JCGIRM Journal of Corporate Governance, Insurance, and Risk Management (JCGIRM)
2015, Volume 2, Series 2

Pages 66-83

Corporate governance in founders' controlled companies

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ABSTRACT

Ownership structure with the reference to the comparative studies worldwide, types, forms and patterns identified in companies as well as the logic behind the behavior of different owners constitutes an important theme in management studies. Research reveals the crucial importance of the ownership patterns with the reference to the shareholder identity and concentration of shares for the standards of corporate governance including control and monitoring mechanisms, transparency, board work. Corporate governance literature indicates that certain shareholder types may have impact on the adoption of pyramidal structures, dual class shares, board independence, structure of executive compensation and disclosure.
This paper focuses on the specific type of listed companies which remain under the control of the founder. The goal of the paper is to identify the corporate governance mechanisms adopted by founders in listed companies with respect to the way they exert control. It investigates whether founders tend to increase the control over companies via use of ownership mechanisms adopting dual class shares and pyramidal structures and via dominating the board lowering the number of independent directors. Using the hand collected data of a sample of 100 companies listed on the Warsaw Stock Exchange the paper addresses the gap in the literature of the unique form of ownership characterized by the control of the founders (first generation) who need to confront the entrepreneurial spirit and significant dominance in management and governance in the company with the features of listed companies in which ownership and control is shared among investors.

ARTICLE INFO

Keywords:
corporate governance, founder control, ownership, listed companies

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Article history:
Article Submitted 11-02-2015
Article Accepted 20-03-2015

**Article previously published in EJEM 2015, vol 2, No. 2

1. INTRODUCTION

Ownership structure remains the crucial company's characteristics, belongs to the most important governance mechanisms, and delivers fundamental legacy for oversight and control (Fama and Jensen, 1983; Shleifer and Vishny, 1997). The studies on ownership structure patterns, dynamics and characteristics help understand the directions of strategic development of companies (Demsetz and Keith, 1985). Research reveals the crucial importance of the ownership patterns with the reference to the shareholder identity and concentration of shares for the standards of corporate governance including the aspects to transparency, board independence and composition, board committees, the incentive function of executive compensation. Corporate governance literature indicates that certain shareholder types may have impact on the quality of board work, effectiveness of executive compensation and disclosure. The understanding of the relationships between the ownership structure and corporate governance and the impact of different shareholder upon the quality of corporate governance reveal to be of crucial importance for the functioning of any public listed company (Allen and Gale, 2000). Particularly, the understanding of these relationships proves to be important for emerging markets where corporate governance notes significant development catching up with the world wide recognized standards and best practice. Also the founder control appears to be a specific potentially interesting characteristics of dominant individual investor who founded the enterprise and needs to share the control with other shareholders. Founders represent a specific type of shareholders who reveal strong control, the problems of responsibilities delegation, charismatic leadership, long term vision and emotional attachment to the firm. As the post transition and emerging markets are characterized by the growing number of de novo firms, they offer an unique opportunity to examine the founder strategy with respect to corporate governance. Such research would face significant constrains with the developed economies characterized by the stable company base of institutional ownership.

This paper focuses on the specific type of listed companies which remain under the control of the founder. The goal of the paper is to identify the corporate governance mechanisms adopted by founders in listed companies with respect to the way they exert control. More precisely the paper investigates whether founders tend to increase the control over the companies via use of ownership mechanisms adopting dual class shares and pyramidal structures and via dominating the board lowering the number of independent directors. Using the hand collected data of a sample of 100 companies listed on the Warsaw Stock Exchange the paper addresses the gap in the literature of the unique form of ownership characterized by the control of the founders (first generation) who need to confront the entrepreneurial spirit and significant dominance in management and governance in the company with the features of listed companies where ownership and control is shared among investors. Therefore the paper identifies the control patterns adopted by founders asking also about the corporate governance standards of the board independence. The contribution of the paper is the identification of the corporate governance mechanisms referring to control such as the adoption of pyramidal structure, dual class shares and the presence of independent directors on board. These findings add to the understanding of corporate governance in the specific context of founder controlled companies.

The paper is organized as follows. The first section discussed the ownership structure from the perspective of potential principal agent conflict focusing on the specific case of the founder control over the company. The second section delivers the overview of the corporate governance in Poland with the reference to the transition and emerging market challenges. And finally the third section outlines the research methodology and results discussing the founders' strategy towards control and corporate governance. The final remarks are presented in the conclusion section.

2. FOUNDER CONTROL AND CORPORATE GOVERNANCE

The analyses on ownership structure distinguish degree of concentration (dispersed vs. concentrated ownership) and the shareholder identity (individual vs. institutional shareholders, state ownership, managerial ownership, financial and non financial) (Shleifer and Vishny, 1997; Faccio and Lasfer, 2000). Moreover, the studies focus on the identification of methods enhancing control versus the shares owned realized by the use of dual class shares or the adoption of pyramidal structures. The analysis of ownership structure allows to relate a specific ownership patterns and characteristics to companies behavior, strategy, governance and performance. The perspective of agency theory provides framework of the analysis of the benefits and challenges of different ownership structure patterns for corporate governance and performance indicating way and means for lowering the classing principal agent conflict.

The issue of the specific type of founder control in listed companies remains relatively unexplored in the literature constituting a gap in the corporate governance research. Yet taking into account the characteristics of the emerging markets as well as the dynamics in developed economies the founders control appears to be an important mechanism for management and governance. The existing literature on founder controlled companies derives from two main well established research streams of concentrated ownership as well as the family ownership. Concentrated ownership is perceived as a positive mechanism mitigating the problems of dispersed ownership such as leads to increased principal-agent conflicts as the residual rights of control are in the hands of executives (Monks and Minow, 2004). Majority shareholders do not face the limited possibility to monitor and control executives and experience the problems of hidden action, hidden information and hidden intention (Jensen and Meckling, 1976; Shleifer and Vishny, 1997). Ownership concentration also mitigates the free rider problem as the holders of larger stakes are interested in collecting and processing information for the evaluation of the executives (Grossman and Hart, 1988). Majority shareholders may be more active than the dispersed owners and getting involved in the supervision and governance (Monks and Minow, 2004; Holderness and Sheehan, 1988). The positive impact of the dominant shareholder reveals an asymptotic functions as the improvements in efficiency and firm value are possible to a certain point (Neun and Santerre, 1986). The ownership concentration proves to be an important monitoring mechanism being the second best solution when market/ external mechanisms are not working well (Morck and Steier, 2005). The majority shareholder is able to internalize the costs of collecting information and to exert effective control over management as they possess significant stakes and crucial know how. The active engagement in monitoring and control appears to be an efficient strategy for majority shareholders. Concentrated ownership however is seen as a drawback to raising significant funds and risk diversification assured by the dispersed ownership. Some doubts refer also to the threat of the majority shareholder abusing their position via representatives on the board favoring them at the cost of minority shareholders (Fama and Jensen, 1983). The dominant shareholders may expropriate minority shareholders through a tunneling or compensation policy (Stulz, 1988), blocking dividend payout or limited access to information. Additionally, the ownership concentration may be exerted with the use pyramidal structures and dual class shares, adopted separately or jointly. Pyramids consist of several layers of ownership relationships characterized by complicated structure of cross shareholdings and mutual capital interlocks with listed companies placed at the apex of these structures (Perkins et al., 2008). They are the ownership type constituting of multi level companies with cross shareholdings which form relations of control (Zattoni, 1998; Bennedsen and Nielsen, 2006). The form of a pyramid allows for the separation of control and cash flow rights (i.e. participation in profit) (Claessens et al., 2002) what is viewed as the process of leveraging control rights versus cash flow rights (Villalonga and Amit, 2007). The pyramidal structure assures the controlling shareholder, very often the founders or founder's family, to maintain control over decision making process, to conduct value transfer within the group via related party transactions (Khanna and Palepu, 1999).

The second research stream of the theoretical framework on founders' controlled companies derived in the vast literature on family companies which "have been recognized as an important governance structure of business organizations in both developed and developing economies" (Chu, 2009) as more and more is known and understood on their contribution to the development of national economies, employment and GDP growth. Research indicate that family firms constitute over 35% of the S&P 500 Industrials, and families own nearly 18% of their firms' outstanding equity (Anderson and Reeb 2003). Yet despite the numerous presence of family firms still little is known about the strategic approach of families and founders to corporate governance (Barontini and Caprio, 2005). According to the principal agent theory founder and family control appear also to be important governance mechanisms as it depicts some degree of ownership concentration and is related to the involvement in management and supervision (Shleifer and Vishny 1986), vision and motivation for firm growth (Chu, 2009; Jayaraman et al., 2000), strong identification with the company and the decrease of the classic principal agent conflict (Wasserman, 2003) characterized with short-termism and myopia of corporate managers (Bertrand and Schoar, 2006). The family control may however be seen as a drawback for effective corporate governance due to the dominant position in the decision process, the tendency to lower the board independence (Anderson and Reeb 2004), interest in non pecuniary consumption which draw scarce resources away from profitable projects, focus on family's interest as the expense of firm performance and minority shareholders (Ramachandran and Marisetty, 2009; Anderson and Reeb 2004). Founder who perform also the executive functions expose firms to a self-control problem (Schulze et al., 2001) what increases principal agent conflict and is detrimental to performance. As the literature review indicates founders do tend to adopt dual class shares or use pyramids in order to maintain control over the established companies. As studies in emerging markets and continental Europe suggest both solutions benefit the controlling shareholders, provide for lower transparency of listed companies and may result in the majority (controlling) shareholder abusing minority shareholders rights (Zattoni, 1999; Perkins et al., 2008). Pyramids are formed to provide the control over the company. Founders may reveal the tendency to focus on the family control and the internal shareholding to maintain control and may hinder the access to information and influence over the company for the minority shareholders. Thus, with the intention to increase control founders should reveal the tendency to adopt dual class shares and pyramidal structures. Moreover, since the board has significant power and exert influence over the company founders may also strive to dominate the board and lower its independence appointing fewer independent directors. On the basis of the literature review the following hypotheses were formulated:

H1: The adoption of a pyramidal structure is more frequent in the founders' controlled companies
H2: The adoption of dual class shares is more frequent in the founders' controlled companies
H3: Board independence is lower in the founders' controlled companies

3. CORPORATE GOVERNANCE IN POLAND

3.1. Transition reforms and privatization schemes

The studies on ownership of Polish companies have been carried out for the last 23 years starting with the transition reforms and privatization schemes. There are no research conducted before 1989 since the pattern of ownership was exerted by the dominance of the state (via the State Treasury) and the Party (via its members appointed to serve on the executive position). The system was referred to the so called "destroyed capitalism" (Balcerowicz, 1995) as it faced the lack of private ownership and the lack of meaning of private ownership. The state control and the regime of the citizens' ownership proved to be highly inefficient in the process of rights, incentives and assets allocation. The reforms introduced in 1989 focused on the type I reforms (macroeconomic stabilization, price liberalization, the reduction of direct subsidies, the breakup of trusts, the mono-bank system) and type II reforms referring to rebuilding institutional framework, large-scale privatization, the development of a commercial banking sector and effective tax system, labor market regulations and institutions related to the social safety net and establishment and enforcement of a market-oriented legal system and accompanying institutions. These reforms appear to be crucial from the perspective of the shift in ownership and control and hence the development of corporate governance structure. The privatization programs included the so called case by case privatization understood as the sale of the state owned company to strategic (industry) investor assuring for full control in the case of the direct sale or the dominant stake in the case of companies listed on the stock exchange. Fortunately, the stakeholders' opposition delayed negotiation over the mass privatization program which to this date is viewed as the worst privatization method and which in the Polish case covered (luckily) only 512 companies (as compared to 14,000 in Russia). The popularity of management buyouts and employee stock ownership plans remained low and only a marginal number of state owned companies followed this path. The strongest impact upon the shift of ownership and control was however executed by the rise of the companies set up after 1989 and developed by the founders. The trend strengthened significantly with the economic boom noted after Poland’s accession to the European Union in May 2004 supported by the start of the OTC market in 2008. The shift in ownership and control was additionally accompanied with the government determination to complete privatization process (2008-2011). According to the statistics of the Ministry of Treasury in terms of number of companies privatized of 8,453 state owned companies in 1990, 7,770 have been privatized by the end of 2011 (State Treasury, 2012a). 2,307 companies were privatized via direct privatization that appeared to be the dominant ownership transformation scheme, 1,753 companies were commertialized, 502 underwent indirect privatization, 512 were included in mass privatization program and 1,932 were covered by the liquidation procedure. However in the register as of January 1st, 2012 there were 530 state enterprises of which the state fully controls 179 (100% stake), in 47 companies the state operates as the dominant shareholder and in 156 it operates as the minority shareholder (State Treasury, 2012b).

In sum, the Polish picture on the ownership corresponds with the characteristics of post-transition and emerging market. Corporate governance is based upon the role of hierarchies (World Bank 2005a; World Bank 2005b). As noted by Berglöf and Claessens (2006) the crucial control role is played by large shareholders, whereas the monitoring function of external mechanisms (stock market, market for corporate control, reputation) is significantly weaker. Concentrated ownership is viewed as a result of a set of different factors such as privatization schemes (favoring strategic, industry investors), weaker investor protection (bigger stake increases safety of the investment) and the civil law tradition (Coffee, 1999). The potential of monitoring from the board remains unexplored and hindered. The board is unlikely to be influential when the controlling owner can hire and fire board members. Additionally, the quality of law enforcement depends critically on the quality of the general enforcement environment.

3.2. Ownership of polish listed companies

Studies on Polish listed companies reveal the stable trend of the ownership structure over the whole period they were conducted after 1989. The shareholder structure of Polish companies shows a significant concentration of ownership characterized by the average majority shareholder stake estimated at 41% shares (Kozarzewski, 2003, 2006; Aluchna, 2007; Urbanek, 2009). The significant ownership concentration indicates that the majority of corporate governance challenges refer not to the problems of dispersed ownership and conflicts between shareholders and managers but mostly to the problems of majority shareholder policies toward minority investors (Shleifer and Vishny, 1998). The ownership structure analysis depicts a slight evolution of the identity of the dominant shareholder which results from the privatization schemes and the development of the emerging market. Not surprisingly, the strategic foreign investor appeared to be the most frequent identity Dzierżanowski and Tamowicz, 2002). Strategic foreign investors were surpassed by domestic private and domestic strategic investors in line with the economic development and surge of newly set companies controlled by the founder. The ownership structure of Polish listed companies is presented in Table 1.

Table 1: Ownership structure of Polish companies (no. of sample companies, % of sample companies)

Shareholder category	1st largest	2nd largest	3rd largest	4th largest
Executives	88 (25.1%)	49 (17.3%)	31 (15.3%)	18 (14.5%)
Supervisory board directors	39 (11.4%)	40 (14.1%)	28 (13.8%)	12 (9.7%)
Other individual	24 (7.1%)	24 (8.5%)	25 (12.3%)	13 (10.5%)
Strategic foreign investor	60 (17.1%)	18 (6.4%)	8 (3.9%)	5 (4.0%)
Financial foreign investor	6 (1.7%)	14 (4.9%)	9 (4.4%)	5 (4.0%)
Strategic domestic investor	71 (20.3%)	26 (9.2%)	16 (7.9%)	6 (4.8%)
Financial domestic investor	28 (8.0%)	66 (23.3%)	47 (23.2%)	42 (33.9%)
NIF	4 (1.1%)	2 (0.7%)	-	-
Pension fund	7 (2.0%)	36 (12.7%)	35 (17.2%)	20 (16.1%)
State	14 (4.0%)	4 (1.4%)	1 (0.5%)	1 (0.8%)
Cross shareholding (to be liquidated)	4 (1.1%)	4 (1.4%)	3 (1.5%)	2 (1.6%)
Dispersed ownership	7 (2.0%)	-	-	-
Total	350 (100%)	283 (100%)	203 (100%)	124 (100%)

Source: compilation based on Urbanek (2009), pp. 392-393.

As presented in Table 1 domestic individual investors prove to be the most frequent majority shareholders of Polish listed companies. The individual investors often combine the role of majority shareholders (playing key roles via their representatives in supervisory board) and the role of executives at the management board. Therefore they may combine ownership and control exerting decision making and supervision over the company. As noted by Berglöf and Claessens (2006) emerging and transition economies are characterized by the ownership concentration and majority shareholders' involvement in governance and management. The importance of industry investors as well as of individual investors acting via other companies (holding companies, financial vehicles) in the ownership structure of Polish listed companies led to creation of corporate groups and the development of pyramidal structures which show to be a popular phenomenon noted recently. Although the literature on Polish pyramidal structure is very rare, the initial research reveals that pyramids were identified in 50% of the largest listed companies (Aluchna, 2010). The development of founder control firms as well as the emergence of pyramidal structures provide interesting potential for the analysis of the ownership and control pattern in Polish listed companies.

4. RESEARCH

4.1. Methodology

The research addresses the central question on the control mechanisms adopted in companies in which founders possess the controlling stake. The data was collected between October 2013 and March 2013. For the purpose of the research 100 companies listed on the Warsaw Stock Exchange, the set of 25% of overall population, were investigated. In order to assure for the representative sample, the analysis covered 25 largest companies out of every 100 in terms of market capitalization. The sample was composed of non financial companies listed on the Warsaw Stock Exchange. In the case of bankruptcy and the lack of data two companies were rejected and replaced by the subsequent companies on the list. As no data base was available all data used for the purpose of this analysis on ownership structure and board was hand collected. The research used the following variables:

- Company size measured by assets (in PLN)
- Degree of ownership concentration (concentrated from the threshold of 30% votes, dispersed)

- Founder's control – binary variable (0,1) for the control of the founder over the company of at least 30% of votes
- The size of the stake of votes controlled by the largest shareholder
- The stake controlled by the founder – the percentage of shares controlled by the founder
- The use of dual class shares – binary variable (0,1)
- The use of a pyramidal structure – binary variable (0,1)

The statistical analysis was conducted with the use of the standard SPSS software version 21.

4.2. Results

Descriptive statistics – the overall sample

The descriptive statistics reveal that 71% of sample companies are characterized by the ownership concentration understood as the stake of the majority shareholder of 30% of votes and more. The general characteristics of the concentration and size variables is presented in Table 2.

Table 2: Descriptive statistics

Variable	Average	SD	N
The stake of the largest shareholder	42.88	21.725	100
Assets	3062515	7847866.15	100
Market cap	2124.36	5775.648	

As shown in Table 2 the average stake of the largest shareholder accounted for nearly 43% of votes. The breakdown of sample companies with the reference to the identity of the largest shareholders is presented in Table 3.

Table 3: The breakdown of sample companies with the reference to the identity of the largest shareholders

Shareholder identity	Number	Percent	Cumulative percent
The state	11	11.0	11.0
Foreign investor	15	15.0	26.0
Domestic investor	30	30.0	56.0
Individual/ founder	29	29.0	85.0
Financial	14	14.0	99.0
Other	1	1.0	100
Total	100	100	

The founders' involvement in the ownership structure was noted in the case of 62% of sample companies while the presence of such an investor on supervisory or management board was revealed in the case of 36% studies firms. The average number of shareholders disclosed in the annual reports of sample companies was estimated at 3.5 investors. Additionally, the descriptive statistics reveal that in 74% of samples companies there are up to 4 notified shareholders disclosed in the annual report (i.e. controlling 5% or more) with the following breakdown:

- One notified shareholder – 16% of companies
- Two notified shareholders – 19% of companies
- Three notified shareholders – 16% of companies
- Four notified shareholders – 23% of companies

The detailed data is presented in Figure 1.

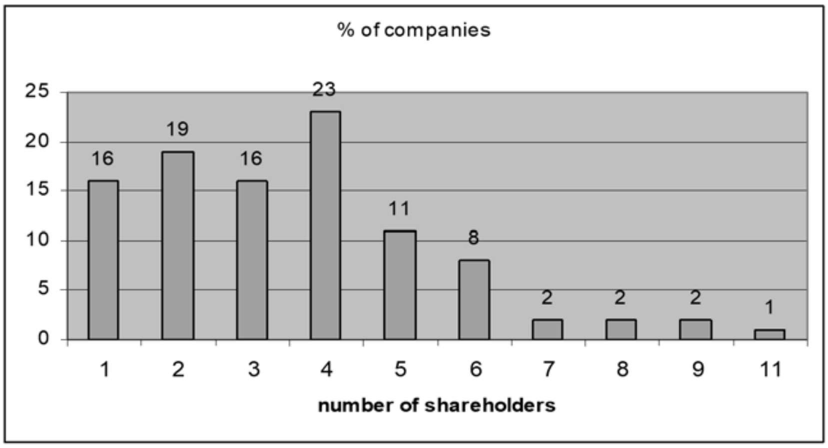

Figure 1: The number of shareholders in the ownership structure of sample companies

56% companies adopted pyramidal structure as the mechanism for control while 14% used dual class shares. The collected data denoted the most severe structural problems of Polish companies – amongst sample companies 84 companies do not form board committees (except for the audit committee), 40 companies do not appoint independent directors, IR websites of 24 companies were categorized as very poor.

Statistical analysis

To test for the first hypothesis assuming that the adoption of a pyramidal structure is more frequent in the founders' controlled companies the following regression model:

$$pyramid = \alpha_1 assets + \alpha_2 founder + \varepsilon \quad (1)$$

where:
pyramid – the use of a pyramidal structure in a company
assets – company size measured by assets
founder – the control of the company by its founder
α_1, α_2 – model parameters
ε – residual
The regression results are presented in Table 4.

Table 4: The adoption of pyramidal structure and founder control - regression results

		B	SD	Wald	Df	Sig	Exp(B)
Model	Assets	-0.0269	0.119	5.101	1	0.024	0.764
	Founder	-0.044	0.014	9.523	1	0.002	0.957
	Const	4.190	1.623	6.666	1	0.010	65.993

As shown in Table 4 the statistically significant regression results indicate that there is a link between adoption of pyramids and founder control. Thus, the results support hypothesis H1.

To test for the second hypothesis assuming that the adoption of dual class shares is more frequent in the founders' controlled companies the following regression model:

$$dual\ class\ shares = \alpha_1 assets + \alpha_2 founder_2 + \varepsilon \quad (2)$$

where:

dual class shares – the adoption of dual class shares in a company
assets – company size measured by assets
founder – the control of the company by its founder
α_1, α_2 – model parameters
ε – residual

The regression results are presented in Table 5.

Table 5: The adoption of dual class shares and founder control - regression results

		B	SD	Wald	Df	Sig	Exp(B)
	Assets	-0.404	0.209	3.742	1	0.053	0.668
	Founder	0.025	0.014	3.490	1	0.062	1.026
	Const	2.766	2.573	1.156	1	0.282	15.896

As shown in Table 5 the statistically significant regression results indicate that there is a link between adoption of dual class shares and founder control. Thus, the results support hypothesis H2.

To test for the third hypothesis assuming lower board independence in the founders' controlled companies the following regression model:

$$Independent\ directors = \alpha_1 assets + \alpha_2 concentation + \alpha_3 founder + \varepsilon \quad (3)$$

where:
independent directors – the presence of independent directors on the supervisory board
assets – company size measured by assets
concentration – the ownership concentration (the stake of the largest shareholders above 30% of votes)
founder – the control of the company by its founder
α_1, α_2 – model parameters
ε – residual

Table 6: The presence of independent directors in founder controlled companies - regression results

		Unstandardized coefficients		Standardized coefficients	t	Sig
		B	SD	B		
Model	Const	-1.775	0.676		-2.627	0.010
	Assets	0.191	0.044	0.434	4.372	0.000
	Concentration	0.151	0.182	0.079	0.826	0.411
	Founder	0.007	0.004	0.153	1.564	0.101

As shown in Table 6 the statistically significant regression results indicate that there is a link between the board adoption and founder control. Thus, the results do not support hypothesis H3.

5. DISCUSSION

The descriptive statistics reveal that the founders' control remain a frequently noted governance mechanisms as it is noted in 62% of sample companies. In the case of 30% sample firms founders get involved in management and supervision indicating that the underdevelopment of the separation of management and control amongst Polish listed companies. 71 of 100 sample firms reveal concentrated ownership and the average stake of the largest shareholder is estimated at nearly 43% what is consistent with the previous studies. Since the newly founded companies are managed or supervised by the first generation of entrepreneurs it is expected that the pyramidal forms depict relatively simple patterns. The Polish market economy has been developing for the last 20 years, so has corporate governance what is illustrated by three final variables denoting the most severe structural problems of Polish companies. Amongst sample companies 84 companies do not form board committees (except for the audit committee provided by the hard law), 40 companies do not appoint independent directors, IR websites of 24 companies were very poor. Statistical analysis delivers additional insights of the characteristics of founders' controlled companies in Poland. The analysis reveals statistically significant results indicating that the founders' controlled companies appeared to be smaller in terms of market capitalization.

The regression analyses delivered statistically significant results indicating that the founders tend to maintain control via ownership mechanisms using dual class shares and pyramidal structures. The statistically significant link supported hypotheses H1 and H2. The control of the founders is however not associated with the lower board independence. The regression analysis indicated just the opposite – founders controlled companies reveal statistically significant higher board independence measure by the number of independent directors on board. This finding does not support hypothesis H3. This evidence suggest that the control via ownership mechanisms appears to be sufficient for founders and they do not see need for appointing afflicted directors to the board leaving it with the recommended scope of independence or autonomy. An alternative explanation would however question the role of the board in the situation when the founder is able to change its composition immediately ad well as the truly it would cast doubts on the real independence status of board directors of Polish companies.

6. CONCLUSION

This paper focuses on the specificity of founders' controlled companies addressing their overall characteristics and the standards of corporate governance. The paper attempts to fill in the gap in corporate governance literature since there is practically no research on corporate governance practices of Polish founders' controlled companies which make for 62% of the sample firms. As the statistical analysis revealed as compared to their peer the founders' maintain the control over the companies via ownership mechanisms of dual class shares and pyramidal structures but do not dominate the board with the affiliated directors lowering its independence. Therefore the control via ownership mechanisms appears to be sufficient for founders and does not impair the standard of board independence.

The research has however several limitations. The research is based on a small sample of 100 firms covering 25% of companies listed on the Warsaw Stock Exchange. The hand set data was collected for 2011 only. The wider time span of the data would allow to trace the dynamics of the founders' control in Poland as well as depict additional statistical relations. The analysis uses simple statics and traces characteristics of the sample companies while a more complex statistical analysis would be helpful in understanding the logic of founders' control in Poland.

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