

**CORPORATE  
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## EDITORIAL

*Dear readers!*

The recent issue of the journal *Corporate Ownership and Control* pays attention to issues of corporate social responsibility, risks management, audit issues, corporate codes etc. More detailed issues are given below.

*Barry Ackers* examines the CSR assurance reports of the 200 largest companies listed on the Johannesburg Stock Exchange, utilising a qualitative content analysis undertaken in two phases. *Giusy Guzzo, Massimo Costa* offer a contribution to the debate on the effectiveness of the theme of 'Measurement', by investigating the use of the current evaluation models in the literature and practice of Financial Reporting. *Md Hamid Uddin* finds that government shareholding in firms evolves through economic transition of a country, and the probability of government share retention in firms depends on their strategic importance, ability to earn profit, and valuations in financial market.

*Musa Darayseh, Abdelaziz Chazi* study the working environment relation between management and accountants and investigate the factors that affect the job performance of accountants. *Yusuf Mohammed Nulla* investigates the relationship between the CEO cash compensation and firm performance of the large New York Stock Exchange (NYSE) companies from 2005 to 2010. *Ahmad Alaudin, Paul Shantapriyan, Ralph Adler* help accounting academics and practitioners understand the language of Islam as well the notions of accountability that operate within the Islamic banking system. *Mochammad Doddy Ariefianto, Irwan Trinugroho, Muthmainah Muthmainah, Rahmawati Rahmawati* construct a simple model in which banks use deposit interest rate position to shape for Asset Liability Management (ALM) strategy.

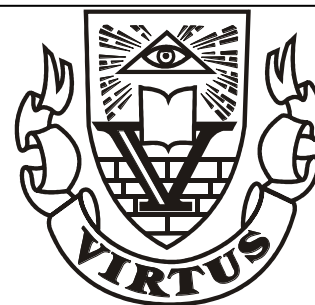
*Odhiambo Luther Otieno, Sam Ngwenya* investigate the bi-directional relationship between capital structure and financial performance of firms listed on the NSE. *Geeta Duppati, Sazali Abidin, Jiani Hu* investigates both short-term and long-term stock market reactions to the announcement of domestic and cross-border Mergers and Acquisitions (M&As) by Chinese acquiring companies. *Amjad Toukan* uses evolutionary game theoretic techniques to model the interaction between managers and shareholders and describes the equilibrium ownership structure arrived at in different legal environments. *Ahmed S. Alanazi, Benjamin Liu* investigate the financial and operating performance of IPOs made in the Gulf Cooperation Council (GCC) region for the period of 2003 to 2010.

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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*Barry Ackers*

Independent corporate social responsibility [CSR] assurance should provide stakeholders with confidence that company CSR reports are complete, accurate and reliable. However, the voluntary nature of CSR reporting and assurance practices, implies that CSR assurance practices are largely unregulated, producing a variety of assurance providers using different approaches, undermining its effectiveness. The paper proposes that CSR assurance should be regulated to ameliorate these inconsistencies. The study examines the CSR assurance reports of the 200 largest companies listed on the Johannesburg Stock Exchange, utilising a qualitative content analysis undertaken in two phases.

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*Giusy Guzzo, Massimo Costa*

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*Md Hamid Uddin*

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*Musa Darayseh, Abdelaziz Chazi*

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*Yusuf Mohammed Nulla*

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*Ahmadasri Alaudin, Paul Shantapriyan, Ralph Adler*

An Islamic bank in Malaysia (Malpha) positions itself on being Islamic. The products and services are more expensive while employees are paid less than normal commercial banks. What bonds customers and employees to the bank are symbols of Islam: aqad (oral agreement between the bank and a customer), doa' (supplication, a prayer), the tazkirah (short religious talks at the morning meeting) and zakat (or almsgiving). Bank Malpha uses aqad (oral agreement between the bank and a customer) and Doa (supplication, a prayer) to form the basis of belief systems that influence the relationship with a customer. With regard to intermediaries, reciprocity (a form of trust) underpins the relationship between the bank and its intermediaries (housing developers and lawyers for example). This bonding is reinforced by a boundary system: the shariah committee.

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*Mochammad Doddy Ariefianto, Irwan Trinugroho, Muthmainah Muthmainah, Rahmawati Rahmawati*

We construct a simple model in which banks use deposit interest rate position to shape for Asset Liability Management (ALM) strategy. Using monthly panel data of 104 banks over the January 2005 - December 2013 period, we empirically test our model. Panel data technique is used to estimate the parameter. We find that the model is well supported. The coefficient of loan growth is positive while reserves inventory is negative. Nevertheless, we find the spread to JIBOR O/N and business index to be negative which contradict our hypotheses. The results are largely unaltered when we account for turbulence period.

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*Odhiambo Luther Otieno, Sam Ngwenya*

Capital structure decisions are common across firms, yet capital structure theories lack a consensus on how much of debt capital firms should use to finance their operations. The main objective of this study

was to investigate the bi-directional relationship between capital structure and financial performance of firms listed on the NSE. The study used canonical correlation technique to determine the bi-directional relationship between capital structure and performance. The result revealed that dominant capital structure indicator to be used in an analysis to predict performance is the total debt to the total asset ratio. In the case of performance, the two variables that relate to capital structure are book value to market value ratio and asset turnover ratio. The results support the conclusion that a bidirectional relationship exists between capital structure and debt capital.

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*Geeta Duppati, Sazali Abidin, Jiani Hu*

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*Amjad Toukan*

I use evolutionary game theoretic techniques to model the interaction between managers and shareholders and describe the equilibrium ownership structure arrived at in different legal environments. The decision to go public and the shape of the ownership structure itself depend on the particular combination of ownership that maximizes the initial owners' wealth. Owners/managers and large shareholders exert costly efforts to increase their share of the value of the public firm. The respective shares and the listing decision are affected by the efficiency of the judiciary and law enforcement system.

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*Ahmed S. Alanazi, Benjamin Liu*

This paper investigates the financial and operating performance of IPOs made in the Gulf Cooperation Council (GCC) region for the period of 2003 to 2010. The results suggest that IPO firm performance declines after going public after ownerships are altered in IPOs. The deterioration is associated with the firm transition from private into public ownership perhaps due to increasing agency costs. We also find evidence that supports the lack of opportunity theory because the firm's growth in sales and capital expenditure in the pre-IPO period is much stronger than the post-IPO period. We also find that size of the firm is positively significant to IPO firm performance.

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