

Interview

An Interview with 2023 AIB John Fayerweather Eminent Scholar Franklin Allen

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Franklin Allen was selected as the 2023 John Fayerweather Eminent Scholar of the Year by the Academy of International Business (AIB) Fellows. In this interview, he discusses with AIB Fellow Shaker Zahra major issues related to corporate finance and governance in the context of international business, including issues related to his work in comparative financial systems and development across developed and emerging markets such as the U.S., Europe, China, India and Sub-Saharan Africa. He also discusses the potential impact of digital currencies and climate change, along with providing advice to scholars regarding important elements in selecting research topics.

INTRODUCTION

Franklin Allen was selected as the 2023 John Fayerweather Eminent Scholar of the Year by the Fellows of the Academy of International Business (AIB) Fellows. Dr. Allen is Professor of Finance and Economics and Executive Director of the Brevan Howard Centre at Imperial College London, UK after previously serving as a chaired professor at the Wharton School of the University of Pennsylvania and Co-Director of the Wharton Financial Institutions Center. He is globally famous for his work in corporate finance, financial intermediaries and institutions, and finance for development, with his work having won numerous awards and being cited over 90,000 times on Google Scholar. In the interview excerpts that follow below, Dr. Allen discusses with AIB Fellow Shaker Zahra major issues related to corporate finance and governance in the context of international business, including issues related to his work in comparative financial systems and development across developed and emerging markets such as the U.S., Europe, China, India and Sub-Saharan Africa. He also discusses the potential impact of digital currencies and climate change, along with providing advice to scholars regarding important elements in selecting research topics.

Interviewer: Shaker Zahra [SZ], University of Minnesota, USA

Interviewee: Franklin Allen [FA], Imperial College London, UK

CORPORATE FINANCE AND GOVERNANCE AND INTERNATIONAL BUSINESS

[SZ]: Professor Allen, it's really a great pleasure. Let's just start with the first question. You have done a lot of work on corporate finance and governance. How does it

involve, do you think, IB practices, especially in terms of multinational companies working in different legal jurisdictions?

[FA]: I think it's a very important issue. One of the things I was interested in, together with my coauthor Douglas Gale, was comparative financial systems. And one of the issues there is that there are significant differences in corporate governance across the world. And for international businesses, for multinational corporations, there's an issue. Where do you want to be listed? Where do you want to have your articles of incorporation? And so on. And those are really important questions that affect the way that competition takes place.

One of the big debates in the last couple of decades, particularly in the management literature, has been this stakeholder versus shareholder view of the corporation. And I think it's changed in the U.S. in the last few years. But before that, it was very much a shareholder-oriented society. And companies that were listed and incorporated there had that view. Which in contrast, if you went to the other extreme, in Germany and in Europe, there is a different type of view about what you should be doing as a corporation, and how you should be governed, and what the rules are, and so on.

I think an interesting example, which is related to this change, is Shell. Shell was dual-listed for many years, and dual-located in the U.K. and in the Netherlands. And then they switched to the Netherlands, and recently there was this court case, which was that they needed to reduce their emissions, and the Dutch courts imposed quite strong restrictions in that regard. And then I guess recently they moved back to the U.K. to be primarily listed in London, and their headquarters is there. And I think these kinds of issues are very important as to what the reach is of the law, and so on. Where the financial center of a multinational

corporation is, is a really important question. It's not something that we have done much about in finance that I know about, but in international business there may be a literature on this which I'm unaware of.

[SZ]: There is some in international management and corporate governance and in many studies of strategic management, but not as much. When you think about corporate governance in particular for multinational companies, what will be the three or four key challenges today based on the work you have done?

[FA]: I think that the first key challenge is what your orientation is. Are you a pure shareholder-oriented firm? Are you stakeholder-oriented? And then the next possibility is not just stakeholders, but to include everybody. I guess you could think of society as being a stakeholder as well. That's a big challenge for multinational corporations. And if you look at the oil companies, it's very interesting how different they are with regard to how to deal with climate change. By and large, companies like ExxonMobil, Chevron, traditionally don't view themselves as changing that much. ExxonMobil has moved towards having policies which have carbon capture and so on at their core so that they can use fossil fuels, but not damage the climate because they're taking out the carbon, the CO₂. That's very different than Shell and BP, for example, and Total, which have much more, we're going to get out of fossil fuels and we're going to change to renewables and so on. Although that's still a tiny proportion of what they do. The more extreme example is Saudi Aramco. Saudi Aramco's view is that they're going to be the cheapest cost producer. And they're going to be the last oil company standing. And their intention, according, I think, to one of the ministers or one of the people in the company management was that they're going to take every single barrel out. And that's a big issue of how these different multinationals, because they all are very international, are going to deal with things.

[SZ]: But thinking about corporate governance and since you mentioned Saudi Aramco, one of the advantages that they have is the country is diversifying their economic base. That gives them a cushion. They are not subject to the activism that you see in the U.K. or throughout the EU or even in the United States. It gives them a little bit of a buffer in many ways.

[FA]: It's an interesting case. One of the issues at our university is how much interaction we should have with companies that don't have a net zero policy, for example. This activism is a very international trend.

FINANCIAL INNOVATIONS

[SZ]: And institutional investors in particular have been very active. And of course, there are different interest groups. Your work also dealt quite a bit with financial innovations. In fact, that was one of the key themes. What would be two or three takeaways from your work

for somebody who is in international business who has not even read your work? What would be your kind of knowledge or wisdom about the topic?

[FA]: Much of the discussion of finance is based on just debt, straight debt and straight equity. But there's a huge number of things that one can do with financial innovation that can change the world and improve things. And climate change and sustainability-linked bonds is a very interesting example of that. You can control what the firm does by giving the right incentives. And the financing methods are very important in providing incentives to firms. Corporate governance is one aspect, but you can also actually just provide straight incentives by issuing different kinds of bonds.

[SZ]: Absolutely. Again, as I was reading your work, one of the things that you talk about is risk and what it means in terms of financial incentives. As I was thinking about this, you cannot escape the Russian-Ukrainian war or conflict, whatever label you want. With many multinational companies exiting Russia or temporarily suspending their operations, what does your work say about that? I know that you did not specifically study this, but what are the implications in terms of managing risk in a volatile environment?

[FA]: It's a very interesting example with Ukraine and Russia. And companies are not only interested because of Russia and Ukraine, but of course, in China, this is a huge issue. I think one of the interesting questions is what do you do about subsidiaries? Do you have a subsidiary in each country that you deal with? Or do you have effectively not subsidiaries, but branches of the company? And I think if you had a subsidiary in Russia, it's presumably much easier to divest than if you had a whole set of operations that you directly own. I think that's a very important issue which multinational corporations need to think about. You've got not only the sort of classic kinds of issues about should we finance, which currency should we finance? How do we manage risk? Should we balance exposures in terms of costs and revenues by building plants in different parts of the world? But now you've got this added risk of at some point we may need to get out. And what's the best way of doing that? Is it to have a subsidiary which is separately listed in the country so that we can effectively just pull back and leave it there? And it's interesting because I think probably, we need to go back to the Second World War or certain situations where there were these sudden cessations of trade and what happened in those cases. The Cold War was a bit different because it grew over time and then developed and then separated. But if you have these sudden changes, there are a lot of lessons to be learned.

[SZ]: Well, two things come to mind. One is you find, talking about financial innovation, all of the new currency and all of those things. I don't know how this would affect multinational companies, the emergence of digital currency and these other currencies. And the other trend that I see in the literature, and in the

United States, politicians are becoming more and more interested, is the attempt to move away from the dollar as the currency. And there are different reasons why this might happen. I don't know how this would affect thinking about what the multinational company is likely to do in terms of building their operations, expanding them and maintaining their global presence.

[FA]: This is a really important issue. One of the things that the Americans have done quite successfully for many years now is to use the dollar as a strategic tool. I guess the classic example is when they fined BNP Paribas \$9 billion for operations or sanctions busting effectively, I think it was, in Iran. And of course, now they're trying to do the same thing with Russia, and there are many areas, many parts of the world where US sanctions have involved cutting off dollar supplies to banks and so on. And for an international bank in particular, if you are cut off from the dollar market, that's it really, if you're based in most of the world. But one of the interesting developments recently, which is something I've been working on a little bit and will work on more, is this whole issue of central bank digital currencies (CBDC) and the fact that the leading country in developing that is China. China actually has a CBDC up and running at pilot form at some scale.

I think it has the potential to go cross border. And, of course, the Chinese banks, by and large, are fairly domestic oriented. They do have international operations, but they're nothing like JP Morgan or Citibank, HSBC and so on. But there is this potential that you can do cross-border currency or cross-border transactions very easily with CBDCs. And this will give China an edge in becoming an international currency. So there have been moves to start using it to denominate trade, to use it as a reserve currency. It's not used in those terms very much, but as an example, I think a lot of the trade that Russia and China do is now in RMB. And that kind of thing is growing. The dollar will remain the main reserve currency for some time, I think, but it's going to be challenged more and more. And that will change the world, and particularly the way many international businesses do things, because a lot of things are priced in dollars, a lot of financing is in dollars, and so on.

[SZ]: Well, a lot of countries, including Brazil, China. There are several others that are trying to kind of gang up together, if you will, because they're really worried about what if the Americans use the dollar as a weapon? And they have seen it done again and again with Iran and with Russia and several other circumstances. And India has been also considering this. And the Secretary of Treasury in the United States talked about this. She said the movement is on, but it will be a while before that will change.

[FA]: It took the pound a long time to secede to the dollar, even though in World War I it was fairly abrupt, the start. But then in World War II this continued, and gradually sterling became less and less important, having been dominant. Pre-1914 sterling was by far the most important cur-

rency. These things take time. But I think over time, the dollar will become less important.

[SZ]: Today you talked a lot about climate change, and that's a really important topic in IB. And the financial part of managing or dealing with climate change is visually salient because we really don't discuss it. Everybody says, "we should—", "we should do this—", "multinational companies should do that—". But the financial implications and strategies these companies should use are not well understood. What would be a key takeaway from your work in terms of thinking about research in this area that connects finance and climate change? Because I think that's really an area that's going to grow. We have a lot of people talking about climate change from an organization's perspective, strategic perspective, managing grand challenges. But the finance piece is missing.

[FA]: That's right. This is something that's very under discussed, at least according to my knowledge. And it's really important because if you look in the capital markets around the world, there are very different views about ESG investing. But whether a company should now start seriously thinking about should I issue securities in Europe rather than the U.S. or in Japan rather than the U.S. or China, this is going to be a really important decision. And it's very different from the usual kind of currency things. It's more about where are people actually willing to provide the finance to undertake these projects. These numbers are huge, trillions and trillions of dollars. And it's going to be very important.

[SZ]: What do you think accounts for those differences in terms of capital markets? I know there's quite a bit of study of that. But in this particular case, capital markets react quite differently. How do you account for those differences?

[FA]: I think it sort of goes back to politics, essentially. In Europe, there is wide agreement. It's not as uniform as I think it used to be a few years ago when everybody agreed we've got to do something about this. But then, people weren't aware of the costs and how it's going to affect their everyday lives. Now there are tensions about those things. But in the U.S., it's really different. You can't really discuss it with many people because the differences are so great. The financial sector was very ESG-oriented. And then this pushback with Trump and the Republicans. And now it's sort of bifurcated, that you've got a group that mustn't touch that because otherwise they wouldn't get business from public pension funds in red states. And then in the blue states, you have to do that to get money. They're losing their economies of scale in the U.S. because of this difference in views, which I don't think exists in Europe as much. It's more an issue about degree and timing and so on.

Asia is also moving in that direction. China does worry about climate change, but of course, the government has so much effect. And although you've got things like nuclear

power stations being built and all those kinds of things, you've still got coal fired power stations being built. There it is a bit more complicated. But those capital markets are going to develop. They're becoming more and more important globally. And we'll see which direction China goes in terms of how climate conscious it gets. And then there are countries like India, which take a strong position on climate justice that it's you developed countries, it's your fault. You've got to deal with it. How will their capital markets react? It's difficult to say because many countries are developing more and more sophisticated capital markets. We'll see how it develops.

[SZ]: These capital markets are in many ways connected. This is more and more digital technology. Information moves really fast. People are observing what's happening in Delhi versus Beijing versus New York. New York is not the capital of the United States. Sometimes it feels like it.

[FA]: It's a financial capital.

[SZ]: And if you're from New York, you're in a very different country. What role does digital technology play in that? Other than just keeping people informed and expediting the development. Would one assume that it will kind of diffuse common norms across the globe? Or is that not happening?

[FA]: I think this gets back to our discussion a few minutes ago on the dollar. That kind of global finance. And then you've got that Russia is now a separate zone. China is somewhere in between, but it's doing both. But one could foresee a world where there are two systems that aren't linked very much. This gets down to the Americans and Chinese and where they're going to end up in terms of decoupling. At the moment, it's difficult to see them doing that. And also with the Europeans, Europeans are even more involved in China. With Volkswagen, Mercedes and BMW. So, we'll see how all that plays out. We may end up with these bifurcated financial worlds in the way we had during the Cold War.

[SZ]: We have a Doctor of Business Administration (DBA) program in my school. I work with a lot of students from that program. And many of them are very successful entrepreneurs. And some are active in new climate change-related technologies. And they're active around the globe, like Africa in particular, underdeveloped markets. And they're expanding their operations successfully, at least based on the case studies they share with me. It's a really amazing rate of growth in multiple technologies. And of course, capital markets in advanced countries don't always support the development of these technologies because they assess risk as being higher. I just wonder if this gives China an advantage, at least in the short term, of being able to work more closely with some of those emerging and developing markets more successfully.

[FA]: This is an issue that's playing out because China lent a lot of money on the Belt and Road project. And then there are a number of countries having problems paying that back. And whereas I think many of the emerging economies thought of China as friendly, but because they want debt restructure, and they want their money back, it's going to be interesting to see how that view changes. The international debt markets are very interesting at the moment.

[SZ]: I remember watching Prime Minister May when she was releasing this program made in the UK or in Britain, and the sign kept falling. And I remember seeing on the BBC this train going from London, apparently, supposed to go all the way to China. Is that working? You're talking about the Silk Road.

[FA]: I think not at the moment as it goes through Russia, but they ran several trains all the way from, I don't know whether it was Shanghai or it was farther, but you potentially can go from Shanghai to London on the railways.

[SZ]: I thought this was a very ingenious way of doing things.

[FA]: I think it's still the case that ships are just a lot more efficient than the railway. That's the problem with Ukraine exporting grain on trains. On trains, the capacities are much smaller than on a ship. That's why the Black Sea agreement was so important.

[SZ]: I saw on TV this morning that Turkey has been trying to use Turkish ships to carry Ukrainian grain or something like that. But again, that's the complicated world of multinational companies and the risk that you don't ever foresee.

SELECTING STUDY TOPICS

[SZ]: Thinking about your career, how did you choose the topics you chose to study? Because we have a lot of young people in the profession, and we do have a lot of professional workshops in AIB, in AOM, in SMS. And that's one of the questions. How did you decide what you do, and how did you switch from one place to another? I just wanted you to reflect on that.

[FA]: It's a very interesting question, because it is key. And if you do something early enough, it has a lot more impact than if you do something when there's 20 other papers. I was trained as an economist and did my doctorate at Oxford. When I think of my papers and my thesis, I had one on sharecropping, one on income taxation, and one on inheritance taxation. What happened was that when I was on the job market, I didn't go on the job market formally, but Joe Stiglitz was one of my advisors. And he arranged for me to give a couple seminars. I gave one in Princeton, but then I gave one at Penn, at Wharton. And Sandy Grossman was there. And I gave the sharecropping paper, and then I ended

up in a finance department. I had a joint appointment initially, but then I realized it was not good to be split. Finance paid a lot more, so I went to finance. And then I started teaching it. When I started teaching, I had never studied it formally. Then I got interested. I read the corporate finance textbook and I thought, what do I find interesting? And so that was the start. Corporate finance was very interesting.

And then at that time, financial innovation was a very important thing. The world was changing a lot. This was sort of in the early 1980s. So I became very interested in that and worked on that. And then sort of related to that, Douglas Gale and I also became interested in different financial systems. It was so different in the U.S. than most of Europe, let alone Japan. We became very interested in comparing different financial systems and how they worked. And that, at the time, became important because then the EU started to think about monetary union and the euro and everything. Then I got very interested in China because we had a lot of Chinese students. So, the next stage was working a lot on China particularly with my former PhD student, Jun “QJ” Qian, and one of his students Meijun Qian, and this is still very much ongoing. And then the two things most recently have been fintech, which is again a sort of financial innovation. And then climate change is now something I spend a lot of time on.

I think a lot of it's where your surroundings are. It's interesting that Witold Henisz was telling me that at Wharton, he's the head of their sort of ESG, but nobody in the finance department is interested in climate finance. And I was thinking about that because at Imperial, it's a huge part of what we do. I think that four or five of us are really interested in it. I think it's the surroundings that you're in that are very important for how things develop. And then I worked a lot on development finance. Asli Demirgüç-Kunt at the World Bank ran the development group there in terms of research for many years. After we worked on China, she said, well, what you should do is, if you've done the successful country, what about the less successful countries, how about working on Africa? And then I went to talk to Lemma because Lemma and I had known each other a long time. And I said, we should work on this, because I knew he was very interested in Africa. So, I said, let's work on Africa, because that's very important. And then we got other people and put together a team. But the trouble with that was it was so difficult to publish it because people in finance, at least, are just not interested in Africa. More in India, and especially China, because so many of our students are Chinese. So, it's a whole blend of all these, where you are, what you think is important, and so on.

[SZ]: Well, I teach this global strategy course, and there is a part of the course that's regionally focused on Africa. But when you look into the finance, substitutes for traditional financing that are coming from Africa, using the iPhone, using those things, it's amazing how much innovation is happening. And the credit system does not exist. They created a credit system. It's just amazing.

[FA]: That's what our paper was about, it was about Equity Bank, which is this amazing bank.

Everybody knows about M-Pesa, but Equity Bank is in some ways more interesting because they started using computer technology, which they got grants to develop from the UK, from what was then the Department for International Development. And they started out as a very small bank that went bankrupt, and then they rebranded themselves. And they did it with cheap technology. At a time when Barclays and Standard Chartered and the big international banks were pulling out of rural areas, they went into them, and they ended up increasing the number of people with bank accounts by about 30% of the population in a few years. And they made a lot of money doing it.

[SZ]: Yes. When you switch, this is for my edification, and also because we talk to junior faculty and senior faculty who are kind of thinking about moving to new territory. When you switch from or move to a new area, how do you prepare for that? I mean, you're trained in a very particular way, and the skills and expertise you develop in an area does not always...

[FA]: No, I agree it doesn't translate.

[SZ]: What do you do to make that?

[FA]: I worked a lot with Douglas Gale, and that was a wonderful partnership. We wrote many papers. I don't know how many, maybe fifty papers and books. But then when I started working on China, it was with one of my Ph.D. students, QJ. And then when we worked on Africa, it was with Lemma. So, it was trying to get people who know something about the area that we're moving into, because otherwise, if you work in a country and you don't have somebody from that country, that's a huge risk.

[SZ]: Yes, absolutely. Moving beyond your current body of research, which is truly impressive, if you are to give advice to some of the junior faculty, the younger faculty. So, what would you recommend for them to do to build an impactful research program?

[FA]: I think it's good to work on things that you find interesting and you think are important. And they may not be important today. They may have been important historically. One of the things I worked a lot on was bubbles. And then initially it was interesting, but historically, because of things like the South Sea Bubble. The Charlie Kindleberger book is the classic thing. He was the first of these AIB eminent scholars. I think he was a wonderful person. And I just found bubbles fascinating. And then I spent a lot of time in Japan when the bubble there was bursting. And then in Europe and the US, this was regarded as very strange. But, of course, then we had the dot-com bubble in the U.S. And then we had the financial crisis with the run-up in real estate prices. That in some sense was lucky because I'd done a lot of work in these areas. But it was also that these were things that I thought were important historically and be-

came interested in. And we haven't talked much about financial stability, but I also got involved with that because one of my colleagues at Wharton was Gary Gorton, who worked a lot on the history of banks. And we just spent a lot of time talking about it. I was fascinated with it. And we didn't work together that much. We worked a bit on bubbles together and a few other things. But that's what got me interested in it was the history of things. My father was a historian. I think that sort of thinking about things that were important historically is an interesting way of thinking about the future too.

[SZ]: You taught in the United States for quite a bit. Now in other countries, especially the UK. Any differences, any similarities, any lessons to be learned about crossing borders from your teaching?

[FA]: There are lots of institutional details which are very different. I think American universities are wonderful. The teaching is very efficient in the U.S. And you don't realize that until you go to the U.K. They have all these regulations from the government about what you can and can't do. And then they have very different traditions. And it's just a nightmare. It's so inefficient compared to the U.S. And everybody who goes from the U.S. to the U.K. finds that, in my experience at least. But when you talk to people in the U.K. about it, this is the way it's done. And they just don't understand how inefficient it is. That's on the teaching side.

On the research side, one of the reasons I have spent time teaching in different countries and being in academics is different countries have different ways of thinking about things. And I think it's very important if we're going to have a global society. And I do think globalization is important, that we don't have a particular view of the world dominate. The Washington Consensus, I think, was a big mistake. And one of the reasons I went back to the U.K. was I think it's very important that not all the best universities in the world are in the U.S. I think that that's a very dangerous thing. I think it's important we have good universities in other places. And, unfortunately, in Europe, in continental Europe, they're not as good as they used to be a hundred years ago because they're so public financed that they just don't compete very well in terms of doing research. The U.K. is somewhere in between. We still have very good universities in the U.K. in terms of research. The research ethos is a little bit different, which is a good thing. I think it's important that everywhere in the world has good universities. They're really important for development, for going forward in terms of progress and so on.

[SZ]: You've gotten to this climate change. Are you going to stay with this for a while?

[FA]: I think so.

[SZ]: New frontier? What are you going to do?

[FA]: Well, I find too many things interesting.

[SZ]: Yes, I know. Me too.

[FA]: Yes, I think I'll work in climate change for a while. Because I think it's important that the people that I'm primarily working with are former PhD students. And the younger people are very interesting to work with. They have time, which is the one thing I don't have, which I'm sure you don't either. But I think it's an important area in the world at the moment. There's a lot of things to be done in terms of just working out how can we improve things in terms of climate change.

MERGERS AND ACQUISITIONS

[SZ]: Anything I have not asked you about and you want to [add]?

[FA]: I think we've covered pretty much everything.

[SZ]: Except one thing. Mergers and acquisitions, so let's talk about this and I promise to give you your freedom. What will be the biggest insight from your work about mergers and acquisitions in a global setting? And why does it matter?

[FA]: Well, I think it gets back to this globalization issue. Clearly if you're going to have global scale, you've got to grow. And you can do that organically, but it's much quicker in some ways to do it through mergers and acquisitions. And particularly these cross-border mergers and acquisitions. And it's interesting how sometimes they work and sometimes they don't. Two industries of note. Obviously, I have an interest in financial services. And it's fascinating how in Europe, we simply don't have cross-border banks very much. I mean the Italian, UniCredit and the other big Italian bank Intesa, they have some European reach. And Deutsche Bank tried it, but they've effectively gone back to being a German bank. The British banks have global reach. There are ones like Standard Charter, HSBC, but they don't have European reach. And it's very fascinating that even though the regulations, I mean obviously Britain's out of the EU now, even within Europe, they're not able to do it either by mergers or growth and there are no real pan-European banks. So that's very important.

The auto industry is also very interesting. It did become a global industry because the Americans, Ford and GM, went global. Now they have kind of retrenched and now you have some of the European companies like Stellantis being quite global. But we'll see if that works out. But I mean this is something you know much more about than I, so it is a really interesting area. And a lot of these issues about culture and financing and governance are very important in this. That's an area again which I find very interesting, particularly at the moment because there are these Chinese companies, which are huge companies, but there are very few Chinese companies with global reach, which I think is going to be one of the big issues for the next 30, 40 years - how much they become global. And this is all tied up with

the things we were talking about earlier. Ten years ago, I was saying Chinese companies will become global. Now it's not so clear that that's going to happen.

[SZ]: This is wonderful. Thank you very much.

[FA]: Thank you.

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ABOUT THE AUTHORS

Franklin Allen is Professor of Finance and Economics and Executive Director of the Brevan Howard Centre at Imperial College London and has held these positions since July 2014. He was on the faculty of the Wharton School of the University of Pennsylvania from July 1980 – June 2016. He now has Emeritus status there. He was formerly Vice Dean and Director of Wharton Doctoral Programs, Co-Director of the Wharton Financial Institutions Center, Executive Editor of the *Review of Financial Studies* and Managing Editor of the *Review of Finance*. He is a past President of the American Finance Association, the Western Finance Association, the Society for Financial Studies, the Financial Intermediation Research Society and the Financial Management Association, and a Fellow of the Econometric Society

and the British Academy. He received his doctorate from Oxford University. He is a co-author with Richard Brealey and Stewart Myers of the eighth through thirteenth editions and with Alex Edmans as well of the fourteenth edition of the textbook *Principles of Corporate Finance*.

Shaker Zahra is Robert E. Buuck Chair of Entrepreneurship and Professor of Strategy and Entrepreneurship, Carlson School of Management, the University of Minnesota. He has served as the department chair Director of the Holmes Center for Entrepreneurship, and the Academic Co-Director of Carlson Ventures Enterprises. He also served as the Founding Co-Director of the Center for Integrative Leadership at University of Minnesota. Previously, Shaker was Paul T. Babson Distinguished Professor of Entrepreneurship at Babson College and Professor of Strategy & Entrepreneurship at Georgia State University. He has been a visiting or guest professor at several universities in Europe, the Middle East and Asia. Shaker has also held the 3TU Chair in International Entrepreneurship at the University of Twente in the Netherlands & Distinguished Chair at Tongji University (China). A fellow of AOM and AIB, he is the recipient of the Global Award for Entrepreneurship Research as well as six honorary PhD degrees.



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