

**CORPORATE  
OWNERSHIP & CONTROL**

**КОРПОРАТИВНАЯ  
СОБСТВЕННОСТЬ И КОНТРОЛЬ**

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## EDITORIAL

*Dear readers!*

This issue of the journal is devoted to several issues of corporate governance.

*William Bosworth, Anil Gulati, Sharon Lee* use industry adjusted Tobin's  $q$  as a measure of firm performance. This study finds that there is no evidence that either higher initial total compensation levels or greater portions of equity based pay lead to superior firm performance. Increases in levels of compensation do anticipate improvements in firm performance one year in advance. Improved performance leads to increased levels of compensation for up to two subsequent years.

*J H Mostert, F J Mostert* research the concept *alternative risk transfer* which relates to the point where insurance, banking and/or the capital market converge in an attempt to efficiently provide enterprises with sufficient financial capacity for protection against a variety of risks. No single all-embracing definition of the concept exists, as these products are tailor-made to the needs of each client. Finite risk insurance represents a category of alternative risk transfer products. Key features and objectives of finite risk insurance receive due attention, after which the focus shifts to the variants and types of contracts concerned. Loss Portfolio Transfers, Adverse Development Coverage, Spread Loss Coverage and Finite Quota Share Reinsurance are identified as the main types of finite risk insurance. The linking of the financial needs of enterprises and insurers to particular finite risk insurance solutions are illustrated in the next two sections. The closing section of this research paper focuses on future prospects of finite risk insurance.

*Dorra Ellouze, Ezzeddine Abaoub* examine the problem of bank information monopoly using detailed information on the debt structure of 47 Tunisian non-financial firms over the 1998-2003 period. We find that bank debt is negatively related to agency costs of moral hazard and adverse selection. We argue that there is a potential hold-up problem leading firms that are exposed to information asymmetry to limit bank financing in order to avoid rent extraction from banks. Further, our results suggest that this hold-up problem can be resolved either by issuing public debt or by bank equity participation.

*Abel Ebeh Ezeoha, Ebele Ogamba, Ndi Okereke Onyjuke* investigate whether corporate nationality and degree of foreign control influence capital structure decisions in a developing economy. The study makes use of eighteen-year time series data from 70 non-financial quoted firms in Nigeria. Using fixed effects panel regression models, it is found that though firm nationality and the degree of foreign control are significant determinants of corporate financing

decisions in the country, they are not as important as acclaimed by local corporate stakeholders who champion discriminatory policies in favour of indigenous firms. Thus, there is need for the Nigerian government to devote more attention in improving policy frameworks on areas such as corporate tax, corporate governance and bankruptcy practices, which are found by previous studies to be very important determinants of firm's access to long-term investment capital.

*Andrea Polo* revises the reasons behind these proposals and the criticisms they are attracting. In the light of this analysis and especially focusing on the corporate governance concerns, we discuss the opportunity for the IASB to retrace their steps back and to avoid pushing the fair value approach too far.

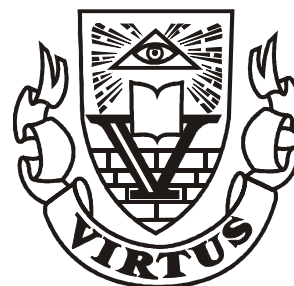
*Lukas Setia-Atmaja* investigates whether family firms use dividends, board composition and debt to expropriate the wealth of minority shareholders or to mitigate agency problems. Utilising panel data on a sample of publicly traded firms in Australia over the period 2000-2005, this study provides evidence that family firms pay optimal and higher levels of dividends and debt compared with their non-family counterparts. The study also finds that family firms have significantly lower proportions of independent directors on the board, but this is consistent with the optimal (value maximization) use of board composition. These results provide evidence that family firms mitigate rather than exacerbate moral hazard problems between owners and minority shareholders in Australia. This study adds to the very limited research into the relationship between family ownership and corporate governance mechanisms in Australia.

*Michael Nwogugu* investigates the US, MLS systems, professional licensing regimes for Real Estate Websites and rent-control/rent-stabilization statutes constituting violations of antitrust laws. Recent orders and proposed settlements in lawsuits instigated by government agencies have not resolved the underlying antitrust problems. Many of these antitrust issues influenced psychological reactions among market participants, which in turn caused the rapid price increases in some US real estate markets during 1995-2004. Thus, all existing housing demand models and housing price forecast models are grossly misspecified primarily because they don't incorporate legal factors.

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