

III Jaime Fernández de Araoz Corporate Finance Award

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The ceremony of the III Jaime Fernández de Araoz Corporate Finance Award will take place tomorrow in Madrid. Professors Viral Acharya (New York University), Stewart Myers (Massachusetts Institute of Technology) and Raghuram Rajan (University of Chicago) have been awarded on this occasion for their paper “The Internal Governance of Firms”.

This award pays a tribute to Jaime Fernández de Araoz Gómez-Acebo who died in 2003 and devoted his career to investment banking. The prize has gained a significant importance in the academic field. Nonetheless, it is the only award on Corporate Finance in Spain.

According to the jury, the awarded paper “highlights the importance of internal governance and control mechanisms since they contribute to value creation through top managers collaboration. These mechanisms could explain the success of those firms with dispersed shareholders and weak boards where governance and external control tools can be less effective”. This is much more interesting in the wake of the last financial collapses occurred at both sides of the Atlantic (i.e. Enron in the United States and Parmalata in Europe).

In this new and difficult economic time, where according to experts there will be a realignment of the financial system, this kind of awards are very significant. Academic world has much to say and everybody expects it to lead the way during next decades. We hope they find the appropriate path the sooner the better.