

**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 corporate governance development in Tunisia.

We were fortunate in setting very stable relationships with many corporate governance scholars from Tunisia during 2007 and 2008. Following those relationships we decided to pay the attention of the reading audience to the academic circles of Tunisia actively involved in the corporate governance research. This special issue of our journal is an award to the scholars from Tunisia for their efforts in corporate governance research.

Rym Hachana and Jamila Hajri examine the relationship between entrenchment and performance. Their study is based on cross-section data of 21 quoted Tunisian companies (from both manufacturing and service sector) over the period 2000 to 2006. Their evidence contributes to understanding the role played by several entrenchment pathways, such as the ownership structure, the debt policy and the structure of the board of directors.

Nadia Ben Sedrine and Nadia Loukil investigate the effect of blockholders and board structure into stock liquidity in Tunisian market. They use five measures of liquidity in order to detect the multidimensionality of liquidity: immediacy cost, price impact, trading frequency, trading speed and total transaction cost. Results show that blockholders, insiders or outsiders, reduce trading speed, while ownership concentration and board characteristic effect on liquidity depend on liquidity dimension considered. Insider ownership concentration enhances price impact. Outsider ownership concentration induces a high trading activity. A large board size improve firm transparency reduces transactions costs. A high proportion of outsider directors increase trading speed.

Marjène Rabah Gana and Anis El Ammari investigate the incidence of the shares transfers by the original shareholders on the degree of the initial underpricing. The authors use a sample of Tunisian candidates companies over the 1992-2006 period. Their empirical results make it possible to confirm the existence of a significant initial underpricing of about 19% and which depends closely on the behavior of shares transfer. More precisely, the original and the controlling shareholders, in order to limit the transfer of wealth towards the new shareholders, reduce the degree of IPO underpricing.

Nadia Belkhir Boujelbéne and Abdelfettah Bouri examine the relationship between

ownership structure and market liquidity. From a sample of Tunisian firms listed in the period from 2001 to 2005 the authors showed that ownership concentration by blockholders is positively related to spread. A positive but generally insignificant relation is found between spreads and insider ownership. However, institutional ownership does not add any explicative power to the liquidity.

Sana Ben Cheikh and Mohamed Ali Zarai research the impact of the management power and the manager's personal characteristics on the performance of the highly-rated enterprises. In order to test the validity of the theoretical hypotheses, the empirical study is based on a sample of 32 Tunisian highly-rated enterprises during the period 2000-2005. The results have shown that the leader's power, made up of indicating variables, plays an important role on the stock exchange and accounting performance.

Nizar Hachicha, Abdelfettah Bouri and Foued Khelifi verify if the abnormal returns resulting from the event study methodology are due to econometric problems or to psychological bias generated by irrational investors' reactions. For the econometric bias, five problems are studied: the choice of market index; the missing observations; the abnormal returns normality, joined hypothesis; and the variance volatility in the event window. Results show that abnormal returns are far from being due to the event study methodology failures and econometric bias.

Fatma Wyème Ben Mrad Douagi and Rim Boussaada contribute to the necessary renewal of corporate governance by attempting to highlight some crucial features and issues related to the impact of culture on Tunisian corporate governance system. Based on cultural dimensions of Hofstede (1980), the authors try to identify the impact of culture on Tunisian corporate governance system. They argue that the characteristics of Tunisian corporate governance system such as ownership concentration, inactivity of hostile takeover market, one-tier board system, limited transparency of information and underdevelopment of financial market, reflect the Tunisian culture.

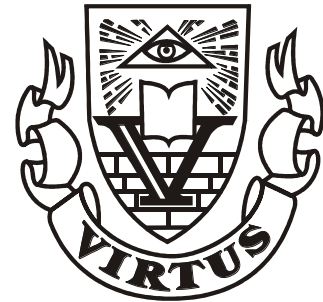
Amel Belanes Aroui and Abdelwahed Omri try to point out that even managerial entrenchment does matter. Authors consider the non financial firms that are listed in the Tunisian Stock exchange during the 1996 - 2006 period. The results are somewhat robust to different specifications. They may enhance and extend the agency-based corporate governance literature on executive risk-taking. But above all, they may shed some light on the emerging markets context namely the Tunisian one.

We will do our utmost to continue publishing papers on corporate governance in Tunisia in the future.

CORPORATE OWNERSHIP & CONTROL

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