

**CORPORATE
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EDITORIAL

Dear readers!

This issue of the journal *Corporate Ownership and Control* was composed by us to achieve several important objectives.

First of all, we would like to focus attention of the reading audience to corporate governance practices in Taiwan. We were fortunate in setting very stable and perspective relationships with many corporate governance scholars from Taiwan during 2006, 2007 and 2008. More than 15 papers on corporate governance written by 24 authors from Taiwan were published in *Corporate Ownership and Control* journal during last two years. Following those relationships we decided to pay attention of the reading audience to the academic circles of Taiwan actively involved in the corporate governance research. The special section of our journal is an award to the scholars from Taiwan for their efforts in corporate governance research. Special thanks are addressed to researchers from *Fu-Jen Catholic University, National Sun Yat-Sen University, Chang-Gung University, National Taichung Institute of Technology, the Overseas Chinese Institute of Technology, Chaoyang University of Technology, National Yunlin University of Science and Technology, Feng Chia University*. We are sure that the papers on such critical issues of corporate governance as independent directors, corporate ownership and external corporate governance mechanisms will be read with a strong interest.

Secondly, we have decided to investigate one of the most problematic issues of corporate governance in the world – family ownership and control. Countries researched by authors, i.e. Italy and Portugal, are the excellent sample to find the best evidences of existence of particular corporate governance practices, applied in the family firms.

Thirdly, academic investigations and concepts are introduced to the readers with a wide spectrum of papers. This concerns the concept of shareholder value understanding of what constitutes a firm's value. One more interesting concept investigated is the stakeholder concept. There are useful conclusions how corporate governance and stakeholder management find crossroads. Besides that the stakeholder concept is considered from the point of view of influence of the leveraged buyouts. Italy issued an innovative corporate governance reform which offered a more favorable legal environment to this type of transactions and represented an important turning point for the domestic private equity market.

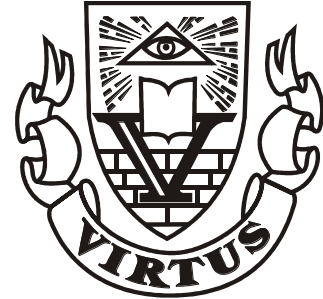
Fourth, corporate governance was considered as a problem of separation of corporate ownership and control. With application to Germany, corporate control will form the central link between corporate governance and business reporting.

We think that this issue, which a jubilee issue of our journal – the 20th issue, finally supported our main idea for the academic publishing – international representation with a focus on corporate governance issues. We hope that our contributors follow the idea making academic publishing democratic.

CORPORATE OWNERSHIP & CONTROL

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N.S. Terblanche

Economic and finance theory dictates that the major purpose of a firm is to create value. Value can be considered from different points of view. Advances in two distinctly different functional areas of business, namely marketing and financial management, initiated a reconsideration of our understanding of what constitutes a firm's value. On the one hand marketing was called upon to become more financially accountable and at the same time intangible assets on balance sheets require that the asset or group of assets should be separately identifiable, protected, transferable and enduring. Brands represent a significant fraction of the intangible, and hence, total value of many firms. This situation made various researchers call for the integration of the disciplines of marketing and finance. The blend of empirical customer research and financial measures to produce measures such as, for instance, CLV holds a great deal of promise to support our understanding of value creation in firms and how that translates into shareholder value.

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N Huyghebaert, F J Mostert

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Poh Ling Ho, Greg Tower, Dulacha Barako

This study empirically examines the influence of corporate governance structure on voluntary disclosure practices of Malaysian listed firms from 1996 to 2001. This important timeframe encompasses the time period before the Asian Financial Crisis and the aftermath of regulatory reforms such as the revamped KLSE Listing Requirement released in 2001, widely recognized as a major milestone in Malaysian corporate governance reform through the enhanced corporate disclosure. Our

findings show that the extent of voluntary communication is generally low, albeit showing an increase from 1996 to 2001. There is an increase in the number of corporate governance characteristics adopted by firms, suggesting firms exhibiting an improvement in the corporate governance structure. While corporate governance structure is not a significant explanatory variable in 1996, our results suggest that a firm's corporate governance structure has a significantly positive impact on voluntary disclosure in 2001. Large companies voluntarily disclose more information in both years. The implications are that a greater focus on corporate governance is resulting in an increase in transparency in the Malaysian setting. Corporate change is generating better corporate communication.

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*Simona Zambelli**

Given the potential damage to the target's stakeholders, LBOs have been strongly debated and even prohibited in Italy. The institutional uncertainty surrounding the legitimacy of LBOs had a negative impact on the Italian private equity market. Recently, Italy issued an innovative corporate governance reform which offered a more favorable legal environment to this type of transactions and represented an important turning point for the domestic private equity market. The institutional change, induced by the above reform, provides scholars and policy makers with guidelines on how PE transactions may be spurred with an appropriate regulation aimed at legalizing LBOs, as well as protecting the interests of the target firm and its stakeholders. Notwithstanding the new reform, several issues remain unsolved and the admissibility of certain types of LBOs is still under debate.

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Stefano Caselli, Renato Giovannini

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Empirical evidence proves that family firms follow paths for financial growth and use models for their relationships with financial institutions that differ in structural terms. From these results, indications can be formulated regarding the expected effects on financial institutions and family firms. Moreover, new research streams clearly emerge which lay the groundwork for further study.

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Fabrizio Colarossi, Marco Giorgino, Roberto Steri, Diego Viviani

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Yin-Hua Yeh, Pei-Gi Shu, Yu-Hui Su

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Feng-Li Lin, Tsangyao Chang

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entrenchment hypothesis, a 1% increase in the managerial ownership decreases asset utilization efficiency by 0.32% and 0.5%, respectively. However, managerial ownership is between 51.35% and 59.06%, consistent with the convergence of interest hypothesis, a 1% increase in the managerial ownership increases asset utilization efficiency by 0.21%.

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Chun-An Li, Hung-Cheng Lai

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Ruey-Dang Chang, Yeun-Wen Chang, Ching-Ping Chang, Fiona Hu

This study uses investment opportunity set (IOS) as an environmental factor, and investigates its moderating effect on the relationships between corporate governance mechanisms (including internal and external corporate governance mechanisms) and firm performance. The empirical results using regression analysis show: (1) The IOS does not have a moderating effect on audit quality and firm performance. (2) The negative relationship between institutional investor ownership and firm performance is stronger for firms with higher investment opportunities. (3) When CEO is the chairman of the board, high growth firms can lead to better firm performance. (4) The relationship between the IOS and pledged shares ratio of directors and supervisors has positive influence on firm performance.

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Roland Füss, Achim Hecker

White-collar crime is a notable phenomenon attending economic activity. But although both prominent individual cases and more systematic statistics on claims indicate a considerable and pressing problem, rather little is known about particular types of offenses, patterns of response, situational contexts, or offender profiles. Nor is much known about which instruments effectively prevent and fight white-collar crime. Utilizing an extensive dataset of 329 organizations and over 400 case descriptions from Germany, Austria and Switzerland, this analysis offers a first detailed inquiry into the relevance and characteristics as well as prevention and redress of five basic kinds of white-collar crime: corruption, fraud, theft, anti-competition, and money laundering. In addition to an explication of overarching commonalities and specific differences, we strive to show that these five types can furthermore be reorganized into two differing classes that are each internally rather homogenous. This finding is of great relevance and importance to effective strategies for preventing and countering white-collar crime.