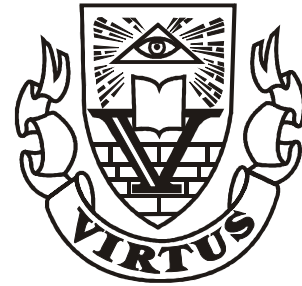


CORPORATE OWNERSHIP & CONTROL

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Eunjung Lee, Kyung Suh Park

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Jianguo Chen, Dar-Hsin Chen, Ping He

This study investigates the ownership structure of New Zealand non-financial companies in terms of both ownership and management control and examines the effect of ownership structure on corporate governance and firms' performance. The Berle and Mean's hypothesis of separation of ownership and control does not find support in New Zealand. Further analysis tests the proposition that the diffusion of corporate ownership has allowed corporate managers to pursue goals other than profit maximization. The findings do provide evidence of a non-monotonic relation between managerial shareholdings and firm performance. This result indicates the complex nature of the relationship between ownership structure and firm value.

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Pablo Rogers, Anamalia Borges Tannus Dami, Korem Cristina de Sousa Ribeiro, Almir Ferreira de Sousa

The present study investigates if there is any relationship among ownership structure, financial performance and value in the Brazilian non-financial public companies with stocks negotiated in the São Paulo Stock Exchange, between the period of 1997 to 2001, as well as the determinant of the level of concentration of the ownership in these companies. The results indicate that the variables of ownership structure as defined do not have influence on the financial performance and value of the companies. Remaining to the determinant of the ownership structure of the Brazilian non-financial public companies, the results indicate that the ownership structure can be explained by the size of the firm, market instability and regulation, being the latter the main determinant of the ownership structure.

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J. Vaz Ferreira

We investigate why firms decline significantly their profitability, efficiency, employment and activity levels, and show an increase on sales and capital investment when there is a transition from private to public ownership. We conclude that this decrease in performance is significantly higher, when one or more than one of the following facts happen after firms going public: first, when there are not shareholders in management, what implies increased agency costs; secondly, when the level of equity concentration after going public is low; in third place, when the level of equity retention by the founding shareholder is low; fourth, when the economy health during the timing of the sale is not in good shape; and lastly, when the old CEO is changed.

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Rafik Abdesselam, Sylvie Cieply, Anne-Laure Le Nadant

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Bersant Hobdari

New and rich panel data for a large and representative sample of firms are used to estimate the effect of ownership structures on capital allocation. This issue is examined in a production function framework under alternative specifications. Our estimates confirm differences in capital allocation across firm under different ownership structure. Furthermore, we find that: (i) most of Estonian firms operate at the wrong point on their production function (ii) insider owned firms suffer from under-investment, (iii) state and domestic outsider owned firms display over-investment (iv) there is evidence of widespread managerial discretion.

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Olga Del Orden, Aitor Garmendia

When approaching the study of how financial systems carry out their role in the control of the good governance of enterprises, many articles of research have centred on the analysis of the ownership structure of these firms. Attempts have been made to see if differences exist, in the nature and degree of concentration of ownership, in the level of pressure and control exercised over the managers and the repercussion of all this on the manner of managing the business. The intention of our research article is to shed light on the development of the structures of ownership and control in Spanish enterprises between 1997 and 2006, and their possible influence on the results of these enterprises.

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Weiyu Guo, Jinlan Ni

This paper examines the linkage between dividend policy and institutional ownership within the context of the dividend model of Allen, Bernardo and Welch (2000). Specifically, it provides an empirical test of Allen, Bernardo and Welch (2000)'s novel implication that a tax differential between institutions and retail investors effects dividend policies. Using merge data of US industrial firms from 1980-2002, our results indicate that the dividend paying decision is positively related with institutional ownership. That is, firms with higher institutional ownership are more likely to be dividend payers. Further, we find that the deferred tax or tax credits that the institutional investors own significantly contribute to the dividend initiation decision as well as the level of dividend payments.

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Jolanta Solnyskiniene

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RESILIENCE: THE RESUMPTION OF SHAREHOLDER PRIMACY

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Alex Proimos

The once dominant and inconsiderate player in corporate governance, the shareholder, has faced increasing pressure from its rival stakeholders (creditors and the general public) and their agents (i.e. the management and directors) eager to unproportionately increase their stake. The idea of shareholder primacy in corporate governance is while previously was losing its dominance as corporate law versus stakeholder theory could be set for an even stronger come back.