

**CORPORATE  
OWNERSHIP & CONTROL**

**КОРПОРАТИВНАЯ  
СОБСТВЕННОСТЬ И КОНТРОЛЬ**

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## EDITORIAL

*Dear readers!*

We hope that you will enjoy the journal content and join the author or subscriber groups of our journal. This issue of the journal is devoted to the issue of corporate governance development in developing countries. This mainly concerns such countries as Malaysia, Argentina, Jordan, Albania.

Entela Shehaj, Iraj Hashi presents a paper focused on privatised firms in Albania, where the evolution of ownership structure has not been studied before. The paper responds to two specific questions: (i) is the evolution of ownership path dependent, i.e., does ownership structure in the past affect ownership now?; and (ii) what influences the evolution of ownership structure of privatised firms.

Rami Zeitun, Gary Tian and Steve Keen investigate the impact of aggregate economic risk on a company's performance and failure in a panel estimation using 167 Jordanian companies during 1989-2003. Their finding shows that unanticipated changes in interest rate negatively and significantly affect firms' performance measured by ROA, which suggests that an interest rate rise increases the cost of borrowing and then further negatively affects a firm's profit.

Salsiah Mohd-Ali, Mohamat Sabri Hassan, Norman Mohd-Saleh examine the association between level of *block ownership* and earnings management activities in Malaysian listed companies. Their results indicate that there is no significant relationship between the level of block-ownership and the magnitude of discretionary accounting accruals. This indicates that block-ownership is not an effective mechanism in mitigating aggressive earnings management by firms. However, further analysis indicates that institutional and holding block-ownerships are negatively related to the discretionary accruals. This suggests that institutional block and controlling block ownerships have more incentives and possess more sophisticated mechanisms to entail better control toward managerial opportunistic behaviours.

Another paper on Malaysia examines the relationship between the contents of a report, the Statement of Corporate Governance, required to be included in the Annual Report of listed corporations, and the receipt of public reprimands. Since the formalization of good corporate governance in the Code, all listed companies are required by rule PN9 to include how they have applied the principles and the extent of compliance with best practice found in the Code. The paper is based on companies that received public reprimands in the first three quarters of 2005 and we compared the contents of the statement of corporate governance of a matched pair of companies which did not receive public reprimands to see if such statements differ between the two groups. We do not see any difference between the two groups.

Patricia Debeljuh investigates the role of ethics in Argentina. Although in the past several countries have investigated the institutionalization of ethics within corporate life, a concrete study into that field has never been properly undertaken in Argentina. The major companies conducting business activities in Argentina were questioned on various subjects, ranging from company size to motivation behind providing an ethical background from which to do business, in order to allow a comprehensive analysis on company life in Argentina, as related to ethics. The survey conducted presented evidence that a wide sector of the Argentine business world believe ethics to be a factor of ever-growing importance, which would explain the relatively recent measures taken to install ethical standards of conduct within corporations.

The rest papers have been evaluated by reviewers very well. Therefore, we are sure that you will enjoy reading those papers too.

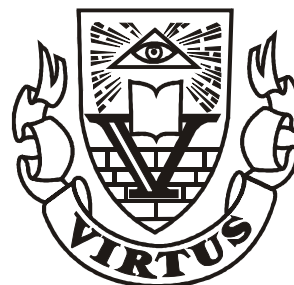
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