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New Book by UNH Finance Professor Offers Blueprint for Corporate Governance

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DURHAM, N.H. -- As the corporate empires of Enron, Global Crossing, Tyco and others came tumbling down in the last year, questions about who was responsible for these debacles sent federal and state policymakers into a frenzy of investigation and revaluation of the current system of checks and balances on the market.

Fred Kaen, professor of finance at the University of New Hampshire's Whittemore School of Business and Economics, explores the contemporary questions, financial history and solutions to the current dilemma in his new book, *A Blueprint for Corporate Governance: Strategy, Accountability and the Preservation of Shareholder Value* (published by the American Management Association).

Kaen addresses the topics from an investor and managerial perspective. How did the current organizational structure of the shareholders, boards of directors, CEOs and managers fail to protect investors? Why are transparency in reporting, investor protection laws and efficient markets critical for shareholders and others to monitor managers and prevent them from squandering resources on themselves and insiders? What are the ethics and potential conflicts of interest involved when an accounting firm audits a company's books and then becomes its consultant?

The model Kaen offers relies on informed investors to monitor and control managers. However, for this model to work, the investors must have access to understandable financial information about the company prepared by an accounting profession that is not beholden to corporate management. Also, security

laws that protect public investors from insiders and let investors exercise their rights as owners of the company must exist. Finally, financial markets must be transparent and efficient; otherwise, investors will not entrust their savings to the businesses.

Kaen teaches corporate and international finance at the Whittemore School, where he has been a faculty member since 1973. He is the author of numerous articles and books and has been a visiting professor at Germany's Hamburg University, the Norwegian School of Business in Oslo, The Norwegian School of Economics and Business in Bergen and Hungary's Budapest University of Economic Sciences and Administration.

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