



ANNUAL REPORT 2020

Centre for Corporate
Governance Research (CCGR)



Norwegian
Business School

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About the CCGR

The Centre for Corporate Governance Research (CCGR) focuses on how ownership and governance of companies' impact value-creation and the welfare of firms' stakeholders. We aim to produce high quality research that offers evidence-based insights and guidance related to the theory and practice of corporate governance.

Non-listed firms, family firms, and the corporate landscape of Norway are special focus areas of the CCGR. The detailed information and high quality of Norwegian administrative and financial accounting data enable novel research into key aspects of corporate governance. The center maintains a detailed database on the population of Norwegian firms, which is also made available to BI Norwegian Business School masters and PhD students who write their theses in the area of corporate governance.

The center brings together researchers and practitioners by organizing conferences and workshops, and by sponsoring research projects. We actively disseminate our findings through interaction with industry, media, and conferences.

Our current research areas include

- Governance and performance of family firms
- Impact of wealth taxation on firms
- Impact of covid-19 on firms
- Importance of ownership structure for governance and performance
- Relevance of gender in corporate governance
- CEOs and executive compensation
- Corporate governance in a historical perspective

Organization and Funding

The Centre for Corporate Governance Research (CCGR) was founded in 2005 by Professor Emeritus Øyvind Bøhren and is anchored in the Finance Department, BI Norwegian Business School.

The CCGR is directed by Professor Charlotte Ostergaard. Associate Professor Janis Berzins is in charge of data base maintenance and infrastructure. The financing of the CCGR comes from the Norwegian business community, the Research Council of Norway, and from BI Norwegian Business School. Our research is independent of positions taken by any funders.

The CCGR Council has members appointed by BI Norwegian Business School. The council's role is advisory and includes feedback on research work, network-building, and financial sources targeting. The council furthermore helps ensure that the activities of the CCGR are consistent with its mission and strategy.

The current members of the CCGR Council are:

- Leiv Askvig (Sundt; chair)
- Morten Bergesen (Havfonn)
- Christen Furuholmen (Furuholmen Holding)
- Morten Borge (Ferd)
- Eilert G. Hanoa (Kahoot)
- Frederik Selvaag (Selvaag Gruppen)
- Christen Sveaas (Kistefos)
- Camilla Hagen Sørli (Canica)
- Thomas Wilhelmsen (Wilhelmsen)

Three highlights from 2020

Wealth tax debate

The Norwegian wealth tax returned to the center of the political debate in 2020, where the possible negative consequences of the tax on businesses was in focus.

Norway is one of only few developed nations to have retained taxation of private wealth to the present day. The possible reintroduction or expansion of a wealth tax is on the international economic agenda, however, and featured prominently in the recent American and French presidential elections, among others.



In their recent working paper¹, CCGR members Janis Berzins, Øyvind Bøhren, and Bogdan Stacescu document the negative repercussions a wealth tax can have on private companies. They show that Norwegian business owners with few liquid assets, are more prone to withdraw liquidity (dividends) from their companies as a response to increases in the wealth tax. These companies experience lower subsequent investment and sales growth.

Their findings, thus, contrast with a recent report from the Frisch center commissioned by the Norwegian government, which found that higher wealth taxes were associated with more employment and did not reduced corporate investment. The report was heavily debated in the media upon publication. The CCGR website contains links to the opposing opinions in this debate.

We still know relatively little about the economic effects of wealth taxation on companies and need more evidence from both Norway and other countries. The topic will continue to receive high priority in the CCGR in the coming years.

¹ *Realøkonomiske effekter av formuesskatt i Norge: Hovedfunn i en empirisk undersøkelse*

CCGR research on top finance conference program



Janis Berzins, Øyvind Bøhren, and Bogdan Stacescu had their CCGR working paper² on the impact of the Norwegian wealth tax on corporate investment accepted at the top international finance conference, the 2020 Western Financial Association (WFA) annual meeting. The conference took place virtually due to the covid pandemic.

EU study on directors' duties and sustainable corporate governance

Ernst & Young published their report to the European Commissions on sustainable governance in July 2020 and stunned the academic research community by its assertion that European corporations suffer from widespread "short-termism."

The report concluded that corporate decision-makers' short-term focus neglects the long-term interests of companies and reduces the long-term economic, environmental, and social sustainability of European businesses. It further offered a range of far-reaching suggestions for future EU actions and reform of European corporate law.

The report drew sharp criticism from legal and financial scholars in both Europe and the U.S. CCGR member Øyvind Norli discussed the report's analysis of short-termism at a virtual BI event: *Styrets Ansvar og Bærekraftig Corporate Governance*.



² *Shareholder Illiquidity and Firm Behavior: Financial and Real Effects of the Personal Wealth Tax in Private Firms in Private Firms*

CCGR in the Media

Selected media appearances by CCGR associates (mostly in Norwegian):

Date	Media	Title (link to media)
January 10	Dagens Næringsliv	Sævik rabatten
February 10	Dagens Næringsliv	Tror familiestrid kan pulverisere verdier
February 21	Dagens Næringsliv	Wilhelmsen, Sjølie og eierstyring
April 11	Dagens Næringsliv	Få bestemmer for alle på børsselskapenes generalforsamling – men i år kan det bli annerledes
June 2	Dagens Næringsliv	Equinors problem er både velkjent og spesielt
June 9	Dagens Næringsliv	Innlegg fra BI-forskere: Økt formuesskatt på bolig i 2006–2010 svekket familiebedrifter
June 29	Dagens Næringsliv	Innlegg: Når kampanjejournalistikk fortrenger innsiktsjournalistikk i DN
July 6	Stavanger Aftenblad	Fra millionformue til gjeldsmareritt
July 8	Klassekampen	Tjener fett på barnehager
August 4	Dagens Næringsliv	Innlegg: Samfunnsansvar og eiergevinst kan også gå hånd i hånd
August 19	Dagens Næringsliv	Innlegg: La Tangen utøve større samfunnsansvar i Oljefondet
October 12	Dagens Næringsliv	Innlegg: Overselger studie om formuesskatt
October 19	Nrk.no	De 10 prosent rikeste betaler nesten hele formuesskatten alene
October 22	Dagens Næringsliv	Innlegg: Mer arbeidskraft reduserer ikke formuesskatten

Publications in International Journals

Publications 2020

"CEOs in one-dollar firms earn higher total compensation and lower stock market returns than their peers"

Loureiro, Gilberto, Anil K. Makhija, and Dan Zhang, 2020, "One-Dollar CEOs," *Academy of Management Proceedings*, vol. 2019, No. 1.

"Family-owners that are employed in family firms are paid more than their peers""

Kustec, Irena, 2020, "Three Essays on Family Firms," Doctoral Dissertation, BI Norwegian Business School.

"External financing shocks have real effects and are transmitted through firms with low cash holdings"

Ostergaard, Charlotte, Amir Sasson, and Bent E. Sørensen, "The Marginal Value of Cash, Cash Flow Sensitivities, and Bank-Finance Shocks in Nonlisted Firms," *International Journal of Banking, Accounting, and Finance*, vol. 11, pp. 35—70.

Conference and Seminar Presentations

Members of the CCGR presented their research on corporate governance at the following academic conferences and seminars:

Conference presentations

"SMEs, Families and Capital Markets," <i>ECGI and Stockholm School of Economics in Riga, Latvia</i>	Janis Berzins
"Styrets Ansvar og Bærekraftig Corporate Governance," <i>BI Norwegian Business School, Norway</i>	Øyvind Norli
Nordic Young Scholars Virtual Seminar, <i>Nordic Finance Network and Norwegian School of Economics</i>	Adam Winegar
Frokostseminar om statsbudsjettet, <i>Universitetet i Oslo, Norway</i>	Øyvind Bøhren
Southern Finance Association Annual Meetings	Goshia Ryduchowska
Western Finance Association Annual Meetings	Bogdan Stacescu
Finance Down Under, <i>University of Melbourne, Australia</i>	Janis Berzins
The 18th Paris December Finance Meeting, <i>European Financial Data Institute and ESSEC Business School, France</i>	Janis Berzins

Invited seminar presentations

University of Venice, Venice, Italy	Salvatore Miglietta
Essex Finance Centre, Essex, U.K.	Charlotte Ostergaard
Oslo Metropolitan University, Oslo, Norway	Janis Berzins
Hong Kong University of Science and Technology, Hong Kong, Hong Kong.	Janis Berzins

Other

American Economic Association Meetings (poster session)	Janis Berzins
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Conference Discussions

Members of the CCGR served as discussants at the following academic conferences:

Academic conferences

Nordic Finance Network PhD Workshop, <i>BI Norwegian Business School, Oslo, Norway</i>	Charlotte Ostergaard Adam Winegar
"SMEs, Families and Capital Markets," <i>Stockholm School of Economics Riga, Latvia</i>	Bogdan Stacescu
Southern Finance Association Annual Meetings, <i>University of Central Florida, USA</i>	Goshia Ryduchowska
The 18th Paris December Finance Meeting, <i>European Financial Data Institute and ESSEC Business School, France</i>	Janis Berzins

The CCGR members

The BI team



CHARLOTTE ØSTERGAARD

Professor

Department of Finance
+4746410520
charlotte.ostergaard@bi.no



JANIS BERZINS

Associate Professor

Department of Finance
+4746410592
janis.berzins@bi.no



SAMULI KNÜPFER

NFI Professor of Finance

Department of Finance
+4746410574
samuli.knupfer@bi.no



SALVATORE MIGLIETTA

Associate Professor

Department of Finance
+4746410657
salvatore.miglietta@bi.no



ØYVIND NORLI

Dean PHD

Research and Academic
Resources Staff
Department of Finance
+4746410514
oyvind.norli@bi.no



AMIR SASSON

Provost

Innovation and
Outreach
Department of Strategy
and Entrepreneurship
+4746410621
amir.sasson@bi.no



LEON BOGDAN STĂNESCU

Associate Professor

Department of Finance
+4746410519
bogdan.stancescu@bi.no



SIV STAUBO

Teaching Professor

Department of Finance
+4746410518
siv.j.staubo@bi.no



ADAM WALTER WINEGAR

Assistant Professor

Department of Finance
+4746410365
adam.w.winegar@bi.no



STEFAN WORM

Associate Professor

Department of
Marketing
+4746410146
stefan.worm@bi.no



MALGORZATA RYDUCHOWSKA

Assistant Professor

Department of Finance
malgorzata.ryduchowska@bi.no

Research Associates



ØYVIND BÖHREN

Professor Emeritus

Department of Finance
+4746410503
oyvind.bohren@bi.no



IRENA KUSTEC

Associate professor

Nord University
irena.kustec@nord.no



DANIELLE ZHANG

Associate Professor

Department of Finance
OsloMet
Danielle.Zhang@oslomet.no

PhD Candidates



HIMAL GAUTAM

PhD Candidate

Department of Finance

himal.gautam@bi.no



**KATSIARYNA
SHAULIUHA**

PhD Candidate

Department of Finance

+4746410846

katsiaryna.shauliuha@bi.no

Centre for Corporate Governance Research

BI Norwegian Business School
Nydalsveien 37
N-0442 OSLO
Norway

www.bi.edu/ccgr



Norwegian
Business School