

CORPORATE OWNERSHIP & CONTROL

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This paper aims to examine executive compensation structure and determinants on a panel of the so-called “new economy” and “old economy” firms in the USA over the period 1992-2004. The results reveal that executive compensation structure in new versus old economy firms is different and more importantly, it changes over time. Additionally, our results document that the factors explaining executive compensation of new and old economy are different, and also that stock options, despite the problems that have been related with these compensation components in the past, are still the most important ones, both in new and old economy firms. Our results imply that different reward structures exist for different industry sectors at different stages in their development and companies must readjust compensation structures frequently to provide incentive for their top executives.

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This paper provides new evidence on the impact of ownership over performance in small dimension markets. Analyzing the Portuguese firms we confirm the monitoring effect. Unlike previous studies, we also confirm the expropriation effect to low levels of ownership concentration. These results suggest that the free rider problem between the manager and the principal is significant in countries with small financial markets.

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Henrique Cordeiro Martins, Carlos Alberto Gonçalves, Daniel Jardim Pardini

The board of directors is seen as the central governance instrument, promoting interaction between stakeholders and promoting high performance, organization sustainability and return to investors. The practices and strategic definitions of corporative governance are considered of great importance today for corporations, due to the size and to the complexity of their structures (like *M-Forms* structures) and the different forms in which they are presented: in networks, associations, partnerships, mergers and acquisitions. The aim of this article is to analyze the constitution of boards of directors, based on their attributes, and the impacts of this classification on the roles and responsibilities of the directors in Brazilian companies. For this, a quantitative survey was performed in the 300 largest companies in Brazil listed in BOVESPA - stock exchange in capital market. The results found point to a strong correlation of some attributes of the directors of the researched firms with the roles and responsibilities of the board, in relation to strategic, control, and institutional dimensions.

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Zouari-Hadji Rim, Zouari Ghazi

This article examines the involvement of institutional investors, as a heterogeneous entity in the management of the firm. Knowing the identity of these institutions (banks, pension funds and mutual funds) may be useful because of its different influences on the behavior of managers in R & D investment. In conducting a comparative study between different national systems of governance, we seek to identify the type of institution that can foster R & D investment. The empirical study is based on a sample of 531 U.S., Japanese and French firms for the period 2003-2007. The results of canonical analysis conducted show that investors have different effects on R & D investment according to the institutional context.

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SECTION 2. CORPORATE OWNERSHIP & CONTROL

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Sidney Leung, Ran Wang

Using a sample of Hong Kong companies from the 2005/06 fiscal year, we find that family-controlled firms have lower audit fees. The results also show a positive association between AC quality and audit fees in Hong Kong. Moreover, the association of higher AC quality with higher audit fees is stronger in family-controlled firms than in non-family-controlled firms. Collectively, our findings suggest that audit committees in family-controlled firms require a higher degree of external audit effort than do those in non-family-controlled firms.

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Stefan Hilger

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Thomas Gstraunthaler

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