

RESEARCH STUDENTS' SEMINAR SERIES

Tuesday 9 February 2016
17:30 – 18:30

SEERC Conference Room
3rd Floor Strategakis Bldg

“Board turnover, political interference and ownership model: Are they important determinants of SOEs financial performance?”

By

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ABSTRACT

This paper analyses the effects of board turnover, political interference and ownership models on financial performance of 201 state-owned enterprises for the period 2010-2014 in six countries that once constituted Socialist Federal Republic of Yugoslavia (SFRY). We find that increase in board turnover is negatively associated with financial performance of state-owned enterprises. Furthermore, one of our main findings indicate that board turnover increases in years of parliamentary and local elections thus suggesting that board seats are reserved for politically-like minded individuals. This result also implies that board turnover is a vehicle through which political interference might be negatively influencing financial performance of state-owned enterprises. In addition, we find that governance of state ownership by unique government body increases board turnover thus suggesting that this ownership model via board turnover might have indirect negative influence on financial performance of state-owned enterprises. Contrary to that, when governments are responsible for governing state ownership we can observe lower levels of board turnover which might provide grounds for improvements in financial performance of state-owned enterprises.

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