

**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.

Vincenzo Capizzi, Renato Giovannini, Valerio research the performance realized by secondary buyouts (SBOs), which are operations where a LBO is refinanced with a new ownership structure that includes a new set of private equity financiers and a new debt structure. By the analysis of a initial dataset of 164 transactions occurred in Italy during the period from 2000 to 2008, we find evidence of SBOs' rationales of corporate governance, with significant firms' performance improvements.

Feifei Li, Avanidhar Subrahmanyam provide a setting where due to a lack of sophistication, possibly arising from high opportunity costs of learning about accounting conventions and financial markets, nave (unsophisticated) investors are unable to decipher true executive compensation accurately. Expected compensation is therefore higher when such investors form a more significant clientele in the market for a firm's stock. Our model further suggests that increased information asymmetry between informed and uninformed traders may deter the entry of uninformed investors and keep executive compensation in check. Technologies that lower the cost of trading facilitate entry of relatively unsophisticated investors and raise expected compensation.

Mark Wickham and Tommy Wong undertake an analysis of the regional Tasmanian state government's approach to the management of dissenting stakeholder groups towards a controversial retail development. The paper provides a discussion of the manner in which their governance structure included the use of delay tactics, the abdication of responsibility, and the building of bureaucratic layers that effectively diluted the will of stakeholder groups to continue their dissenting activities.

Julio Cesar Donadone investigates the social articulations which result in internationalization and the naturalization of their managerial contents, specially the influence of management financial logistic – financing – and corporate governance. The main focus of this research project is to investigate how the agents, specially the ones related to consulting, bring new economic internationalization to Brazil and fulfill all the needs to achieve it. Hence, this study contributes towards understanding the Brazilian consulting market development process, its trends, strategies, and relationship with other organizations, its main changes over the last decades, and its particularities in the Brazilian Sector.

Hashanah Ismail reports on interviews with audit partners of listed companies on their perspectives of impact of corporate governance on the audit process. Based on responses received the study finds that audit

risk framework is dynamic enough to incorporate expected changes in control environment brought about by greater consciousness on the part of directors on the need for good internal control. However there is still skepticism that good governance practice has filtered through clients' control environment as auditors believe dominant CEO's may still moderate the effectiveness of audit committees.

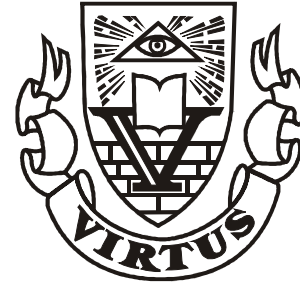
Seok Weon Lee examines how the dividend policy of banks is associated with the level of safety of the banks. As the proxy for the safety of the bank, we employ the asset size and leverage measures. Considering that the explicit protection system of deposit insurance backing up the banking industry is prevailing and implicit forbearance policy practiced by the banking regulators generally would not allow the failure of especially large banks, the banks with larger asset size, other things being equal, would be considered safer than smaller banks. Also, following the implications of finance literature, higher leverage is believed to represent higher riskiness and the firms in higher leverage positions would have greater risk-taking incentives to maximize potential upward gains from high profit. From the panel data of Korean banks during 1994-2005, we find that the banks in a safer position significantly pay more dividends. That is, the banks with larger asset size and lower leverage tend to pay more dividends. In the tests employing partitioned samples and interaction variables for risk characteristics, we find more transparent and consistent results.

Simona Franzoni aims to examine disclosure about listed companies' executive remuneration, investigating particularly the rules and recommendations adopted in industrialized countries (European countries: France; German; Italy; Spain; United Kingdom; and non-European countries: Canada; Japan; Russia; United States) and to verify if effective communication behaviours adopted in Italy and in foreign countries by listed public utility companies match cognitive and evaluation stakeholders' expectations and rules and existing specific recommendations. Disclosure of the remuneration is necessary to offer each stakeholder to understand if the amount of compensation paid and its composition is adequate to avoid potential excesses that could compromise the process of value generation by the enterprise. This is an important topic, considering also potential conflicts between form, structure and level of executive directors' remuneration (fixed and variable elements, stock options, total estimated value of non-cash benefits, remuneration paid to directors in connection with the termination of his activities during that financial year, etc.) and corporate performance optimization in the long term.

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