

CORPORATE OWNERSHIP & CONTROL

VOLUME 13, ISSUE 4, SUMMER 2016

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Rodrigo Leite, Andre Carvalhal

This paper investigates whether there is a relation between firm age, value and performance in Brazilian companies, and verify if firm age has an affect on their governance practices. The authors analyze 250 Brazilian listed firms from 2002 to 2009. The results indicate that the relation is not shaped as an inverted U in Brazil, and that older firms show higher value and better return on their investments. The study also report that older firms show better governance practices.

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Luzelia Calegari Santos Moizinho, Kárem Cristina de Sousa Ribeiro, Flavio Barboza

This research is a multi-case analysis of Brazilian and American companies with respect to the characteristics of their corporate governance mechanisms during security emission processes. The methodology is based on the Economic Commission for Latin America and the Caribbean index, a quantitative tool that was developed to measure governance and the internal control of risk levels. The results show differences in governance between these countries. Two possible causes of this difference are the market's most selective characteristics and internationalization, which require Brazilian companies to adapt to global rules.

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Hai Yen Pham, Richard Chung, Eduardo Roca, Ben-Hsien Bao

The article investigates the relation between CEO compensation and stock returns in Australia and find evidence that firms managed by CEOs with higher incentive pay earn higher returns in a period up to three years. The relation is more pronounced for firms led by younger CEOs and firms operating in research-intensive industries. In addition, the authors find some evidence indicating that innovation serves as a channel through which incentive pay affects stock returns. In particular, higher incentive pay induces CEOs to take more risk by investing more in risky projects, such as innovative activities which consequently make firms riskier and have higher expected stock returns.

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Dafydd Mali, Hyoungjoo Lim

This study investigates whether corporate ownership structure influences a credit rating agencies' perception of risk. Using a sample of 1,213 KRX firm-year observations, and a t+1 approach, authors find that firms with higher foreign ownership have higher credit ratings compared to those with lower foreign ownership. Moreover, the authors find that higher percentage of shareholder ownership does not affect credit ratings for our initial sample; however, after dividing the sample into investment/non-investment grade samples, researchers find a positive/negative relation for investment/non-investment firms. The results suggest credit rating agencies perceive the relation between corporate ownership and default risk differently for investment/non-investment grade firms.

IMPACT OF ENFORCEMENT AND CORPORATE GOVERNANCE ATTRIBUTES ON PERFORMANCE**50***José Villanueva García, María Antonia García-Benau, Ana Zorio Grima*

This paper looks into the impact of corporate governance and the work of the Spanish Securities Exchange Commission (CNMV) on the performance of Spanish listed groups; as well as observing the links between enforcement actions and corporate governance. In a sample of 116 Spanish listed groups during the period 2005-2011 authors have applied structural equations model (SEM) for hypothesis testing. The results obtained suggest there is a significant positive relationship between the corporate governance variables and company performance and a significant negative relationship between enforcement and performance. It also identifies a significant positive relationship between enforcement action and corporate governance, which validates the theoretical model proposed.

PROXY FIGHTS AS AGENCY DISCIPLINE**61***Jian Huang, Gökhan Torna, Daniel Singer*

This research investigates how proxy fights function to discipline corporate boards of directors to function as agents of the shareholders. One hundred and ninety six proxy fights are investigated between 1988 and 2009 to examine those factors which determine the most closely associated with winning or losing a proxy fight. Dissidents are found to be most likely to initiate and win a proxy fight when cumulative excess shareholder returns are negative. It is concluded that while declines in shareholder wealth do stimulate proxy fights, a semi-strong efficient market interpretation of financial performance leaves ample room for the successful defense of managerial policies and actions. Proxy fights provide an opportunity for dissidents to challenge these policies and actions often enough for proxy fights to be an effective mechanism for compelling fiduciary behavior by corporate boards.

CORPORATE CHARACTERISTICS OF LISTED COMPANIES ENGAGING IN WEB-BASED FINANCIAL REPORTING IN EMERGING ECONOMIES**66***Peter B. Oyelere, Nirosh T. Kuruppu*

Authors investigate the key corporate characteristics of using the web for voluntary disclosure of financial information in an emerging economy by companies listed in the United Arab Emirates (UAE). The 132 companies listed on two stock exchanges were investigated to ascertain whether they engage in web-based financial reporting (IFR) or not. Eighty-eight of the companies (about 67%) were found to use their websites for IFR. Similar to prior studies in this area, logistic multiple regression was used to isolate the key corporate characteristics of IFR companies (IFRC) from non-IFR companies (N-IFRC). Results indicate firm size and leverage to be the key determinants of voluntary IFR adoption. Surprisingly, other traditional firm characteristics, such as profitability, industry and liquidity do not explain IFR practices. Policy implications of these findings, as well as the limitations of the study, which provide potential areas for future research, are also discussed.

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This article investigates the usage of internet by listed companies in the ready-made garment industry in Bangladesh. The study will also include comparison of the contents of investor relationships with empirical evidence from around the world. The sample size contains 105 firms listed on the Dhaka Stock Exchange. Employing statistical analysis for measuring investor relations based on available contents disclosed in firms' website for investor information, this study found that the 105 firms disclose contents related to investors on their websites but fall short of the standard of other countries with only the company profile as the most prominent disclosure. Study result reports that companies in Bangladesh are still behind compared to developed economies in terms of using internet for investor relations. The study also recommends the Dhaka Stock Exchange, Bangladesh Garments Manufacturing and Export Association (BGMEA) and other indigenous regulatory bodies encourage firms to disclose more investor related information.

A COMPARATIVE STUDY OF THE PERFORMANCE OF SAUDI MUTUAL FUNDS**89***Ahmed A El-Masry and Dalia A. El-Mosallamy*

This study examines the performance of 21 Saudi mutual funds using the CAPM and downside CAPM D-CAPM models over the period 2005-2011. Initially equity fund performance is examined against two benchmarks TASI and the GCC Islamic index utilizing the traditional beta and CAPM performance evaluation measures. The study concludes that it is equally important for practitioners in emerging markets, to report performance using both CAPM measures and D-CAPM measures and if differences exist, then the D-CAPM could be the superior measure because of its suitability to the asymmetrical distribution of returns existing in emerging markets in general.

SECTION 2: CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

THE RELATIONSHIP BETWEEN CSR MEANING AND CSR PRACTICES: THE CASE OF SMES 103

Faitira Manuere, Maxwell Phiri

This article analyzes the relationship between the meaning attached to CSR as a concept and the legal, economic and ethical CSR activities of SMEs in Zimbabwe. For a long time researchers have concentrated on studying the impact of CSR practices on the operations of SMEs and yet very little regard has been given to investigating the relationship between CSR meaning and CSR activities in SMEs. The study made use of questionnaires to collect data from a sample of 201 SMEs residing in the region of Harare. The correlation method was adopted in order to examine the relationship between CSR meaning and CSR activities of SMEs in Zimbabwe. The results of the study revealed that the meaning of CSR is related to the major CSR activities undertaken by SMEs in Zimbabwe.

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Stéphanie Looser, Walter Wehrmeyer

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Roberto Moro Visconti

Healthcare infrastructural investments are a key strategic issue in countries such as Italy, whose aging population faces severe public budget constraints, exacerbated by the unprecedented recession. The choice between traditional procurement (TP) and Public Private Partnerships/Project Finance (PPP/PF) is by now a cornerstone of public strategies concerning complex infrastructural investments. PESTLE and SWOT strategic analysis provides a systematic and comprehensive reflection of the external and internal operational environment but has infrequently been applied to infrastructural procurement. Risk sharing between public and private actors and consequent corporate governance and ownership issues are still under-investigated in the literature, especially if associated with innovative PESTLE and SWOT instruments. Evidence shows that PESTLE and SWOT analysis improves procurement choices and public-private partnering, softening governance concerns.

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Patrizia Pastore, Silvia Tommaso

This study investigates whether gender quotas have had success so far in their primary goal of reducing gender disparities in Italian corporate boards. Debate about gender equality on boards gained momentum and global prominence over the last years attracting attention of both researchers and practitioners worldwide. Despite a remarkable progress in education and their participation in the labor market, women still face large barriers to advance into upper management and boardrooms and gaps remain. Women are still under-represented in senior executive and board positions worldwide even if there is wide variation across countries.