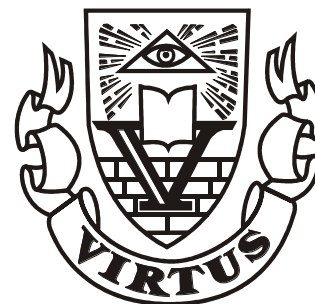


# CORPORATE OWNERSHIP & CONTROL

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## CONTENTS



**EDITORIAL**

4

## SECTION 1. ACADEMIC INVESTIGATIONS AND CONCEPTS

**THE DETERMINANTS OF FORWARD-LOOKING DISCLOSURE: A CORPORATE GOVERNANCE PERSPECTIVE**

8

*Khaled Aljifri, Khaled Hussainey, Peter Oyeler*

The main objective of this study is to explore empirically the corporate governance mechanisms in UAE that may affect the extent to which forward-looking information is disclosed. This study utilizes a sample of firms that are listed in either the Dubai Financial Market or the Abu Dubai Securities Market. It uses the accounting and market data available for 2007-2009. This study concludes that three of the corporate governance mechanisms [i.e., institutional investors; ownership (> 10%); debt ratio] have a negative impact on the level forward-looking information disclosure; whereas the governmental investors and ownership (5-10%) are found to have a positive effect on the level of forward-looking information disclosure. These results raise questions about the validity of the "active monitoring hypothesis", which states that the presence of institutional investors should increase the level of disclosure, and also about the agency argument which assumes that debt is a good mechanism to discipline management.

**ITALIAN ASSET MANAGEMENT COMPANIES: PRODUCTS AND GOVERNANCE** 20

*Maria Cristina Arcuri*

The purpose of this research is to establish whether the products offered by Italian AMCs affect their governance structure. Author uses a statistical multi – equation method called Seemingly Unrelated Regression (SUR) and analyzes the period 2006-2010. Results show that mutual fund categories offered by Italian AMCs are very important because they may affect their corporate governance system and, therefore, the Italian asset management market.

**PRIVATIZATION OF PUBLIC ENTERPRISES IN SWAZILAND**

28

*Md. Humayun Kabir*

The study reveals that the privatization program in Swaziland has not been developed in isolation as a cure for all the economic problems in itself, but it forms part of the broader monetary, fiscal and social policies. Findings of the study also indicate that level of employees' perception is low towards the implementation of privatization program in Swaziland. However, this research leads to the conclusion that privatization of public enterprises can be good for the economy of developing countries particularly Sub-Saharan African countries including Swaziland since most of public enterprises in Sub-Saharan Africa make losses which are financed by government, thus creating huge deficits.

**CORPORATE GOVERNANCE AND EARNINGS MANAGEMENT IN NEW ZEALAND 40**

***Dyna Seng, Justin Findlay***

This paper examines the relation between corporate governance mechanisms and earnings management. Using data collected from New Zealand listed companies for the financial year ending in 2005, the results show that the size of the board of directors is significantly positively associated with earnings management. This suggests that larger boards seem to be ineffective in their oversight duties relative to smaller boards. On the other hand, the independence of the board of directors, the independent role of the board chair and chief executive officer, and the independence of audit committees are not significantly associated with earnings management. Thus, these three corporate governance mechanisms are ineffective at monitoring the discretionary choices of management.

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**ANTICOMPETITIVE BEHAVIOUR IN THE AUDIT SERVICES MARKET BY THE BIG AUDIT FIRMS: EVIDENCE OVER TIME 56**

***Harjinder Singh***

This study investigates the existence of anticompetitive behavior and cartel pricing by the Big4 international providers of auditing services (resulting from the halving in the number of such providers from the Big8 to Big4). Main results from longitudinal multivariate analysis indicate that there is no significant association between the four auditor attributes utilized in this study with changes in audit fees over the observation window. This study finds no evidence of anti-competitive behavior and cartel pricing by Big4 auditors resulting from increased audit market concentration. This has implications in relation to the need to consider legislation to reduce the power and influence of the Big4 audit firms and this subsequently has flow-on implications for the management of firms.

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**ISOLATED ISLANDS IN THE UPPER APEX OF ORGANISATIONS: IN SEARCH OF INTERACTION BETWEEN THE BOARD OF DIRECTORS AND THE TOP MANAGEMENT TEAM 80**

***Timurs Umans, Elin Smith***

This paper reports on the interaction of compositional effects of boards of directors (BoD) and top management teams (TMTs) on firms' financial performance. Composition of both groups is investigated for cultural, age, tenure and gender diversity. We explore effects of demographic diversity in the two power groups on performance in interaction with each other by bringing in the similarity-attraction paradigm to argue for the relationship. Study data are from consolidated financial statements in annual reports of listed Swedish corporations. Our findings suggest that while differences in gender, age and tenure diversities have no effect on firm performance, close alignment of cultural diversities of the BoD and TMT does have a positive effect of firm performance.

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**SECTION 2. CORPORATE GOVERNANCE AND RISK ISSUES**

**THE IMPACT OF BOARD DIVERSITY ON OPERATING PERFORMANCE AND FIRM RISK: EVIDENCE FROM THE ITALIAN MARKET 91**

***Doriana Cucinelli***

This paper analyses the relationship between board diversity and some board operating performance but also the relationship between board diversity and enterprise risk. The analyses, carried out on a sample of 249 Italian companies during the period 2006-2009, show that diversity affects the operating performance of the board. The results show a significant positive relationship between the presence of independent women board directors and the frequency of the board meetings, but a negative relationship between the number of meetings and the nationality diversity. With regard to the intermediate performance, there is a significant relationship with gender diversity. Besides, the analysis shows a negative relationship between firm systematic risk and number of foreign directors.

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**CORPORATE GOVERNANCE: A RISK MANAGEMENT APPROACH**

**104**

*Tracy Xu, Hugh Grove, Philipp Schaberl*

Risk management committees are now required for all U.S. financial institutions that are regulated by the U.S. Federal Reserve Bank. All U.S. public companies must now report their risk management activities for both Board of Directors and top management in their 10 K annual reports to the U.S. Securities and Exchange Commission (SEC). This paper analyzes one approach to risk management for public companies and their Boards of Directors. Since 2011, Disclosure Insight Inc. has issued risk ratings for over 1500 public companies in US. Its risk rating is based on the number, nature, and timing of 100 risk factors, which are across major categories, such as the SEC investigative activity, auditor issues, capital market events, and corporate governance issues. Our study finds significant positive abnormal risk-adjusted returns for companies with lower risk ratings and these companies also outperform the S&P500. Thus, this paper should be of interest to investors, company executives, and risk management committees, as well as SEC and other regulators. Alternatively, risk management committees in public companies could just establish their own rating systems, based upon their own key factors, as opposed to using the Disclosure Insight Inc. aggregate rating approach for all 100 risk factors.

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**SECTION 3. CORPORATE GOVERNANCE IN CHINA**

**UNCOVERING CONTROL MECHANISMS IN CONTRACTUAL JOINT VENTURES  
IN CHINA**

**114**

*Yue Wang, Karen Yuan Wang*

This paper aims to examine the control mechanisms within CJV non-equity alliances, enhancing our knowledge of one of the most important yet least understood form of foreign investment in China. The findings also help foreign investors to better understand how to use CJVs as an organizational vehicle to enter Chinese market.

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**SELF-INTEREST OR WIN-WIN: DETERMINANTS OF EXECUTIVE  
COMPENSATION IN CHINA**

**121**

*Zhen Chen, Fei Guo*

This paper studies the determinants of executive compensation in listed firms in China between 2002 and 2005. There is significantly positive elasticity of compensation to scale. Moreover, corporate performance is positively related to the elasticity of compensation to scale. We find that both agency theory and managerialism hold true in Chinese listed companies. Compensation contract is the result of the game by stockholders and managers.

**SUBSCRIPTION DETAILS**

**128**