

The Role of Block holder Ownership in Corporate Decisions

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Abstract

Corporate Governance ensures how the powers are distributed among different participant of a company. Block holder ownership is also one kind of power distribution among shareholders. Block holders are investors who have block equity shares of a company. This kind of ownership is motivated by share benefits of control and private benefits of control. These two control mechanism will lead to influence on corporate decisions. The block owners concentrate three major areas for decisions such as agency problem, financing activity and investing activity. Theoretically block holders may try to reduce the agency problem and implement different compensation to managers. Also, financing decisions and investing decisions will be concentrated by block holders based on the nature and conditions of a particular company's financial position to maximize the value. Therefore, this study concentrates these three decisions areas.

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