

Department of Accountancy and Law

MSc in Corporate Governance and Directorship Programme

Centre for Corporate Governance and Financial Policy

## Corporate Governance Forum No. 33

**ALL ARE WELCOME**

**Date & Time:** 28 May 2015 Thursday, 6:00 to 7:45 p.m.  
**Venue:** Room 602, The Wing Lung Bank Building for Business Studies  
Shaw Campus, HKBU, 34 Renfrew Road, Kowloon Tong  
**Convener:** Dr. Davy Wu  
**Language:** English

### Speakers and Topics

6:00 ~ 6:50 p.m.

*Does Reputational Risk Limit Opportunistic Behavior in the Venture Capital Industry?*

**Professor Katherine V Litvak, School of Law; Kellogg School of Management, Northwestern University, USA**

In this seminar Professor Litvak will provide the first systematic analysis of the role of reputation in limiting opportunistic behavior by venture capitalists ('VC') towards four types of counterparties: entrepreneurs, investors, other VCs, and buyers of VC-backed startups. Using a hand-collected database of lawsuits, she documents that more reputable VCs namely those which are more established or older; have more deals and more funds under management; as well as syndicate with larger networks of VCs are less likely to be sued. Professor Litvak finds that litigated VCs suffer declines in future business relative to carefully selected peers. These negative effects are stronger for more reputable VCs, and when VCs are defendants to multiple lawsuits or sued by entrepreneurs. These results suggest that reputational mechanisms help deter VC opportunism.



6:50 ~ 7:45 p.m.

*What Matters – and for Which Firms – for Corporate Governance in Emerging Markets?*

**Professor Bernard S Black, School of Law; Kellogg School of Management, Northwestern University, USA; European Corporate Governance Institute**

A central issue in corporate governance research is the extent to which 'good' governance practices are universal (one size mostly fits all) or does this instead depend on the particular characteristics of the country and the firm. In this seminar Professor Black will report on evidence that supports the second view by first conducting a case study of Brazil - in which he surveys Brazilian firms' governance practices - to construct a corporate governance index. His results show that the characteristics of the firms matter: governance predicts market value for non-manufacturing (but not manufacturing) firms; small (but not large) firms; and high-growth (but not low-growth) firms. He then extends prior studies of India, Korea, Russia and Turkey – and compares these countries with Brazil – to assess which aspects of governance matter in which countries, and for which types of firms. The 'multi-country' results suggest that country characteristics strongly influence both which aspects of governance predict firm market value, and at which firms that association is found. Collectively these findings support a flexible approach to governance, with ample room for firm choice.



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#### Acknowledgement