CORPORATE OWNERSHIP & CONTROL

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CONTENTS

problem loan, ownership structure, and market structure have a significant effect upon the bank performance.

We study the price discovery process and common factor weights of *SS*50 (the FTSE China A50 Index traded in Mainland China) and *A*50 (the iShares FTSE A50 China Tracker traded in Hong Kong) using daily open-to-open price pairs and close-to-close price pairs. Due to Qualified Domestic Institutional Investor (QDII) scheme (13 April 2006) and US subprime mortgage crisis (middle 2007), our sample, which covers from November 18, 2004 to October 31, 2008, is divided into three periods. We find *A*50 has a much larger common factor weight than *SS*50, and *A*50 dominants for both open and close prices during all periods. The QDII enlarges the contribution of *SS*50, but financial crisis reduces it.

SECTION 2. OWNERSHIP STRUCTURE

Due to the separation of ownership and control in modern corporation, the form of relationship between firm performance and insider ownership has been the subject of empirical investigation for last many decades. It is argued, that as managers' equity ownership increases, their interests coincide more closely with those of outside shareholders, and hence, the conflicts between managers and shareholders are likely to be resolved. Thus, management's equity ownership helps resolve the agency problem and improve the firm's performance (Jensen and Meckling, 1976; Agrawal and Knoeber, 1996; Chen et al., 2003). However, several studies suggest that management's ownership does not always have a positive effect on corporate performance (Demsetz and Villalonga, 2000; Cheung and Wei, 2006). Most of the empirical studies on this issue have focused on the developed economies and there is little empirical evidence on the emerging economies in general and almost no work has been done on emerging economy of Pakistan in particular. Therefore, present study is an effort to analyze the relationship between insider ownership and firm performance in emerging market of Pakistan while taking a sample of 100 firms listed on Karachi Stock Exchange.

This study investigates the impact of ownership structure (mix and concentrate) on a company's performance and failure in a panel estimation using 167 Jordanian companies during 1989-2006. The empirical evidence in this paper shows that ownership structure and ownership concentration play an important role in the performance and value of Jordanian firms. It shows that inefficiency is related to ownership concentration and to institutional ownership. A negative correlation between ownership concentration and firm's performance both, ROA and Tobin's Q, is found, while there is a positive impact on firm performance MBVR. The research also found that there is a significant negative relationship between government ownership and a firm's accounting performance, while the other ownership structure mixes have significant coefficients only in Tobin's Q using the matched sample. Firm's profitability ROA was negatively and significantly correlated with the fraction of institutional ownership, and positively and significantly related to the market performance measure, MBVR. The result is robust when indicators of both concentration and ownership mix are included in the regressions. The results of this study are, to some extent, inconsistent with previous findings.

This paper provides new evidence on the relations between managerial and institutional ownerships and firm performance. These relations are found to be affected by firm's stock price informativeness and corporate governance. Based on a sample of US firms from NYSE, AMEX, and NASDAQ between 1989 and 2006, we document three important findings. First, managerial ownership and firm future performance are non-linearly related; the positive relation is stronger for firms with less informative prices or more agency problems. This finding suggests that poor governance and uninformative price increase the importance of managerial value creation for their firms by improving internal governance.

In this study, we explore the association between ownership structure and voluntary information disclosure in Taiwan. Annual report index data from Information Disclosure and Transparence Ranking System (IDTRS) are used as the proxy of the firm's voluntary information. The empirical results indicate that the level of information disclosure is likely to be less in "insider" or family-controlled companies.

SECTION 3. CORPORATE GOVERNANCE: MALAYSIA

This paper addresses the debate on family run business and corporate governance before and after the Asian Financial Crisis in 1997. As there are only few studies on the corporate governance of family businesses in Malaysia, this paper aims to provide a broad view of the corporate governance practises of family run companies in Malaysia. The majority of family-run companies in Malaysia are operated by ethnic Chinese families in Malaysia. To understand the practices of corporate governance in these companies, this study selected 3 of the top 10 family run companies by market capitalization in Malaysia.

The purpose of this study is to investigate level of compliance by corporate governance (CG) code of best practices and sharia' principles among public listed companies in main board of Bursa Malaysia and to provide insights view in determining significance association between the corporate governance and sharia' compliance with firm's performance. Corporate governance compliance was measured by three board of directors (henceforth; BOD) facets; (i) director's remuneration, (ii) directors training and (iii) number of family members. Meanwhile, Syaria' compliance is based on six proxies, (i) riba, (ii) gambling, (iii) sale of non halal product, (iv) conventional insurance, (v) entertainment and (vi) stockbroking.