

**CORPORATE
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**КОРПОРАТИВНАЯ
СОБСТВЕННОСТЬ И КОНТРОЛЬ**

Postal Address:

Postal Box 36
Sumy 40014
Ukraine

Tel: +380-542-611025
Fax: +380-542-611025
e-mail: alex_kostyuk@mail.ru
alex_kostyuk@virtusinterpress.org
www.virtusinterpress.org

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Почтовый адрес редакции:

Почтовый ящик 36
г. Сумы, 40014
Украина

Тел.: 38-542-288365
Факс: 38-542-288365
эл. почта: alex_kostyuk@mail.ru
alex_kostyuk@virtusinterpress.org
www.virtusinterpress.org

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EDITORIAL

Dear readers!

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

Sandra Alves, Júlio Martins analyse the impact of the level and the type of the intangible assets on six major financial and governance policies: financial structure, dividend pay-outs, managerial share ownership, external ownership concentration, board of directors' structure and auditing. These policies directly depend on the interactions between managers, shareholders and debt holders. Using a UK cross-sectional sample (374 firms for the year 2000), the results suggest that the bundles of financial and governance policies differ between levels of overall intangible asset intensity, levels of all intangible assets other than research and development (RD), categories of intangible assets (RD versus non-RD) and levels of stock of RD. Hence, the level and type of intangible assets seem to have significant impact on financial and governance policies. Different levels and/or types of intangible assets seem to require different portfolios of financial and governance policies.

Paul Pronobis, Bernhard Schwetzler, Marco Sperling, Henning Zuelch paper investigate the development of earnings quality for a sample of 5,817 firm years during the period between 1997 and 2006 using seven different measures (accounting- and market-based). As a result, overall earnings quality of German firms improves over time. However, the measures of timeliness and value relevance indicate a decreasing earnings quality. These findings are tested by taking firm-specific accounting style into consideration using firm fixed effects.

Elewechi Okike, Andrew Turton examined whether improved levels of corporate governance led to higher levels of firm performance within the UK banking industry over the time period 1999-2006. The twenty-six measures were split into four sub-sector areas of Corp-Gov Score comprising Board of Directors, Remuneration Policies, Auditing Policies, and Transparency/Disclosure Policies. Using both correlation and regression analysis on the information extracted from the Annual Reports, the study provides evidence about the extent to which UK banks have complied with recent corporate governance reforms post Enron. The results indicate that improvements in corporate governance can enhance the performance of UK banks when measuring using Return on Equity. The biggest sub-sector driver of this improvement is in the area of the Board of Directors. Our results further indicate that large boards within UK banks can have a negative impact on firm performance, and that increases in directors' remuneration does not lead to increased levels of firm performance. Evidence is given that corporate governance within UK banks plays an important role, but how it affects firm performance is open to debate.

Magdi El-Bannany, Syed A. Tipu contribute to the understanding of firm profitability by examining the determinants of firm profitability in Pakistan

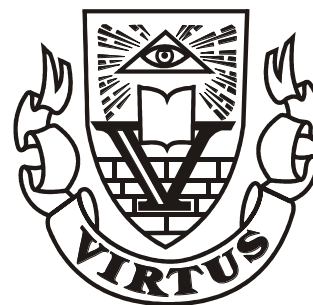
over the period 2003-2007. A sample of 19 organizations in Pakistan was selected for an in-depth analysis. The data were collected through multiple visits to the selected sites, direct observation, questionnaires, and structured interviews with the senior and middle level business executives. A total of 95 middle and senior level managers were requested to fill out questionnaires covering different dimensions of culture mentioned in the Organizational Culture Inventory. Additionally, in order to get an insight into the deep rooted basic assumptions, detailed interviews were conducted with 80 middle and senior level managers. The data regarding investment in IT, firm size, ratio of fixed asset to total assets, and capital-asset ratio were derived from the firms' annual reports for the period 2003-2007. The regression results show that culture, investment in information technology, firm size, capital intensity and financial leverage have significant impact on firm profitability.

I.K.M. Mokhtarul Wadud, Wahida Yasmeen examine dynamic comparative advantage in textiles and clothing trade and the country specific factors that explain variations of comparative advantage among the trading nations. Comparative advantages are estimated constructing indices of revealed comparative advantage (RCA) using export shares of textiles and clothing industries over 1981-2005. The estimated RCA indices of absolute and relative change show that while comparative advantage in both textiles and clothing is tilted towards the developing economies, a number of developed high income economies possess comparative advantage over extended periods. In the second stage, RCA indices are regressed against some country specific industry characteristics such as capital/labour ratio, wage rate and industry sizes. The estimated models show significant relationship between comparative advantage and the country characteristics. Results of this study provide evidence of changes in the pattern of comparative advantage in textiles and clothing over the decades when multi fibre arrangement (MFA) type trade restrictions were in place. These evidences have implications for the trading nations in the ongoing liberalised trade regimes.

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