

ACADEMIC SEMINAR

The Governance of Risk Management

This paper tests the effects of independence and financial literacy of directors on risk management in the gold mining industry. Our original hand collected database on directors' university education and financial experience allows multiple definitions of financial knowledge. We show that financially educated directors encourage the use of derivatives as opposed to directors with only financial experience or accounting background. We also find evidence that shareholders are better off with financially qualified board and audit committee members. Moreover, we provide the first direct evidence showing that graduate financial education of the board including the CEO is an important determinant of the risk management activity. We also find that educated hedgers are more sensitive to shocks in gold prices than the average hedgers in the industry.

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Prof Dionne is the full Professor of Finance and Canada Research Chair in Risk Management at HEC Montréal, Canada since 1996. He earned his Ph.D in Economics from the University of Montréal in 1980 and then joined the Department of Economics at the University of Montréal to 1996. Prof Dionne's expertise is in the area of management of private and social risks, microeconomic theory on risk and uncertainty (financial contracts, insurance contracts), insurance and portfolio choices, problems with information asymmetry (moral hazard and adverse selection), applied econometrics and economics of transportation and of environment. His research has won multiple awards including Marcel-Dagenais Award, Jean Guertin Award, Innis-Gérin Medal. Prof Dionne's research has appeared in publications such as *Journal of Political Economy*, *Review of Economic Studies*, *Management Science* and *Journal of Econometrics*. Prof Dionne is Board of Directors of HEC Montréal since 2009, and member of the editorial committee for several international journals, including *Journal of Risk and Uncertainty*, *Journal of Risk and Insurance*, *Economics Research International*, *L'Actualité économique*, and *The Geneva Risk and Insurance Review*.

Date 29 July 2014 (Tuesday)

Time 2:00 – 4:00 pm

Venue SEK206, 2/F, Simon & Eleanor Kwok Building

Language English

All are Welcome