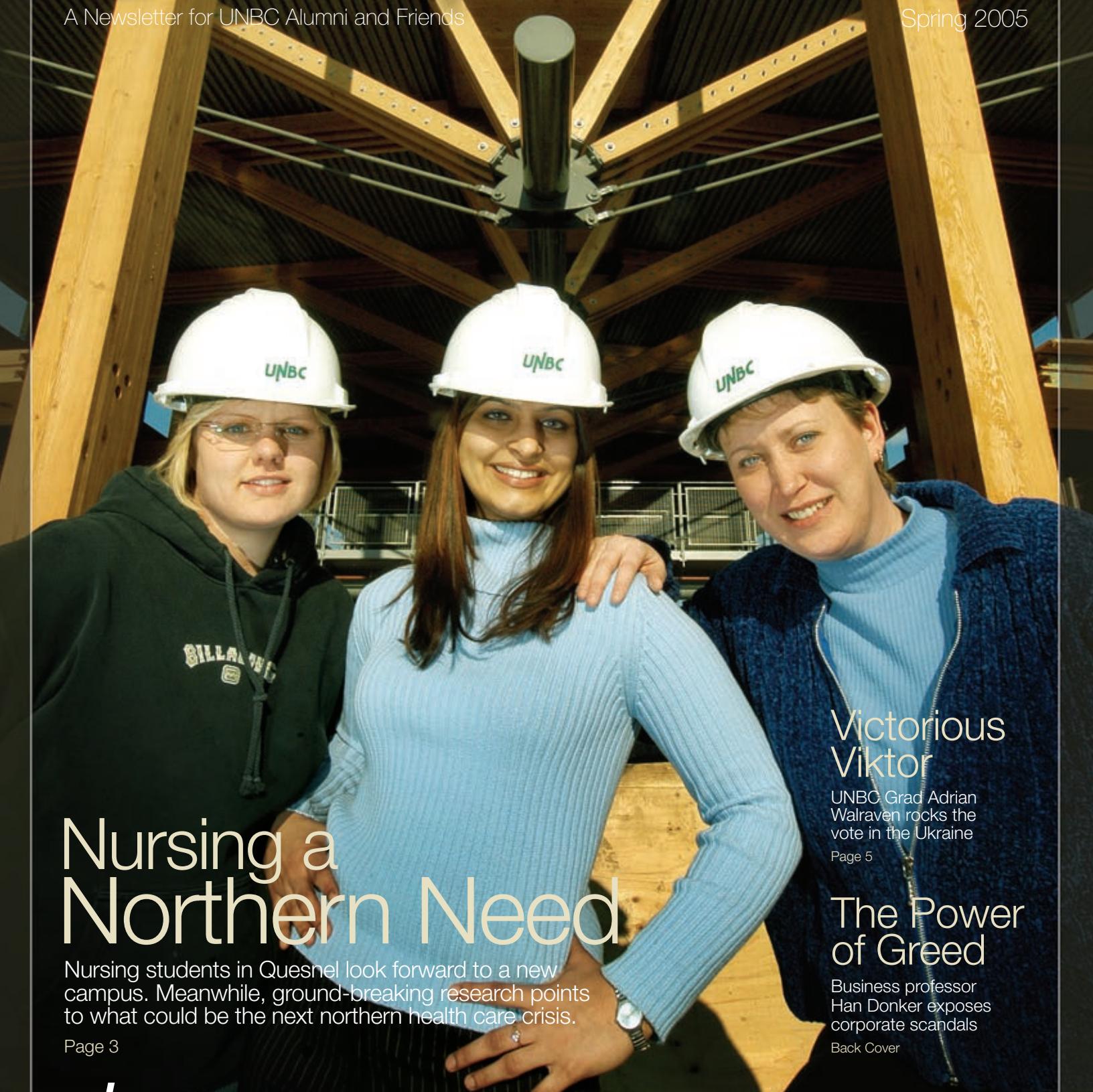


UPDATE

A Newsletter for UNBC Alumni and Friends

Spring 2005



Nursing a Northern Need

Nursing students in Quesnel look forward to a new campus. Meanwhile, ground-breaking research points to what could be the next northern health care crisis.

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UNBC UNIVERSITY OF
NORTHERN BRITISH COLUMBIA

Victorious Viktor

UNBC Grad Adrian Walraven rocks the vote in the Ukraine

Page 5

The Power of Greed

Business professor Han Donker exposes corporate scandals

Back Cover

Quesnel nursing students Janica Barz, Raman Puri, and Rhonda Petty

Q & A



On the Cover: Nursing student Rhonda Petty is achieving her life-long dream in Quesnel.

UPDATE: Tell us a bit about yourself.

RP: I was born and raised in Quesnel. After moving away for a few years, I returned to Quesnel permanently in 1989, where I raised my children, worked in a number of retail-related jobs, and then returned to college in 2001. I love to garden and help my husband with our paintball business.

UPDATE: Why did you come to UNBC? Why Nursing?

RP: I entered the first year of the Northern Collaborative Baccalaureate Nursing Program at the Quesnel Campus in September, 2002. I have always wanted to be a nurse, and when UNBC and CNC collaboratively offered the program in Quesnel, I knew my life-long dream was finally within reach. I strongly believe in a client-centered approach in every aspect of nursing and aim to facilitate patient needs within this scope of practice.

UPDATE: What is it like to study at the Quesnel campus?

RP: Everyone knows each other at the Quesnel campus and the faculty and staff are devoted to every student's success. I've had many positive experiences, like taking part in the North Cariboo Student Association as Treasurer and tutoring for the UNBC Learning Skills Centre. I am very proud of what our campus has accomplished over time. It will be very exciting to be one of the first BSN students to graduate from the new campus here in Quesnel.

UPDATE: What are your plans for after graduation?

RP: After I graduate in 2006, I plan to stay in Quesnel to practice at our local hospital and eventually earn a master's degree in Nursing. I am eagerly looking forward to my nursing career.



The new Quesnel campus is currently under construction.

UpFront

The Northern Medical Program Begins

UNBC and Prince George welcomed the first-ever group of Northern Medical Program students in January, as they began their classes in the North. Their arrival sparked a flurry of activity, including a visit from the Premier, national media attention, and generous donations to the Northern Medical Programs Trust.

Research Profile

The Governing Council for the Canadian Natural Sciences and Engineering Research Council (NSERC) visited UNBC in the fall for its first-ever meeting in northern BC. The group is comprised of Canada's science and technology leaders, and awards nearly \$1 billion in research funding annually. Increasing UNBC's profile among the group is essential for continued research growth.

UNBC in the North Peace

The UNBC Board of Governors has endorsed a vision from the community of Fort St. John to enhance UNBC's presence in the North Peace. The plan calls for expanded UNBC programming (in petroleum engineering, for example) and the future construction of a free-standing campus in the *Energetic City*. UNBC currently shares space with Northern Lights College in the region.

UNBC Earns Top Marks

New national comparisons of universities have demonstrated that UNBC alumni are generally more satisfied with their post-secondary experience than the grads of any other BC university. The result was from a national alumni survey conducted by Maclean's magazine in 2004, as part of its annual ranking of Canadian universities. In the ranking, UNBC matched its best-ever result, placing 7th overall. A national survey of research intensity released a few weeks later put UNBC second (just barely missing out on first place) among Canada's small universities.

2005 Convocation

Convocation celebrations commence on the morning of Friday, May 27, 2005, in the Agora at UNBC's Prince George campus. The convocation ceremony itself will take place in the Multiplex at 1:30 pm. Grad celebrations in the regions are scheduled throughout the following week.



Architectural rendering of the future Teaching & Learning Centre

The Teaching & Learning Centre

The largest construction project undertaken at UNBC since the Prince George campus opened in 1994 is beginning this spring. The new Teaching & Learning Centre will be located at the north end of the campus, adding about 92,000 square feet space for classrooms, teaching and research labs, offices, and social areas.

The new Teaching & Learning Centre will be one of the largest buildings on the Prince George campus.

Featuring a four-storey atrium with wood beams and a spectacular view of the campus and the city of Prince George, the new building will house space for ten programs, including Education, Business Administration, Nursing, Computer Science, and Social Work. Departments such as Continuing Studies, the Centre for Teaching and Learning, Disability Services, and the Learning Skills Centre will also be located in the new facility.

The expansion is allowing for long-awaited renovations to the Geoffrey R. Weller Library. Various classrooms and computer labs on the building's ground floor have already been relocated to make room for a new circulation area and expanded computing space for students and community library patrons. Offices on the top floor will be relocated to the new Teaching & Learning Centre and replaced by library administration and some technical services. In all, the renovation will enable space for the library and its collection to grow by about 55%.

The new Teaching & Learning Centre and the Library renovations are being funded by the Government of British Columbia to the tune of \$31.8 million.

Other Developments in the Works

Quesnel Campus

Now under construction, the new UNBC and CNC campus in Quesnel is a showpiece for wood construction and will nearly double college and university space in the community.

Northern Sport Centre

Planning and fundraising continues for an athletic facility, which will include a gym, indoor track and fieldhouse, and space for coaching clinics and high-performance training.

Northern University Student Centre

Proposed by the Northern Undergraduate Student Society, the building is to be located behind the Winter Garden and include social and entertainment areas, and space for student clubs.



The Teaching & Learning Centre will be connected to the north end of the Teaching Laboratory. A roundabout between the Dr. Donald Rix Northern Health Sciences Centre and the Teaching & Learning Centre will allow for easy outside access.

Taking care of rural communities: Who will be there?

gloolik is about as rural as it gets in Canada. Located northwest of Iqaluit in Nunavut, the historic community is home to about 1300 people, including UNBC grad Rayleen Swansen. Rayleen has been a nurse in the community for the past 6 years and has been in a tremendous position to experience both the challenges and rewards of being a rural nurse. "We are it," states Rayleen, noting that the closest physician (and hospital, for that matter) is in Iqaluit, about 800 kilometres away – 2 1/2 hours by plane. "There's a huge difference between being a nurse in an urban hospital and working here. We have to make judgments for our patients based on our knowledge and experience. Babies come into this world on their own time and in the vast wilderness, life-threatening emergencies happen. We care for all."

Researchers identify major issues at the conclusion of a first-ever national study of rural nurses, led by UNBC.

Coming to grips with what it really means to be a rural nurse has been behind one of the biggest research projects ever undertaken at UNBC. Nursing professor Martha MacLeod led the study involving co-researchers, advisors, and funders from every province and territory in Canada. After poring over other studies, reviewing the database of registered nurses, leading a unique survey of 4000 rural nurses, and

conducting detailed interviews with another 150 nurses, MacLeod and her co-researchers detailed – for the first time – what rural nurse practice entails, providing valuable ammunition for making health policy, educating rural nurses, and improving rural nurse recruitment and retention. Rayleen Swansen has a clear perspective on the issue.



Nursing professor Martha MacLeod





"Right now, it's the worst I've ever seen it," says Rayleen, "We're down from 5 nurses to 2 and we're either working or on call almost all of the time. Providing relevant training – and continuing education for those of us working here – is the biggest single issue. I've probably seen 50 or 60 nurses come here, only to leave as soon as they've discovered they don't have the training or personality required for this job." It's a similar story across Canada. Rural nurses cite frustration with the inability to access education to upgrade their skills and the long hours (either on-shift or on-call) that leave little downtime for family or community involvement.

Over the past ten years, the number of rural nurses has declined by 4% and the problem could get worse. About 20% of rural nurses are poised to retire over the next few years and even more are considering moving elsewhere in Canada – often to an urban centre. In fact, migration within Canada is more than twice as large an issue for rural communities than for urban centres. Yet, it is rural communities that can least afford to lose their nurses. Currently in Canada's urban centres, there are 78 nurses per 10,000 population. In rural areas, there are only 62. The situation has prompted researchers to ask whether a rural health care crisis is at hand.

"For the work we do and the decision-making our patients rely on, we are underpaid and we get nothing in terms of ongoing education," says



Above: Rayleen Swansen knows first-hand the challenges of being a nurse in a rural community. Unlike urban areas, access to special equipment, supplies – or even a physician – may be hours away.

Rayleen. "The terrific people in the community and the challenges of providing advanced care keep us here, but there are a lot of things that could make life easier for us."

Martha MacLeod is interested in pointing the way for communities, health authorities, governments, and anyone else interested in supporting the vital role nurses play. "Anecdotal stories are important, but they aren't enough," she says. "Policy-makers need facts and this study has shown very clearly that rural nurses have greater responsibility and fewer technical and human resources to support them. Now, as a society, it's our turn to respond. We have to make our educational programs more relevant and accessible. We have to better appreciate the conditions these nurses work under. Now is the time for action."

Responding to Rural Health

Regional Expansion

UNBC's undergraduate Nursing program is being expanded to Terrace in partnership with Northwest Community College and the College of New Caledonia. 18 students will begin the program this fall, pushing total enrolment in Nursing throughout northern BC to nearly 140. Last year, 86% of UNBC Nursing grads were hired by the Northern Health Authority.

Nurse Practitioner Program

UNBC is putting the final touches on a new master's-level Family Nurse Practitioner program that is slated to begin this fall. Nurse Practitioners are registered nurses with advanced skills that enable them to provide a broad range of health services, including the diagnosis and treatment of acute and chronic illnesses and the ability to prescribe medication. Nurse Practitioners will provide high quality primary health care in collaboration with other nurses, physicians, and other health service providers, tailored to meet the needs of northern communities.



Adrian Walraven was selected to be an official observer of the Ukrainian presidential election in December, 2004.

I'll be the first to tell you that life doesn't always go According to Plan

Adrian Walraven, UNBC Grad

Right up to the beginning of last December, I was planning to come back to Prince George for the holidays. I had my milk-run return ticket from Ottawa booked. I had time off from work. I was set.

But suddenly, I was selected as one of 463 Canada Corps volunteers to travel to Ukraine to act as an official observer of the country's second round of presidential elections, held on December 26th, 2005.

The decision to go was not difficult. Having already lived and worked in Ukraine for nearly three years, I knew how strongly my Ukrainian friends wished for what they would

call a 'normal' democratic country. I knew that on December 3rd, Ukraine's Supreme Court had declared the results of the November 21st presidential run-off elections null and void, based on opposition accusations of widespread electoral fraud and manipulation. I also knew how important it was for the international community to lend support to a democratic electoral process in Ukraine.

So, instead of returning to Prince George, I went to Ukraine to observe the repeat run-off election between presidential candidates Viktor Yanukovych and Viktor Yushchenko.

In total, more than 12,000 internationals from dozens of countries travelled to Ukraine to act as observers. At 463, Canada sent the largest official delegation by far. For my part, I was assigned to the Mykolaiv region in southern Ukraine in a team of 20 Canadians.

How can I summarize my experience? Well, you should know that being an elections observer is neither complicated nor inherently exciting. You visit polling stations. You do not voice your opinions or interfere – you simply observe. And if you observe irregularities, you record them. The combined observations of international observers are used to compile an overall assessment of whether or not an election meets international standards – as in, whether it can be considered 'free and fair'.

Over the course of December 26th, my team covered about a dozen polling stations in and outside of Mykolaiv. We worked for 23 hours straight. From 8:00 pm to 5:00 am, I bore witness to how excruciatingly slow the process of counting ballots and recording elections results by hand can be.

I knew how strongly my Ukrainian friends wished for what they'd call a 'normal' democratic country.

But what made the trip a truly rewarding experience for me was the fact that I was part of an unprecedented effort by the international community to support a nation's right to be governed by political leaders of its choice. Never before have so many international observers been deployed to monitor a national election. Never before had Canada taken such a leading role. The motivation behind it was not about Canada and other Western countries

favouring one presidential candidate or another. It was about supporting people struggling to not have their right to democratic governance taken away by those in power.

Since the Chernobyl disaster, Ukraine has rarely been the focus of much international attention. Ukrainians are accustomed to most of the world being blissfully unaware of what goes on in their country. International apathy is what was expected when charges of fraudulent elections emerged.

Apathy is not what we delivered to Ukraine. As Canadians, we can all be proud of the fact that, rather than turning a blind eye, our country made an extraordinary commitment to help a fellow country on its path toward democracy.

Let's not allow the Ukrainian elections this past December to be an isolated example. Whether it be in Belarus, Zimbabwe, or China, the next time citizens abroad take to the streets to struggle against those who would restrict their right to representative government, let us be sure Canada will be there to lend support for democratic norms and values.



Adrian Walraven

After graduating from UNBC with a BA International Studies in 1999, Adrian worked for the United Nations in the Ukraine. The experience allowed him to refine his Russian, having first learned the language at UNBC. He is currently a Development Officer for the Canadian International Development Agency in Ottawa.



Alumni News & Events

Annual General Meeting

Tuesday, May 3, 2005

6:00 pm – 9:00 pm

Senate Chambers – Administration Building

Annual UNBC Alumni Association Charity Golf Tournament

Thursday, May 26, 2005

Aberdeen Glen Golf Course

Presented by Western Chartered Financial

For sponsorship or registration information,
contact UNBC Athletics at 960-6366.

UNBC Alumni Reception

Thursday, May 26, 2005

8:00 pm – 10:00 pm

UNBC Dining Hall

To RSVP, contact Sandra Earle at 960-5620
or earles@unbc.ca before May 20, 2005.

New Alumni Association Position

Vicki Pilot has joined the UNBC Alumni Association as the new Administrative Assistant. To contact Vicki, call 960-5873 or email pilot@unbc.ca.

Alumni Association Athletics Award Recipients

Lindsay Anderson and Phil Nadrazsky are the first recipients of the newly established UNBC Alumni Association Athletics Award. These annual awards were made possible by funds raised through the annual UNBC Alumni Association Golf Tournament



Gordon Brownridge (BComm Marketing '01) is the new Alumni Association President.



Deb Thien (MA Gender Studies '00) recently returned to UNBC from the University of Edinburgh, where she researched the emotional well-being of rural women and received her PhD on a Commonwealth Scholarship. Now, Deb is involved with research at UNBC on the New Rural Economy.

UNBC Grads: Where are they Now?

More than 40 UNBC grads work at UNBC. Several employees are also part-time students working toward a degree.

Anna Velasco (BA International Studies '01) is living in New York City, representing Canada as a Political/Economic Relations and Cultural Affairs Officer with the Canadian Consulate General.

Chris Busch (BSc Biology '00) is the Biotechnology Program Coordinator at the University of Windsor.

Alex Price (BComm Finance & International Business '01) is a Corporate Operations Analyst for Future Shop.

Tamara Arnold (BSc Psychology '02) and **Kalma Arnett** (BSc Psychology '02) own T & K Behavioural Interventionists Ltd. in Prince George. They work with children who have Autism Spectrum Disorder.

Zoe Wilson (MA Gender Studies '97) recently earned her PhD in Political Science at Dalhousie University. In the fall, she will take up a research fellowship at the York Institute for Research and Innovation in Sustainability (IRIS) and a post-doctoral fellowship at the University of KwaZulu Natal's Centre for Civil Society in Durban, South Africa.

Lindsay Harkness (BA International Studies '04) is in southern Sudan for a year, working as the Emergency Preparedness & Response Coordinator for Action Against Hunger-USA.

Mark Thompson (BSc Wildlife Biology '98) obtained his MSc from the University of Calgary in 2003 and currently operates the Molecular and Population Genetics Centre at UNBC.

Justin Howell (BA Political Science '99) graduated from McGill University with a Bachelor of Civil Law and a Bachelor of Laws and is practicing corporate tax law at Cravath, Swaine & Moore LLP in Manhattan, New York.

Shirley Andrews (CFNPA, FNPA '03) has been working for the federal government at Industry Canada, researching aboriginal telecommunications and aboriginal homelessness.

Terry Robert (BSc Forestry '01) is a Program Coordinator for the Fraser Basin Council and the BC Climate Exchange.

Become a UNBC Ambassador!

Calling all Alumni: Interested in sharing your UNBC experience with others? Email alumni@unbc.ca for more information.

Coming Events

Annual Williston Circle Recognition Event

Thursday, June 9, 2005
The Jago Residence

Annual Donor Appreciation Event

Saturday, September 3, 2005
UNBC's Prince George Campus



Dr. Donald Rix, seen here with his daughter, Laurie Rix-MacRae, donated \$3 million to UNBC in January, 2005.

UNBC Donations

Office of University Development

University of Northern British Columbia
3333 University Way
Prince George, BC V2N 4Z9

Phone: (250) 960-5750
1-866-960-5750
Fax: (250) 960-5799
Email: devoff@unbc.ca
Web: www.unbc.ca/giving/

A Doctor's Gift to the North

UNBC donor, board member, and trusted advisor Dr. Donald Rix donated \$3 million to UNBC in January, helping to build UNBC's future as a national leader in rural and aboriginal health. As a prominent figure in BC's biotechnology community and founder of MDS Metro, BC's largest community medical lab, Dr. Rix is a passionate believer in what the expansion of medical education will mean for northern BC. In recognition of his support, UNBC's new medical building has been named the Dr. Donald Rix Northern Health Sciences Centre.



Dr. Donald Rix announced his donation in a high-tech lecture theatre in the Northern Health Sciences Centre.

Giving to UNBC

UNBC raised over \$5.8 million during 04-05, including more than \$280,000 through community response to the Annual Campaign.



Dr. Charles Jago

05-06 Annual Campaign

In his final year as President of UNBC, Dr. Charles Jago will be the Chair of the 2005-2006 Annual Campaign. The goal is to raise \$300,000.

"It has been gratifying to see the growth of the annual fund campaign over the last ten years achieved through the loyal participation of the many friends of UNBC and through the growing participation of UNBC alumni. The annual fund campaign allows the University to address issues of strategic importance and to achieve outcomes that would be impossible through our normal operating budget. I am deeply honoured to be asked to chair this campaign in this, my final year, as President. It has been a privilege to serve UNBC, to participate in its growth and success, and to work with wonderful colleagues, students, and the proud and independent citizens of northern BC."

Dr. Charles Jago, 2005-2006 Annual Campaign Community Chair

Canfor Contributes to UNBC

Canfor has announced a \$300,000 contribution to the Northern Medical Programs Trust (NMPT), bringing the company's total investment in UNBC to more than \$1 million. A number of communities in which Canfor operates are all benefitting from this pledge. They include:

- Chetwynd
- Houston
- Smithers
- Fort Nelson
- Mackenzie
- Taylor
- Fort St. James
- Prince George
- Valemount
- Fort St. John
- Quesnel
- Vanderhoof

In the past, Canfor has supported capital construction, a public lecture series, research, and student awards at UNBC. In this academic year alone, 21 students received scholarships and bursaries supported by the company. Since 1995, 141 students have received Canfor awards.



Mark Feldinger (far right), General Manager of Canfor's Prince George Division, presents a cheque for \$300,000 to the NMPT.

UNBC's Office of Development has published a 2005 Annual Report to Donors, which highlights key financial information and success stories of 2004. To view an online version, visit www.unbc.ca/giving/.



Laura Gosnell at UNBC's Northwest campus in Terrace.

Teaching Teachers

“

Access to education in northern communities has always been an issue. By offering education to students in their home communities, we are also allowing them to remain where they have support networks already in place. My hope is that this program will allow students to master the important balance between family and studies, without compromising either.”

— Laura Gosnell

”

A New Program for Teachers

Master of Education grad Laura Gosnell will soon be engaged in a new program designed to create a new generation of teachers. Based in Terrace, the new Aboriginal Teacher Education Bridging program will provide coursework and university experience that will offer a foundation for future enrolment in a teacher education program, including UNBC's bachelor's degree offering. Even though aboriginal people make up about 16% of the population of northern BC, only 2% of school teachers province-wide are aboriginal.

A Gold Medal for Michalos

UNBC Professor Emeritus Alex Michalos has become only the second person to ever receive the Canadian Social Sciences and Humanities Research Council's gold medal for lifetime achievement. The award was presented during a gala banquet in Ottawa, during which Alex's contributions to quality of life research were acknowledged.



Super on Snow

Nursing student Nikki Kassel was UNBC's top performer at the recent cross-country ski nationals that were held in Prince George. This year's nationals were the first-ever to be sanctioned by Canadian Interuniversity Sport (CIS). Participation in the cross-country nationals marked the first time UNBC had ever competed at the CIS level. Nikki's performance earned her All-Canadian honours from Cross-Country Canada.



Gone to the Birds

Professors Kevin Hutchings (English) and Harvey Thommasen (Community Health) combined their love of writing with their love for nature when they set out to create *Birds of the Raincoast*. The result is a book both beautiful to look at and read. Released just before Christmas, the book has garnered glowing reviews from around the province.

UNBC Presents Adrienne Clarkson

Canada's role as a northern nation and the contributions of regions like northern BC were hot topics when Governor-General Adrienne Clarkson visited UNBC in October. More than 200 people attended a public forum about the North that featured Her Excellency, during which she shared some experiences from her state visits to Scandinavia and Russia in 2003.

People in the News

The number of regional students is on the rise as UNBC continues to expand its regional campuses and offer more courses in more northern BC communities.



UNBC's Future World Leader

Political Science and International Studies student Alex Schare, of Williams Lake, will be headed to the prestigious Future World Leaders Summit in Washington, DC, this July, where he will observe the US federal government at work – from behind the scenes. Alex was invited to attend after participating in the Forum for Young Canadians in Ottawa last year. He is also a 2004 recipient of the President's Scholarship, UNBC's most prestigious award.

Home-Grown Health Care

The start of the Northern Medical Program this year is a classic example of how post-secondary institutions can respond to community needs for health care professionals. But the job isn't done yet. Jim Randall, Dean of Arts, Social, and Health Sciences at UNBC, is leading a research project aimed at identifying where communities still have desperate needs for health professionals. The plan will identify how people in critical occupations can be educated in the North and continue to work in the North. All three northern community colleges (New Caledonia, Northern Lights, and Northwest) are partners in the research, along with Northern Health. Funding has been provided by Human Resources and Skills Development Canada.



Destination: Northern BC

Anne Hardy knows that northern BC can capitalize on the 2010 Olympics and Paralympics. A recent arrival from Australia and a professor in the Resource Recreation & Tourism program, Anne led a class that conducted a survey of visitors and Prince George residents that focused on attitudes to local tourism. The class concluded that there is support for further tourism development, especially focused on cultural and historical attractions.

The stories on this page are pulled from UNBC's bi-weekly internal newsletter "Bulletin", which can be viewed online at www.unbc.ca/newsletter.

Chief of the Forest

It's a powerful indication of how science is playing a bigger role in forest management: Jim Snetsinger, the province's new Chief Forester, is now based at UNBC, in a move meant to highlight the importance of connections between forest researchers and forest policy decision-makers. He is the first Chief Forester to be based outside of Victoria.



Support from Fort St. John

Dr. Kevin Page and 20 other Fort St. John doctors are supporting the Northern Medical Program with a collective contribution of \$100,000 to the Northern Medical Programs Trust. Dr. Page, who is the president of the medical staff in Fort St. John, was trained in South Africa – a story that's not unusual among the physician community in the North Peace. In fact, only one local doctor is Canadian-trained. The physicians in the region view the NMP as a vital part of providing quality health care for northern communities.

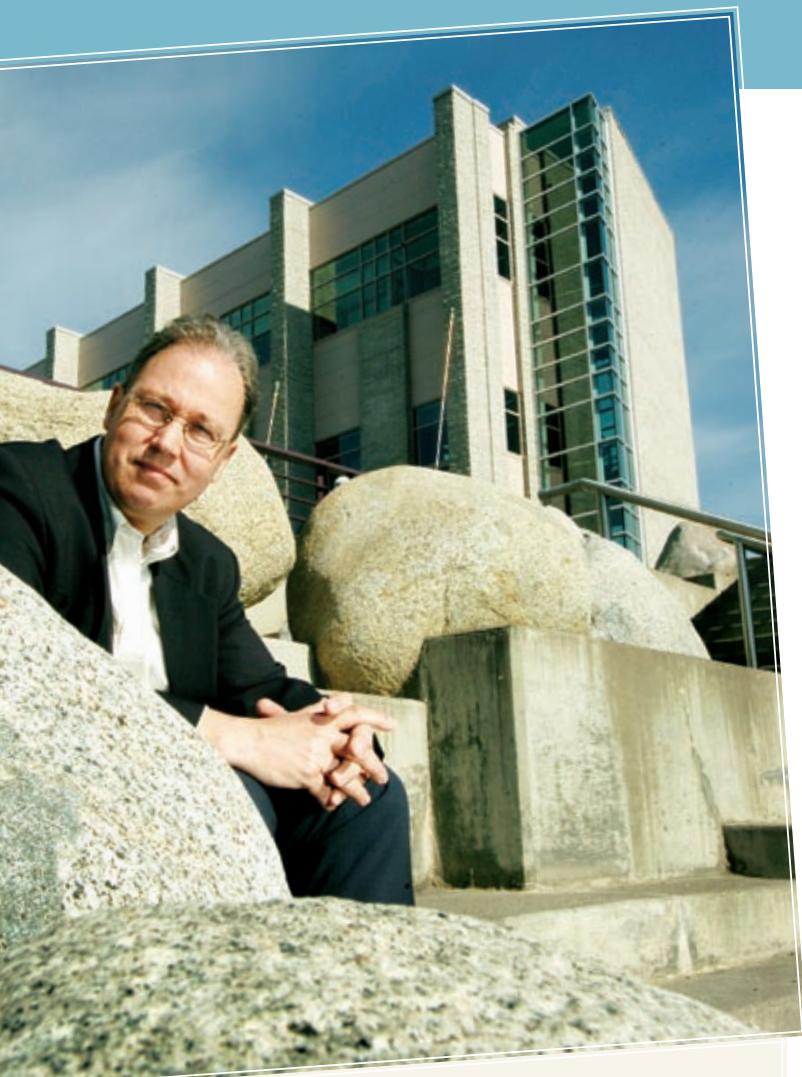
Planning to Make a Difference

For Environmental Planning professors Annie Booth and Eric Rapaport, timing is everything. After a year in which the city of Prince George has removed 16,000 beetle-infested pine trees, the two faculty are partnering with the city and other organizations to develop new approaches to sustainable landscaping. Working in a few locations around the city, the researchers will explore new landscaping solutions that recognize the local climate as well as growing concerns over maintenance costs, water usage, climate change, and the use of pesticides and herbicides.



A Formula for Climate Change

UNBC's newest Canada Research Chair has traded a position at one of the world's most prestigious applied mathematical institutes for an opportunity to lead innovative climate change research at UNBC. Formerly at the Courant Institute in New York, Youmin Tang uses mathematical models to predict the climatic effect of natural phenomena.



Han Donker

Accounting professor Han Donker is one of the new faculty members in the School of Business. He has recently come to UNBC from the Erasmus University in Rotterdam, Netherlands, where he served as a program director of a new master's program in Financial Law. After more than 10 years in business as an accountant, Han returned to the academic world to earn his PhD from Tilburg University, in the Netherlands. His research interests include corporate restructuring (mergers and acquisitions), corporate governance, and environmental reporting. Han teaches courses on Accounting Theory and International Financial Accounting in the ambitious Business program at UNBC.

Moving? Let us know!

Name: _____

New Address: _____

Phone: _____

Email: _____

Are you a UNBC Graduate? Yes No

Snail Mail

Fill out this form and mail to:

Office of Communications
University of Northern British Columbia
3333 University Way
Prince George, BC
V2N 4Z9

Online

Email us your updated contact information at communications@unbc.ca or do it online at www.unbc.ca/alumni/.

Is Greed Good?

Accounting professor Han Donker

Movies like *Barbarian at the Gate* (the true story of the leveraged buy-out of RJR-Nabisco) or *Wall Street* (a look into the greed and corruption of the financial world) have become famous for depicting the zeitgeist of business in the 1980s. The message was loud and clear: Greed is good! But, oh, how times have changed. Scandals involving Enron and WorldCom in the United States, Parmalat in Italy, Ahold and Shell in the Netherlands, Eron Mortgage in British Columbia, and others are shaking the foundations of the business world. It could just be the tip of the iceberg.

Watching the scandals unfold, it would be easy to blame the problems on pure arrogance. Picture the CEO of Ahold, one of the world's largest supermarket chains, sitting at his desk near Amsterdam. "Eat or be eaten," he thought to himself and then proceeded to acquire a huge number of firms in the US and South America. His charisma and charm, meanwhile, allowed him to build a non-critical Board of Directors – a so-called Old Boys Network – who padded the CEO's bonus scheme with every new acquisition. The fraudulent activity was finally revealed, taking down the CEO and Ahold's other directors. In this case, internal monitoring systems failed and caused tremendous damage to the firm's stakeholders and its reputation. His is not a unique story.

Further analysis reveals more systemic problems. Current corporate incentive structures (compensation plans, bonus schemes, and stock options), inadequate monitoring systems, a lack of effective financial regulations, and uneven information flows between market participants enable some selfish managers to gain tremendous financial rewards at the expense of other stakeholders (shareholders, employees, and customers). Incentives themselves aren't the problem, because they align the interests of managers and shareholders. However, if managers entrench themselves (when they acquire assets that are management-specific or when they own a small, but crucial part of the firm's shares, for example) it is nearly impossible to replace them.

The failure of internal and external monitoring systems is one of the major problems of the current Corporate Governance debate. If shareholders are dispersed (when each shareholder owns just a small part of the firm), it becomes too expensive for them to monitor management. However, they can behave as free-riders on the coat-tails of large shareholders who can call the shots in enforcing value-enhancing decisions. Furthermore, internal monitoring mechanisms, such as a supervisory board (composed of non-executives), can be operating inappropriately if independency is disputed or if sufficient information is withheld.

At the moment, these topics are on the agenda of many leaders, captains of industry, politicians, and legislators. A number of Corporate Governance committees have come up with proposals for new corporate government structures. The discussion at the moment is revolving around whether companies should be more accountable to all of their stakeholders than to only their shareholders – is this a model that Canada should adopt? As academics, it is up to us to be critical and offer decision-makers theoretical and empirical evidence of the pros and cons of different corporate governance structures. With corporate scandals plaguing business today, the life-savings of many of us might be at stake.