

**Date of the event:**

On Tuesday 12<sup>th</sup> January 2010  
From 01:00 pm to 2:00pm

**Location:**

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

**Registrations:**

- Free seminar (with lunch included)
- Registrations by email before January 11<sup>th</sup> 2010
- At the following address : [events-lsf@uni.lu](mailto:events-lsf@uni.lu)

**Information:**

Ms Caroline Herfroy  
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*



**Tuesday 12<sup>th</sup> January 2010  
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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.