NUS biz school opens governance research centre

It will look at issues such as family business, GLCs from Asian perspective

By JAMIE LEE

NUS Business School has set up a new research centre that will focus on governance issues in Asia and in finding solutions that may not be present in the Western model.

This comes as the Western model contains elements such as fragmented shareholding structure, a strong base of institutional investors, and legal infrastructure to protect minority shareholders – which may not be fully present in companies in this region, said Chang Sea-Jin, executive director of the new research centre, at its launch yesterday.

Professor Chang pulled out an example of Japanese home electronics giant Sony Corporation which, under the leadership of former chairman Nobuyuki Idei, tried to introduce concepts of Western-style management.

Yet, this was done by bringing in “celebrity CEOs” as board directors such as Nissan Motor chairman Carlos Ghosn who are friends of Mr Idei, noted Prof Chang.

By comparison, a “simplified ownership structure” of Korean conglomerate Samsung Group is anything but, given the confusing web of relationships drawn among the various subsidiaries and owners in each business, Prof Chang highlighted in his presentation.

The research centre – known as the Centre for Governance, Institutions and Organisations (CGIO) – comprises five units: the family business, corporate governance, government-linked company (GLC), business groups as well as legal and institutional development.

In the area of family business, for example, CGIO will look into problems of succession and the level of professionalism that managers hold.

In the instance of Samsung, “CEO succession is not an issue. It’s already decided”, said Prof Chang.

CGIO would also look at the issues of performance of GLCs, sovereign wealth funds and reform of state-owned enterprises.

Prof Chang singled out investment company Temasek Holdings as an efficient state-owned enterprise – and one that has been held up as a model by China.

“It’s a very interesting concept – can we export this idea to China? There are a lot of questions to be asked about this possibility,” he noted.