

**CORPORATE  
OWNERSHIP & CONTROL**

**КОРПОРАТИВНАЯ  
СОБСТВЕННОСТЬ И КОНТРОЛЬ**

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## EDITORIAL

*Dear readers!*

*Foued Hamouda* examines effect of stock repurchase programs on firm performance and the importance of the ownership structure in explaining this relationship. The primary result shows that higher levels of repurchases in one year are associated with higher level of performance in the subsequent year. This finding is robust to different ownership structure. Besides, the finding that higher level of repurchases are followed by better financial performance in closely held firm could reflect manager's desire to signal undervaluation of stock. However, in the widely held firm the result are not consistent with the signalling hypothesis.

*Jürgen Ernstberger* compares the value relevance of IFRS, US GAAP and national GAAP in a specific institutional setting. Using a sample of all listed firms in Germany which have voluntarily adopted IFRS or US GAAP we apply three different valuation models as well as a return model in our analysis. Whereas under IFRS and Germany GAAP book value of equity is relatively more value relevant than net income, we find a different result for US GAAP. Additionally, the results of our study suggest that IFRS accounting produces more value relevant data than HGB and US GAAP. However, the differences in the value relevance of the accounting systems are lower than expected.

*Sandra Guerra, Adalberto Fischmann, Cláudio Antonio Pinheiro Machado Filho* propose discussion on building a multidisciplinary and integrated theoretical framework able to capture the complexity and distinctive dimensions of the board as a group decision-making process. This is achieved through an essay developed from analytical and descriptive review of the literature. A synthesis on board research is presented, aiming to understand theoretical models lenses used to study corporate governance issues. The strengths and weaknesses of these models are pointed out, and their influence on board investigation is observed. This essay concludes by proposing a research agenda that considers the addition of psychological and sociological approaches to economic models of the analysis of group decision-making.

*Yvon Pesqueux* puts forward the problem of the nature of the company and of its institutional justification, particularly according to the balance "contribution – remuneration" addressed to its stakeholders and to the society, as well as the vocation of corporate governance to focus everything on economic value creation. The political sphere having lost its traditional function of sense making is then confronted with a dilemma: to answer, according to its doctrinal logic, social problems by developing public services; to limit this development to face the contesting of public utilities according to the argument of efficiency and, at the same time, favoring the development of companies according to the legitimacy of privatizations. These two aspects represent the dialectical argument of the place of the State in a liberal perspective with an oscillation between a 'positive' State according to the legitimacy attributed to its intervention and a 'negative' State, which has to intervene the least possible, while guaranteeing the conditions of development for companies.

*Eduardo Costa, Ana Marques* review the literature on the association between corporate governance and takeovers. It approaches takeovers as an effective external corporate governance mechanism. The main conclusions to be drawn is that although the mere threat of an active market for corporate control may be positively correlated with good internal governance, takeovers will always take place independently of good internal corporate governance by targets and that managerial ownership is crucial for a favorable shareholder outcome in a takeover event. We believe future research on corporate boards, cross-national takeovers and managers of bidding firms would be of great interest.

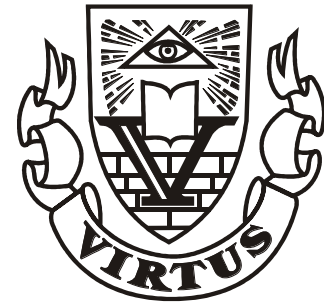
*María Consuelo Pucheta-Martínez, Cristina de Fuentes* analyse the factors associated with voluntary audit committee formation in companies listed on the Spanish Capital Market through 1999. In particular we analyse factors such as board independence and size, the board chairman/CEO duality, auditor size, agency costs, ownership, economies of scale, institutional investors, the audit report and auditor tenure. We find that voluntary audit committee formation is positively correlated with the proportion of independent directors on the board of directors and economies of scale, while the evidence reveals a non-linear (quadratic) relationship between board size and voluntary audit committee formation.

*A Conrad, F J Mostert, J M Mostert* focus on the perceptions of the leading short-term insurers in South Africa concerning the underwriting process of motor vehicle insurance. The importance of the various underwriting factors is assessed in order to enable insurers to concentrate on a few most important ones. The specific problem areas of the underwriting process are thereafter highlighted, and possible solutions are discussed. In the last instance, the most frequently used stipulations to adjust insurance policies to take the underwriting factors into account and to alleviate underwriting problems receive due attention.

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