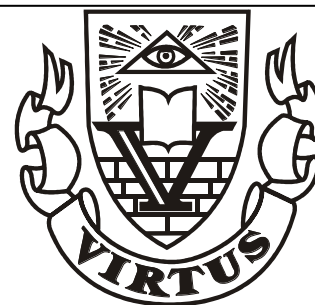


# CORPORATE OWNERSHIP & CONTROL

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**CAN A CONCEPTUAL FRAMEWORK FOR CORPORATE SOCIAL RESPONSIBILITY [CSR] ASSURANCE BE DEVELOPED?** 8

*Barry Ackers*

Independent corporate social responsibility [CSR] assurance should provide stakeholders with confidence that company CSR reports are complete, accurate and reliable. However, the voluntary nature of CSR reporting and assurance practices, implies that CSR assurance practices are largely unregulated, producing a variety of assurance providers using different approaches, undermining its effectiveness. The paper proposes that CSR assurance should be regulated to ameliorate these inconsistencies. The study examines the CSR assurance reports of the 200 largest companies listed on the Johannesburg Stock Exchange, utilising a qualitative content analysis undertaken in two phases.

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*Giusy Guzzo, Massimo Costa*

This article aims to offer a contribution to the debate on the effectiveness of the theme of 'Measurement', by investigating the use of the current evaluation models in the literature and practice of Financial Reporting. The article proposes at first a historical survey both of the international debate on Fair Value Accounting vs. Historical Cost Accounting and of the Italian theories on the valuation. Later the paper proposes some considerations about the key questions related to Measurement and the possible policy implications of the main research finding, by conceptualising a 'mixed' system combining fair value Accounting and historical cost Accounting.

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*Md Hamid Uddin*

The study finds that government shareholding in firms evolves through economic transition of a country, and the probability of government share retention in firms depends on their strategic importance, ability to earn profit, and valuations in financial market. Additionally, it is found that the strategic importance and market valuation of firms play main role in determining the probability of government taking control of firms by holding a majority ownership, whilst the firms' ability to earn profit affects the decision of government to relinquish control of firms to the private management.

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*Musa Darayseh, Abdelaziz Chazi*

In this paper, we study the working environment relation between management and accountants and investigate the factors that affect the job performance of accountants. Using factor and multivariate

analysis, we find that there are very important factors, such as the work environment, job attributes and scope, personal knowledge and self-development, as well as compensation/benefits are important determinants of the performance of accountants and provide information about the relationship between owners and agents that should be taken into account in studying and investigating any future relationship between management and accountants. The results provide important empirical and theoretical implications in identifying the elements of an accountant's job performance, which, if considered, are expected to reduce jobs problem, while at the same time enhancing the relationship between management and accountants.

**PAY FOR PERFORMANCE: AN EMPIRICAL REVIEW**

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***Yusuf Mohammed Nulla***

This study investigated the relationship between the CEO cash compensation and firm performance of the large New York Stock Exchange (NYSE) companies from 2005 to 2010. The quantitative research method was selected for this research study. The forty large companies were selected through a stratified sampling method. The research question for this research study was: among the NYSE companies, what relationship is there between CEO cash compensation and firm performance. The results found that, there was a relationship between CEO salary, bonus, and firm performance, among the NYSE companies. The correlations between CEO salary, CEO bonus, return on assets, return on equity, earnings per share, cash flow per share, net profit margin, common stock outstanding, book value of common stock outstanding, and market value of common stocks outstanding, were characterized as weak ratios respectively.

**BELIEFS AND ACCOUNTABILITY IN AN ISLAMIC BANK**

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***Ahmadasri Alaudin, Paul Shantapriyan, Ralph Adler***

An Islamic bank in Malaysia (Malpha) positions itself on being Islamic. The products and services are more expensive while employees are paid less than normal commercial banks. What bonds customers and employees to the bank are symbols of Islam: aqad (oral agreement between the bank and a customer), doa' (supplication, a prayer), the tazkirah (short religious talks at the morning meeting) and zakat (or almsgiving). Bank Malpha uses aqad (oral agreement between the bank and a customer) and Doa (supplication, a prayer) to form the basis of belief systems that influence the relationship with a customer. With regard to intermediaries, reciprocity (a form of trust) underpins the relationship between the bank and its intermediaries (housing developers and lawyers for example). This bonding is reinforced by a boundary system: the shariah committee.

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***Mochammad Doddy Ariefianto, Irwan Trinugroho, Muthmainah Muthmainah, Rahmawati Rahmawati***

We construct a simple model in which banks use deposit interest rate position to shape for Asset Liability Management (ALM) strategy. Using monthly panel data of 104 banks over the January 2005 - December 2013 period, we empirically test our model. Panel data technique is used to estimate the parameter. We find that the model is well supported. The coefficient of loan growth is positive while reserves inventory is negative. Nevertheless, we find the spread to JIBOR O/N and business index to be negative which contradict our hypotheses. The results are largely unaltered when we account for turbulence period.

**CORPORATE OWNERSHIP & PERFORMANCE**

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***Odhiambo Luther Otieno, Sam Ngwenya***

Capital structure decisions are common across firms, yet capital structure theories lack a consensus on how much of debt capital firms should use to finance their operations. The main objective of this study

was to investigate the bi-directional relationship between capital structure and financial performance of firms listed on the NSE. The study used canonical correlation technique to determine the bi-directional relationship between capital structure and performance. The result revealed that dominant capital structure indicator to be used in an analysis to predict performance is the total debt to the total asset ratio. In the case of performance, the two variables that relate to capital structure are book value to market value ratio and asset turnover ratio. The results support the conclusion that a bidirectional relationship exists between capital structure and debt capital.

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*Geeta Duppati, Sazali Abidin, Jiani Hu*

This paper investigates both short-term and long-term stock market reactions to the announcement of domestic and cross-border Mergers and Acquisitions (M&As) by Chinese acquiring companies. For short-term performance, this study uses market model methods to calculate daily abnormal return and measure how M&A deals announcement impact on stock returns. For the long-term performance, this study uses market model, capital asset pricing model and Fama-French three factor model to calculate monthly abnormal return and measure whether M&A deals create value to shareholders. This paper also examines differences in operating performance between pre-acquisition and post-acquisition, and finally investigates whether cash flow from operations, Tobin's Q and profit margin are significantly changed by M&A deals.

**PRIVATELY HELD OR PUBLICLY OWNED? LARGE SHAREHOLDERS AND CORPORATE CONTROL – EVOLUTIONARY GAME THEORETIC ANALYSIS**

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*Amjad Toukan*

I use evolutionary game theoretic techniques to model the interaction between managers and shareholders and describe the equilibrium ownership structure arrived at in different legal environments. The decision to go public and the shape of the ownership structure itself depend on the particular combination of ownership that maximizes the initial owners' wealth. Owners/managers and large shareholders exert costly efforts to increase their share of the value of the public firm. The respective shares and the listing decision are affected by the efficiency of the judiciary and law enforcement system.

**THE OWNERSHIP CHANGE AND IPO FIRM PERFORMANCE: EVIDENCE FROM THE SIX EMERGING MARKETS**

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*Ahmed S. Alanazi, Benjamin Liu*

This paper investigates the financial and operating performance of IPOs made in the Gulf Cooperation Council (GCC) region for the period of 2003 to 2010. The results suggest that IPO firm performance declines after going public after ownerships are altered in IPOs. The deterioration is associated with the firm transition from private into public ownership perhaps due to increasing agency costs. We also find evidence that supports the lack of opportunity theory because the firm's growth in sales and capital expenditure in the pre-IPO period is much stronger than the post-IPO period. We also find that size of the firm is positively significant to IPO firm performance.

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**SUBSCRIPTION DETAILS**

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