

# Irena Kustec

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## Research interests

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Corporate finance, corporate governance, family firms

## Education

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<b>Ph.D. Candidate in Finance</b>	2014 - present
<i>BI Norwegian Business School</i>	
<b>M.Sc. in Financial Economics</b> , double degree	2012 - 2013
<i>BI Norwegian Business School</i>	
<b>M.Sc. in Finance</b> , double degree	2011 - 2013
<i>Faculty of Economics, University of Ljubljana, Slovenia</i>	
<b>B.Sc. in Financial Mathematics</b>	2008 - 2011
<i>Faculty of Mathematics and Physics, University of Ljubljana, Slovenia</i>	

## Working papers

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### **Nepotism in family firms? Evidence from pay differentials between family and non-family employees** (*single-authored paper*)

This paper studies the pay gap in family firms between family and non-family employees. Estimating average treatment effects and controlling for both employee and firm characteristics, I find that family employees earn significantly more than their non-family counterparts. However, further analysis reveals this is not the case for all groups of employees. Because both controlling families and employees are not homogeneous groups with respect to the equity invested in the firm, the pay gap is highly contingent on individual's and family's ownership stakes. I show that the positive pay gap is only present for non-owner employees in firms where family owns a 100% of firm's equity. In these firms, family non-owner employees earn more than they would if employed elsewhere, while non-family employees earn less. Furthermore, I show that in firms with minority shareholders all non-owner employees earn approximately the same regardless of their family status, and that their salaries are similar to salaries of employees in widely-held firms. Family owners, on the other hand, always earn less than their non-family counterparts. This result persists when accounting for dividends suggesting family firms do not use dividend payments as a substitution for salary. Overall, results suggest that families compensate their members without equity with above-market salaries, and that the presence of minority shareholders limits such behaviour.

### **Corporate culture in family firms: How inside CEO succession impedes performance** (*with Charlotte Ostergaard, and Amir Sasson*)

This paper examines how persistence in corporate culture matters for decision-making in family firms. We study changes in firm policies and performance around CEO successions, hypothesizing that families have a preference for promoting successors whose beliefs about corporate strategy and practices are congruent to the outgoing CEO's. In our data set of family firms, 62% of successors held a formal role inside the firm prior to promotion and only 16% are drawn from outside the firm and the family. Insider successors take over more profitable firms, but underperform ex post. This is especially true in the case of inside family successors whose performance deteriorates in absolute terms. The negative marginal effect of insider-status persists when we control for successors that are children of the outgoing CEO and for active outgoing CEOs that continue as directors in the firm.

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## Work in progress

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When do children work for their father?

## Seminar and conference presentations

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EFMA Annual meeting, Doctoral Seminar (University of Azores)	Spring 2019
FMA European Conference, Doctoral Student Consortium (University of Strathclyde's Business School)	Spring 2019
PhD Nordic Finance Workshop (Hanken School of Economics)	Spring 2019
Brownbag seminar (BI Norwegian Business School)	Fall 2018
Seminar (The Arctic University, School of Business and Economics)	Spring 2018
Brownbag seminar (BI Norwegian Business School)	Spring 2018
Brownbag seminar (BI Norwegian Business School)	Spring 2017
XIV Norefjell Workshop (organized by BI Norwegian Business School and University of Witten)	Spring 2017
Brownbag seminar (BI Norwegian Business School)	Fall 2016
XIII Norefjell Workshop (organized by BI Norwegian Business School and University of Witten)	Spring 2016

## Teaching assistant

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GRA 6545: Risk Management (MSc Elective)	Spring 2019
FIN 3616 : Financial Decision making (BBA Elective)	Spring 2019
GRA 6534: Investments (MSc Core)	Spring 2018
GRA 6543: Introduction to Asset Pricing (MSc Core)	Fall 2017, 2015
GRA 6541: Advanced Corporate Finance (MSc Elective)	Spring 2017, 2016
GRA 6544: Multinational Corporate Finance (MSc Core)	Fall 2016, 2015
EXC 3613: Risk Management with Derivatives (BBA Core)	Spring 2015
GRA 8198: Corporate Finance (MBA Core)	Fall 2014

## Other information

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*Citizenship:* Slovenian

*Programming:* Stata, R, Python, Matlab, Latex

*Languages:* Slovene, English, Norwegian

*Last updated:* May 2019