

Towards the internal governance of firms

III JAIME FERNÁNDEZ DE ARAOZ AWARD

The Indian Professors Viral Acharya and Raghuram Rajan as well as the American Stewart Myers have been awarded with the III Jaime Fernández de Araoz Corporate Finance Award for their paper “The Internal Governance of Firms”. This paper stands up for the importance of internal governance and control mechanisms in firms in order to increase value creation through top management contribution.

Besides the traditional corporate governance, in which it is included the effectiveness of such mechanisms as the board and acquisitions and shareholders activity, the authors defend that internal control could explain the success of firms with dispersed shareholders and weak boards.

The award, whose aim is to contribute to the development of economics and corporate finance, carries a cash prize of Euro 10.000 and has been sponsored on its third edition by Cunef and Universia. “The paper proposes a novel analysis of incentives to value creation by top management”, said Luis de Guindos, former Secretary of State, partner in charge of Financial Services for PricewaterhouseCoopers Spain and presidente of the award jury. The Prince of Asturias will hand the prize to Viral Acharya on June 8th.