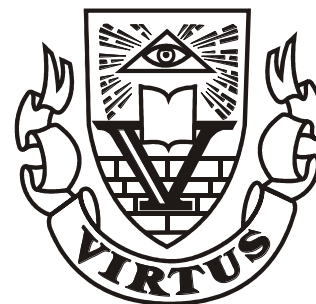


CORPORATE OWNERSHIP & CONTROL

VOLUME 9, ISSUE 3, SPRING 2012

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Baliira Kalyebara, Abdullahi D. Ahmed

The conventional discounting capital budgeting techniques have been widely criticised for being inappropriate in incorporating multi-criteria interactions and for focussing on one-off single objective of maximizing net present value. This paper modifies a Multiple Objective Linear Programming (MOLP) optimization model of Levary and Seitz (1990). It adds to the objective function the mitigation of agency costs as a proxy of good corporate governance principles and capital market interactions. The goal of the study is to examine the impact of agency costs on the present value of a long term capital project and investment appraisal decision making in the airline industry to support better capital investment decision making in the future. Recent collapses of high profile companies in airline industry and other industries such as Flyglobespan Airline (in the year 2009) in Scotland, Ansett Airline (in the year 2001) in Australia, Enron (in the year 2001) and Lehman Brothers (in 2008) in the U.S whose impact is still being experienced today provide us with evidence of how important the minimization of agency costs is for the survival and success of organisations and the huge amounts involved as a result of poor corporate governance. The results reveal that debt financing which is often provided by capital markets plays an influential role in shaping the investment appraisal decisions through interest rates and debt covenants embedded in the debt contracts. The results show that mitigation of agency costs improves the firm's cash flow, financial management and corporate governance. It discourages illegal earnings management practices, enhances investment decisions, investors' confidence and reliability in the firm's investment decisions and hence enhances the firm value.

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Cristina Bettinelli, Valeria Caviezel

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Results from a validation study based on 90 family businesses indicate that even if board task performance is associated with activities and roles that appear to represent differing views of effectiveness, they share a single, common line of inquiry. Moreover the study confirms that boards can be distinguished according to the degree to which they perceive themselves as more or less effective in performing certain roles. The scale demonstrates diagnostic properties that make it useful for practitioners as well as researchers.

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Giuseppe Grossi, Patricia Bachiller

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W L Crafford, F J Mostert, J H Mostert

The management of liquidity is of prime importance to banks. This management process should be carefully planned and continuously managed to master a global and/or national financial crisis. The objective of this research paper embodies the improvement of financial decision-making by banks regarding the management of their liquidity. To achieve this objective, a literature study was initially done.

An empirical survey followed thereafter, focusing on the 10 biggest banks in South Africa. They are the leaders of the South African banking industry, and as South Africa is a developing country with an emerging market economy, the conclusions of the study may also be valuable to banking industries of similar countries. The importance of the liquidity management factors, the problem areas surrounding this topic, as well as how often the requirements are adjusted to ensure proper and effective liquidity management are addressed.

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Mo'taz Amin Al-Sa'eed, Soud M. Al-Mahamid

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Qian Li, Ebru Reis

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J. Barry Lin, Bingsheng Yi, Jane Mooney

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Haiyan Jiang, Ahsan Habib

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Shihwei Wu, Fengyi Lin, Chiaming Wu

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Rami Zeitun, Duha Al-kawari

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Thiago Emmanuel, Andre Carvalhal, Marcos Avila

This paper analyses the relationship between social responsibility and financial performance of Brazilian companies. This subject has been largely studied and presents many discussions and different points of view. There are a considerably number of research that tries to link social responsibility and financial performance. However, there is not a fully established consensus about the issue. Despite a great number of empirical researches regarding this subject, there are few studies in the Brazilian market. We analyze 515 Brazilian companies listed on BM&FBovespa from 2001 to 2007 and check which companies have disclosed the IBASE social report, which proposes a standardized methodology for social reporting and allows us to compare companies in different sectors over time. Our results indicate that companies that disclose social information have a superior performance when compared with companies that do not disclose. Moreover, financial performance is positively related with social investments. Interestingly, the "voluntary" social investments, which are not mandatory by law, have a strong effect on firm value and performance.

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Oderlene Vieira de Oliveira, Marcelle Colares Oliveira, Sérgio Henrique Arruda Cavalcante Forte, Vera Maria Rodrigues Ponte

This study aims to identify the perceptions of executives from Brazilian companies traded and closed on obstacles for the adherence to good corporate governance practices. Therefore, a structured questionnaire was sent to 516 companies. We concluded that the perceptions of executives from Brazilian companies traded and closed, differ with respect to amounts allocated, being most of the obstacles (ten out of thirteen) in adhering to good corporate governance practices. What could possibly be explained, is that the fact of a group having already gone through the process or have already duly joined this practice and not the other.

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