

**SUGGESTIONS FOR DEGREE PAPER FOR BACHELOR 2018 IN BANK & FINANCE  
BY SVEN-OLOF COLLIN**



On Bachelor level, spring semester 2018 I only supervise in the program of Bank & Finance.

My areas are corporate governance, family firms, accounting in a wide meaning, and finance.

I prefer frequent supervision and students that invest in their dissertation.

If you find any of my suggestions interesting, or if you have other suggestions for a dissertation where you would like to have me as a supervisor, contact me on [sven-olof.collin@hkr.se](mailto:sven-olof.collin@hkr.se) and we can make an agreement for a meeting.

**Financial corporations as corporate developer**

In this suggestion, there is a corporation with interest in the study, that will be part of the work, with engagement and some empirical data. It concerns a financial corporation that as part of its overall goal (which I cannot specify here since the idea is still very new and not fitted for public distribution, yet) have an interest in supporting new corporations to be established and young corporations to develop. This corporate development idea is not part of the corporation's business idea as such, so it includes a new venture also for this corporations.

**Family firm financing**

Family firms tend to operate differently than other firms, one reason being that they have a long term goal with the firm, to give it to the next generation within the family.

Family firms tend to have high levels of equity. But how do they do it? Do they sacrifice projects and operations because they do not want to lend money, or do they find innovative financing solutions, such as boots-trapping strategies?

Do family firms have a special family firm balance sheet? For example, do they have more short term debt, for example, more debt from suppliers?

**Dividend**

Dividend is hard to explain. It could be due to tradition, due to decision. But it could also be due to ownership interest, for example heavily indebted owners push for dividend, while other owners have no interest in dividend, i.e., the question is if corporations obey liquidity preferences of their owners, or if they have a dividend in order to attract owners with a specific liquidity preference.

**Governance of banks**

Banks are using different organizational forms. What can explain an organizational form, i.e., why is it a listed corporation, sparbank or mutual, and what are the consequences of the form, for example, do they treat customers differently, do they use different marketing methods, do the internal mechanisms differ etc.

**Pro-active credit process**

During a credit, i.e., during the credit process, there is interaction between the bank and the corporation that received the credit. When the corporation is in bankrupt everything is

too late. Thus, banks have incentives to not only monitor the performance of the corporation, but also to be pro-active, to be able to act before anything is happening. This pro-active behavior, does it exist, in what way, and can it be improved, and if it does not exist, can it be implemented? One dissertation last year found that banks are not so pro-active. Is that a correct conclusion, and if so, why?

### **The loan bubble: Escape from responsibility by regulation**

There is a fair in Swedish newspapers and among politicians that there is a loan bubble and when it bursts, many bad things will happen. There is a heavy regulation today concerning banks rights to give loans. One fair of regulation is that responsibility is reduced since those people that are under regulation thinks that they are doing right by following the regulation, and that the responsibility of actions is reduced since 'they were following the regulation'. In short, when you tell people what to do, they do it, but do not assume responsibility for their actions. The subject of this dissertation should be to study how regulation influence actual action, i.e., issuing of a loan, and their feelings of responsibility of their actions. Both regulations and feelings of responsibility regulate the behavior of the person that grants the loan. The question could be, for example, is there a negative relation between regulation and responsibility, more regulation, less responsibility?

### **Timing of information**

The CEO of Hexagon were in custody when having a telephone meeting with the market, announcing the Q2 report. He did not tell the market actors that he was in custody. When the information came to the market, four days later, the market price dropped considerably. This raise the question of principle of information for listed corporations. When and why do they have to, and should they distribute information? This will be an analysis of legal demands, and of market demands and of the morality of information. I imagine the end result of this dissertation would be, from what perspective was it right of the CEO to not inform the market that he was in custody, and from what perspectives was it wrong.

### **Pro-active customer relations**

The bank has a lot of information about their customers that they can combine and through a model evaluate if the customer has an optimal bank business with the bank. An easy example is that they know each customers bank accounts and the flow of money going in and out. They can evaluate the accounts and suggest optimal configuration of accounts. This is a pro-active customer service, not waiting for the customer to demand something, but to suggest the customer to have a demand. To what extent do banks have pro-active customer relations and what can be made, if necessary, to develop this service.

### **Banks as an integrative social mechanism**

Sweden have today many new inhabitants, coming from countries with a very different culture than the Swedish one, for example, low trust in government and organizations. This could be one reason why banks appear to attract less of the new inhabitants. But many of the new inhabitants have entrepreneurial spirit, which maybe become less exploited in Sweden, due to financing problems they experience in Sweden, or, that they attract financial means from their old country. This project would be to explore how

banks acts, and could act, in order to attract entrepreneurs from the group of new inhabitants.

### **Digitalization**

Digitalization offers opportunities and threats, and can be dealt with in many ways. This is an overall subject that can be studied in many different ways. For example, on-line financial advice, computer evaluation of customer risk profile, digitalization of the credit process, digital service compared to personal service, and so on...

### **Whistle blowers**

Some banks have entered into market problems because mass media has shown that they have been dealing with business that are illegal or at least, considered to not be socially acceptable. Whistle blowers can be disastrous for the firm if they go public, but can be an asset if they can be used internally. Today we see that organizations misbehave, punishing those that dare to tell the public about very unethical behavior. The question could be, how to organize for an efficient use of whistle blowers, i.e., to create incentives for whistle blowing and to create an organization for managing the process of whistle blowing.

### **Governance strategy**

Governance strategy is the way owners govern their corporation through influencing the governance mechanisms. Banks and insurance corporations differ in their ownership structure, and presumably that would influence how the mechanisms are composed. For example, inspect the board of a Sparbank, and the board of a listed bank. There are differences, but what are the effects on the corporation, the very bank?

### **Diversity**

There are reasons to focus on diversity, and there are effects of diversity. Banks and insurance corporations have probably diversity strategies, but how is the diversity today, what dimensions of diversity do they consider (gender, ethnicity, generation, ideological beliefs, class), and why these and not others? What effects are sought for, and what effects do they get? And one question is, where do they focus their diversity strategy, a special part of the organization, or on all levels? Is the engagement in gender diversity as high on the board level as at the counter level (compare: in public opinion, there is a strong pressure to reduce the male dominance (about 70%) on boards in listed firms, but no pressure at all to reduce the female dominance (about 90%) in the kindergarten)

### **Ethical governance**

Some firms need to consider ethical consequences of their operations, some firms want to do it, which makes ethical management a strategy factor. How do and how can corporate governance mechanisms influence this strategy factor. Does ethical management, if existing, influence efficiency, for example, possibility to recruit, to be used in promotion of products and services, to attract investors and so on.

This should not be mixed with corporate social responsibility, although it can appear to be close. But CSR is about fulfilling societal expectations (i.e., mostly driven by actual

fashion), while ethical governance could be to fulfil ethical principles, independent of the actual fashion of society.

Corporations give money and other resources to charity or to operations that are only slightly related to their business, i.e., it is in the grey area between charity and promotion. This project would be to study the composition and drivers of corporate charity.

### **CSR and responsible management**

Corporate social responsibility and responsible management is an ideology claiming that the corporation has responsibilities beyond ordinary economic goals. Do firms adopt this ideology, why do firms assume this ideology and how do they implement this ideology in their strategy and structure? Since the ideas have been in place some years now, and since social expectations change, it could be interesting to explore how CSR has changed and to find explanations why it change. After all, strategy for a firm has to include the future, so those that can adjust to the future before others could gain competitive advantage.

There is a tendency among bachelor and master students, to become megaphones of the ideology. The objective of academic training is, however, not to voice any ideology, but to study the ideologies, why they are accepted and their consequences.

### **What drives human beings?**

In economics we assume utility maximization, which for shareholders tend to be operationalized as profit maximization, given a specific level of risk. But human motives to act differ, and they are influenced by the individual's normative set-up, from childhood and youth, but also by the actual conditions the human experience when conducting the act. Some individuals and some situation drives egoistic acts, some act for the benefits of others and some for the benefits of norm fulfilment. One interesting question is if people are selected or self-selected making people employed in, for example, human resources department (motivated by the benefits of others?) deviate from those employed in financial department (motivated by egoism?), and from those employed in the accounting department (motivated by norm fulfilment?). Other examples could be if managers of banks differ, due to their market conditions or the ownership structure.

### **Moral standing**

This is a special version of the above project. It has been found that humans differ in their moral standing, for example, students in economics have higher tendency towards egoistic moral (i.e. individual utility), while students in art score higher on more altruistic moral. But there are also indications that students learn moral behavior during the studies. This project is very close to my research project about duty as a human motivator of action. It could be developed in different directions, but the main objective would be to find differences in moral standings among humans and try to explain these differences. Some dissertations has been made in this area, last year concerning auditors, but now it is time for finance people to reveal their moral standing.