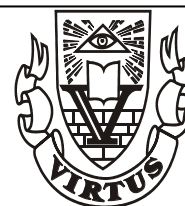


# CORPORATE OWNERSHIP & CONTROL

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#### FINANCIAL CRISIS AND ACCRUAL AND REAL EARNINGS MANAGEMENT IN EUROPE 8

*Afroditi Papadaki, Christos Tzovas*

The purpose of this study is to investigate whether firms engage more intensively in earnings management in a period of financial crisis. In particular, authors examined a sample of 10.139 observations from 19 European Union countries for the period 2005-2014. Earnings management had been examined on both accrual and real earnings management basis. It appears that in the period of financial crisis firms are less inclined to use accruals for earnings management purposes, while real earnings management is not affected by financial crisis.

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*Alicja Brodzka, Krzysztof Biernacki, Magdalena Chodorek*

The purpose of the article is analyzing the impact of taxation on the effective income tax rates paid by Polish companies. The authors present the results of a study made on the biggest firms, listed on the Warsaw Stock Exchange and included in the WIG20 index. In the research they bring closer the concept of tax aggressiveness - by looking at the effective tax rates (ETRs) achieved by WIG20 companies in years 2010-2014. The study is structured into 5 groups, according to the industry in which the analyzed companies operate. The results prove the sectoral differences in the level of ETRs.

#### THE IMPACT OF CORPORATE GOVERNANCE MECHANISMS ON FINANCIAL REPORTING TRANSPARENCY 25

*Samin Kohansal, Shoeyb Rostami, Zeynab Rostami*

Corporate governance has been raised as one of the most important issues among the international business environment since the beginning of the twenty-first century. At first, corporate governance basic principles focused on firm's strategies and the rights of their shareholders but these principles has been changed into the rights of all stakeholders and society through researchers new viewpoints. Although corporate governance codes and regulations are different in various countries, there is a common unanimity that better compliance of corporate governance improves financial reporting quality and transparency. The aim of this paper is to investigate the impact of corporate governance mechanisms on financial reporting transparency in Tehran Stock Exchange over a seven year period (from 2006 to 2012).

#### ORGANIZATIONAL ELITES AND THE DISCOURSE OF FLEXIBILITY: WILL BE THE CONSULTANTS IN THE FUTURE MANAGERS? 34

*Jose Paulo de Angelo Sanchez, Julio Cesar Donadone*

The purpose of this article is to investigate how the discourse of flexibility could be used instrumentally by organizational elites in their disputes for power within the firms and how this phenomenon can affect some aspects of organizational behavior. The careers of business consultants who worked in a consulting firm operating in Brazil have been searched. Resumes of 239 individuals were analysed and the empirical evidence found allowed to advance in the understanding of the issue under study. The data obtained were analysed from the perspective of institutional logic and power structures established by organizational elites.

**DETERMINANTS OF FAILURE IN GREEK MANUFACTURING SMES**

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*Efthalia Tabouratzi, Christos Lemonakis, Alexandros Garefalakis*

The globalization and the global financial crisis provide a new extremely competitive environment for small and medium sized enterprises (SMEs). During the latest years, the increased number of firms' default has generated the need of understanding the factors of firms' default, as SMEs in periods of financial crisis suffer from lack of financial resources and expensive bank lending. A sample of 3600 Greek manufacturing firms (9 Sectors) were used, covering the time period of 2003-2011 (9 years). A panel regression model with correction for fixed effects in both the cross-section and period dimensions using as dependent variable the calculated Z-Score of each firm, and as independent variables several financial ratios, as well as the exporting activity and the use of International Financial Reporting Standards (IFRS Accounting Standards).

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*Lilis Sulistyani, Imam Ghozali, Jaka Isgiyarta*

The aim of this research was to examine the effect of diagnostic control system and interactive control system on organizational performance with organizational capability as intervening variable. Resource-based view theory was used for underlying the association between the variables. The respondents were 84 Financial Institutions in Indonesia. The data were analyzed using Structural Equation Model with Warp PLS 3.0. The results show that the diagnostic control system has positive significant effect on organizational capability but no significant effect on organizational performance.

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*Massimiliano Farina Briamonte, Felice Addeo, Fabio Fiano, Marco Sorrentino*

In recent years, business administration researchers and economic operators have become increasingly interested in ways to protect minority shareholders from opportunistic behaviour by the majority shareholders in control of company management. Scholars have further extended their attention to the systems of Corporate Governance after the failures and financial scandals involving some important international groups such as Enron (United States), Parmalat, and Giacomelli (Italy). These events have focused attention on the opportunistic use of technical discretion when drawing up financial information in the presence of incentives or subsidies linked to the expropriation of potential wealth generated through the Corporate Governance structure adopted by companies.

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*Ahmad Fahmi Sheikh Hassan, Yusuf Karbhari, Ahmad Afendi Mohamad Isa, Nazrul Hisyam Ab Razak*

Government linked companies (GLCs) play a unique role in the Malaysian public sector and are perceived to be the key drivers of the economy wielding influence in the financial market. This study investigates the impact of an important governance mechanism, i.e. the board of directors on performance of 32 Malaysian listed GLCs for the period 2008 to 2013. The board attributes examined include board size, board structure, board independence, board competence, board meetings and directors' equity ownership.

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**AN EXPLORATORY STUDY OF THE RELATIONSHIP BETWEEN LEARNING STYLES AND AUDITING ERRORS**

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This paper has been retracted from the journal (see retraction note at <https://virtusinterpress.org/THIS-PAPER-WAS-RETRACTED.html>)

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*Muhannad Akram Ahmad, Hussein Mohammed Alrabba*

This study was done to investigate the role of external auditing in activating the governance for controlling banking risk. The study was mainly focused on Jordanian banking sector. Data for this study was collected using structured and non-structured questionnaires. The questionnaires were distributed randomly to internal auditors in different banks in Jordan. To ensure that accurate result was achieved, hypotheses testing was done using sample-t-test where alternative hypotheses were accepted and null hypotheses rejected. The most valid result that was obtained in this study was that external auditing was the main tool that is able to activate the governance of banking risk. The result showed that with the existence of external auditors, the management of a bank has to be very vigilant to ensure that there are no financial risks affecting banking sector of Jordan.

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*Zahid Irshad Younas, Christian Klein, Bernhard Zwergel*

Concentrated ownership has been speculated to play a direct role in leading firms to focus more on long-term sustainability. Concentrated ownership, however, can take many different forms, with some forms more common in certain countries, and the specific form of ownership mediates the impact on sustainability. Additionally, firms operating at different scales have fundamentally different characteristics which can further impact this relationship. Analyzing a sample of firms from the USA, UK, and Germany using Arellano-Bond GMM, this study investigates the relationship between ownership concentration, firm growth and sustainability measures comparatively.

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*Germar Ebner, Johannes Hottmann, Henning Zülch*

Error announcements shall in principle unfold both a preventative and a sanctioning function via adverse publicity. While US research provides large and unambiguous evidence of sanctions which are based on capital market reactions, but also personal consequences of responsible managers and auditors, the few studies which investigated the German enforcement system do not yield comparable results, thereby questioning its efficacy. Building on this, this study investigates for the German enforcement setting whether error announcements lead to abnormal turnover of audit teams and audit firms than comparable non-error firms by using logistic regression and analyzes whether audit team or audit firm turnover results in improved accounting quality.