Corporate Ownership: Some International Evidence

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Abstract

In this research we evaluate how corporate ownership around the world is defined and which variables, related to a firm's characteristics and the countries' infrastructures, influences this. We find that there are a small number of countries where firms present a lower percentage of block holdings. We find that firm's size is the most important determinant of block holdings worldwide, although some variables related with the quality of enforcement also play a crucial role.

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[1] The views expressed are the author´ alone and should not be attributed to the organization with which the author is affiliated.

1. Introduction

A recent debate in finance is related with the discussion about which forces influence corporate ownership and corporate block holdings. Legal environment is a possible explanation. Common law-based countries, such as the US, offer higher shareholder protection, and consequently a larger blockholder is less necessary because the smaller ones are well protected (La Porta et al (1998)). But legal environment also influences national country infrastructures. Banking systems are typical in civil law-based countries, while capital market-based systems emerge from common law-based countries. Thus, we can expect a widely held ownership in common law-based countries, as in the UK or in the US, and less diffused ownership structures in civil law-based countries, as in Germany and in Japan, where there are more cross relationships between financial and non-financial firms. Also governance variables, for example, rule of law, regulatory quality, and absence of corruption, should influence corporate block holdings. Li *et al* (2006) show that in countries with weak macro governance characteristics, financial institutions tend to have a large stake, controlling the company, when they intend to be a large shareholder, as opposed to countries with strong macro governance characteristics, where financial institutions are usually a shareholder as a role of monitoring the management. In fact, they suggest that financial institutions act as a monitor in strong macro governance environment and as owner in countries with low protection rights in order to ensure that monitoring is effective.

Prowse (1992), comparing the percentage of outstanding corporate equity held by various sectors in the US and Japan, reports a higher proportion of corporations in possession of common stock in Japan, namely financial institutions (commercial banks and insurance companies). Households, on the other hand, play an important role in the ownership of the US firms. According to Becht and Roell (1999) the degree of ownership concentration in Continental Europe is significantly larger than in the US and the UK. Faccio and Lang (2002), based on a sample of Western European firms, also show that ownership is not homogeneous. Their results reveal a large number of widely held firms in the UK and Ireland, in comparison to continental Europe. They also show that the smallest firms and the industrial firms are more family-owned than financial institutions, and in some countries the state plays a decisive role in the biggest firms. Claessens et al (2000), using a sample of 2,980 East Asian companies from 9 countries, show how firms from that region are largely family-owned (Japanese firms are an exception), as well as how corporate wealth is in the hands of a few families. La Porta *et al* (1998) also conclude, considering the three largest

shareholders in the ten largest non-financial (privately owned) firms by country, that Fench civil law countries present the highest concentration of ownership.

Corporate ownership is not only influenced by law, but by political economy also. Roe (2000), Pagano and Volpin (2001) and Aganin and Volpin (2001), for example, defend this point of view. Furthermore, ignoring the importance of political economy can sometimes produce biased conclusions. For example, following the Great Depression and the consequent collapse of Italian investment banks, plus the dawn of the Fascist regime, the influence of the government on industrial companies increased, and consequently an undeveloped capital market emerged, with low investor protection. This explains why in the post-war period the Italian companies were family-owned. A similar event occurred in Portugal. After the Revolution of 1974, banks and industrial firms were nationalised, the stock exchange closed, and many investors lost their investments. When the companies were privatised at the end of the 80's some were returned to the old owners whereas others remained in the hands of the government, even after they went public.

The main objective of our paper is to evaluate corporate ownership around the world and which forces influences it, that is, country infrastructures or firm´s variables.

This paper proceeds as follows. Section 3.2 describes the variables and definitions, the methodology, and the data. Section 3.3 characterises the corporate ownership structure for a sample of 32 countries, namely their owners and the way the control is owned. Section 3.4 concludes.

2. Data, Definitions of Variables, and Methodology

2.1 Data

This paper is based fundamentally on the information obtained from the Factset/Lionshares database, annual reports, books, and websites of firms that detail their ownership structures. Our data concerns the end of 2005, more precisely the period between December 2005 and March 2006, depending on the information supplied by firms. We selected the 20 largest firms by country, according to the results obtained from the Worldscope database (Worldscope item, WC08001), for the following countries: Australia, Austria, Belgium, Canada, Chile, Denmark, Finland, France, Germany, Greece, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Malaysia, the Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, South Korea, Spain, Sweden,

Switzerland, Taiwan, Thailand, Turkey, the UK, and the US. Thus, we analyse the corporate ownership of 640 firms around the world.

2.2. Definitions of Variables

We have collected only blockholders that own more than 5% of voting rights of a firm. A firm whose blockholders own less than 20% of voting rights is considered widely held. These figures are in line with recent research, for example, Holderness (2005) and La Porta *et al* (1999) who chose 5%, 10%, and 20% respectively. The blockholder percentage of voting rights takes into account the American Depositary Receipts (ADRs) stakes. There are few examples of shareholders in possession of a qualified participation as a result of a simultaneous investment in common stocks and ADRs.

We define the following block holders: Individual - when a given person (or a group of given people) is the sole shareholder who controls a significant percentage of voting rights, we define that firm as individually controlled.; Government - when a state has an important stake; Financial Institution - when a financial institution (or a group of firms related to asset management) is (are) the relevant block holder; Financial Vehicle - We define a financial vehicle as a firm that was created to control another one, for example, holding companies, or very specific cases of companies, such as foundations (very common in Denmark and Italy, for example), and firms that result from cooperatives or mutual objectives (for example, Rabobank is a Dutch cooperative banking institution with offices all over the world), and trustees (for example, Leverhulme trust, a British research and educational charity).

2.3. Methodology

We intend to observe the firms´ corporate block holdings from countries at several stages of economic development (developed and developing countries), with different sources of law (civil and common law-based), and with distinct financial systems (banking-based or capital market-based).

The way we found to evaluate whether there is any influence of firm variables or country infrastructure variables on corporate block holdings is to control them. This will permit us not only to verify the similarities and differences across countries, but also to analyse which are the main determinants of corporate block holdings. Thus, we use the following firm-level variables: Size - Wealth constraints, in addition to risk aversion imply that a blockholder is less able to accomplish as a firm becomes larger,

explain the negative relationship between firm size and the percentage of voting rights, *ceteris paribus* (Demsetz and Lehn (1985), Prowse (1992) and Holderness (2005)); Volatility - A firm with more volatile profit rate is more difficult to monitor and to control, and as a result the level of ownership concentration is expectably higher, in order to avoid eventual abuses by management (Demsetz and Lehn (1985)); Market-to-Book - This variable is seen as a proxy for the growth opportunities of a firm. We expect that a firm with more growth opportunities, and also with more doubts by investors, would develop easily in a developed capital market. Kahn and Winton (1998) show that the ownership retention by the initial shareholders will be lower, after an IPO, on firms characterised by growth opportunities with need of external finance.

With regard to country-level variables the following are used: Legal Environment – We use legal country origin and anti-director rights as measures of legal environment. We expect a positive relationship between diffuse corporate ownership structures and common law-based countries, particularly when the agency problem concerns management-shareholder (see La Porta et al (1999)). In line with prior assumption, we expect that the higher the investor protection rights are, the lower the possibility of expropriating wealth is from the smallest ones by management; Quality of Enforcement - In this research the level of corruption, measured by corruption perception index, an index produced by Transparency Internacional, and rule of law are the variables of quality of enforcement. Li *et al* (2006) using an enforcement index, whose components are rule of law, regulatory quality, and absence of corruption, show that there is positive impact of such variable on ownership held by institutional blockholders; Corporate Disclosure – More diffused ownership structures in countries where accounting and financial disclosure present higher standards (see La Porta *et al* (1998)) is expected. Disclosure level is from Bhattacharya et al (2003) and the original source is the Center for International Financial Analysis and Research (CIFAR); Religion – We expect, in line with "The Protestant Ethic and the Spirit of Capitalism" of Weber (1904), more developed capital markets on non catholic countries, with common legal infrastructures, and we expect a positive relationship between non Catholic religion, block holdings and the existence of ultimate owners; Economic, Stock Market, Banking, and Financial Institutional Environment - The opportunities in a developed capital market induce firms to issue equity; in this case, we expect a lower ownership concentration ratio for developed capital markets. We use the liquidity ratio as a proxy for capital market development. Liquidity ratio is taken from World Development Indicators and is defined as volume traded at a local stock exchange divided by the gross domestic product (GDP). Private credit is also used to evaluate if a banking system influence corporate ownership. Domestic credit provided by banking sector % of GDP, from

World Bank, is the measure of private credit. The level of economic development measured by GDP per capita, taken from International Monetary Fund, will be used to evaluate if different economic conditions influence block holdings and the percentage of widely held firms. Finally, because there is a positive relationship between the size of mutual fund industry, a proxy for financial institutional development, and strong rules and laws (see Khorana *et al* (2005)), we test if the same occurs between diffused ownership and the level of development of financial institutions. Size of mutual fund industry is extracted from Investment Company Institute (ICI).

3. Results

Table 1 shows the block holdings of the twenty largest firms by country, considering 20% as threshold. We include all block holdings (qualified participations) that represent more than 5% of voting rights, and when the sum of qualified participations is lower than 20%, we then consider that a firm presents a free float of 100%. The twenty largest firms by country represent a significant percentage of local market capitalisation. In 26 countries the market capitalisation of the largest firms is higher than 60% of local capital market. In fact, only Japan and the USA, the largest capital markets around the world, with thousands of firms, present a lower value. Even so, the largest firms are responsible for 19.8% and 25.5% respectively for local market capitalisation. Table 1 also presents the mean block holding of the twenty largest firms of each country. Results show that Australia, the UK, and the US are the capital markets whose largest firms present the highest percentage for free float. On the opposite extreme, emerge Chile, Indonesia, Portugal, and Turkey where the largest blockholders, on average, have more than 60% of total voting rights. The average block holding by country is 40%. It seems that, in general, corporate ownership around the world is highly concentrated in a restricted number of shareholders.

Financial vehicles are the most represented blockholder for the largest firms around the world. On average, such blockholders have 15.5% of total voting rights. The weight of financial vehicles is particularly observed in Indonesia, Portugal, and Turkey. Financial institutions, individuals, and governments, on the other hand, present similar block holdings. However, while financial institutions have an important role in Singapore and South Africa, individuals play a decisive position in Chile and Switzerland, and the state in Hong Kong, India, Indonesia, Malaysia, and Thailand. In fact, these results show the importance of the political economy in many large firms of Asia. Moreover, Table 1 also shows, on the one hand, how different shareholder

structures are around the world, and on the other hand, the arduousness to find the determinants of corporate ownership around the world. For example, Hong Kong and Malaysia are common law-based, shareholders are well protected, both of which are current developed capital markets, although the state seems to interfere in firms. On the other hand, in the presence of similar institutional environment, as in Australia, and the UK, financial institutions are the most important shareholders of the largest firms and the state seems to not interfere with private business.

Table 2, panel A, reports summary statistics of country-level variables. The sample represents different country infrastructures because, in general, variables show a wide variation. For example, there are (i) 15 countries, where shareholders are protected (anti-director rights higher than 4), (ii) 12 common law-based countries, and (iii) 11 Catholic countries. This result explains why the sample has many capital market and banking-based countries (see, for example, Demirguk and Levine (1999)). Corruption level and rule of law, on the other hand, do not exhibit significant changes as other variables. Only 4 countries display a lower GDP per capita (< 10.000 dollars), as well as 3 with lower score for rule of law (< 3), which confirms that most of countries are developed economies. In fact, emerging capital markets are only represented by Chile, India, Indonesia, Malaysia, Singapore, South Africa, South Korea, Taiwan, Thailand and Turkey. Concerning firm-level variables (Panel B) it must be stated that G-7 countries present the largest firms around the world. The median market capitalisation of the 20 largest firms of those countries exceeds 15 billion dollars. Firms from Chile, Indonesia, Ireland, New Zealand, Portugal, Thailand, and Turkey, in their turn, present a median market capitalisation inferior to 3 billion dollars, reflecting once more how heterogeneous the sample is. In relation to market-to-book it must be focused that the result obtained for the US, significantly higher than in most countries, illustrates the importance of the US capital market for firms with growth opportunities. Indonesia, South Korea, and Turkey, on the other hand, as emerging countries exhibit the highest volatility.

In Table 3 there are many comparisons on the mean percentage of block holdings by country or firm level-variable, considering the largest twenty firms by country. Means are grouped according to definitions described in section 2, that is, legal environment, anti-director rights, corruption perception index, rule of law, disclosure level, religion, liquidity ratio, size of mutual fund industry, private credit, GDP per capita, market capitalisation, market-to-book, and volatility. The mean comparison is also made considering the following categories of blockholders: Financial institutions, individuals, financial vehicles, and government.

Table 3 shows few situations where differences on mean between groups of countries are observed. For example, there is no difference in mean between groups of countries with high and low anti-director rights, independently of threshold, contradicting for example La Porta *et al* (1999). Considering the sum of block holdings, there are some criteria where we observe differences in mean between groups of countries, namely when they are concentrated by corruption perception index, rule of law, liquidity ratio, GDP per capita, market capitalisation, and market-to-book. In fact, in countries characterised by low levels of corruption, high rule of law, developed capital markets, high GDP per capita, large firms, and significant number of growth firms, it is possible to identify a significant number of firms with a highly disseminated shareholding structure. However, these relationships must be analysed with caution because all variables are correlated. The quality of enforcement, measured either by corruption perception index or rule of law, assures that the public authorities protect investors, creating the conditions for a developed capital market with millions of investors and firms whose shareholder structure is dispersed to emerge. Financial theory explains very well the importance of quality of enforcement for developing a capital market and how important a capital market is to create wealth (see for example La Porta *et al* (1997, 1998) and Levine and Zervos (1998)). On the other hand, there are some developed capital markets such as the US, the UK, and Japan where firms are comparatively larger, and the larger the firms of a country, the lower the ownership concentration they present. Wealth constraints and risk aversion can explain such a result (see Demsetz and Lehn (1985), Prowse (1992), and Holderness (2005)). Concerning market-to-book, financial literature identifies a positive relationship between capital market development and investment in growing companies (see for example Wurgler (2000) and Rajan and Zingales (1998)), for one hand, and the negative relationship between ownership concentration and growth firms, on the other hand (see for example Kahn and Winton (1998)).

Table 3 also shows that the percentage of block holdings by individuals is higher in civil-law based countries. This can be explained by the lower protection offered to investors by that legal system in terms of shareholder protection. Hence, the result should be a consequence of a poor legal environment and under such circumstance an individual owns and manages a firm in order to maintain the control and to expropriate wealth from minority shareholders. From Table 3 it is also possible to observe that block holdings of financial vehicles are different when they are grouped by many criteria: legal environment, corruption perception index, disclosure level, liquidity ratio, GDP per capita, firm's size, and market-to-book by firm. In fact, it seems that in poor countries with less developed capital markets, deficient legal environment and low disclosure level, where small and value

firms are abundant, financial vehicles play an important role as blockholders. For example, in Portugal and in Turkey holding and private companies are very popular. Public companies are also a common blockholder in many countries, namely in Chile, Indonesia, Portugal, South Africa, and Turkey. This result is in line with the idea that in these countries, firms are linked among them, and a reduced number of blockholders control a significant percentage of their economies, as would be expected in less developed capital markets and economies. Finally, Table 3 shows that either religion or the firm's risk influence the weight of government as the blockholder does. This result is highly influenced by the most non Catholic Asian countries, namely Hong Kong, India, Indonesia, Malaysia, and Thailand, where the state is an important blockholder. Such is naturally a consequence of political orientations, namely concerning the role of the state on economy. For example, the Indian government interfere as the blockholder in some important industry and services areas, namely in gas distribution, electrical products, steel, financial system, oil refining, and in electrical utilities.

In sum, it is difficult to conclude the existence of main criteria or variable to understand block holdings around the world. Law and finance and agency conflicts theory is not enough to explain corporate ownership around the world. That puzzle includes many other variables namely economic, cultural, and political origins. There are signs of dispersed block holdings in developed capital markets and rich countries where enforcement is of high quality. But it would be unfair to conclude that Denmark, Hong Kong, Norway, and Singapore, for example, are poor and present an inefficient enforcement. On the other hand, in spite of Italy and South Korea exhibiting a low quality in terms of enforcement their firms present a more disseminated block holding structure.

Table 4 presents a multivariate analysis, from which we intended to evaluate the determinants of block holdings, considering mean block holdings by country as the dependent variable. It confirms prior predictions. Countries where firms are larger present lower block holdings. In fact, restrictions of wealth impede blockholders of having large stakes in firms. However, in spite of not even variables related to quality of enforcement, as rule of law and corruption perception index, present statistical significant as determinants of block holdings by country, there are some signs that they have certain influence on such variable. In fact, when we do not simultaneously consider both variables, because they are highly correlated and are a proxy of quality of enforcement, either rule of law or corruption perception index influence the percentage of block holdings by country. The higher the standards of rule of law and corruption perception index are, the lower the block holdings a country presents will be. There are also some signs that the state of development of a country, measured by GDP per capita, as well as a country's market-to-book

influences the block holdings by country. Both variables negatively influence block holdings, in line with prior results. Neverthless, a firm's market capitalisation is the determinant of block holdings whose statistical significance is always relevant.

4. Conclusion

The main objective of this research paper is to evaluate how corporate control is performed in the largest firms of 32 countries with different country and firm-level characteristics.

As expected there is a small number of countries like Australia, the UK, and the US, where corporate ownership is widely diffused. The results obtained in this research paper point out that blockholders with more than 5% of voting rights of the largest firms around the world, on mean by country, own about 40% of firms' voting rights. Although the ownership concentration is evident in most countries it also reveals the individuality of each country. In fact, in Chile, Switzerland and Turkey individuals or families play an important role as shareholder; in some Asian countries, namely in Hong Kong, India, Indonesia and Thailand, the state is one of the most important blockholders; in Portugal financial vehicles as holding and private companies play that role; in Singapore, South Africa and Sweden financial institutions are the most popular shareholder, reflecting a particularity of each country, and not a development of a financial system - Temasek Holding, a Singaporean investment advisor owned by the government, Public Investment Commissioners, the government employees' pension fund of South Africa, and Investor AB, a Swedish investment advisor controlled by the Wallemberg family, have very important stakes in many large local firms, but such does not mean that the local financial system is developed.

In spite of difficulties related with the sample's size and with a country's individuality, there are some signs that the quality of enforcement measured either by rule of law or by corruption perception index, influences the corporate block holdings around the world. The higher the standards of such variables are, the lower the percentage of block holdings a firm presents. The same behaviour can be attributed to economic development, measured by GDP per capita. However, it must be stated that the impact of wealth restriction on block holdings is much more definitive than that observed by the three variables.

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Table 1: Block Holdings by Country

This table reports the percentage of block holdings of the twenty largest firms by country, considering 20% threshold. Shareholders with more than 5% of direct votes are included in the sample. % of country market capitalisation is the relationship between the market capitalisation of the largest twenty firms, obtained in Worldscope, and total market capitalisation (Datastream country indexes are used as country market capitalisation). Min (max and median) block is the country-level minimum (maximum and median) percentage of ownership, considering all stakes in 5% of issued shares. Block holdings are only considered if the threshold is exceeded. Mean block holdings are calculated considering all firms from a country. Mean % of block holding by type of shareholder is calculated following the definitions described in section 2.2

Country	% of Country Market Cap	Median Block	Min Block	Max Block	Mean Block by Firm	Financial Institution	Individuals	Financial Vehicle	Government
Australia	68.2	7.2	5.4	50.2	9.9	3.8	0.0	3.6	2.5
Austria	84.9	11.2	5.0	93.8	50.9	11.7	4.0	23.8	11.3
Belgium	86.4	17.3	5.5	62.8	43.1	2.1	6.9	30.7	3.3
Canada	46.3	67.9	5.0	78.0	21.7	4.0	6.8	10.9	0.0
Chile	75.2	19.6	5.0	83.9	63.3	10.2	21.6	29.7	1.7
Denmark	85.9	16.3	5.0	79.5	44.9	9.7	9.5	23.6	2.0
Finland	87.4	10.1	5.0	90.1	35.2	7.5	9.6	6.1	11.9
France	59.8	22.6	5.0	87.3	21.5	0.0	0.0	10.5	11.0
Germany	61.2	17.7	5.8	99.1	23.6	3.0	6.8	9.0	4.9
Greece	84.6	26.2	5.0	64.1	34.3	1.9	7.2	15.9	9.3
Hong Kong	72.1	30.0	5.0	84.6	56.9	5.7	10.6	18.6	22.0
India	46.3	15.6	5.1	89.5	45.8	4.9	4.1	14.0	22.8
Indonesia	81.4	50.5	5.1	99.1	62.9	3.7	4.3	34.9	20.1
Ireland	90.1	9.0	5.0	47.3	26.1	14.4	3.9	5.4	2.4
Italy	67.2	10.2	5.0	86.5	40.7	15.6	8.5	14.5	2.1
Japan	19.8	33.6	5.5	56.8	17.7	2.7	0.0	8.3	6.7
Malaysia	62.9	14.8	5.2	64.6	57.6	17.7	9.1	15.2	15.6
Netherlands	77.4	7.8	5.1	87.4	19.3	7.6	7.3	4.1	0.4
New Zealand	78.0	12.7	5.0	83.5	48.4	12.7	5.4	22.5	7.9
Norway	85.7	16.6	5.0	79.7	47.2	6.4	13.7	12.3	14.8
Portugal	96.0	12.5	5.0	75.6	61.7	8.6	9.6	41.0	2.6
Singapore	68.9	15.2	5.0	82.3	41.1	29.9	3.8	7.4	0.0
South Africa	55.5	12.7	5.3	74.5	38.1	18.8	0.7	15.6	3.0
South Korea	62.7	8.7	5.0	78.0	38.2	6.5	1.8	18.8	11.1
Spain	76.6	19.7	5.0	88.6	38.4	5.8	6.9	25.2	0.5
Sweden	79.9	13.5	5.0	77.9	35.4	17.2	8.4	7.0	2.8
Switzerland	76.6	23.3	5.1	69.3	34.4	3.4	18.1	6.3	6.5
Taiwan	66.9	13.5	5.1	57.4	22.4	3.1	3.4	11.5	4.3
Thailand	78.3	31.5	6.0	98.5	39.6	7.3	1.8	9.6	21.0
Turkey	73.5	24.6	5.0	93.3	67.9	13.1	15.0	36.6	3.2
UK	64.5	17.6	5.6	33.1	7.3	4.9	0.0	2.4	0.0
USA	25.5	26.9	10.6	40.7	7.2	0.0	5.1	2.0	0.0
Mean	70.2	19.9	5.3	76.2	37.6	8.3	6.7	15.5	7.1
Median	74.3	16.4	5.0	79.6	38.3	6.5	6.8	13.1	3.8

Table 2 : Summary of Variables

Anti-director rights is from La Porta et al (1998) and ranges from 0 to 6. Corruption perception index is from Transparency International (2005) and ranges from 0 to 10. Rule of law is from La Porta et al (1998) and varies from 0 to 10, with lower values for less tradition for law and order. Disclosure level is from Bhattacharya et al (2003), with higher value indicating more disclosure. The original source is the Center for International Financial Analysis and Research (CIFAR). Liquidity ratio is from World Development Indicators and is defined as volume traded at a local stock exchange divided by the gross domestic product (GDP) - average from 1999 to 2003. Size of mutual fund industry is from Investment Company Institute (ICI) and relates the total net assets of mutual funds with GDP in 2005. Private credit is from World Bank and is defined by domestic credit provided by banking sector % of GDP 2004. GDP per capita in 2005 is from International Monetary Fund (IMF). Law is a dummie variable (1=common; 0=civil). Religion is a dummie variable (1=Catholic; 0=other). The median market capitalisation of the 20 largest firms by country, million dollar denominated, is from Worldscope (WS Item, WC07211). The median market-to-book of the 20 largest firms by country is also Worldscope. Market-to-book is defined as total assets (Worldscope Item, WC 02999) minus book equity - defined as total assets minus total liabilities (WC 03351) and preferred stock (WC 03451) plus deferred taxes (WC 03263) and convertible debt (WC 18282) - plus market capitalisation (WC 08001), local currency denominated, divided by total assets. The median annualised volatility of the 20 largest firms by country is calculated using Datastream data, dollar denominated, considering weekly returns during 2000-2005.

Panel A: Country-Level Variables

Country	Anti-Director Rights	Corruption Perc. Index	Rule of Law	Disclosure Level	Liquidity Ratio	Size of Mutual Fund Industry	Private Credit	GDP per Cap.	Law	Religion
Australia	4	8.8	10.0	80	0.97	1.10	1.00	30.897	Common	Other
Austria	2	8.7	10.0	62	0.16	0.37	1.23	33.432	Civil	Catholic
Belgium	0	7.4	10.0	68	0.71	0.33	1.12	31.244	Civil	Catholic
Canada	5	8.4	10.0	75	1.02	0.50	0.97	34.273	Common	Catholic
Chile	5	7.3	7.02	78	0.83	0.15	0.70	11.937	Civil	Catholic
Denmark	2	9.5	10.0	75	0.58	0.31	1.66	34.740	Civil	Other
Finland	3	9.6	10.0	83	1.78	0.24	0.70	31.208	Civil	Other
France	3	7.5	8.98	78	0.88	0.67	1.07	29.187	Civil	Catholic
Germany	1	8.2	9.23	67	0.56	0.71	1.43	30.579	Civil	Other
Greece	2	4.3	6.18	61	0.80	0.16	1.05	22.392	Civil	Other
Hong Kong	5	8.3	8.22	73	3.39	2.83	1.49	33.479	Common	Other
India	5	2.9	4.17	61	0.30	0.06	0.60	3.320	Common	Other
Indonesia	2	2.2	3.98	NA	0.23	NA	0.71	4.459	Civil	Other
Ireland	4	7.4	7.80	81	0.67	3.01	1.18	40.610	Common	Catholic
Italy	1	5.0	8.33	66	0.53	0.27	1.05	28.534	Civil	Catholic
Japan	4	7.3	8.98	71	0.68	0.10	1.55	30.615	Civil	Other
Malaysia	4	5.1	6.78	79	1.41	NA	1.34	11.201	Common	Other
Netherlands	2	8.6	10.0	74	1.36	0.16	1.67	30.862	Civil	Catholic
New Zealand	4	9.6	10.0	NA	0.40	0.10	1.21	24.797	Common	Other
Norway	4	8.9	10.0	75	0.37	0.16	0.11	42.364	Civil	Other
Portugal	3	6.5	8.68	NA	0.47	0.17	1.51	19.335	Civil	Catholic
Singapore	4	9.4	8.57	79	1.59	NA	0.80	28.368	Common	Other
South Africa	5	4.5	4.42	79	1.54	0.31	0.85	12.161	Common	Other
South Korea	2	5.0	5.35	68	0.48	0.29	1.01	20.590	Civil	Other
Spain	4	7.0	7.80	72	0.76	0.30	1.39	26.320	Civil	Catholic
Sweden	3	9.2	10.0	83	1.14	0.34	1.13	29.926	Civil	Other
Switzerland	2	9.1	10.0	80	2.52	0.33	1.75	32.571	Civil	Catholic
Taiwan	3	5.9	8.52	58	1.02	0.19	1.67	27.721	Civil	Other
Thailand	2	3.8	6.25	66	0.38	NA	1.05	8.368	Common	Other
Turkey	2	3.5	5.18	58	0.33	0.07	0.60	7.950	Civil	Other
UK	5	8.6	8.57	85	1.59	0.26	1.58	30.436	Common	Other
USA	5	7.6	10.0	76	1.42	0.76	2.71	41.399	Common	Other
Mean	3.2	7.0	8.22	72.8	0.97	0.51	1.18	25.790		
Median	3.0	7.5	8.63	75	0.78	0.30	1.13	29.557		

Panel B: Firm-Level Variables

Country	Market Capitalisation (median)	Market-to-Book (median)	Volatility (median)
Australia	15.219	1.41	0.22
Austria	4.077	1.23	0.27
Belgium	6.896	1.34	0.25
Canada	28.917	1.35	0.24
Chile	2.763	1.24	0.27
Denmark	4.014	1.51	0.29
Finland	4.067	1.50	0.31
France	47.826	1.19	0.29
Germany	32.799	1.07	0.34
Greece	4.483	1.38	0.30
Hong Kong	13.974	1.14	0.30
India	10.914	1.72	0.41
Indonesia	2.242	1.52	0.49
Ireland	2.979	1.57	0.27
Italy	17.247	1.13	0.28
Japan	49.882	1.11	0.34
Malaysia	4.206	1.22	0.20
Netherlands	14.195	1.39	0.34
New Zealand	1.084	1.49	0.26
Norway	3.125	1.51	0.35
Portugal	2.360	1.18	0.26
Singapore	4.108	1.15	0.28
South Africa	10.106	1.56	0.35
South Korea	12.919	1.20	0.46
Spain	16.121	1.31	0.23
Sweden	13.464	1.36	0.30
Switzerland	16.367	1.74	0.32
Taiwan	9.321	1.41	0.35
Thailand	2.814	1.24	0.36
Turkey	2.919	1.23	0.56
UK	71.490	1.62	0.26
USA	155.476	1.93	0.27
Mean	18.387	1.37	0.31
Median	9.714	1.36	0.29

Table 3 - Univariate Analysis by Category of Blockholder

The table reports means block holdings (in percentages) and t-statistics based on the 20% percent threshold, for a sample of the largest firms by country. All block holdings (qualified participations) representing more than 5% of voting rights are included on the sample. When a sum of qualified participations is lower than 20%, a firm is considered as having a 100% free float. Means for countries are grouped according to the following criteria: Legal environment; Anti-director rights; Corruption perception index; Rule of law; Disclosure level; Religion; Liquidity ratio; Private credit; GDP per capita; Size of mutual fund industry; Market capitalisation by firm (country median); Market-to-book (country median); Volatility by firm (country median). *, **, and ***, indicate statistical significance at 10%, 5% and 1%. N is the number of countries.

	N	All	Financial Institution	Individuals	Financial Vehicle	Government
Means						
Common	12	33.3	10.4	4.3	10.6	8.1
Civil	20	40.1	7.0	8.1	18.5	6.5
t – statistic		(-1.08)	(1.24)	(-2.42)**	(-2.47)**	(0.53)
High Anti-director rights	15	35.1	9.5	6.1	12.9	6.7
Low Anti-director rights	17	39.8	7.2	7.2	17.9	7.5
t – statistic		(-0.77)	(0.97)	(-0.57)	(-1.39)	(-0.33)
High Corruption Perc. Index	16	31.6	8.0	6.8	10.6	6.1
Low Corruption Perc. Index	16	43.6	8.5	6.6	20.4	8.1
t – statistic		(-2.17)**	(-0.24)	(0.15)	(-2.93)**	(-0.78)
High Rule of Law	16	32.6	6.3	7.0	13.8	5.5
Low Rule of Law	16	42.5	10.2	6.4	17.2	8.7
t – statistic		(-1.74)*	(-1.76)*	(0.29)	(-0.90)	(-1.27)
High Disclosure Level	15	32.7	9.9	7.4	10.5	5.0
Low Disclosure Level	14	38.5	6.5	6.0	17.2	8.8
t – statistic		(-0.98)	(1.39)	(0.67)	(-2.09)**	(-1.49)
Catholic	11	38.3	7.6	8.5	18.4	3.8
Others	21	37.2	8.6	5.7	14.0	8.9
t – statistic		(0.17)	(-0.46)	(1.32)	(1.02)	(-2.42)**
High Liquidity Ratio	16	31.6	8.5	7.0	10.4	5.7
Low Liquidity Ratio	16	43.6	8.0	6.4	20.6	8.5
t – statistic		(-2.15)**	(0.20)	(0.32)	(-3.09)***	(-1.14)
High Size of Mutual Fund Ind.	14	32.3	7.1	6.3	13.7	5.2
Low Size of Mutual Fund Ind.	14	39.2	7.6	7.7	17	7.1
t – statistic		(-1.12)	(-0.22)	(-0.67)	(-0.81)	(-0.81)
High Private Credit	16	34.5	8.0	6.8	14.1	5.6
Low Private Credit	16	40.7	8.5	6.6	16.9	8.6
t – statistic		(-1.05)	(-0.20)	(0.09)	(-0.75)	(-1.21)
Large GDP per Capita	16	30.0	6.5	6.9	10.9	5.7
Small GDP per Capita	16	45.1	10.0	6.4	20.2	8.5
t – statistic		(-2.84)***	(-1.53)	(0.26)	(-2.75)***	(-1.12)
High Market Capitalisation	16	28.5	6.5	5.3	10.7	6.0
Low Market Capitalisation	16	46.7	10.0	8.0	20.4	8.2
t – statistic		(-3.65)***	(-1.55)	(-1.51)	(-2.90)***	(-0.87)
High Market-to-Book	16	32.4	7.5	6.3	11.7	6.9
Low Market-to-Book	16	42.7	9.0	7.1	19.4	7.3
t – statistic		(-1.82)*	(-0.64)	(-0.42)	(-2.18)**	(-0.16)
High Volatility	16	38.7	7.1	7.0	14.3	10.3
Low Volatility	16	36.5	9.5	6.3	16.8	3.9
t – statistic		(0.37)	(-1.04)	(0.38)	(-0.67)	(2.82)***

Table 4 - Multivariate Analysis of Cross-Country Variations on Block Holdings

The table reports the results of OLS regressions for a sample of 32 countries, considering 20% threshold. The dependent variable is mean block holding by country. Independent variables are defined in Table 2. Heteroskedasticity-consistent standard errors are reported in parentheses.

Law	-5.072	-4.389	-2.875	-3.995			
	(-1.09)	(-0.92)	(-0.57)	(-0.81)			
Corruption Perc. Index	1.950	0.803	-1.802			-1.726	
	(0.98)	(0.40)	(-2.32) **			(-2.19) **	
Rule of Law	-1.774	-3.346		-2.511			-2.161
	(-0.73)	(-1.54)		(-3.40) ***			(-2.88) ***
Religion	3.290	2.908	1.558	2.694			
	(0.90)	(0.64)	(0.38)	(0.63)			
GDP per Capita	-10.563				-8.359		
	(-1.89) *				(-3.44) ***		
Market Capitalisation	-8.067	-9.177	-9.780	-9.282	-8.684	-9.829	-9.456
	(-5.23) ***	(-6.50) ***	(-7.75) ***	(-7.03) ***	(-6.64) ***	(-7.94) ***	(-7.16) ***
Market-to-Book	-14.282	-12.054	-12.559	-12.109	-17.590	-15.040	-15.680
	(-1.24)	(-1.10)	(-1.16)	(-1.13)	(-2.05) **	(-1.78) *	(-1.79) *
Adj. R^2	0.64	0.60	0.59	0.61	0.65	0.61	0.62
N	32	32	32	32	32	32	32