

**CORPORATE  
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Editorial Address:

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Kirova Str. 146/1, 20  
Sumy 40021  
Ukraine

Tel: +0038-0542-611025  
Fax: +0038-0542-611025  
e-mail: alex\_kostyuk@mail.ru  
alex\_kostyuk@virtusinterpress.org

www.virtusinterpress.org

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ул. Кирова 146/1, 20  
г. Сумы, 40021  
Украина

Тел.: +0038-0542-611025  
Факс: +0038-0542-611025  
эл. почта: alex\_kostyuk@mail.ru  
alex\_kostyuk@virtusinterpress.org

www.virtusinterpress.org

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***Dear Readers!***

This issue of the journal is devoted to the issue of corporate ownership that is originated from the title of our journal. We tried to consider the issue of corporate ownership from various positions. A focus was done toward the markets of different countries. Authors of the papers on corporate ownership made their utmost to deliver the new findings to the reading audience. We hope that this is an excellent kit of countries to study the issue of corporate ownership thoroughly.

The very progressive element of the research on corporate ownership presented in the journal is a very thorough comparative analysis of corporate ownership structure in various countries both developed and developing. That gives a new incentive to investigate the issue of corporate ownership more.

Haksoon Kim has proved that founder-CEOs' ownership has positive effect on firm performance when their ownership is between five percent and twenty percent. This is consistent with ownership hypothesis.

Erik Strojer Madsen, Valdemar Smith, Mogens Dilling-Hansen investigated that concerning the domestic markets the owner structure is more dispersed in industries with a volatile business cycle.

Besides that we tried to do our utmost to develop the academic investigations and concepts through publishing papers on Secrecy, Collusion and Coalition Building in Corporate Governance by Mick Swartz; Ownership Categories and Investment Patterns after Mass Privatization in Bulgaria and the Czech Republic by Evgeni Peev; How Toeholds Become Footholds by Jean M. Canil, Bruce A. Rosser; The Management Of Inflation Rate, Interest Rate And Foreign Exchange Rate Risks: A Business Executive Outlook by F. J. Mostert, J. H. Mostert; Bondholder Wealth Effects From Dividend Changes by Mark S. Klock, Katherine I. Gleason.

There are papers considering the issue of corporate governance in Asia. Mohammed Hossain, Peter J Taylor researched the effect of firm- specific characteristics on the voluntary disclosure in the 2000/2001 annual reports of 20 commercial banks in Bangladesh. Thus, the study contributes to the enhancement of knowledge regarding financial reporting and disclosure practices of financial companies under the developing countries context, and provides a basis for the conduct of future research in this area.

"Practitioner's corner" narrates on the research of the corporate governance practice not only in banks but in other kind of organizations. This study brings forth a set of governance principles related to compliance risk and the compliance function on behalf of financial as well as non-financial organizations.

We would like to remind that all our efforts are directed to develop corporate governance through intensive research and in this way your contribution is welcome by us.

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# CORPORATE OWNERSHIP & CONTROL

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*Jean M. Canil, Bruce A. Rosser*

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*Mark S. Klock, Katherine I. Gleason*

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the information content (transparency) and possible wealth transfers (theft) around dividends. Our study replicates earlier studies on investment grade bonds with ambiguous results using a sample of noninvestment grade bonds. Our results suggest that for ordinary dividend changes, wealth expropriation is a significant explanation in the gain to stockholders.

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*Haksoon Kim*

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*Erik Strojer Madsen, Valdemar Smith, Mogens Dilling-Hansen*

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firms. Concerning the wealth constraint for owners, the study finds evidence of more dispersed ownership in larger and more capital-demanding firms. According to the investors' risk aspect, firms operating on foreign markets are more likely to have more than one owner. Concerning the domestic markets the owner structure is more dispersed in industries with a volatile business cycle.

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*Geoffrey Poitras*

The paper examines the implications of recent changes to accounting standards for employee stock based compensation with contingent features. The Dec. 2005 implementation of FAS 123R by the Financial Accounting Standards Board requires the fair value of such expenses to be recorded in net income. The change is now impacting the reported financial statements of firms that have been substantial users of employee stock options. This provides an opportunity to directly assess the actual impact of FAS 123R on such firms. Arguments for and against mandatory expensing are reviewed and an assessment of the contrasting positions provided. Significant limitations of current reporting requirements are identified.

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*Ching-Lung Chen, Gili Yen, Chung-Jen Fu, Fu-Hsing Chang*

The present study posits that auditors have weaker bargaining power when facing clients with ultimately controlling family members as opposed to clients without. By analyzing clients' magnitude of discretionary accruals in company with audit reports, the present study examines empirically the influence of family-controlled clients on the audit quality. The empirical results, as expected, reveal that the magnitude of discretionary accruals of a family-controlled firm, given receiving a standard unqualified audit report, is significantly larger than a firm that has no ultimately controlling family members. Moreover, family-controlled firms with larger positive discretionary accruals, as expected, are more likely to receive a standard unqualified audit report than clients without ultimately controlling shareholders.

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*Mohammed Hossain, Peter J Taylor*

This study reports the results of an empirical study of the effect of firm-specific characteristics on the voluntary disclosure in the 2000/2001 annual reports of 20 commercial banks in Bangladesh. The conceptual model underlying the study is based on economic and political incentives for providing greater detail in the annual reports and accounts. Three hypotheses have been developed and also a regression has been run to investigate the relationship between dependent and independent variables. The results indicate that size and audit firm variables to be significant in determining the disclosure. Thus, the study contributes to the enhancement of knowledge regarding financial reporting and disclosure practices of financial companies under the developing countries context, and provides a basis for the conduct of future research in this area.

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*Xiaoyue Chen, Jeong-Bon Kim, Steven Shuye Wang, Xiaodong Xu*

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*Langnan Chen, Weibin Lin*

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*Rodolfo Apreda*

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