Structure and Taxes. In: Private Equity: Fund Types, Risks, Returns and Regulation. Red. / Douglas Cumming. Wiley, 2010. p. 555-578

Working Papers:

Eklund, J.E. and Poulsen, T. (2010), One Share-One Vote: New Empirical Evidence, Ratio Working Paper No. 162, Ratio Institute, Stockholm

Gregoric, Aleksandra, Oxelheim, Lars, Randøy, Trond, Thomsen Steen. How Diverse can you get? Gender quotas and the diversity of Nordic boards. Lund Institute of Economic Research Working Paper Series, 2010/05

Oxelheim, Lars; Gregoric, Aleksandra; Randøy, Trond; Thomsen, Steen. / Internationalization of the Firm and its Board. Lund: Lund Institute of Economic Research, 2010. (Working Paper Series).





Income & Expense Statement 2010

Income (CBS grants)	Kr. 605.978
Expenditure	Kr. 509.092
of which:	
-Travelling (invited guests and international conferences)	Kr 176.550
- Conferences and workshops	Kr 114.444
- Secretarial assistance	Kr. 56.443
Surplus for 2010	Kr. 96.885

Notes 1. The income statement constitutes only a small fraction of CCG, i.e. the basic CBS grant. Researchers at the center draw salaries of more than 5 million DKK a year, and external projects normally exceed 1 mill. DKK a year.

Externally Funded Research Projects 2010

Corporate Governance in Practice (2009-2011)

Project leader: Steen Thomsen

This research project will open “the black box” and uncover the strengths and weaknesses of the Danish corporate governance model. The purpose is to analyze whether existing company practices are expedient taking new recommendations and regulations into account.

- The role of the annual meeting (finalized in 2010)
- Corporate governance information and shareholder value creation
- Board member recruitment
- Board work in Danish companies
- Governance in private equity funds
- Compliance with the Danish Corporate Governance code (finalized in 2010)
- Corporate governance and the bottom line

Impact Measurement and Performance Analysis of CSR (IMPACT) (2010 – 2013)

Project leader: Jette Steen Knudsen

Jette Steen Knudsen from the Center for Corporate Governance at CBS represents a research project that enquires into and evaluates the impact of Corporate Social Responsibility on EU economies and societies. The project duration is March 2010 - March 2013. The project entitled “Impact Measurement and Performance Analysis of CSR” (IMPACT) is funded within the EU’s 7th Research Framework. Jette Steen Knudsen sits on the project steering committee and is responsible for Work Package 7 titled "Recommendations to business and society". IMPACT aims to:

- Provide greater understanding and an integrative measurement of CSR impacts.
- Develop and validate tools and methods to measure CSR impacts.
- Monitor existing and develop new data on CSR impacts.
- Provide recommendations for decision makers in companies, in civil society and in EU and national policy making.

Plans for 2011 and on

We plan to go on practicing “engaged scholarship” and research-based executive teaching in a close dialogue with the business community. In particular feedback from our advisory board will guide our choice of research topics and dissemination activities. We have workshops planned on board diversity, executive compensation, board committees and many other topics and many more in the pipeline.

Individual projects. With more than 10 researchers and many more affiliated the center has a large number of development projects in the pipeline (on average each two projects per researcher). Below we provide examples.

Overview of Selected Projects

Ken Bechmann	To Option or Not To Option: Is Executive Compensation in Denmark Changing?
Steffen Brenner	Constructing an Index of managerial risk aversion
Aleksandra Gregoric And Evis Sinani	Employee Representation and Economic Performance
Bersant Hobdari	Management and firm productivity
Jette Steen Knudsen	The Emerging Spread of CSR Initiatives in Multinational Firms
Niels Mygind	Ownership change and economic performance in China
Sabina Nielsen	The influence of top management team, board of directors and CEO characteristics on firm strategy and performance of European MNCs
Thomas Poulsen	Regulation of private equity
Caspar Rose	Takeover defenses in European Firms
Steen Thomsen	The Governance of Industrial Foundations

Which projects will be successful depends on external funding opportunities, empirical results and the administrative demands on the individual researchers.



Center leader Steen Thomsen in conversation with Sir David Walker.
Photo: Hasse Ferrolld

Flagship Projects

Below we sketch 3 large scale projects in the pipeline.

Corporate governance regulation after the financial crisis

We have seen a wave of governance regulation after the financial crisis, and more is in the pipeline. Politicians now routinely debate and intervene in executive pay, company boards and ownership structures. However, the new regulation appears to a large extent to have been driven by political motives rather than knowledge of corporate governance or the underlying causes of the financial crisis. The new regulation is therefore unlikely to have the intended effects and may have harmful unintended side effects on competitiveness and economic growth. In this project, researchers at the Center for corporate governance suggest a joint research effort to analyze and assess the new regulation in 5 key areas: financial risk, executive pay, board structure, ownership and CSR. In these areas we propose to evaluate alternative regulation models including market forces (no regulation), soft law (governance codes), delegated supervision and hard law. While the project pays attention to international trends (e.g. EU directives, US trends), we focus on Scandinavia and what the new regulation means for the Scandinavian governance model.

Active Ownership and Economic Growth

Declining productivity growth in the Western World, not least in Denmark, stimulates search for structural reforms and organizational innovations. Reforms of corporate governance can play an important role in this respect, because there is reason to assume that corporate Denmark have ownership structures with conservative characteristics – foundation ownership, cooperatives, family ownership - which raise special challenges for company reform. We therefore propose a project to analyse 1) whether conservative Danish ownership and governance structures do in fact create barriers to economic growth, and 2) how redesigned corporate governance – e.g. active ownership – can contribute to corporate renewal.

Constructing a Nordic Corporate Governance Index

In recent years corporate governance and social responsibility ratings have become increasingly important. Prepared by international rating agencies (like Riskmetrics) and sold primarily to institutional investors they have begun to influence investment strategies. Primarily for institutional reasons Nordic companies tend to end up at the bottom of these ratings, and this may in the long run make them less attractive to international investors. Moreover, academic research has shown that the ratings suffer from methodological weaknesses and are largely uncorrelated with stock performance. We therefore propose a project to construct a unbiased and useful governance index for Nordic listed companies. The ambition is to provide this information to the market free of charge in order to establish it as an alternative measure of governance quality of Nordic firms.