

**CORPORATE  
OWNERSHIP & CONTROL**

**КОРПОРАТИВНАЯ  
СОБСТВЕННОСТЬ И КОНТРОЛЬ**

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## EDITORIAL

*Dear readers!*

The recent issue of the journal *Corporate Ownership and Control* pays attention to issues of corporate ownership and control and board practices. Company performance, investment, corporate social responsibility, national peculiarities of corporate governance in Italy are also under the scope of researches. More detailed issues are given below.

*Khaled Samaha* examines the level of corporate governance disclosure in Egypt and explores the attitudes of Egyptian regulators, auditors, accountants, academics and company directors about the strategies needed to enhance CG disclosure. *Joel Hinaunye Eita* in his paper presents an analysis of the determinants of investment in Namibia for the period 1971 to 2010. *Katarina Sikavica*, *Esther Kessler* investigate whether market participants discriminate between control types when making investment decisions. *Nazrul Hisyam Ab Razak*, *Normaizatul Akma Saidi* and *Fauziah Mahat* examine the impact of government ownership on firm performance and leverage in Malaysia. *Larry Li*, *Tony Naughton* review the theoretical and empirical corporate governance literature in China, concentrating on relationships between ownership, board characteristics and firm performance. *Zhong Qin*, *Wenli Cheng* try to develop a theoretical model to study features of the evolving ownership structures of private enterprises in Zhejiang Province, China.

*T. A. Vasileva* and *A. S. Lasukova* investigate the relationship between the concept of corporate social responsibility and the most important characteristics of banking – the efficiency and stability in a sample of twelve Ukrainian banks, which are the biggest banks in Ukraine according to the classification of the National Bank of Ukraine. *Daniela Venanzi* tries to outline instrumental role of stakeholder management by adopting a disaggregated approach to the corporate social performance measurement. Author used a sample of 250 European industrial listed firms, from 10 European countries, in the period 2001-2003 to develop the topic.

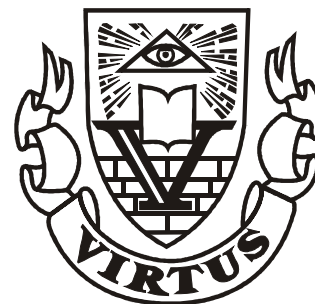
*Carlo Bellavite Pellegrini* in the paper provides a wide analysis of the ownership structures of unlisted joint stock Italian companies and of the limited liability companies describing the number of all the M&A deals or corporations' transformation or liquidation during 2012. He states that this paper proposes completely new data about other patterns of "Corporate Italy" which have never been enquired in a systematic way before. *Emiliano Di Carlo* together with *Francesco Ranalli* focuses on listed companies controlled by other (listed or not listed) entities in Italy. According to their point of view decision-making power of listed subsidiary's boards could be strongly influenced by (or instead could be autonomous from) the parent companies' board. They also state that literature on corporate governance seems not to have considered adequately this aspect as well as the impact of that influence on listed companies' financial performance and on corporate governance variables. The main objective of their paper is to explore how and why this phenomenon is relevant, giving some preliminary suggestions on the interpretation of the ownership structure, board demography and the financial performances of directed listed subsidiaries.

We hope that you will enjoy reading the journal and in future we will receive new papers, outlining the most important issues and best practices of corporate governance!

# CORPORATE OWNERSHIP & CONTROL

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*Khaled Samaha*

This study examines the level of corporate governance disclosure in Egypt and explores the attitudes of Egyptian regulators, auditors, accountants, academics and company directors about the strategies needed to enhance CG disclosure. The measurement of disclosure is based on a checklist developed by the United Nations, which was gathered using a content analysis of financial statements and websites of a sample of Egyptian companies listed on Egyptian Stock Exchange (EGX). Levels of CG disclosure are found to be very low, however, disclosure is high for items that are mandatory under the Egyptian Accounting Standards (EASs) that are based on International Financial Reporting Standards (IFRS). The failure of companies to disclose such information clearly shows some ineffectiveness and inadequacy in the regulatory framework in Egypt. Moreover, the phenomenon of non-compliance may also be attributed to the socio-economic factors in Egypt. Therefore, it is expected that Egyptian firms will take a long time to appraise the benefits of increased CG disclosure. Therefore, awareness building, education and training, incentives or disincentives to disclose including the nature of enforcement regimes are among possible policy recommendations based on interviews with Egyptian experts, but all carry costs as well as benefits. The findings provide a benchmark of performance against which future research can measure longitudinal changes after a further learning period.

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*Joel Hinaunye Eita*

This paper presents an analysis of the determinants of investment in Namibia for the period 1971 to 2010. The results indicate that investment in Namibia can be raised by increasing real GDP, openness and financial development, and by decreasing the user cost of capital. Although saving has an expected positive coefficient, it is statistically insignificant. This suggests that saving is necessary, but not sufficient to accelerate investment in Namibia. The positive effect of effect of openness implies that increase in exports generated foreign exchange earnings necessary to purchase the imported capital goods and expand the market for domestic products. Increase in imports enabled the country to have greater access to investment goods in the international market and accelerates investment. A positive impact of financial development suggests that the financial sector is important in facilitating the channeling of resources from savers to investment activities that offer high return. The negative effect of user cost of capital implies that investment in Namibia can be accelerated by reducing the cost of capital.

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*Larry Li, Tony Naughton*

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*Zhong Qin, Wenli Cheng*

This paper develops a theoretical model to study features of the evolving ownership structures of private enterprises in Zhejiang Province, China. The model predicts that in a developing economy where the market environment is immature or unstable, the ownership structure of a typical private enterprise involves a cooperative arrangement between a party with management skills and another party with Guanxi (connections). As the market environment becomes more stable, the ownership share of the party with management skills increases. This result is confirmed by empirical evidence of 296 surveyed firms in Ningbo city of China, showing that the perceived importance of both government and family Guanxi declined with perceived improvements in market stability.

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*T. A. Vasileva, A. S. Lasukova*

The aim of this paper is to investigate the relationship between the concept of corporate social responsibility and the most important characteristics of banking – the efficiency and stability in a sample of twelve Ukrainian banks, which are the biggest banks in Ukraine according to the classification of the National Bank of Ukraine (NBU). Our research covers the period from 2006 to 2012. Based on the literature review we construct two main hypothesis related to the impact on the corporate social responsibility concept (CSR) of the following independent variables: 1 – efficiency (as a short term period characteristics of banking), 2 – stability (as a long term characteristics of banking).

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*Daniela Venanzi*

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## SECTION 3. CORPORATE GOVERNANCE IN ITALY

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*Carlo Bellavite Pellegrini*

This research has a twofold target. For one extent it embraces on a wider historical period previous analyzed related to the innovative bodies of law introduced by the Vietti's Reform in 2004, providing an overall evidence related to the Italian corporate system, ranging from consistency and dynamics of the different forms of legal entities, to their corporate governance and ownership structures. For another extent it proposes completely new data about other patterns of “Corporate Italy” which have never been enquired in a systematic way before. The paper provides a wide analysis of the ownership structures of unlisted joint stock Italian companies and of the limited liability companies describing the number of all the M&A deals or corporations' transformation or liquidation during 2012.

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*Emiliano Di Carlo, Francesco Ranalli*

The paper focuses on listed companies controlled by other (listed or not listed) entities. The decision-making power of listed subsidiary's boards could be strongly influenced by (or instead could be autonomous from) the parent companies' board. However, so far literature on corporate governance seems not to have considered adequately this aspect as well as the impact of that influence on listed

companies' financial performance and on corporate governance variables. The main objective of this paper is to explore how and why this phenomenon is relevant, giving some preliminary suggestions on the interpretation of the ownership structure, board demography and the financial performances of directed listed subsidiaries. In order to explore the relevance of the phenomenon, we use a sample of Italian listed companies controlled and consolidated by other companies for the year 2010. The analysis shows that 71.4% (145 firms) of Italian non-financial listed companies are consolidated by the respective controlling entities and 24.1% (35 firms) of these listed subsidiaries declare to be directed by their parents. Thus, they are not independent economic entities and the effort to study the relationship between corporate governance variables and firm performance could be strongly biased.

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