DR. CHRISTIAN ANDRES

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EDUCATION

University of Bonn, Germany — Jan. 2004-Oct 2007
Ph.D. Studies in Finance, (Adviser Erik Theissen)
Dissertation: "Corporate Governance in Germany - An Empirical Examination of Ownership Structures, Payout Policy and Disclosure Regulation"
Grade: summa cum laude

University of Florida, Gainesville, FL, USA — Jan. 2007-May 2007
Visiting Scholar

University of Sheffield Management School, UK — Oct. 2006-Nov 2006
Visiting Scholar

University of Bonn, Germany — Oct. 1997-May 2003
Diplom Volkswirt (equiv. to Master in Economics)
Grade: 1.9 (range from 1.0 (excellent) to 5.0 (failed))

Monash University, Melbourne, Australia — Jan. 2000-Dec. 2000
Exchange Student, finance focus

ACADEMIC TEACHING EXPERIENCE

University of Bonn, Germany — Oct. 2007-Present
Lecturer

University of Bonn, Germany — Apr. 2004-Oct 2007
Adviser for students' Diploma theses

Academy of Public Administration (VWA) Bonn, Germany — May 2007-July 2007
Instructor, Investment Theory

University of Bonn, Germany — Apr. 1999-July 2001
Teaching Assistant, Organisation and Decision Theory

PROFESSIONAL EXPERIENCE

Sozietät HKF, Bonn (Tax Consultants and Lawyers) — Jan. 2001-Jan. 2005
Tax/Audit Assistant
Preparation & review of corporation tax computations, tax consulting for corporations & individuals, statutory & special audits on limited companies, trusts & clubs

OSCAR GmbH, Cologne — Aug. 2001-Nov. 2001
Management Consulting Intern
Analysis and optimisation of internal interfaces on behalf of BT Ignite Germany GmbH (subsidiary of British Telecommunications plc)

CONFERENCE PRESENTATIONS

EGCI Symposium on Contractual Corporate Governance, Sheffield, UK — June 2007

German Finance Association (DGF), Oestrich-Winkel, Germany — Oct. 2006

European Finance Association (EFA), Zurich, Switzerland — Aug. 2006

European Financial Management Association (EFMA), Madrid, Spain — June 2006

WORKING PAPERS

Family Ownership as the Optimal Organizational Structure?

Job Market Paper

Using panel data on 275 German exchange-listed companies I examine the relationship between founding-family ownership and firm performance. My results show that family firms are not only more profitable than widely held firms but also outperform companies with other types of blockholders. However, the performance of family businesses is only better in firms in which the founding-family is still active either in the executive or the supervisory board. These findings suggest that family ownership induces incentives that can help to reduce agency conflicts. Families thus seem to successfully balance the two agency problems that minority shareholders are exposed to (owner-manager conflicts on the one hand and minority shareholder expropriation by a controlling shareholder on the other hand). In addition, the results indicate that other blockholders either affect firm performance adversely or have no detectable influence on performance measures.

Family Ownership, Financing Constraints and Investment Decisions

This paper provides an empirical answer to the question of how the unique incentives of founding families influence investment decisions. Contrary to theoretical considerations, the results indicate that family firms are not more susceptible to external financing constraints. When compared to companies matched by size and dividend payout ratio, the investment outlays of family firms are consistently less sensitive to internal cash flows. Family businesses are more responsive to their investment opportunities and seem to invest irrespective of cash flow availability. These findings suggest that founding family ownership is associated with lower agency costs and can help to diminish information asymmetries with external suppliers of finance.

Setting a Fox to Keep the Geese - Does the Comply-or-Explain Principle Work?
(with E. Theissen)

Revise and Resubmit Journal of Corporate Finance

The German Corporate Governance Code works according to the comply-or-explain principle. One of its requirements is to publish the remuneration of the members of the executive board on an individual basis. The number of firms complying with this requirement was very small. Therefore, a new law was passed that mandates disclosure in the future. We empirically analyze this failure of self-regulation and the subsequent legal provision. Examining the characteristics of firms that complied with the old requirement, we find that firms that were included in the DAX or MDAX index (i.e. the largest 80 public German companies) or listed on the New York Stock Exchange were more likely to comply with the code. On the other hand, firms with higher average board remuneration were less likely to comply. We also document a non-monotonic relation between ownership concentration and the probability of compliance that is consistent with standard corporate governance arguments. Furthermore, loopholes in the new legislation are exploited by companies with comparatively high levels of executive remuneration and a dominant shareholder.

Dividend Policy of German Firms – A Panel Data Analysis of Partial Adjustment Models
(with A. Betzer, M. Goergen and L. Renneboog)

Revise and Resubmit Journal of Empirical Finance

German firms pay out a lower proportion of their cash flows, but a higher proportion of their published profits than UK and US firms. We estimate partial adjustment models and report two major findings. First, German firms base their dividend decisions on cash flows rather than published earnings as (i) published earnings do not correctly reflect performance because German firms retain parts of their earnings to build up legal reserves, (ii) German accounting is conservative, (iii) published earnings are subject to more smoothing than cash flows. Second, to the opposite of UK and US firms, German firms pursue a less sticky dividend policy as they are willing to cut the dividend when profitability is temporarily down.

Economic Consequences of Private Equity Investments on the German Stock Market (with A.K. Achleitner, A. Betzer and C. Weir)

This paper investigates the wealth effects of private equity (PE) investor purchases of shares in German quoted companies. It is the first study to analyze these effects for the German market which is particularly interesting due to its distinct characteristics with regard to the ownership structure of publicly listed companies and the protection of minority shareholders. We find that PE investors generate positive wealth effects for target shareholders of 5.66% around the event day (t-1 to t0). In addition, we find that the wealth effects of PE investor involvement in Germany are positively related to the target's tax liabilities and degree of undervaluation and negatively related to the target's leverage and the shareholding of the second largest ownership block. The latter effect can be interpreted as a supplementary monitoring effect of the management or a monitoring effect of the largest shareholder through which private benefits of control are reduced. We find no evidence that PE investors adversely affect employment or wages in target companies.

Publications in Refereed Journals

Shareholder Wealth Gains Trough Better Corporate Governance - The Case of European LBO-Transactions (with A. Betzer and C. Weir), **Financial Markets and Portfolio Management** 21, 4/2007, 403-424.

Eine empirische Untersuchung der individualisierten Veröffentlichung der Vorstandsvergütung (An Empirical Examination of the Disclosure of Individual Management Remuneration in Germany) (with E. Theissen), **Die Betriebswirtschaft** 67, 2/2007, 167-179.

Additional Information

Citizenship: German

Languages: German (Native), English (Fluent), French (Basic)

Computer skills: MS Windows 9x / NT / 2000 / XP, IBM OS/2, Microsoft Office 2003, Stata

References

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