

**CORPORATE
OWNERSHIP & CONTROL**

**КОРПОРАТИВНАЯ
СОБСТВЕННОСТЬ И КОНТРОЛЬ**

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EDITORIAL

Dear readers!

We are pleased to deliver the new issue of the journal *Corporate Ownership and Control* to you. This issue of the journal is really a multi-topical. This means that the academic concern with regard to corporate governance grows remarkably.

Executive compensation has been explored by our contributors with thorough attention. Results reveal that executive compensation structure in new versus old economy firms is different and more importantly, it changes over time. Moreover, our contributors found that firms reduce their use of stock options when there are other deferred pay mechanisms in place, suggesting they act as substitutes. Authors also found that firms with defined benefit retirement plans reduce their use of stock options for non-executives to a greater extent than firms with defined contribution plans, suggesting a greater degree of substitutability between defined benefit plans and stock options than between defined contribution plans and stock options. This is very important to conclude under the public discussion of executive compensation.

One more important issue of corporate governance investigated by our contributors is corporate ownership and control. In this context the authors concluded that the free rider problem between the manager and the principal is significant in countries with small financial markets. Besides that, authors suggest that audit committees in family-controlled firms require a higher degree of external audit effort than do those in non-family-controlled firms. It was concluded that institutional investors are more common in firms with a higher dependence on long-term debt. Moreover, the combination of ownership concentration and pyramidal structure would lead to inferior firm performance and valuation, but little evidence concerning tunneling within groups.

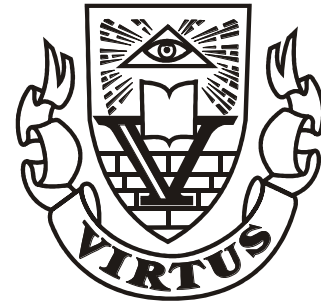
South Africa has been chosen by us as the country to investigate corporate governance in a special manner. Authors introduce the novelties of the King III code and examine the current reporting practices of 68 companies listed on the Alt-X segment of the Johannesburg Stock Exchange. They provide valuable insights into the structure of small cap companies in South Africa and analyse which parts are used by companies to enhance their legitimacy. Besides that, it can be concluded that most of the large corporate organisations are adhering to the principles of good corporate governance, although the performance of the South African Government, measured against certain corporate governance objectives, requires attention to ensure a positive contribution to embed good corporate governance and economic growth.

We are open for your suggestions in the new fields the books could be written and hope for the new contributions to the journal!

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Henrique Cordeiro Martins, Carlos Alberto Gonçalves, Daniel Jardim Pardini

The board of directors is seen as the central governance instrument, promoting interaction between stakeholders and promoting high performance, organization sustainability and return to investors. The practices and strategic definitions of corporative governance are considered of great importance today for corporations, due to the size and to the complexity of their structures (like *M-Forms* structures) and the different forms in which they are presented: in networks, associations, partnerships, mergers and acquisitions. The aim of this article is to analyze the constitution of boards of directors, based on their attributes, and the impacts of this classification on the roles and responsibilities of the directors in Brazilian companies. For this, a quantitative survey was performed in the 300 largest companies in Brazil listed in BOVESPA - stock exchange in capital market. The results found point to a strong correlation of some attributes of the directors of the researched firms with the roles and responsibilities of the board, in relation to strategic, control, and institutional dimensions.

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Sidney Leung, Ran Wang

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Stefan Hilger

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Thomas Gstraunthaler

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