CORPORATE OWNERSHIP & CONTROL

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CONTENTS

the information content (transparency) and possible wealth transfers (theft) around dividends. Our study replicates earlier studies on investment grade bonds with ambiguous results using a sample of noninvestment grade bonds. Our results suggest that for ordinary dividend changes, wealth expropriation is a significant explanation in the gain to stockholders.

This paper studies the emerging ownership and investment patterns of listed companies during the first years after mass privatization (Bulgaria) and after around ten years after mass privatization (the Czech Republic). It explores firm-level data over the period 1998-2003. We apply accelerator-cash flow model and q-model to cash-flow investment sensitivity. In the Bulgarian sample, contrary to the expectations firms controlled by foreign firms are financially constrained. Firms controlled by state-owned holding company show financial re-allocation investment pattern, while firms under control of privatisation fund have inertial investment behaviour. In the Czech Republic, the estimates of the q-model show that companies controlled by foreign investors are less financially constrained and have profit-maximization behavior, firms controlled by the National Property Fund have insignificant financial re-allocation, and firms under control of other domestic firms are most financially constrained. However, the accelerator model does not confirm these results for the firms under control of other domestic firms.

This paper aims at improving financial risk management practices by applying insurance principles to the management of inflation rate, interest rate and foreign exchange rate risks. To achieve this objective, the research paper focuses on the features of finite risk insurance and the perceived importance of these features when South African business executives consider strategies to manage the above risks. The paper closes with recommendations to providers of financial services based on the needs of South African industrial companies to manage the above risks.

SECTION 2. CORPORATE OWNERSHIP

This paper tries to test three different hypotheses for the relationship between firm performance and characteristics of founder-CEOs and non founder-CEOs using three econometric techniques: OLS, feasible GLS and piecewise linear regression. They are risk-averse hypothesis, ownership hypothesis and hedge (effort) incentive hypothesis. Firm performance increases as hedge (effort) incentive increases. Founder-CEOs' ownership has positive effect on firm performance when their ownership is between five percent and twenty percent. This is consistent with ownership hypothesis. The risk-aversion level of founder-CEOs is negatively correlated with firm performance which is consistent with risk-averse hypothesis. The ownership and risk-averse level of non founder-CEOs are not statistically correlated with firm performance.

The paper considers the owners of the firms as normal investors who want to optimise the return from their investments in accordance with their wealth constraint and the risk of their investment in the firm. The paper tests this theory on a representative sample of Danish companies including small