



CEFS Newsletter Quarter 3/2013

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Dear **\$\$academic title\$\$** **\$\$first name\$\$**
\$\$last name\$\$,

in this issue of our newsletter you will find news, information on a selection of current CEFS projects, publications, conference contributions, CEFS member news as well as a variety of announcements. For additional information, please visit our website at <http://www.cefs.de> or contact us at contact@cefs.de.

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NEWS:

→ Paper presented at two International Conferences, Tokyo and Melbourne

Matthias Hanauer from the Department of Financial Management and Capital Markets presented his paper "Japan is Not Different: Evidence on Conditional Momentum" at the Japanese Financial Markets Conference on July 3, 2013 in Tokyo, Japan and at the 21st Annual Conference on Pacific Basin Finance, Economics, Accounting, and Management that took place on July 4-5, 2013 in Melbourne, Australia.

Matthias Hanauer observes in his paper for the Japanese market that momentum returns are significantly higher when the market stays in the same condition than when it transitions to the other state. Therefore he concludes that momentum strategies, when studied depending on different market dynamics, cannot be seen as a failure in Japan anymore.



→ Paper presented at Technology, Innovation and Entrepreneurship Conference, St. Gallen

The paper "The Capital Gains Tax: A Curse but also a Blessing for Venture Capital Investment" by Ann-Kristin Achleitner, Carolin Bock and Martin Watzinger was presented at this year's TIE Tagung. The selective conference is organized by the Commission of Technology, Innovation and Entrepreneurship (TIE) of the VHB (German Academic Association for Business Research). It took place in St. Gallen, Switzerland from September 25 until September 27, 2013.

In their empirical paper, the authors document a statistical association between the number and success of venture capital investments and the capital gains tax rate. It is found that higher capital gains taxes are associated with fewer firms financed. Interestingly, if the first investment is received when taxes are high, the probability of a firm eventually being acquired or going public increases.

→ Paper presented at the Journal of Corporate Finance Special Issue Conference on

Family Firm Governance, Beijing

Imke Kappes, Thomas Schmidt and Sarah Volk presented their paper "Why is Leverage of Private Firms and Public Firms Different? - Lessons from Family Firms" at the Journal of Corporate Finance Special Issue Conference on Family Firm Governance in Beijing on June 28, 2013. The conference program can be found [here](#).

→ Papers presented at the 20th Annual Meeting of the German Finance Association (DGF), Wuppertal

The paper "The Value of Financial Flexibility and Corporate Financial Policy" by Marc Steffen Rapp, Thomas Schmid, and Daniel Urban was presented at the 20th Annual Meeting of the German Finance Association (DGF), which took place on September 27-28, 2013, in Wuppertal, Germany. In their paper, the authors provide a novel measure for firm's value of financial flexibility, which is in contrast to previous literature market-based, forward-looking, and not directly influenced by past financial decisions. They also find that firms attributing a high value to financial flexibility have lower dividend payouts and prefer share repurchases to dividends. Moreover, these firms exhibit lower leverage ratios, but higher cash holdings.



In addition, the paper "Pricing in Private Equity Club Deals" by Ingo Stoff was presented. The paper analyzes the effect of joint bidding on pricing in private equity deals. The results show that joint bidding in clubs of at least two general partners increases deal pricing for small club deals by 9.0% compared to small single sponsor deals. In contrast, large club deals are priced 10.7% lower in comparison to large single sponsor deals. This pricing discount potentially suggests industrywide collusion and is thus especially relevant for policy makers and regulators.

→ Papers accepted for presentation at yearly entrepreneurship conference G-Forum, Koblenz

The paper "Financing Technology Ventures since the Financial Crisis" by Ann-Kristin Achleitner, Reiner Braun, Georg Metzger and Maximilian Schmidt as well as the paper "The Role of Financial Slack in Family Firms" by Eva Lutz and Mareike Besecke will be presented at the yearly entrepreneurship conference G-Forum. The conference will take place in Koblenz on November 6-8, 2013.

PUBLICATIONS:

→ Paper accepted for publication in "Research Policy"

The paper "Family firms and R&D behavior - New evidence from a large-scale survey" by Thomas Schmid, Ann-Kristin Achleitner, Markus Ampenberger and Christoph Kaserer was accepted for publication in the "Research Policy" journal.

The paper analyzes how founders and their families influence R&D intensity. Information on R&D comes from a large-scale, bi-annual survey among listed German firms. The authors find that R&D intensity is higher in firms that are actively managed by the family. The impact of family control (via voting rights) is negative, but mostly not significant. While this negative family control effect is in line with hitherto existing literature, the positive impact of family management is surprising. Indeed, this positive effect disappears if they follow previous research and use R&D information from financial statements. The authors show that this puzzling result is related to corporate opacity.



→ Paper accepted for publication in **European Accounting Review**

The paper "Real Earnings Management and Accrual-based Earnings Management in Family Firms" by Ann-Kristin Achleitner, Nina Günther, Christoph Kaserer and Gianfranco Siciliano was accepted for publication by the European Accounting Review - Special Issue: Accounting and Reporting in Family Firms.

EUROPEAN
ACCOUNTING
REVIEW

→ Paper published in "**Corporate Governance: An International Review**"

The paper "The Effect of Family Governance on Corporate Time Horizons" by Imke Kappes and Thomas Schmid was accepted for publication in "Corporate Governance: An International Review". This paper empirically tests the effect of family governance on intertemporal choice. It provides evidence that firms actively managed by their founders and/ or their families are significantly more long-term oriented than the control group. The findings also show that these firms persist in maintaining a long-term approach in cases in which pressure on short-term results is high.

Corporate Governance
An International Review

AWARDS AND SCHOLARSHIPS:

→ **CEFS Member wins "BAI Wissenschaftspreis"**



Mario Fischer is the winner of this year's „BAI Wissenschaftspreis“ with his thesis on the performance of hedge funds. This prize is awarded by the federal association for alternative investments and includes a prize money of EUR 2,500. The thesis was a joint project with MEAG and supervised by Matthias Hanauer. Some of the main results are published in CORPORATE FINANCE biz (5/2013).

More on his thesis can be found [here](#) (in German).

→ Students of the Chair in Entrepreneurial Finance awarded with Deloitte Scholarship

This year, the two students Bendeguz Gati and Anastasia Grass of the Chair in Entrepreneurial Finance, Prof. Dr. Dr. Ann-Kristin Achleitner, were awarded the "Deloitte-Stipendium". This scholarship is awarded for students of outstanding academic achievements and social responsibility. The scholars are financially supported during the 12 month internship and receive several trainings and network events. The Chair in Entrepreneurial Finance is one of 28 Chairs in Germany which work as partners for granting the scholarship.

More information on the scholarship can be found [here](#) (in German).



FUTURE EVENTS:

→ Innovative Unternehmer: Dr. Jörg Zeuner, Chief Economist of KfW Bankengruppe, will speak at TUM

We are proud to announce that Dr. Jörg Zeuner will speak at TUM in the lecture series Innovative Unternehmer. Dr. Jörg Zeuner is Chief Economist of KfW Bankengruppe since September 2012. The speech will take place on November 14, 2013 (TUM Main Campus, Room 1100, 5.30 to 9.15 pm).



CEFS MEMBER NEWS:

→ We congratulate Svenja Jarchow on the completion of her dissertation

Svenja's work at the Center for Entrepreneurial and Financial Studies (CEFS) focused on the financing of the German biotechnology industry through venture capital and strategic alliances and the impact of these financial instruments on the companies' development.

Svenja is currently working on further projects at CEFS.



→ CEFS welcomes Anna Gerl

The Chair in Entrepreneurial Finance, supported by KfW Bankengruppe, welcomes Anna Gerl as a new research assistant. Anna joined the team on August 1st, 2013. Her research focuses on venture capital markets.

Anna studied business administration with a focus on finance and accounting at the University of Regensburg and graduated with a Master of Science in 2013. As part of her studies, she spent one semester abroad at the City University of Hong Kong, China. She also gained valuable work experience during internships at Deutsche Bank AG, BMW Oxford, Continental AG, Kronos AG and BMW AG.



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Impressum

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