

Date of the event:

On Tuesday 12th January 2010
From 01:00 pm to 2:00pm

Location:

Luxembourg School of Finance
University of Luxembourg
4 Rue Albert Borschette
2nd Floor
Modigliani Miller Auditorium (E02-003)
L-1246 Luxembourg

Registrations:

- Free seminar (with lunch included)
- Registrations by email before January 11th 2010
- At the following address : lsf-events@uni.lu

Information:

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Tel : +352 46 66 44 6335

<http://www.lsf.lu/eng/Research/Seminars-and-Conferences/Seminars-Workshops>



The LSF is pleased to invite you to the following
lunch seminar:

Corporate Governance, Finance and the Real Sector

By Professor Paolo Fulghieri

*University of North-Carolina
USA*



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Corporate Governance, Finance and the Real Sector

By Paolo Fulghieri

The **Luxembourg School of Finance**

Is pleased to invite you to the

LSF Seminar

This paper presents a theory of the linkages between corporate governance, corporate finance and the real sector of an economy. We examine a model of industry equilibrium with endogenous entry. We show that poor corporate governance and low investor protection generates less competitive economies, populated by firms with more concentrated ownership structures and greater leverage. The quality of the corporate governance system can also affect an economy's industry structure: better corporate governance promotes the development of sectors more exposed to moral hazard, such as the high-technology industry. We also show that entrepreneurs may have a preference for "extreme" corporate governance systems, where the quality of corporate governance and the level of investor protection are either very high or very low. This suggests that entrepreneurs operating in economies endowed with a corporate governance system of low quality may have little or no incentive to seek (or to lobby for) an improvement of the governance system of their economy. Our stylized model generates predictions that are consistent with several observed empirical regularities.