

**CORPORATE  
OWNERSHIP & CONTROL**

**КОРПОРАТИВНАЯ  
СОБСТВЕННОСТЬ И КОНТРОЛЬ**

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## EDITORIAL

*Dear readers!*

This issue of the journal *Corporate Ownership and Control* is devoted to several issues of corporate governance.

*Krishna Udayasankar* distinguishes between the justificatory and explanatory roles of theory, and propose that the justificatory role played in the literature thus far by agency theory is subject to limitations. I therefore argue for the use of resource-dependence theory as the epistemological basis of the corporate governance domain knowledge system, and present an alternate model of corporate governance. Potential contributions of this alternate model are discussed.

*Dennis Taylor* investigates the comparative impacts of proprietary and political information costs on management's voluntary disclosure decisions concerning D&Es' cash-based and equity-based remuneration, termination benefits, related-party transactions, shares held, and changes in ownership in their company. A firm's investment opportunity set (using both market-based and accounting-based measures) is treated as a proxy for proprietary costs, while media attention and shareholder activism are used to proxy for political costs of voluntary disclosure. Results of this study provide evidence of the relative importance of two major types of information costs, proprietary and political, in influencing management's (i.e., D&E's) decision concerning the extent to which they disclose sensitive details of their remuneration and ownership.

*Robert W. McGee* overviews some basic corporate governance principles as identified by the OECD, World Bank and IMF, then proceeds to examine how these principles are being applied in selected Asian countries.

*Godfred Alufar Bokpin* examines the effect of ownership concentration on corporate performance on the Ghana Stock Exchange. Panel data covering a period from 2001 to 2006 for 28 firms were analyzed within the framework of both the fixed and random effects techniques. The results indicate that the effect of ownership concentration on corporate performance varies with the performance measurement variable. The results indicate a significant positive relationship between ownership concentration and return on assets and Tobin's Q, whilst there is negative insignificant relationship with return on equity. We also document that insider system of corporate governance is practiced on the Ghana stock exchange as shareholding is highly concentrated in the hands of a few individuals or institutional investors. Other governance features such as board size, board composition and CEO duality are all essential in predicting corporate performance. The results of the study generally support existing literature on the impact of ownership concentration on corporate performance.

*Mufaddal Baxamusa* uses the governance and operating characteristics of acquirer and target firms to investigate which mergers are profitable, and I find that mergers between well-governed acquirers and poorly governed targets are profitable. In comparison with poorly governed acquirers, well-governed firms acquire targets with lower capital intensity and higher employee intensity. The employee productivity of well-governed acquirers increases after mergers as a result of an increase in the number of employees, combined with an even larger increase in sales. Surprisingly, mergers between poorly governed acquirers and well-governed targets result in the largest increases in operating performance.

*Bruno Dallago* suggests a partial solution to the disjunction between the institutional environment and the institutions of governance by considering the budget constraint. This approach is put in the perspective of the comparative analysis of economic organizations as discrete structural alternatives. The budget constraint presents a whole range of alternative values that are distinct by different transaction costs that organizations meet. Following different values of budget constraint, bounded rationality and opportunism are allocated to alternative uses and asset specificity takes different forms. This approach requires that the discriminating alignment solution considers the prevailing value of the budget constraint, which opens the need for a comparative perspective on efficacious organizational governance. A second level of governance is corporate governance. The debate over corporate governance is centered around decision-making power and the existence of quasi-rents that organizations produce. Given different values of the budget constraint, the definition of what are efficacious systems of decision-making power and appropriation of quasi-rents are distinct in the shareholder value and the stakeholder interest paradigms.

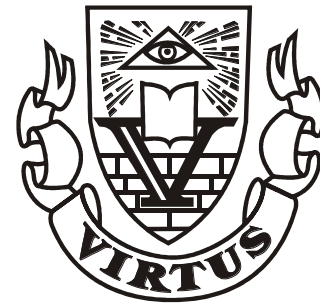
*Xinwei Zheng* examines if common factors of liquidity can be determined by ownership structure measured by asymmetric information in an emerging market that has adopted an order-driven trading system. Using China as a case for the study, I select a broad sample of stocks from two separate Chinese stock exchanges to measure and analyse the relationship. My empirical evidence seems significant and pervasive. These findings about the Chinese stock market provide useful pointers for understanding commonality in emerging economies and shed critical light on a new dimension of the working of emerging markets.

*Michael Nwogugu* introduces dispute resolution and litigation models for commercial real estate leasing. The concepts and models developed in the article can also be applied to equipment leasing and other types of leasing.

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