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The ownership and ownership concentration? The impact on the performance of China's firms

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Abstract
This paper investigates the impact of ownership and ownership concentration on the performance of China's listed firms. By recognizing the differences between ownership and ownership concentration, and between total ownership concentration and tradable ownership concentration, we find that ownership concentration is more powerful than any category of ownership in determining firm performance and that it has approximately positive linear relations with firm value. The tradable ownership concentration has a more significant and positive influence on firm performance than total ownership concentration. The highest level of firm performance is approached when a firm is characterized with both total ownership concentration and tradable ownership concentration. Thus, we conclude that it is a rule that ownership concentration enhances firm performance regardless of who the concentrated owners are.

Keywords
impact, performance, ownership, china, concentration, firms

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spreads decrease after the option introduction. Additionally, we show that the number of trades increases statistically significantly, while the volatility, the trade size and the trading volume show no statistically significant change. We conclude that the introduction of options on TKC has a positive impact on the trading of TKC, Turkcell’s ADR, reducing trading costs and risk while increasing liquidity.

SESSION 11 Monday 10:30 - 12:15 Gracia B
CORPORATE GOVERNANCE I
Session Chair: Giovanna Zanotti - University of Bergamo, Italy

"Ownership and Ownership Concentration: Which is Important in Determining the Performance of China’s Listed Firms?"
Shiguang Ma - University of Wollongong, Australia
Tony Naughton - RMIT University, Australia
Gary Tian - University of Wollongong, Australia

Discussant: Minhee Kim - Korea Advanced Institute of Science and Technology, South Korea

This paper investigates the impact of ownership and ownership concentration on the performance of China’s listed firms. By recognizing the differences between ownership and ownership concentration, and between total ownership concentration and tradable ownership concentration, we find that ownership concentration is more powerful than any category of ownership in determining firm performance and that it has approximately positive linear relations with firm value. The tradable ownership concentration has a more significant and positive influence on firm performance than total ownership concentration. The highest level of firm performance is approached when a firm is characterized with both total ownership concentration and tradable ownership concentration. Thus, we conclude that it is a rule that ownership concentration enhances firm performance regardless of who the concentrated owners are.

"Does Corporate Governance Prevent Information Asymmetry? Evidence from Insincere Announcements of Korean Listed Firms"
Sangwon Lee - Korea Advanced Institute of Science and Technology, South Korea
Seung Hun Han - Korea Advanced Institute of Science and Technology, South Korea
Minhee Kim - Korea Advanced Institute of Science and Technology, South Korea

Discussant: Larry Li - RMIT University, Australia

Announcement is one of the most popular ways of a firm interacting with its investors. Insincerity of such announcement could cause the information asymmetry problem, which gives advantage for the management with delayed or inaccurate announcement. By testing firms that Korea Exchange claims for insincere announcement, we find that insincerity of the firm’s announcement is negatively valued by the investors, possibly due to their unfavorable aspects to the information asymmetry. Also, our evidence suggests that firms with stronger corporate governance device experience less stock price decrease from the insincerity claim. This suggests that corporate governance reduces possible problems from information asymmetry, which eventually contributes to mitigate the agency problem caused by investor’s lack of information.

"A New Wave of Financial Reform in China: The Comprehensive Floatation of Non-Tradable Shares"
Larry Li - RMIT University, Australia
Tony Naughton - RMIT University, Australia
Xiangkang Yin - La Trobe University, Australia

Discussant: Rani Hoitash - Bentley University, USA

On 29 April 2005, the Chinese authorities announced a major financial reform - the gradual floatation of non-tradable shares of all listed companies. Existing tradable A shareholders were to receive compensation packages comprising shares, warrants and cash. As a pilot project the government initially targeted 46 firms and in October 2005 announced a rapid program of reform for all remaining firms. In