INDEX

Accountability of financial social market operations, 216, 229, 230, 234, 236 Agency theory, 150–152 Age of Responsibility, 210 Altruism CFBAI and, 4-5 vs egoism, 222 in investment choices, 213, 219, 221 - 223Altruistic social responsibility, 227 Behavioral economics, 217, 222 Benchmarked CEO performance and compensation. See CEO compensation practices and spinoffs, study of Capital structure, 79-81, 91, 93, 95 Islamic and Sukuk, 81-84, 86, 96.98-99 CEO compensation practices and spinoffs, study of, 168-169 compensation benchmarks, 175-176, 191-199, 203n3 data characteristics, 177-179 data selection, 176–177, 207 - 208descriptive statistics, 177, 180-184, 186-188, 200-201 information asymmetry and dispersion in returns or earnings, 169-170, 172, 174

literature review. 168–169 long-term incentive performance shares, 168, 171, 207 pay-for-performance sensitivities (PPS), 175, 197 pay for skill/luck asymmetry, 173-175, 188-191 pre-spinoff parent CEO vs postspinoff parent CEO, 169-180, 182, 184, 186-188, 190-202, 203n1 relative performance evaluation (RPE), 169-173, 179-188, 202Children's Food and Beverage Initiative (CFBAI), share price reaction to enrollment. 2 - 4abnormal returns, computation of, 3-4, 9-10, 12-17 consumer views on socially responsible marketing efforts, 2-3data and methodology in assessing the effect of enrollment, 8 - 10equity market reaction, 13, 15 - 16financial ratios, evidence from, 3-4, 8, 17-19market-to-book ratio of assets, 18 - 19motives for joining, 4-8

post-enrollment returns, 3, 6-7,12, 16, 17 sales/revenue ratio, 18–19 shareholders of companies enrolled in, 10-19 share price reaction of competitors, 7 Compensation benchmarks in pre- and post-spinoff firms, 175-176, 191-199 See also CEO compensation practices and spinoffs, study of Conventional bonds, 79-80, 99 Sukuk vs, 82-84, 95 Corporate conduct and socially responsible investment, 211-214, 228-229, 230, 233 - 234Corporate governance, 105, 107 acquirer's offer price and, 116 - 117market's anticipation of improvements in, 107 in MLS firms, 107, 108, 138 Corporate social responsibility (CSR), 2, 210-211, 213, 216, 220, 228-230, 233-236 Corporate spinoff CEO compensation around. See CEO compensation practices and spinoffs, study of example, 168 long-term performance of firms involved in, 168 reasons for, 168 Cosmetic action, CFBAI and, 5 Country effects, and investor protection, 129-137

Egoism, 221–222 Endogeneity of MLS structures, 137 Entrepreneurial innovations, 223 - 225Ethical investment, 215 Executive compensation, determining, 148-149 data and methodology, 153 - 154interaction between gender variables and executive compensation, 149 literature review, 149-153 relationship between family members as shareholders and, 152, 157 relationship between firm performance and, 152-153, 157 - 158results. 154-163 summary of variables, description, and expected signs, 151 of Thai listed companies, 161 Expectancy theory of motivation, 148.149-150 gender gap, 157-160 role of monitoring and stewardship in, 161-163 Fama-French 12 industries, 113 Fama-MacBeth regression method, 50, 52-55 Family members as shareholders and executive compensation, relationship, 152, 157 Financial social responsibility, 212 Firm performance and executive

compensation, relationship between, 152–153, 157–158

Index

Gender gap CEO gender and executive compensation, 158-163 in executive compensation in Thailand, 149 in expectancy theory of motivation, 157-160 regression models between gender and firm performance, 157-158 Grey institutional investors, 27, 37, 40, 45-47 Gulf Cooperation Council (GCC) countries, 79 Hurt competitors, 5-7Identification with investments, 219, 221, 231 Innovations, 223-225 Institutional blockholdings, 27, 55 Institutional ownership, 28, 60 Investment decisions and strategies, 213, 217-218, 228, 230, 232 - 234Investor protection, 106 country effects and, 129-137 Islamic finance, study of amount of Sukuk in a firm's capital structure, 93-97 capital structure of Islamic banks, 81-82 data for analyses, 84-88 debt to book equity of firms, 91 debt to market equity of firms, 91 financing deficit of firms, 90 hypotheses related to Sukuk issuances, 83-84 Islamic banks, growth of, 78

limitation of study, 100n15 literature review, 80-82 pecking order and trade-off theory, 80-81 profitability of firms, 90-91 reasons behind Sukuk issuance by corporations, 82 results and discussions, 89-97 Sukuk markets, 84-85 Sukuk's structure, 81–82 summary statistics of key financial variables, 86-87 tangibility of firms, 90, 93 total value of long-term debt outstanding, 88 understanding of financial nature of the firms, 86–88 value of global Sukuk outstanding, 78

Kraft Foods, 171

Large shareholders and target returns, study of absolute power of MLS, measurement of, 111 agency problems, 104-108, 110-112, 114, 118, 120, 122, 138 basic sensitivity tests, 122-129 blockholders and decisionmaking process, 105-106, 110-111, 137-138, 139n2 country effects and investor protection, 129-136 data and methodology, 108-114, 139n4, 143-145 deal characteristics, 113 dominant shareholder, determining, 120

endogeneity issue, 137 estimating target returns, 109 multivariate test of target returns, 116-122 presence and extent of MLS in the ownership structure, 109 - 111role of family vs non-family MLS, 111-112 univariate test of target returns, 114-116 Law of Überethicality, 227-228 Leverage, 79-81, 83-84, 86, 88-99, 100n11 Life cycle theory of a business, 153 Long-term post-enrollment returns, CFBAI and, 6-7 Long-term societal implications of investments, 215, 219-222, 232 - 234Marathon Oil Corporation, 168 Marathon Petroleum Corporation, 168 Merger premium, 106-107, 138 Motivation theory, 152-153 Multiple large shareholders (MLS), 105acquirer's ownership structure, 137 agency problems and, 104-108, 110-112, 114, 118, 120, 122, 138 competition for corporate control, 105-106 endogeneity of MLS structures, 137 impact of governance changes, 106

monitoring role, 105–106, 139n2 negative view of, 105, 107 positive view of, 106-107 See also Large shareholders and target returns, study of Negative shareholder activism, 214 Obesity epidemic, 4-6"Occupy" movements, 212 OLS regression, 40, 52, 59 **Open Society Institute and Soros** Foundation, 223 Ownership structures, 24, 32, 34 of European listed firms, 36-39 firm value, 27, 51-52, 55, 59, 62n16 independent vs grey institutional investors, 45-48 regulation and, 39-59 shareholder protection and. See Shareholder protection on ownership concentration, study of strategic vs institutional investors, 44-47 Pay for skill/luck asymmetry, 173-175, 188-191 Post-spinoff firms, 170 asymmetry in pay for skill/luck, 174-175, 190-193

benchmarking CEO pay, 176, 191–199 book-to-market ratios, 179

coefficient on firm stock return, 186

descriptive statistics, 181, 183 post-spinoff correlation matrix, 184 *p*-values for the RPE test, 186-187.189 See also CEO compensation practices and spinoffs, study of Pre-spinoff firms aspects of performance, 172-173 asymmetry in pay for skill/luck, 174, 190-193 benchmarking CEO pay, 176, 191-199, 195 book-to-market ratios, 179 business divisions of, 170 coefficient on firm stock return, 186 constructing performance benchmarks, 172-173 descriptive statistics, 180, 182 information asymmetry for, 172 pre-spinoff correlation matrix, 184 *p*-values for the RPE test, 186-187.189 RPE in. 171-173 See also CEO compensation practices and spinoffs, study of Regulation, CFBAI and, 5

Relative performance evaluation (RPE) in pre- and postspinoff firms, 169–173, 179–188, 202

Self-consistency, 219, 231 Self-enhancement, 231 Shareholder advocacy, 214 Shareholder protection on ownership concentration, study of anti-self-dealing index (Asd), 26, 33.41 complementary view, 25, 50-51 creditor rights index (Cri), 34 data analysis, 30-31 definition of the variables of interest. 50 differentiating independent and grey institutional investors, 45 - 48in different law regimes, 37-39 economic effects of shareholder protection, 41, 48 firm characteristics and control variables, 34-36 German, French, and Scandinavian law, 41 governance indicators, 34 of institutional investors, 26, 32, 44 - 45legal systems of countries, 33-34ownership concentration on firm performance, 30-32, 50-59 ownership structure of European listed firms, analysis of, 36-39, 40-50 primary source of ownership information, 72-76 quality of law enforcement, 34 regulation, measures of, 32-34 restricted variable problem, 48 robustness tests, 27, 34, 48-50, 55 - 59rule of law index (Rol), 34 sample construction, 28-30, 67 - 69sample generation process, 31

standard error estimation procedure, 48-50 of strategic investors, 26-27, 32, 44 - 45substitution view, 25, 50-51 Thomson One Banker (TOB) ownership module, 61n6, 70 - 71using standard regression methods based on firm-level observations, 40-50 Single large shareholder (SLS), 104, 106-107, 110, 112, 114, 116-118, 138 groups, 107-108 See also Large shareholders and target returns, study of; Multiple large shareholders (MLS) Socially responsible investment (SRI), 210, 212-217 as an innovative and entrepreneurial investment option, 223 - 225benefits to investor, 218-219 contemporary practices, 214, 215duality of altruism and egoism in human behavior, role of, 221 - 223ethical causes, 211-215, 218-220, 227-229, 231, 235 - 236expression of social values, 214-215, 232 financial social responsibility, 210, 212-219, 221, 224, 229 - 234framework, 217-219 investors as pro-social leaders, 227

legal dimensions, 210–211, 224, 227 - 228long-term considerations, 215, 219-222, 232-234 qualitative and quantitative approaches, 215, 226, 235, 236 relationship between profitability and, 219-221 retail, 215 self-consistency and self-enhancement of, 231 and social status-enhancing leadership advantages, 225 - 228socio-psychological foundations of, 216, 234-237 stakeholders, 214-215 transparency and information disclosure as a prerequisite for, 228-230 Social status attributions, 213, 219, 225-228, 231 Social status-enhancing leadership, 225 - 228Societal values, investment capital and, 223, 231-233 Socio-psychological SRI motives, 216, 234-237 Soros, George, 223 Soros Fund Management, 223 Standard of Investment Sukuk, 81 Stewardship theory, 152 and executive compensation, 161-163 Strategic leadership, 225–228 Sukuk vs conventional bonds, 82-84, 95 in a firm's capital structure, 93-97

Index

global, trends, 78 issuances, hypotheses related to, 83–84 markets, 84–85 reasons for issuance by corporations, 82 structure, 81–82 *See also* Islamic finance, study of

Target premium, 106–109, 111, 114, 118, 129, 138 Tobin's q, 149, 151–152, 154–155, 157–160

- Transparency, 213, 216, 219, 221, 228–230, 234, 236–237
- US food and beverage companies, 2, 5
- Value-destroying "expropriation effect," 24 Value-enhancing "monitoring effect," 24
- World Financial Crisis, 2008/2009, 210, 212, 217, 220, 223, 228, 230, 233–234, 236