



THE UNIVERSITY OF
MELBOURNE

Overcoming challenges in Australian research settings:

Data availability and research impact





Melbourne Centre for Corporate Governance and Regulation (MCCGR)

- Established in 2017
- Led by me and Maggie Abernethy (former dean of FBE)
- Advised by leading players in practice
- Focus on delivering research insights for practice
- Currently staffing up: Faculty, student-researchers, ...
- Key focus will be curation of quality data
 - Plan to have data specialist(s)



My background: A caveat

- Started professional career in Australia
 - BCom, LLB (UNSW)
 - Andersen Consulting (Strategy) and Stern Stewart in Sydney
- But lived in US from 1999 until 2017
 - Stern Stewart (NYC), MBA (Harvard), General Motors (NYC), Morgan Stanley (NYC), PhD (Stanford), professor at Kellogg then Harvard Business School until joining Melbourne in July



Research realities

- Researchers (even in Australia) tend to focus on US data
 - Larger samples give greater statistical power
 - Top journals tend to have a US focus
 - Data sets are more widely available and better developed
- Many researchers have limited understanding (and little interest) in the institutional details of “phenomena” they study
 - Arguably most research is not about “real” effects



Research data of interest

- Stock returns
- Financial statements
- Executive compensation
- Directors: directorships; biographical details
- Institutional holdings
- Shareholder voting: results; voting by mutual funds
- Textual discussion: Tone, risks, accounting policies



Research data: US setting

- Many of these data are available from providers
 - Provision is facilitated by EDGAR
 - Even when data are not available from providers, can be “scraped” from EDGAR. Some examples:
 - Activism data
 - Director biographies
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Data availability: Does it matter?

- In the US, directors are required to disclose other boards they sit on, with some discretion over past directorships
- Prior research suggests shareholders care about director backgrounds
- But not all other boards are disclosed
 - More likely if problems (e.g., bankruptcy) at other firms
 - If undisclosed, market reaction to appointment is affected

Source: Gow, Wahid, and Yu, *Managing Reputation: Evidence from Biographies of Corporate Directors*, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2850576



Data availability: Does it matter?

- Paper was facilitated by data from Equilar, but ultimately from SEC filings on EDGAR.
- Data from Equilar (and others) supplemented by manual “scraping” of data from EDGAR.



Data availability: Does it matter?

Christopher McCann, James McCann, Jan Murley, and Jeffrey Walker. We hand-collected biographies for each of these eight directors from the SEC filing using a Web-based text annotation interface illustrated below:

public accounting firm of Deloitte & Touche, LLP (formerly, Deloitte Haskins & Sells). Mr. Conefry serves on the board of St. Vincent's Services and Wheel Chair Charities, Inc., among others.

Leonard J. Elmore, age 56, has been a Director of the Company since October 2002. Mr. Elmore is currently a Partner with the law firm of Dreier LLP in its New York City headquarters. Prior to his appointment with Dreier LLP in September, 2008, Mr. Elmore served as Senior Counsel with Dewey & LeBoeuf from October 2004 until March 2008. Prior thereto, Mr. Elmore served as the President of Test University, a leading provider of internet-delivered learning solutions for pre-college students, from 2001 to 2003. Mr. Elmore has served on the Board of Directors of Lee Enterprises, Inc. since February, 2007 and is currently a member of their Audit Committee. Mr. Elmore continues to fulfill his commitment to public service as a Trustee on the University of Maryland Board of Trustees, and a Commissioner on the John and James L. Knight Foundation's Knight Commission on Intercollegiate Athletics.

Jan L. Murley, age 57, has been a Director of the Company since February 2007. Ms. Murley is currently serving as Interim President for the Consumer Floral business segment since September 15, 2008. From June 3, 2007 to September 15, 2008, she rendered marketing consulting services to the Company.

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Ms. Murley has served as a consultant to Kohlberg Kravis Roberts & Co. (KKR) (a private equity firm) from November 2006. From October 2003 to July 2006, Ms. Murley was Chief Executive Officer and a Director of The Boyds Collection, Ltd. (a publicly traded designer and manufacturer of gifts and collectibles), which was majority-owned by KKR. Boyds filed for bankruptcy under Chapter 11 of the US Bankruptcy Code in October 2005 and emerged from Chapter 11 in June 2006 as a private company. Prior to that, she was group Vice President - Marketing of Hallmark Cards, Inc. (a publisher of greeting cards and related gifts) from 1999 to 2002. Previously, Ms. Murley was employed by Procter & Gamble for more than 20 years, with her last position being Vice President for skin care and personal cleansing products. Ms. Murley has been a Director of The Clorox Company since November 2001 and serves as a member of its Audit and Nominating and Governance Committees.

Information about the Board and its Committees

Each of our Directors, other than Messrs. James F. McCann and Christopher G. McCann and Ms. Jan L. Murley, qualifies as an "independent director" as



Data availability: Does it matter?

Murley, Jan

Board Memberships from Equilar Database

- BOYDS COLLECTION LTD
- CLOROX CO /DE/
- QWEST COMMUNICATIONS INTERNATIONAL INC

Director Biography

Jan L. Murley, age 57, has been a Director of the Company since February 2007. Ms. Murley is currently serving as Interim President for the Company's Consumer Floral business segment since September 15, 2008. From June 30, 2008 to September 15, 2008, she rendered marketing consulting services to the Company.

Ms. Murley has served as a consultant to Kohlberg Kravis Roberts Co. (KKR) (a private equity firm) from November 2006. From October 2003 to July 2006, Ms. Murley was Chief Executive Officer and a Director of The Boyds Collection, Ltd. (a publicly traded designer and manufacturer of gifts and collectibles), which was majority-owned by KKR. Boyds filed for bankruptcy under Chapter 11 of the US Bankruptcy Code in October 2005 and emerged from Chapter 11 in June 2006 as a private company. Prior to that, she was group Vice President - Marketing of Hallmark Cards, Inc. (a publisher of greeting cards and related gifts) from 1999 to 2002. Previously, Ms. Murley was employed by Procter & Gamble for more than 20 years, with her last position being Vice President for skin care and personal cleansing products. Ms. Murley has been a Director of The Clorox Company since November 2001 and serves as a member of its Audit and Nominating and Governance Committees.



Director biographies: Australian setting

- Australia has very similar disclosure obligations for firms.
- On 28-10-2016, AFR pointed out that, on a board where he is chair, Doug Halley, listed under “Experience and Directorships” only his previous directorships at Fairfax Media, Corum Group, and Kollakorn Corporation.
- Halley omitted his time on the board of Vocation. He was a founding director from its December 2013 float, then replaced as chairman in November 2014 after the company admitted its repeated assurances on its government funding streams were wrong. A year later, with Halley still in the chair, Vocation collapsed into voluntary administration.



Challenges in Australian setting

- Simple: No EDGAR
 - ASIC legally obliged to charge for access to data; seems easy to come by on ASX site.
 - Data is in very problematic formats (mostly PDFs)
 - No indexing of filings
 - No ecosystem of data providers
- EDGAR has been around since 1994-1996 ... it's now 2017.
 - EDGAR is very “1996”, much better than what Australia has



Recommendations

- Require firms and others to lodge text-based filings
 - Standardised XML/XBRL formats would be desirable
 - But can't let the perfect be the enemy of the good
 - EDGAR would be good
- Develop a simple taxonomy of filings
 - Facilitate indexing and identification (e.g., 10-K, SC 13D, on EDGAR)
- Make it all free
- Identify areas for collaborative data collection