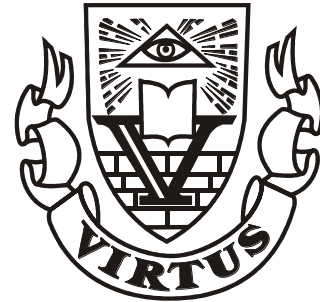


RISK GOVERNANCE & CONTROL: Financial markets and institutions

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The shareholders can not directly manage the business but they have powers of pulse and control by voting right that is essential for the correct functioning of the company. In 1942 the Italian legislature, although with some exceptions, adopted One share – One vote rule. The legal framework changed significantly after the enactment of corporate law reform in 2003. The objective of this research is to examine the status of the principle of correlation between management power and risk in the context of the regulatory framework of Italian public companies, as it emerged after the enactment of above mentioned corporate law reform in 2003.

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**DOES MANAGER IN BETTER ECONOMIC VALUE ADDED'S COMPANIES
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This research is formulating the cause of agency conflict into three factors. The first one is agent unsatisfactory on the existing compensation system. The second is the high ratio of free cash flow in the company. The last is the absence of good monitoring on the company operation. Based on those three factors, this research aims to find a full perspective of these occurrences. One of the tools to investigate it is using EVA® as investigator tools, which is relatively new as a performance measurement in Emerging Market. The proxy variables on agency conflict are new investment ratio and total asset turn over. The control variables are dividend payout ratio and leverage.

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