

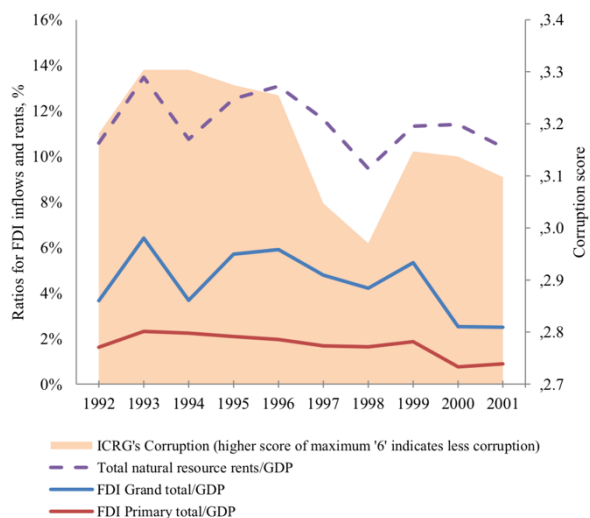
Examination of energy sector: the implications of financing, corporate governance and corruption



18th July 2019 / Insights

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Virtually every activity is dependent on energy supply, from households to the public sector, and from manufacturing enterprises to transportation activities. As such, all economic and social activities require confidence in a stable energy industry. The benefits of an efficient energy sector are the creation of employment, earnings and taxation, the outputs of exploration and production companies, and distribution and supply of the energy sources to those who require them.



Thus, (1) the constant development of the energy sector, (2) the transparency of the sector and (3) the security of the resource supplies are all critical factors in a stable and long-term supply:

- **First, the development of the energy sector is dependent on research and development activities, which are known to be capital intensive.** These innovation activities, in turn, require substantial financial support. The empirical results showed that companies that are less financially overburdened experience advantages with higher R&D levels, which have been influenced by other control factors, such as tax shields, firm maturity, EU integration and the ownership status of the companies.
- **Second, the development of the energy sector is dependent on investor confidence, and transparency of such a complicated business is a vital factor.** The empirical results showed that the introduction of corporate governance (CG) codes, information transparency and disclosure in particular, have boosted firm value in both energy and non-energy sector firms. However, the limited effect of information disclosure for oil and gas companies might have contributed to fears that too much transparency might open firms to attacks from the state and from competitors.

- **Third, securing energy supplies leads to investment in resource-abundant countries,** providing not only secure energy supplies, but also substantial resource exploitation gains for the host countries. In the absence of prior empirical evidence, it is argued that corruption significantly undermined primary capital investments in natural resource activities.

Despite the increasing research and received empirical results in the given areas of the energy industry, these issues remain unexplored. Globally, long-term energy confidence is dependent on energy security and supply. Based on the empirical estimations, it is expected there to be an increasing need for understanding financing innovations. It is expected to see more support for corporate governance integrity within Russia, as Russia is the main energy supplier for the European energy sector. And it is expected that corruption will be a dominant issue for countries that are rich in natural resources. That is, focusing on three energy sector interrelated analyses, it was demonstrated the importance of further institutional and firm-level developments and policies in sustained energy industry development.

This is an updated summary of Dr Mihails Kuznecovs' PhD in Economics thesis, published earlier in 2012. The permanent link to the thesis <https://bura.brunel.ac.uk/handle/2438/7027>