CORPORATE OWNERSHIP & CONTROL

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EDITORIAL

Dear readers!

The recent issue of the journal Corporate Ownership and Control pays attention to issues of executive compensation, investments risks management, corporate audit issues, corporate codes etc. Board of directors issues and peculiarities of corporate governance in developing countries are also under the scope of researches. More detailed issues are given below.

Antony Jackson shows that the presence of asymmetric information can also provide a positive externality to those market participants who operate in multiple markets-portfolio managers. *Udo C. Braendle and John E. Katsos* studying intrinsic and extrinsic incentives argue that shareholders' failure to provide the right balance to motivate senior managers to perform at their best is not the result of compensation packages as such, but on the focus of compensation packages on extrinsic motivators such as pay-for-performance bonuses and stock options. *N.J. Godi and J. Young* aim to identify risks which investors are exposed to when investing offshore and ranking these risks in order of importance, based on a literature review as well as views and experiences of South African investment brokers registered with the Financial Services Board. *Silvia Testarmata, Alessia Montecchia and Emiliano Di Carlo* focuse on the disclosure of environmental sustainability in codes of ethics, investigating the case of Italian listed companies. *Michalis Bekiaris, Thanasis Efthymiou and Andreas G. Koutoupis* record the current situation regarding the mode of interaction of the economic crisis in corporate governance and risk management.

Kiridaran Kanagaretnam, Gerald J. Lobo and Dennis J. Whalen examine the relationship between board independence and firm performance over multiple years, post-Sarbanes Oxley. *Tsun-Jui Hsieh and Yu-Ju Chen* investigate the impact of outside directors on firm performance during legal transitions and examine how the roles of family business and director compensation influence board efficacy.

Andre Carvalhal, Cesar Martins and Otavio Figueiredo analyze the relation between stock price changes and high volume trades in Brazil. Using a unique intra-day database, authors evaluate 10 of the most liquid shares from 2001 to 2006. *F Cronje, J.H. van Rooyen* single out and demonstrate the effect of the minimum capital requirements on the profitability, composition and size of a bank balance sheet. Research is base on South African data.

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!

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Codes of ethics aim to disclose corporate social responsibility and to promote ethical culture throughout the firms. Several studies have investigated the content of such codes to identify what values are declared within. However, so far literature on codes of ethics seems not to have considered adequately the question of environmental protection. Therefore this paper focuses on the disclosure of environmental sustainability in codes of ethics, investigating the case of Italian listed companies. Adopting a content analysis methodology, the paper explores the environmental section of these codes in order to assess the salience of environmental sustainability in the strategic orientation of the firms, identifying the environmental principles, objectives, instruments and certification stated within the codes of ethics and highlighting whether and to what extent the environmental disclosure varies among industries. The research findings suggest that the Italian listed companies are more oriented to emphasize the environmental principles rather than to define precise objectives and instruments useful to achieve the environmental sustainability in practice. Nevertheless the more polluted industries seem to provide a wider environmental disclosure.

The purpose of this paper, is to record the current situation regarding the mode of interaction of the economic crisis in corporate governance and risk management. This is achieved by conducting research which underpins the distribution of structured questionnaires in Greeks professionals. In this way, it is presented a substantial imprinting of Greek views on a number of issues arising from the investigation of the above relation. In order to gather as much as possible essential information, it is performed a comparison of these global positions, by surveys carried out by the IIA, which had almost the same content. The conclusion is that the current economic conditions require a more effective form of corporate governance, while the three main weaknesses mentioned above are the areas that more focus should be given. Additionally, the most important factor that could highlight all risks in time is to perform audits on liquidity, capital and balance sheet consolidation. Still, there is a view that the ERM failed to recognize timely the danger of imminent economic crisis. Finally, budgets on internal audit have increased significantly, both in national and international level, while in the future the internal audit itself should have as a priority to consult the board, in order to identify, manage and monitor the key risks.

SECTION 2. CORPORATE BOARD PRACTICES

Authors examine the relationship between board independence and firm performance over multiple years, post-Sarbanes Oxley. Authors hypothesize and find that the passage of Sarbanes Oxley, together with the new NYSE/NASDAQ regulations, result in independent directors who are more effective monitors of management, leading to stronger firm performance. Results should bolster investor confidence in the financial markets at a time when the NYSE/NASDAQ has strengthened the corporate governance standards for listed companies.