

**CORPORATE  
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СОБСТВЕННОСТЬ И КОНТРОЛЬ**

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## EDITORIAL

*Dear readers!*

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

*Paolo Di Betta* investigated upon the influences exerted by politicians on the Board and on ownership structure, as an application of political power to corporations. We characterize moral governance as the joint result of these efforts on managerial turnover and ownership turnover. We comment upon two Italian clinical cases of private, listed firms in which politicians enter the scene when a major event occurs (i.e., re-organization, merger, and acquisition activity). Our model could serve as a guideline and checklist for insiders to interact with politicians. We suggest this could be of interest in countries where there is a common level ground – such as in Europe – but with different cultures on the role of the politician in the business environment. It could be an instrument to detect political intervention in the economy to be also used for cross-country comparisons of business environment and for assessing transparency of companies in developed and developing countries. Recent events from the financial crisis in 2008 have increased the urge to investigate these themes.

*Paolo Di Toma* addresses the potential influence of contextual variables on corporate governance. The main purpose is to contribute to the development of recent perspectives investigating the corporate governance effectiveness in terms of fitting into the firm's strategic orientation. This paper points out how different arrangements may support the enterprise or the accountability function and how differently they work, according to their specific context. Potential influences stemming from ownership structure are then considered, addressing relationships between the firm's strategic dynamics and corporate governance effectiveness.

*Daniel Kohlert, Andreas Oehler and Stefan Wendt* find that investment companies face severe governance problems because they are agents to at least two groups of principals with potentially conflicting interests. One group of principals consists of the shareholders of the investment company itself, the other group of principals consists of the actual fund investors.

*Parveen P. Gupta, Duane B. Kennedy, Samuel C. Weaver* examine the association between the composite or sub-category corporate governance scores and various measures of firm value. We test for this association using data for 2002 through 2005 on the Report on Business rankings and various financial and market measures. Overall, our study does not find an association between the composite or sub-category corporate governance scores and the various measures of firm value.

*Mian Sajid Nazir, Shafaqat Ali and Abdul Haque* shed light on the relationship of some aspects of board structure like board size, board composition, and CEO duality with the performance variables Tobin's Q and Return on Assets (ROA) by using a sample of 53 firms of cement and sugar sectors of Pakistan for a period of 2005-2007. The results indicate that the firms perform better with moderate board size and the performance is adversely affected if CEO also acts as chairperson of board of directors whereas the external directors can play a positive role for firm performance in Pakistan.

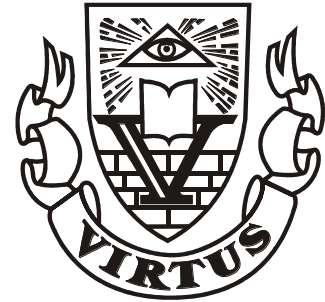
*Paula Cabo, Amparo Melián, João Rebelo* describe the historical roots of Portuguese and Spanish cooperative credit, focusing our analysis on the governance structure, especially on the issues arising from the strict application of traditional cooperative rules.

*Saw-Imm Song, Ruhani Ali, Subramaniam Pillay* examine the relationship between the ownership stakes of the largest shareholders and the post-take-over operating performance and firm values of the acquiring firms. It was found that the operating performance as measured by the control-adjusted cash flow returns rose as the largest ownership stakes increased. However, when the dominant owners obtained a very high level of ownership stakes, the operating performance deteriorated. This shows that at lower level of ownership stakes, ownership concentration aligns the interests between controlling owners and shareholders. In contrast, when the dominant owner had absolute control over the firm, there was a potential of expropriation of minority shareholders by the controlling owners. Nevertheless, we did not find significant relation in the market-based assessment.

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