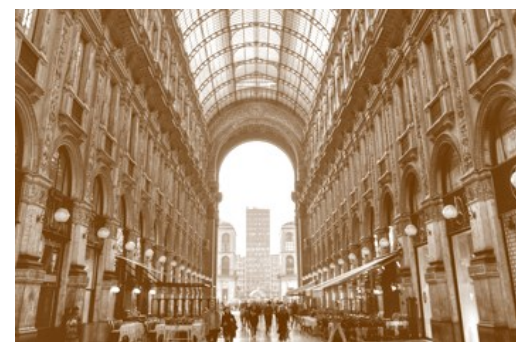
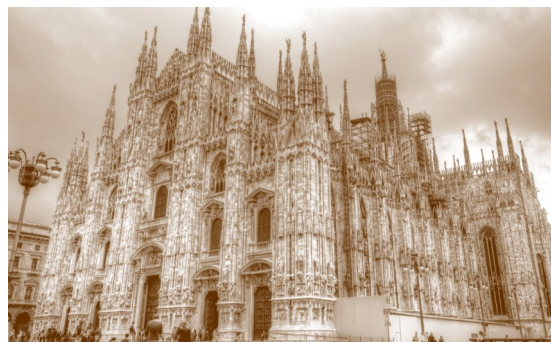
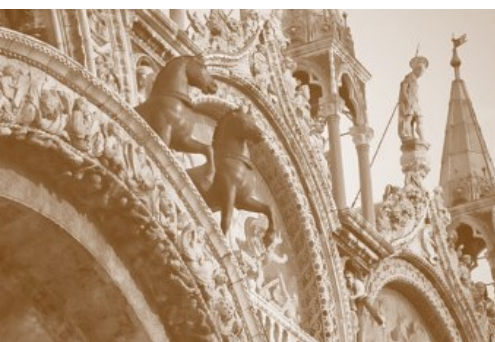


REPORT

International Conference *“Corporate Governance: a Search for Advanced Standards in the Wake of Crisis”*

May, 8, 2014, Milan, Italy



International conference "Corporate Governance: a Search for Advanced Standards in the Wake of Crisis" was held in Milan on May 8th, 2014 with the joint organizational participation of Politecnico di Milano, publishing house "Virtus Interpress" and International Center for Banking and Corporate Governance. The idea of the conference has been developed by Professor Kostyuk and Dr. Barbara Monda at the beginning of 2013 and was finally approved during negotiation at the International conference "Governance & Control in Finance & Banking: A New Paradigm for Risk & Performance" that was held in Paris on April, 18-19, 2013.



The conference was outright continuation of scientific collaboration of International Center for Banking and Corporate Governance and Politecnico di Milano in research of corporate governance. The main purpose of the conference was to search for new, effective standards for usage and reforming of corporate governance at the national and international levels in order to minimize systemic risk and improve business corporations in light of the crisis of the financial markets.

The conference took place at the building of Department of Management, Economics and Industrial Engineering of the Polytechnic University of Milan on May 8, 2014. With the aim to take part in the conference about 70 experts from 20 world countries that represented leading universities and organizations of Europe, USA, Asia, Africa and Middle East.

The conference started with welcome remarks of co-chairs of organizing committee: Professor of Finance at Politecnico di Milano Marco Giorgino; Professor of the Ukrainian Academy of Banking of the National Bank of Ukraine, Director of the International Center for Banking and Corporate Governance Alexander Kostyuk and Deputy Director of Risk Governance Centre, professor of Politecnico di Milano Barbara Monda. Speakers wished the participants productive work and expressed the hope that attendees will contribute to the solution of important economic and legal issues, and conference will stimulate the creation of new partnerships and business acquaintances.



Then the floor was given to the first keynote speaker. Professor of finance and global risks of Politecnico di Milano, non-executive director in a number of financial companies Marco Giorgino in his speech highlighted the main controversial issues facing by scientists and practitioners of corporate governance. Professor Giorgino reported on the change of the established paradigms of corporate governance in conditions of global financial crisis, the challenges that are raised by these events in front of managers and possible ways to prevent of global crises in the future through effective actions of regulators.

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The second keynote speaker was the Director of the International Center for Banking and Corporate Governance Professor Alexander Kostyuk. In the speech he reviewed the issues of the academic community work as independent directors in corporations basing on fundamental researches and practical experience in corporate governance and long-term academic experience.

In the report professor Kostyuk argued why scientists from universities with appropriate qualification and through branched ties at the academic community can make a significant positive impact on the operations of companies. The speaker suggested to base on the concept of reputation capital instead of the concept of regulatory compliance in future studies on this subject.

Professor of management of ISTECH (Paris, France) Rémi Jardat in his speech revealed a radical change in management approaches in the financial area in the 21st century, reorientation to the issue of dynamic capital flows and the importance of progressive taxation in the process of management of financial relations development.

In turn, Miriam Garnier, chairman at consulting company "Finance & Governance", has highlighted the issues of corporate governance evolution and companies' strategies formation in conditions of financial crisis.

Thereafter the conference proceeded in four parallel sessions.

Scientific problems of the Board of Directors, its composition, performance and executive compensation were discussed during the first section of the conference. The session was co-chaired by members of International Center for Banking and Corporate Govern-



ance Dmitriy Govorun and Olga Afanasyeva.

Associate Professor Giuliano Bianchi from EHI (Lausanne, Switzerland) focused on the assessment of the composition and remuneration of senior management in companies considering the forecasts of stock prices. Researcher suggested options for further development and discussed trends concerning the changes of qualitative and quantitative composition of the remuneration of executive managers in companies. A lively discussion has been provoked by issues of research methodology and characteristics of the effectiveness evaluation of the dependent and independent variables of regression that were used in the research.



Doctor Fang Ma from University of Hertfordshire (UK) in her report emphasized the necessity of understanding the legal environment in which the company operates with the aim of ensuring the effective board performance. The issues of reforms in basic legislation were analyzed. The researcher suggested to solve the main problems of the directors' functioning in the boards, increasing the efficiency of control functions which are performed by them in terms of theoretical positions in corporate governance.

Professor Debra Jeter from Vanderbilt University (USA) in her presentation focused on the major issues of changes in flexibility ratio payment /performance of senior management before and after the Sarbanes-Oxley Act in the United States.

Member of International Center for Banking and Corporate Governance, lecturer of the Ukrainian Academy of Banking of the National Bank of Ukraine Olga Afanasyeva in her presentation introduced the main results of the study related to the clawing back of bonuses which has been previously paid to senior managers as a result of reviewing and changing emphasis in the remuneration policies of senior management in world banks. Joint work of Italian researchers from the University of Foggia, Mauro Romano and Christian Favino, dealt with the problem of boards of directors performance on the example of Italian companies. The authors have investigated the issues of business networks formation between the boards of directors from various companies and the necessity to minimize the control problems in the context of relationships between directors.



Representatives of Canadian universities Universit  du Quebec en Outaouais and University of Ottawa – respectively Raef Gouiaa and Daniel Z ghal - during the presentation have paid the audience's attention on quality and completeness of the indices that reflect the effectiveness of corporate governance and board activities in general. The authors also highlighted the issue of the relationship between indices and accounting information. Yulia Lapina, PhD researcher of the Ukrainian Academy of

Banking of the National Bank of Ukraine, presented the results of her scientific research concerning corporate governance in investment banks. The main attention was focused on the issues of the relationship between factors of corporate governance and the effectiveness of the investment banks.

The specific and relevant topic was researched by Italian professors Roberta Provasi (University of Milano-Bicocca) and Patrizia Riva (Piemonte Orientale University). The authors focused on the reasons, essence, regulation and the impact of women presence in the boardroom on the firms' performance on the example of Italian companies cases. The peculiarities of management in pension funds were highlighted in the report of Professor Adam Samborski (University of Economics in Katowice, Poland). The last report in the session was made by Stephani A. Mason from Rutgers University (USA), which was based on investigating the influence of the shareholders voting practice concerning the remuneration amount to senior management on the total amount of such compensation.

The second session of the conference that was devoted to corporate governance and chaired by Professor from University of South Africa Ronald H. Mynhardt included 10 presentations. The scientists from USA, United Kingdom, Belgium, Italy, South Africa, UAE and Turkey took part in session conducting. Silvia Testarmata (University of Rome "Niccolo Cusano") and Marco Caiffa (University of Rome "Tor Vergata") presented study which was conducted jointly with Alessandro Giosi. He research was devoted to revealing the impact of stock option plans on the financial activities of Italian firms.

The lively interest was raised by the report of Professor Maclyn Clouse that was based on the paper written in collaboration with Professor Hugh Grove, where researchers examined issues of corporate governance standards in terms of cross-border investment. Professors from University of Denver (USA) suggested the ways of improvement the standards that were developed by analyzing the experience of Chinese companies whose shares are trading on the stock exchange in the United States.



During the session the specifics of corporate governance in enterprises and banks among different world countries were discussed. Professor of American University in Dubai Udo C. Braendle analyzed the corporate governance features in the BRIC countries, particularly in Russia. Italian scientists Alberto Nobolo, Francesca Magli and Matteo Ogliari presented on

corporate governance rating models of large and small firms in Italy. Professor Ronald H. Mynhardt in his report substantiated the necessity and benefits from implementation of a global supervisory body focusing on corporate governance in organizations. Co-chairs of the conference committee, Professors of Politecnico di Milano Barbara Monda and Marco Giorgino made a presentation which based on the analysis of the European prospects regarding increasing banks' value and improving corporate governance in the period of overcoming negative effects of the crisis, which raised great interest among the audience. Moreover, the researchers from Belgium (Stijn De Dier), Italy (Roberto Moro Visconti), Turkey (F. Dilvin Taşkın) and South Africa (Sanjana Brijball Parumasur and Patsy Goven-der) presented their reports in session on the main subject of conference and initiate a substantive discussion among participants.



The third session of the conference was headed by Professor of Friedrich-Alexander Universität Erlangen-Nurnberg Markus Stiglbauer. Opening the session Mohamed Zakari Professor from Tripoli University noted the lack of research in current scientific literature about problems of auditing and accounting in developing countries. The researcher suggested the factors of improvement of the quality of audit reports on the example of the leading Libyan companies that are based on fundamental principles of ISA documents.

Associate Professor of University of Naples II Nicola Moscariello and PhD student Andrea Peluso have analyzed the influence of interlocking directorates of the boards of directors of various economic agents on the relationship between banks and companies. Conference participants were interested on the issues of the prohibition of interlocking directorates for Italian directors who simultaneously hold positions on the boards of directors in financial institutions and non-financial corporations.

Detailed attention was paid to risk management, in particular in presentations of Francesco Giuliani (University of Bologna, Italy) who has studied specifics of capital structure testing taking into account the issues of systemic risk and Michael Maingot, Tony Quon and Daniel Zéghal (University of Ottawa, Canada) who investigated the influence of the financial crises on risk disclosure in companies of the USA and Canada.

Audit issues were highlighted from the practical perspectives of various countries, in particular in Greece by Andreas Koutoupis and Michail Bekiaris (University of the Aegean, Greece) and China by Roberta Provasi (University of Milano-Bicocca, Italy) and Patrizia Riva (Piemonte Orientale University, Italy). Roberto Moro Visconti (Università Cattolica del Sacro Cuore, Italy) and Maria Cristina Quirici (University of Pisa, Italy) has discussed the issues of innovations and technologies influence on financial stability on macro-level.

Session participants has made common conclusion that new technologies are able to smooth out the



asymmetry information problem and reduce the cost component. Mattia Mestroni (Ca' Foscari University of Venice, Italy) presented the paper with regard to the linkage between the riskiness and profitability and managerial decisions in banks. Ferruccio Maria Sbarbaro (Link Campus University, Italy) and Andrea Sacco Ginevri (Università Cattolica del Sacro Cuore, Italy) reported on dividend policy and suggested a mechanism of preventing the shareholders rights violation.

Regulation and corporate governance in financial institutions issues were discussed during the fourth parallel session. Remi

Jardat, Director of Research, ISTECH (France) was a session chair during this session. Alexander Szunke from University of Economics in Katowice (Poland) concentrated attention of participants on issues of changes in monetary policy of central banks in context of bank crises and post-crisis period. Key trends, lack of attention to which has led to instability in the financial sector, were identified, presenter suggested relevant methodology that would prevent the negative impact of the most of factors. Gina Albu from Alexandru Ioan Cuza University of Iasi (Romania) investigated the changes in management models in the USA and the European Union after crisis. The report indicated that

the USA and EU constantly search for optimal ways to minimize negative effects of the global financial crisis. It was stressed on necessity of new type of economy governance with focus on greater responsibility than today.



Lindrianasari from University of Lampung (Indonesia) described the issues of shareholders welfare in Indonesian banks during the financial crisis of 2008. It was emphasized on the growth of banks' securities value in these conditions against dividends decrease.

The report of Andreas Kokkinis from Warwick Law School (UK) has been dedicated to corporate law issues and new legislative initiatives in the UK. Presenter outlined the main challenges in regulation, including the excessive activity of institutional investors, described the shift in the focus in the capital market usage as a major source of funding for British companies, defined the issue of ownership and forming the code that has to regulate mergers and acquisitions processes.

Yutaka Harada from Waseda University (Japan) considered the issue of financial crisis and unbalanced incentives for banks on disclosure requirements in respect risks, accounting information and banks' executive compensation policies. Themistokles Lazarides from TEI of Western Macedonia (Greece) explored the European banking system before and after the crises. There was discussion about the suggested method of studying and collecting information about the main indicators characterizing banks activity. Members of the session discussed the additional factors and parameters that can significantly improve the task of identifying the main trends of the European banking system development in post-crisis period.



Živa Skok Jezernik from University of Ljubljana (Slovenia) presented the report about the peculiarities of forming the committee, which can combine the functions of risk control and reward senior management to minimize the risks apparent in banks during the crisis.

Members of International Center for Banking and Corporate Governance, lecturers of the Ukrainian Academy of Banking of the National Bank of Ukraine – Yaroslav Mozghovyi and Dmitriy Govorun – presented research on the topic of corporate governance and corporate social responsibility in banks. It focuses on the development of appropriate methodological approach to assess the relationship between corporate social responsibility and financial indicators of banks in developing countries. Presentation also covered main directions of corporate social responsibility policy improving in banks of Ukraine.

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. In particular, they discussed future projects for the organization of international conferences in Nuremberg, Paris, Dubai, Izmir; participation in international research seminars at the Warwick Business School (UK) etc.



According to the comments of the participants who attended the conference it was held at a high level and marked by a distinctive atmosphere of interesting communication in the circle of associates addressing urgent scientific problems.

Organizational committee of the conference would like to express their gratitude to all participants and supporters who joined our international network and visited Milan to make their deposit by high quality presentations and interesting discussions.

Members of the International Center for Banking and Corporate Governance and executive team of the Publishing House "Virtus Interpress" would like to express great appreciation to Italian colleagues from Politecnico di Milano – Dr. Barbara Monda, Laura d'Alessandro, prof. Marco Giorgino for their contribution to the conference.

We are looking forward to seeing all of you at our future events!

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