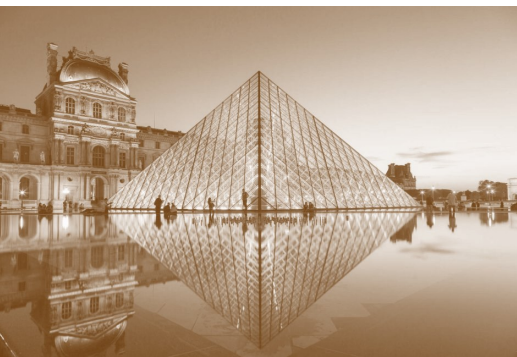


# REPORT

## International Workshop *“Corporate Accountability: Major Actors, Innovative Instruments and Performance”*

*November 24, 2016, Paris, France*





International workshop “*Corporate Accountability: Major Actors, Innovative Instruments and Performance*” was held in Paris, November 24, 2016 with the joint organizational participation of ISTEBC Business School of Commerce and Marketing, publishing house “Virtus Interpress” and Virtus Global Center for Corporate Governance. The main purpose of the workshop was production of in-depth discussions and gathering of the comments regarding the development of the studies, which were presented.



The key focus of the researches was devoted to the issue of sustainability and accountability of business entities, which received a complex form and was continually changing. The participants underlined the importance of tracing these changes, the necessity of following regulatory developments, business practice of identifying stable fundamentals in corporate accountability and management practices and distinguish emerging trends that were going to occupy practitioners, regulators and academics minds in nearest future.



The workshop took place at ISTEBC Business School of Commerce and Marketing, which have already hosted the 3d scientific event in cooperation with VGCCG. The academic event started with the welcome and opening remarks of the workshop host from ISTEBC – Professor *Remi Jardat*. He highlighted the relevance of such events, which help scientists to increase value of their scientific researches in the area of accountability and corporate governance.



Professor *Alex Kostyuk*, co-chair of the workshop, representative of the Virtus Global Center for Corporate Governance expressed his gratitude to host institution and to all participants for their valuable contribution to the workshop procedures and emphasized the importance of the strong research background that forms between participants during such events. Traditionally, he also awarded certificates of membership to the new members of the Center who came to the workshop for their significant contribution to the development of VGCCG.



First discussion was opened by presentation **Loredana Ferri Di Fabrizio** from University "Gabriele d'Annunzio" (**Italy**), who made an attempt to search for the pattern of fraudulent accounting. The main issues, which were suggested for discussion, were the following: if external auditors lose their independence from the audited companies, the effects of Whistle-blowing actions in the private sector, if Whistle-blowing becomes an important instrument of Corporate Governance, due to the increasing economic dependence of the External Auditors on their clients. During the discussion the participants have outlined the significance of the research and importance of the raised issues. Ethics of the individual and consequences of the top management actions were deliberated. Best principals without proper ethics of the individual will not cause any change. The inclusion of the business ethics in any discipline during education were discussed as a way to change behavior to improve the situation in general.



The next presenter (**Will Mackay, Australia**) attempted to shed further light on the efficacy of "say on pay" (SOP) voting regulation to improve corporate governance and curb the exploitation of shareholders' funds by powerful CEOs through excessive remuneration schemes. He analyzed changes in shareholder voting patterns and changes to executive remuneration. The presented results are based on necessity of empowering shareholder activists; increasing the incidence of CEO departures, executive team departures and director departures in response to concerns raised by shareholders.



**Hlako Jacob Choma** from University of Venda, School of Law (**South Africa**) in his speech analyzed beneficiary funds under the pension funds act. Despite of the working progress stage of research development, his scientific ideas provoked the dynamic discussion. Valuable suggestions for the research elaboration were voiced.



After the little break **Hugh Grove**, School of Accountancy, University of Denver (**the USA**) provided the empirical correlation tests for CEO pay in the three industries of metal mining, primary metal, and coal mining for 5 years periods. The findings recommended capping the tax deductibility of excessive executive compensation with the aim of reducing excessive CEO pay and helping reverse this U.S. concentration of wealth.



**Afshan Moeed** from University of Glasgow (the UK) focused on the effectiveness of role of non-executive directors, which was examined based on a qualitative approach, consisting of a series of 20 semistructured interviews with NED's of the banking industry. The study revealed that the binding of social identification and regulatory capture existed within the financial sector, and how that it subsequently reduces the effectiveness of NED's and compromising with their independent professional identity. Also, the research has important theoretical contribution as it introduces concept of capture and social identity in explaining corporate governance process.



The last part of discussion before break was closed by presentation of **Anthony O. Nwafor** from School of Law University of Venda (**South Africa**) who concentrated attention on the methods of protection of company's creditors. He concluded that it'd be necessary to minimize the adverse impact of the business rescue on the creditors. Moratorium on Proprietary Rights was analyzed in a detail and provided a grounded legal framework of a such burning problem.



We would like to point out that during the workshop all the participants were active and enthusiastic. Discussion of the presented ideas continued even during the lunch break and was conducted in the positive and friendly atmosphere.



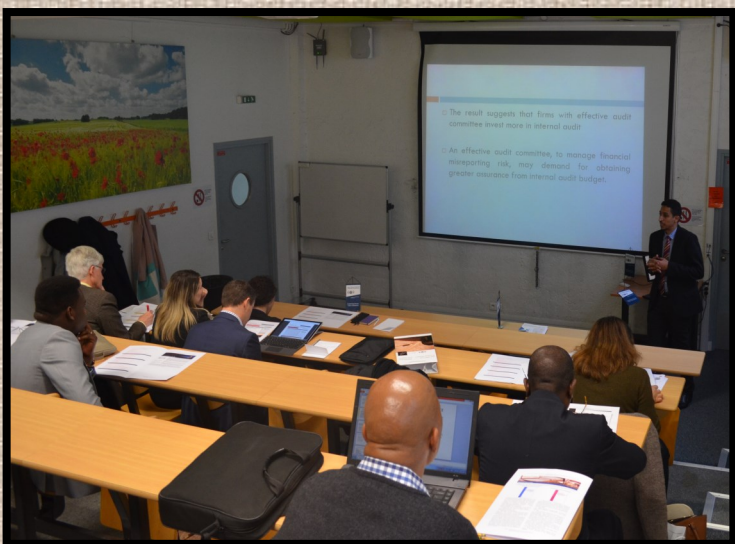
First spokesperson after the lunch break was **Ali Caglar Uzun** from Mugla Sıtkı Kocman University (Turkey) presented the research aimed to determine the relation between Corporate Social Responsibility and brand image in the eyes of consumers in Turkey. He argues that in order to evoke a positive word-of-mouth within customers, enterprises should give a reason to start communication within customers in every possible way. The issues of CSR as a necessity for enterprises were raised. He elaborated on the relation of social responsibility and behavior pattern of the enterprise towards groups and individuals in its social environment and concluded that they need to supervise the society interest.



The next study was presented by **Maxwell Phiri** from University of KwaZulu-Natal (South Africa). In his experimental research he assumed that it is possible to conceptualise endogenous imperatives of small business entrepreneurship by using empirical processes that combine experimental and subjective methods. The author attempts to answer the question, "What is endogenous imperatives of small business entrepreneurship?". The conclusion is that endogenous imperative of small business entrepreneurship is not a research illusion; hence it is a conceptual and a theoretical enquiry necessary for the discipline of entrepreneurship.



**Bakr Ali Al-Gamrh** Lincoln University College (Malaysia) explored the effect of audit committee characteristics on internal audit budget in Malaysia, where data on internal audit budget is available and how well audit committee monitors the internal audit function is questionable. The presented study answers the question, whether an audit committee index is related to internal audit budget. On one extreme, the findings of the study support the recent policy initiatives in relation to audit committee and internal audit. On the other extreme, the result serves as a wake-up call to policy makers in requiring more committed, competent and skilled members on the audit committee.





Next presentation by **Imen Derouiche** from University of Luxembourg (**Luxembourg**) was dedicated to the issues of ownership structure and investment-cash flow sensitivity. The main findings of the paper has shown that corporate ownership structure appears to matter for investment-cash flow sensitivity because of potentially important agency problems in firms with concentrated control and firms are less (more) likely to use cash flow in undertaking unprofitable investments when the interests of controlling shareholders are (are not) aligned with those of minority shareholders



EU sustainability directive and corporate governance implications for 15 of the Largest EU Companies was presented by **Hugh Grove** from University of Denver (**the USA**). The correlations presented and discussed in the paper could be used to identify and guide benchmarking studies in order to analyze specific business strategies and operations of top EU public companies concerning best practices for long-term sustainability. The initial correlation of total CEO pay could be further investigated for the actual mixes of variable and fixed compensation that may correlate with these market cap creations by Board of Directors' compensation committees to enhance corporate governance.



**Francis Awolowo** from Sheffield Hallam University (**UK**) argues that series of accounting scandals that have occurred in the last two decades calls for a greater concern by the accounting profession, there is need to look beyond corporate governance in the fight against financial deception. The author continued that whenever there is any revelation of fraudulent financial reporting, investors don't ask who are the directors, the first question they ask is who are the auditors? As a conclusion it was said that there is need to improve on audit quality by approaching it from a forensic accounting perspective in order to reduce the incidence of financial statement frauds in this era of information revolution and restore investors' confidence back into the financial reporting process and corporate governance.





The last, but not the least speech was made by **Bongonkosi Zondi** from University of KwaZulu-Natal (**South Africa**). He presented a theoretical perspective aimed at exploring the role of the board of directors and management in ensuring corporate accountability through corporate social responsibility, corporate sustainability, and accountability to stakeholders. The researcher seeks to explore to which extent some organizations have gone beyond their legislated obligations to conduct their businesses in an accountable and socially responsible manner and also explore areas in which legislation can continue to be used as a tool to force corporate accountability. The closing presentation finished with productive deliberation which has produced a useful comments.



The international workshop has become a platform for researchers to share their work and brought to them an important opportunity to expand the international network and open new horizons for the future collaborations. This international workshop was conducted in the atmosphere of interesting communication between aspired researchers with different views on the key issues discussed during the workshop. Organizers of the workshop would like to express their gratitude to all participants and supporters who joined our international network and visited Paris



## CONFERENCE ORGANIZING COMMITTEE

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