

**CORPORATE
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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.

Stuart Locke and Geeta Duppati explore the impact of corporate governance reforms and changing ownership patterns of core public sector enterprises. *Philip T. Lin*'s study shows that CEO duality are positively related to earnings management in China's unique environment and suggests that internal and external board mechanisms can moderate CEO duality's effects on earnings management. *Sawsan S. Halbouni and Mostafa K. Hassan* aim to identify the mutual relationship between Jordanian practitioners' individualistic/collectivistic cultural orientation and the International Financial Reporting Standards (IFRS). *Enzo Peruffo, Raffaele Oriani and Alessandra Perri* show the influence of information asymmetries is moderated by family ownership, which acts as a signal of divestiture quality. *Raïda Chakroun and Khaled Hussainey* show disclosure quality and its determinants in the Tunisian context and their results showed that board independence (managerial ownership) had both positive and negative effects on disclosure quality. *Alessandro Giosi, Silvia Testarmata and Marco Caiffa* investigates the impact of stock option plans, defined as share-based incentive contracts provided by companies to their employees, on the value relevance of accounting information. *Patrick Velte and Marc Eulerich* identify factors determining the amount and the structure of board compensation in Germany; the analysis indicates that company size has a positive impact and leverage a negative on management board compensation.

Samer Iskandar tests the hypothesis that exchanges' post-IPO owners are value maximizers and whether different types of shareholders have different effects on performance. *Lindrianasari and Ahmad Zubaidi Indra* investigate the impact of the global crisis on the financial performance of banks in Indonesia.

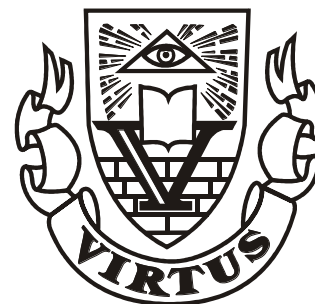
Alfred Bimha intends to establish the level of interactions between the carbon emissions, total assets and the operating costs they report annually. *Godfrey Marozva* explores how the JSE SRI Index performed relative to exchange-traded funds during the period of economic growth as well as during the period of economic decline between 2004 and 2014.

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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Stuart Locke, Geeta Duppati

In this paper, authors indicate that the agency costs for mixed ownership models tend to be lower than those of the concentrated state-owned firms because they operate in an open market with the market facing the regulatory framework of a competitive environment. The authors conclude that the core state enterprises provide a unique opportunity to consider two aspects of the reforms. First, did the reforms have an impact, and second, is there a distinguishable difference between wholly government owned and partially-public shareholding enterprises?

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Philip T. Lin

The author finds that CEO duality are positively related to earnings management in China's unique environment and suggests that internal and external board mechanisms can moderate CEO duality's effects on earnings management. Board mechanisms, i.e. board independence level and audit committee can moderate the positive relationship between CEO duality and earnings management. Furthermore, the factor analysis shows that certain combination of board mechanisms can also mitigates the effects of CEO power on earnings management.

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Sawsan S. Halbouni, Mostafa K. Hassan

The paper describes the mutual relationship between Jordanian practitioners' individualistic/collectivistic cultural orientation and the International Financial Reporting Standards (IFRS). It explores Jordanian accountants' perception of the importance of IFRS, the IFRS-embedded cultural values attributed to those accountants, and whether adopting IFRS has contributed to change their cultural orientation.

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Enzo Peruffo, Raffaele Oriani, Alessandra Perri

The authors examine the relationship between information asymmetries, family ownership and the divestiture financial performance in Western European countries. Based on a sample of 115 Western European divestiture transactions carried out between 1996 and 2010, the authors find support for the assertion that information asymmetry impacts divestiture financial performance. The paper shows that the influence of information asymmetries is moderated by family ownership, which acts as a signal of divestiture quality.

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Raïda Chakroun, Khaled Hussainey

The purpose of this paper is to show disclosure quality and its determinants in the Tunisian context. More specifically, they followed Beest and Braam (2012)'s approach in measuring disclosure quality and examined if disclosure quality and disclosure quantity shared the same determinants. The authors used a sample of 56 annual reports from non-financial companies listed on the Tunisian Stock Exchange for the years 2007 and 2008. Their results showed that board independence (managerial ownership) had both positive and negative effects on disclosure quality. However, the results showed that there were different determinants of disclosure quality and quantity.

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Alessandro Giosi, Silvia Testarmata, Marco Caiffa

This study investigates the impact of stock option plans, defined as share-based incentive contracts provided by companies to their employees, on the value relevance of accounting information. The purpose of this study is to analyse the extent to which the value relevance of accounting information is affected by the adoption of stock option plans. Thus further research is needed to deeper investigate the impact of the design of the stock option plans and the effect of the endogenous characters.

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Patrick Velte, Marc Eulerich

The purpose of analysis is to identify factors determining the amount and the structure of board compensation in Germany. The paper studies 128 German listed companies for the business year 2011 and investigates the impact of company-, performance and corporate governance-related factors on board remuneration by means of a multivariate-regression analysis. The analysis indicates that company size has a positive impact and leverage a negative on management board compensation.

SECTION 2. CORPORATE BOARD PRACTICES

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Samer Iskandar

This paper tests the hypothesis that exchanges' post-IPO owners are value maximizers. However, recently demutualized exchanges have a high proportion of shareholders with conflicts of interest. Therefore, the author also tests whether different types of shareholders have different effects on performance. I find that investment managers behave like true value maximizers. The results also show that a higher fragmentation of share ownership is associated with lower performance. The

proportion of brokers, who are the most conflicted shareholders in exchanges (since they are large customers as well as owners), is too small to have a measurable effect on performance. Most interestingly the research finds, by way of an inductive approach to shareholding structure, that strategic shareholders, a wide array of investors with various agendas, are on balance detrimental to shareholder value.

TOUGHNESS OF INDONESIAN BANKING SECTOR FACING GLOBAL FINANCIAL CRISIS 2008: TESTS ON WELFARE OF SHAREHOLDERS

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Lindrianasari, Ahmad Zubaidi Indra

The authors aim to investigate the impact of the global crisis on the financial performance of banks in Indonesia. The study will also look at the impact of the crisis on the welfare of stakeholders in the form of dividend payments to shareholders. The initial assumption that authors have built for this condition and for the explanation in the previous paragraph is that there is a difference between the payment of dividends to shareholders before and after the period of the global crisis. Proof of this assumption is also at the same time can give an answer to the resilience of the Indonesian economy during the global crisis. By using all populations banking companies listed in Indonesia Stock Exchange, this study compared the financial performance of the company before and after the next global crisis with its impact on the payment of dividends. This study shows that there is a significant decline in its net profit after the global crisis.

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Alfred Bimha

This study intends to establish the level of interactions between the carbon emissions, total assets and the operating costs they report annually. A panel data analysis was done on these three variables using a sample of the top 100 Johannesburg Stock Exchange (JSE) reporting companies in South Africa. The study utilizes the data of companies that report their emissions to the Carbon Disclosure Project (CDP) annually and are the top 100 JSE Companies by market capitalization and categorized the CDP reporting companies into 7 industrial sectors.

THE PERFORMANCE OF SOCIALLY RESPONSIBLE INVESTMENT FUNDS AND EXCHANGE-TRADED FUNDS: EVIDENCE FROM JOHANNESBURG STOCK EXCHANGE

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Godfrey Marozva

This article explores how the JSE SRI Index performed relative to exchange-traded funds during the period of economic growth as well as during the period of economic decline between 2004 and 2014. The JSE SRI Index and exchange traded funds are analysed by a single factor model as well as other risk-adjusted performance measures including the Sharpe ratio, the Treynor ratio and the M-squared ratio. The single-factor model regression results suggest that during the period of economic growth the JSE SRI index neither significantly outperformed nor underperformed the exchange-traded funds. However, the JSE SRI Index significantly underperformed the exchange-traded funds during the period of economic decline. Further tests that engaged other risk-adjusted measures indicated that the exchange-traded funds performed better than the JSE SRI index in both periods. Based on this research it is recommended that further research be conducted using models that can control for the liquidity difference in funds.

SUBSCRIPTION DETAILS

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