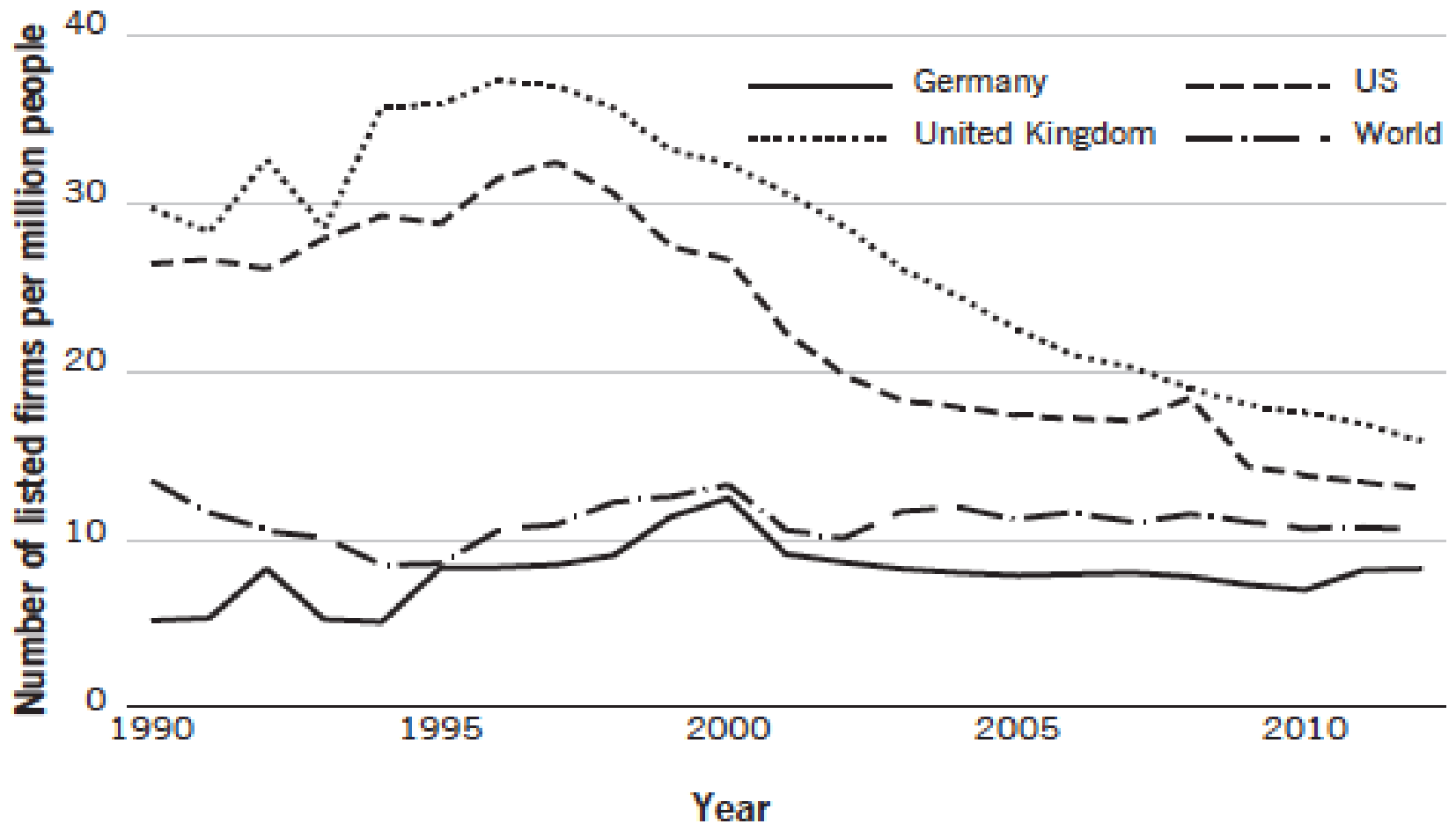


Evolution of Ownership and Control Around
the World:
The Changing Face of Capitalism

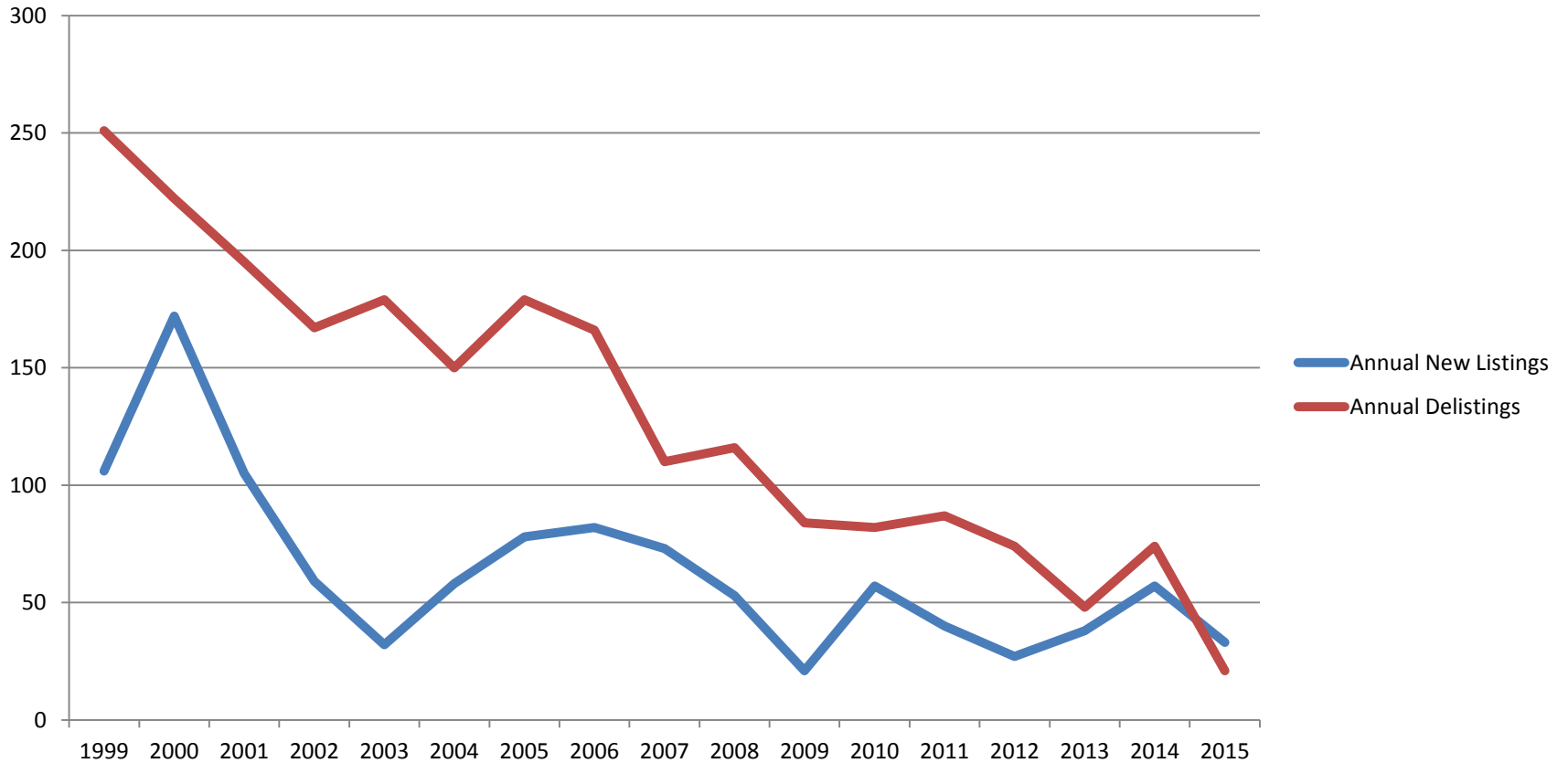
Colin Mayer

No. Listed Companies in Germany, UK and US and Globally per Million Population, 1990 -2012



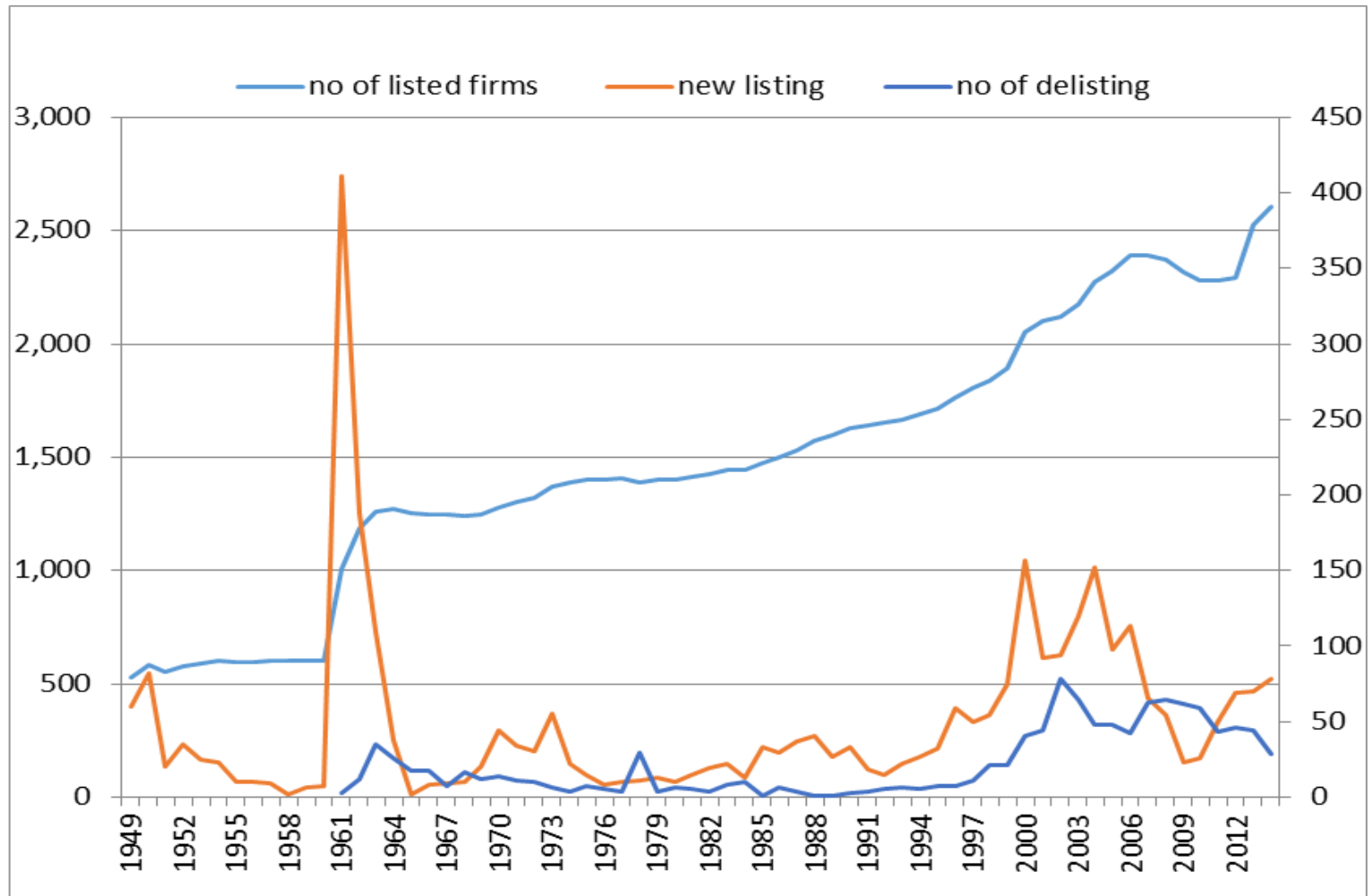
Source: Franks, Mayer and Wagner (2016)

New Listings and Delistings in UK, 1999-2012



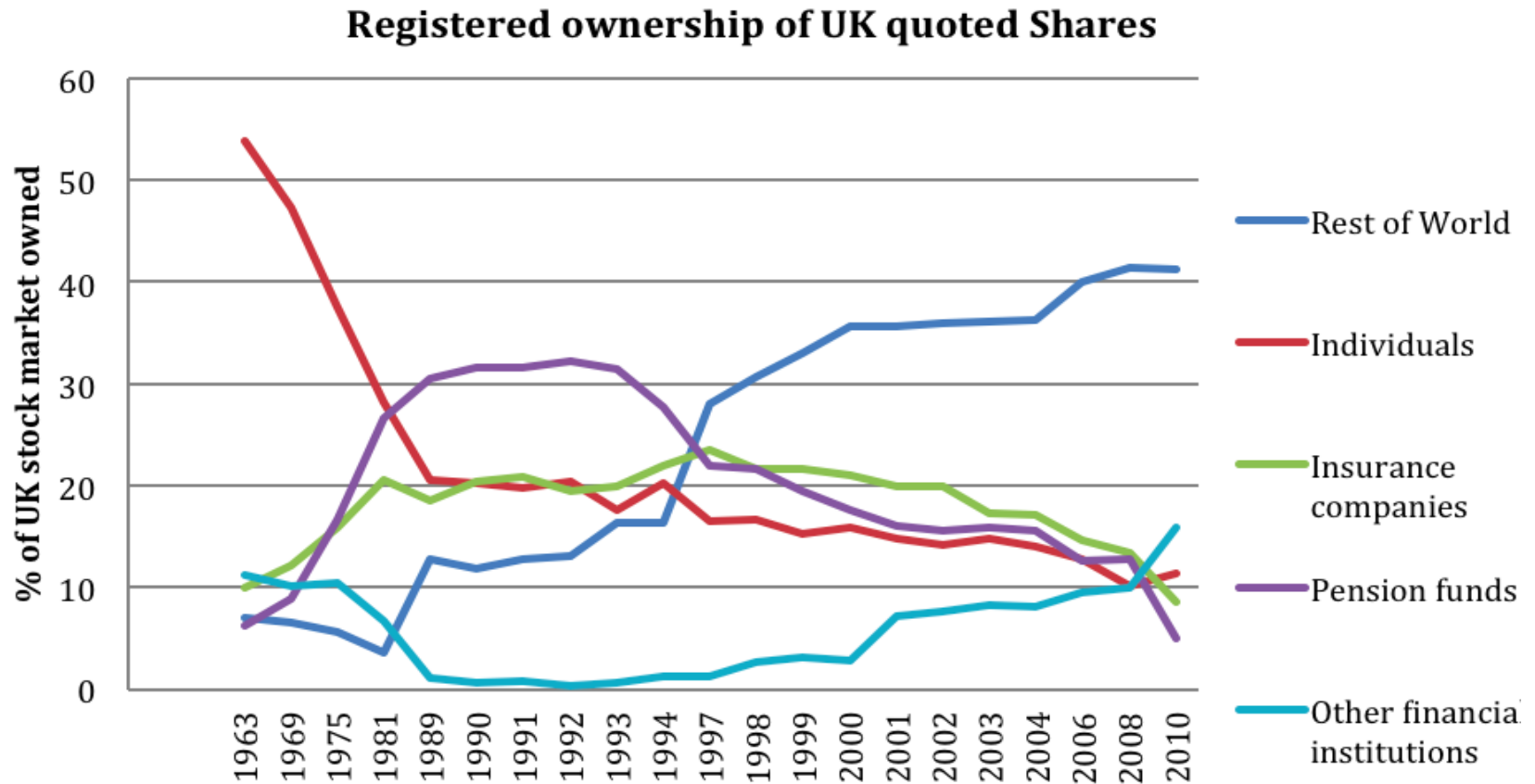
Source: Franks, Mayer and Wagner (2016)

Listings, Delistings and Listed Firms in Japan 1949-2014



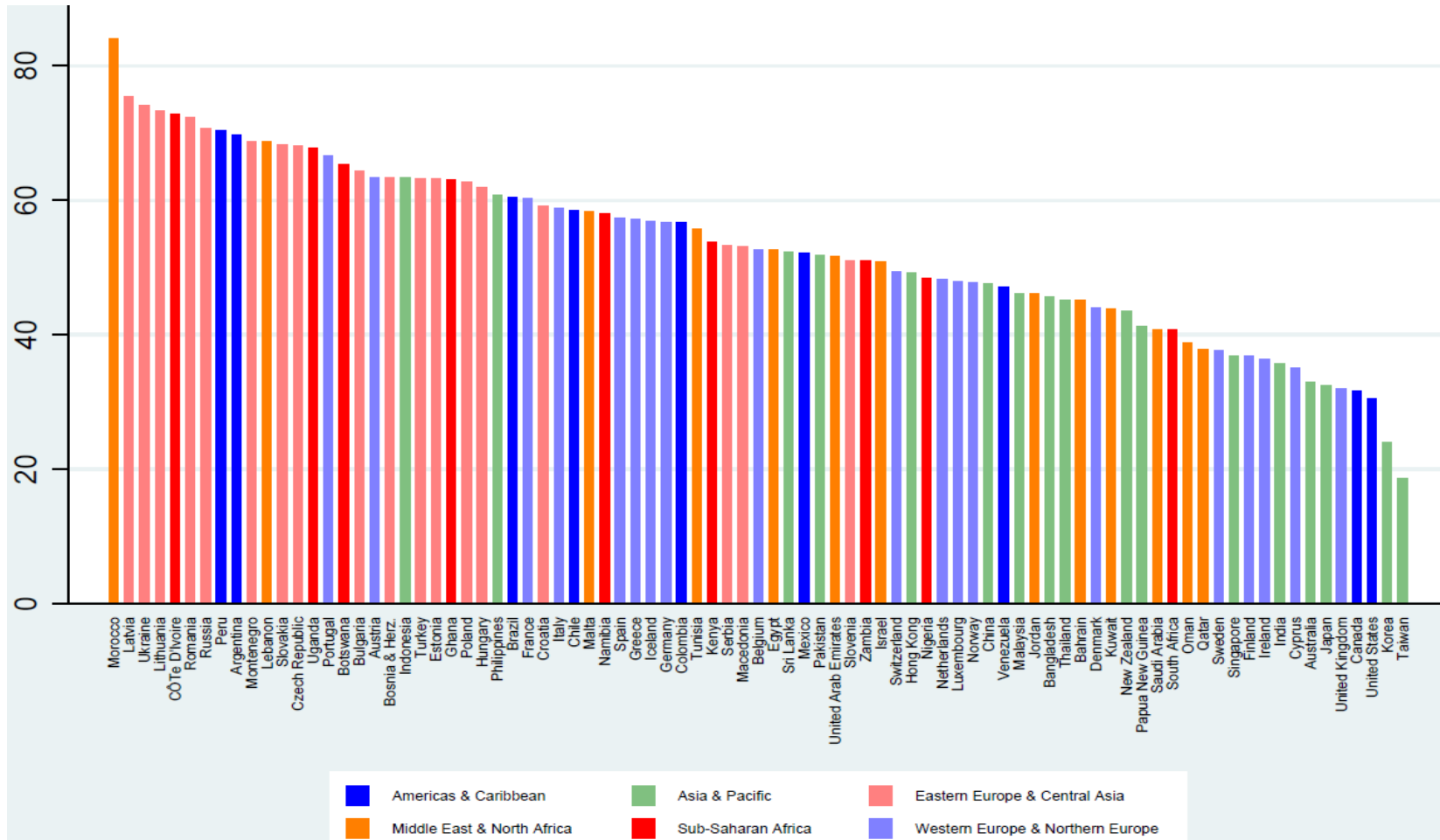
Franks, Mayer and Miyajima (2016)

Ownership of UK Listed Companies, 1963-2010



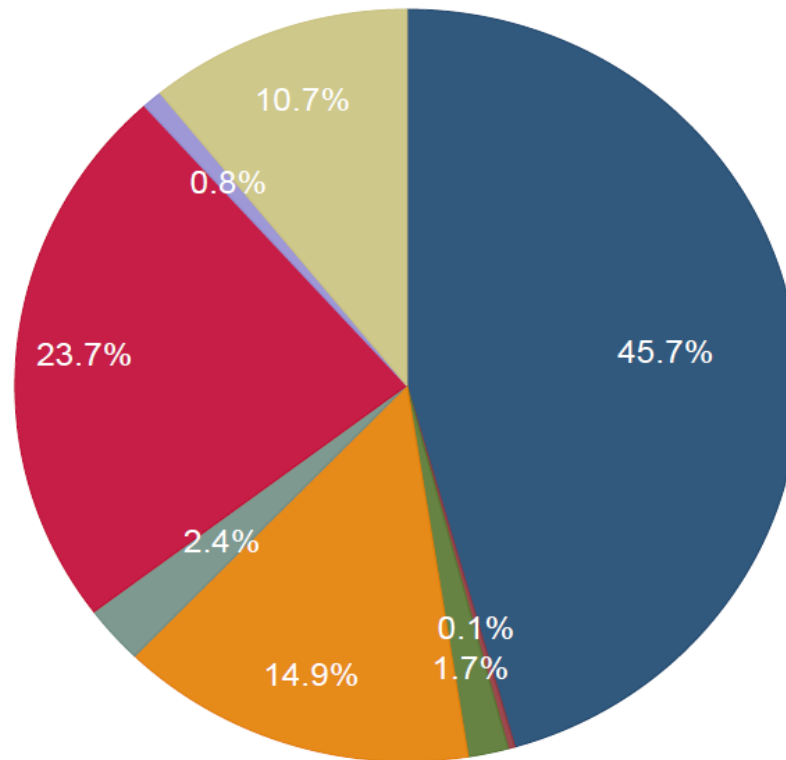
Source: Franks, Mayer and Wagner (2016)

In Most Countries Ownership Is Concentrated – Share of 3 Largest Shareholders in 2012



Source: Aminadav, Gur and Elias Papaioannou (2016), "Corporate Control around the World", Working Paper,

Families Dominate Ownership in 85 Countries in 2012



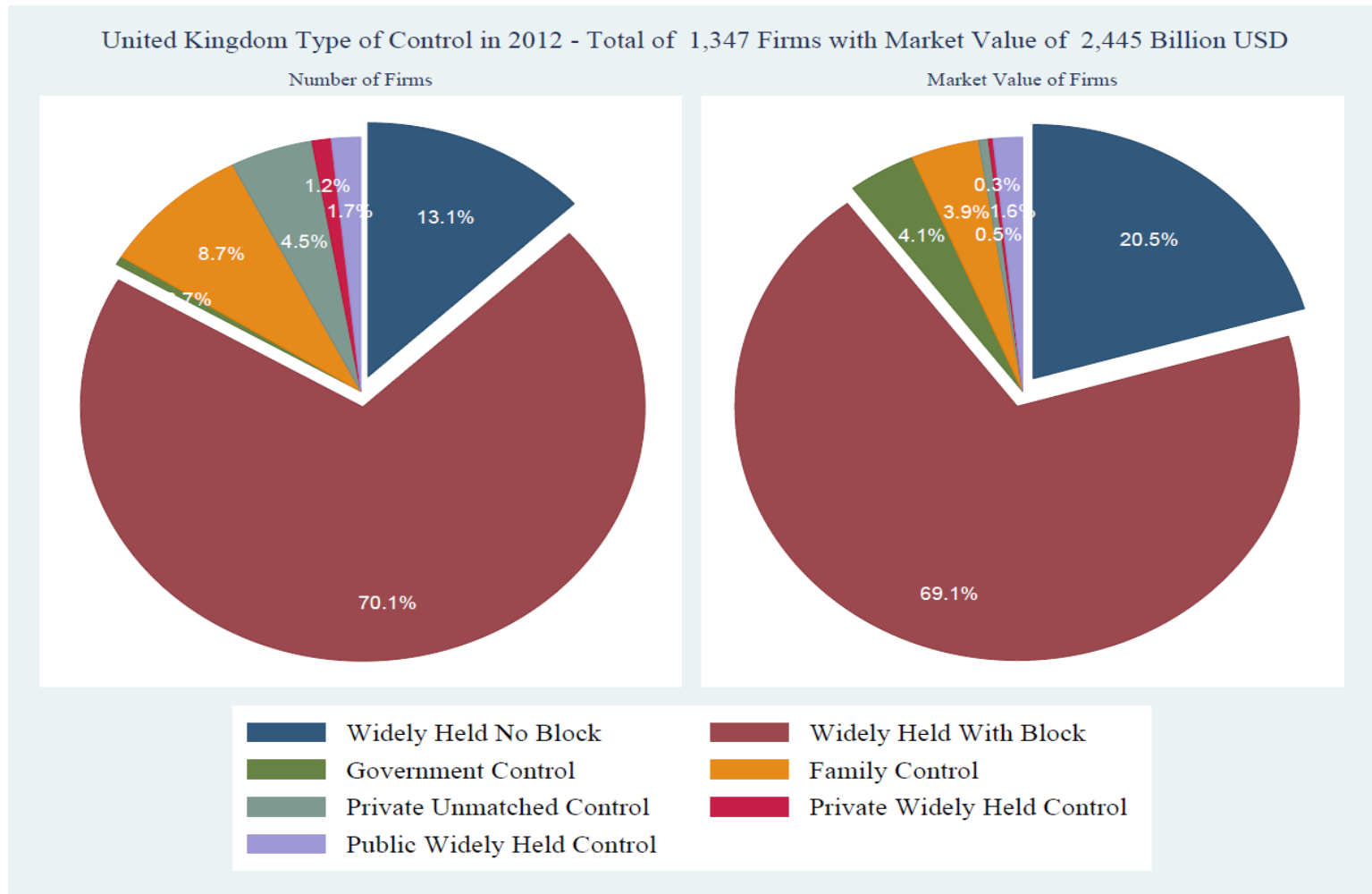
Source: Aminadav, Gur and Elias Papaioannou (2016), "Corporate Control around the World", Working Paper,

Family, State or Corporate Ownership Prevails in Asian Countries

	China	Hong Kong	Japan	South Korea
Number of Firms	2063	330	240	345
Widely Held %	17	.6	42	14.3
Family %	2	64.7	13.1	67.9
State %	54	3.7	1.1	5.1

Source: Claessens et al. (2000), *Tian and Estrin (2008).

But Not in the UK



Shareownership – Sample of 20 Firms

Year	No. of Shareholders Required for 25% Shares	No. of Companies Where Families Holdings > 25%	No. of Companies Where Institution Largest Holder
1900	2	18	0
1920	10	15	0
1940	15	8	4
1960	25	5	8
1980	58	1	8
2000	48	0	17

Disproportionate Family Control

Percentage of Family Board Representation Minus Family Ownership

1900	-4.58
1910	3.53
1920	-7.25
1930	6.33
1940	12.79
1950	10.41
1960	12.45
1970	12.60
1980	11.13
1990	8.71
2000	6.69

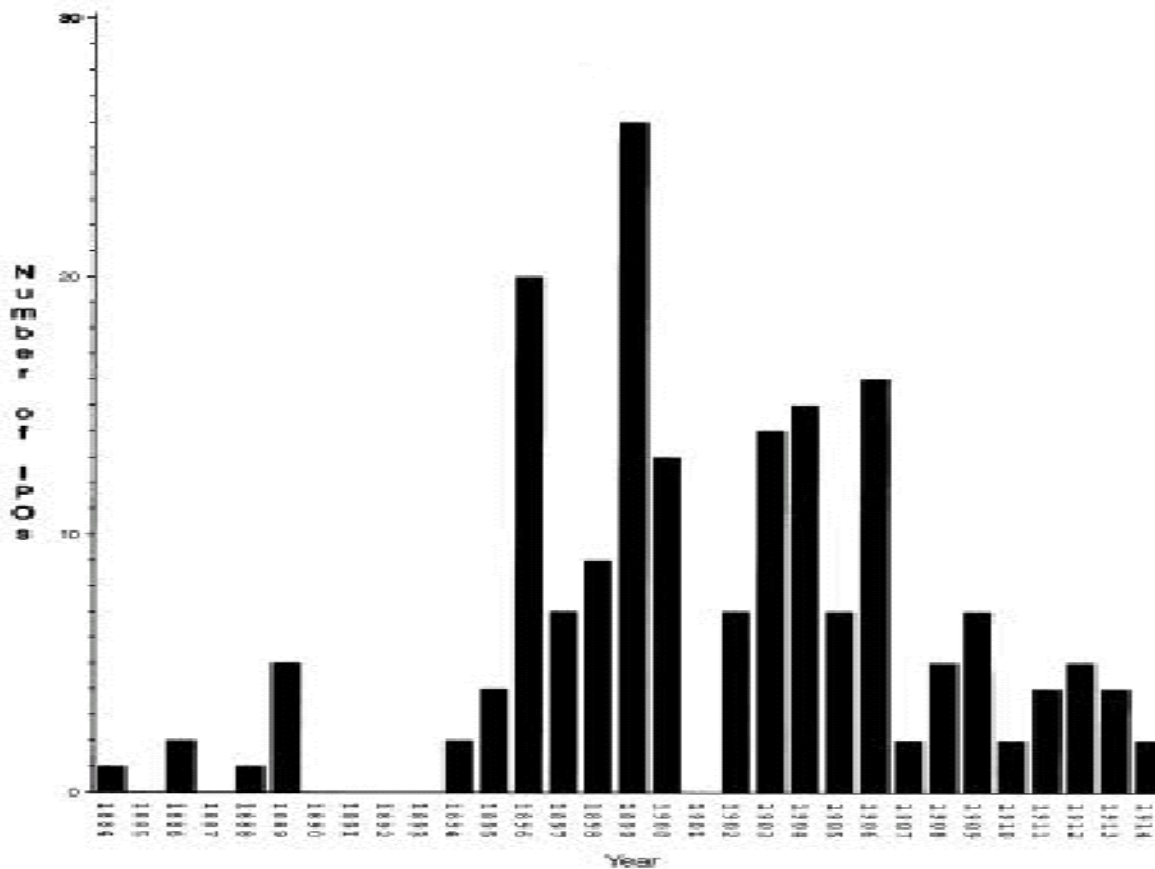
Germany: Number of Companies Listed on Berlin Stock Exchange

1870	325
1875	554
1880	612
1890	1,005
1906	1,113
1910	2,400
2000	700 (All exchanges)

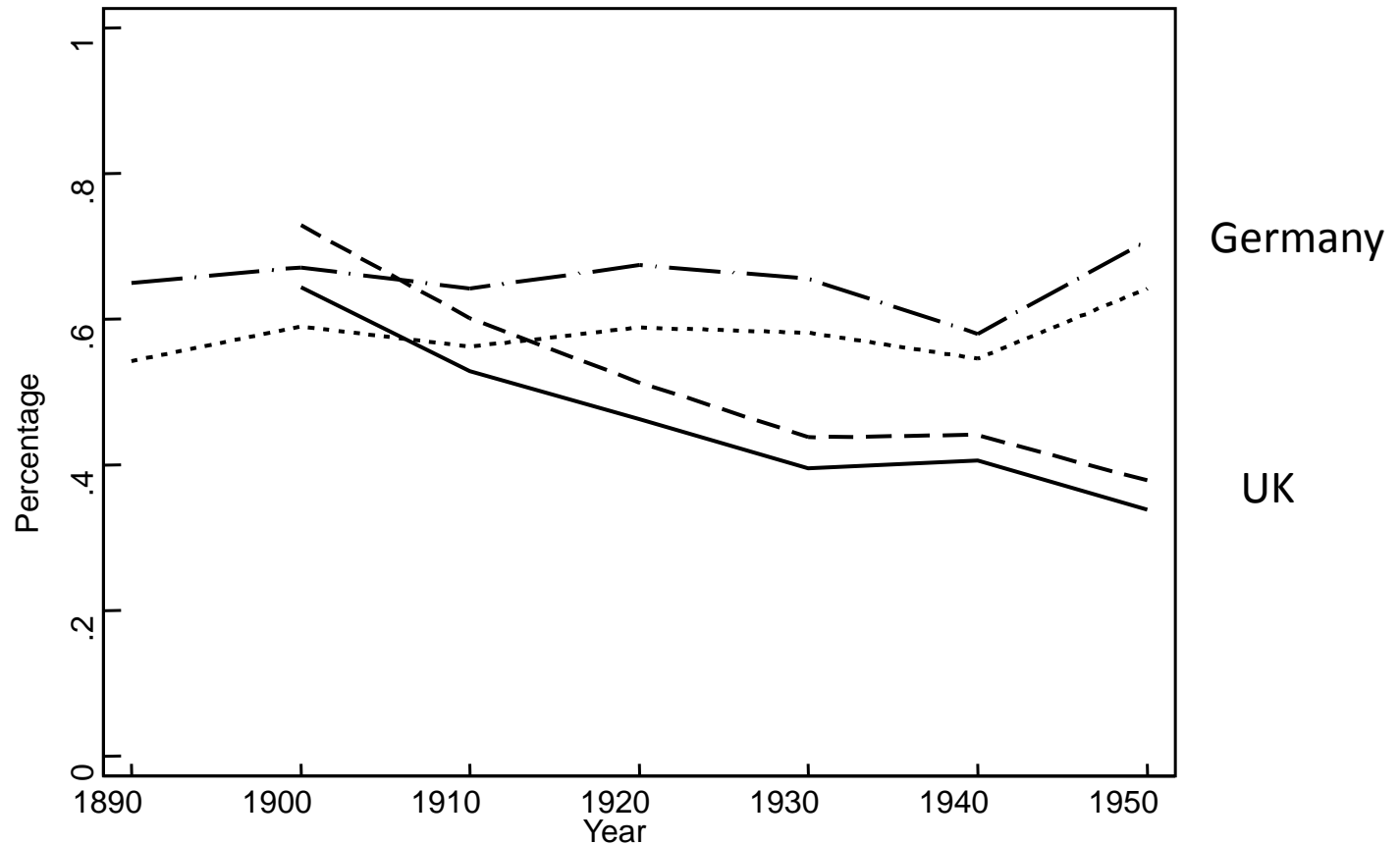
Source: Fohlin (2004)

German IPOs

IPO Activity Between 1884 and 1914



Comparison of Concentration of Ownership (C3 and C5) Germany and UK



German Financing as a Percentage of Assets

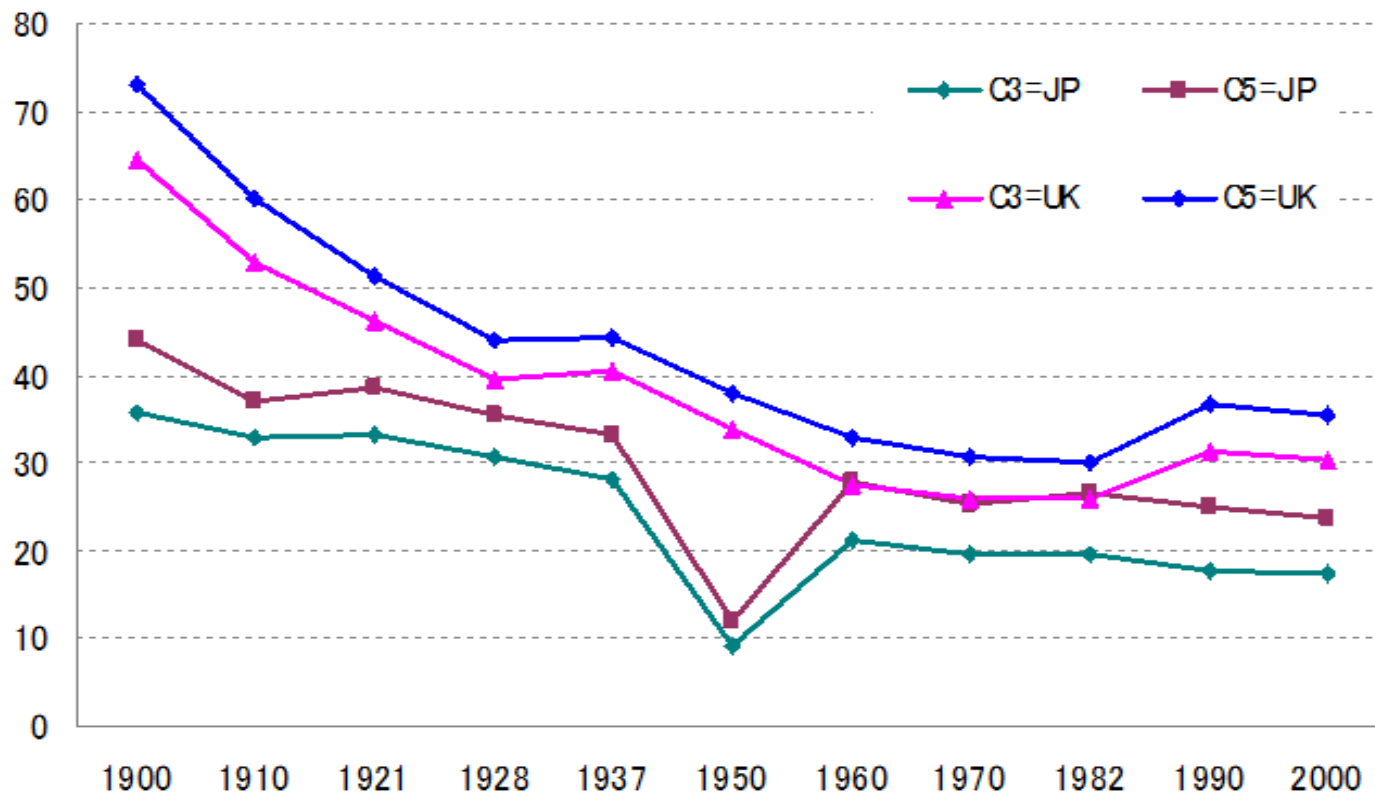
<i>Decade</i>	<i>Bank</i>	<i>Bond</i>	<i>Equity</i>	<i>Reserves</i>
1890	14.0	5.0	58.5	16.2
1900	12.7	11.3	50.4	14.4
1910	7.0	17.4	41.6	18.6
Average				
1890-1950	7.8	10.5	47.3	16.9

Purpose of Issued Equity in Germany

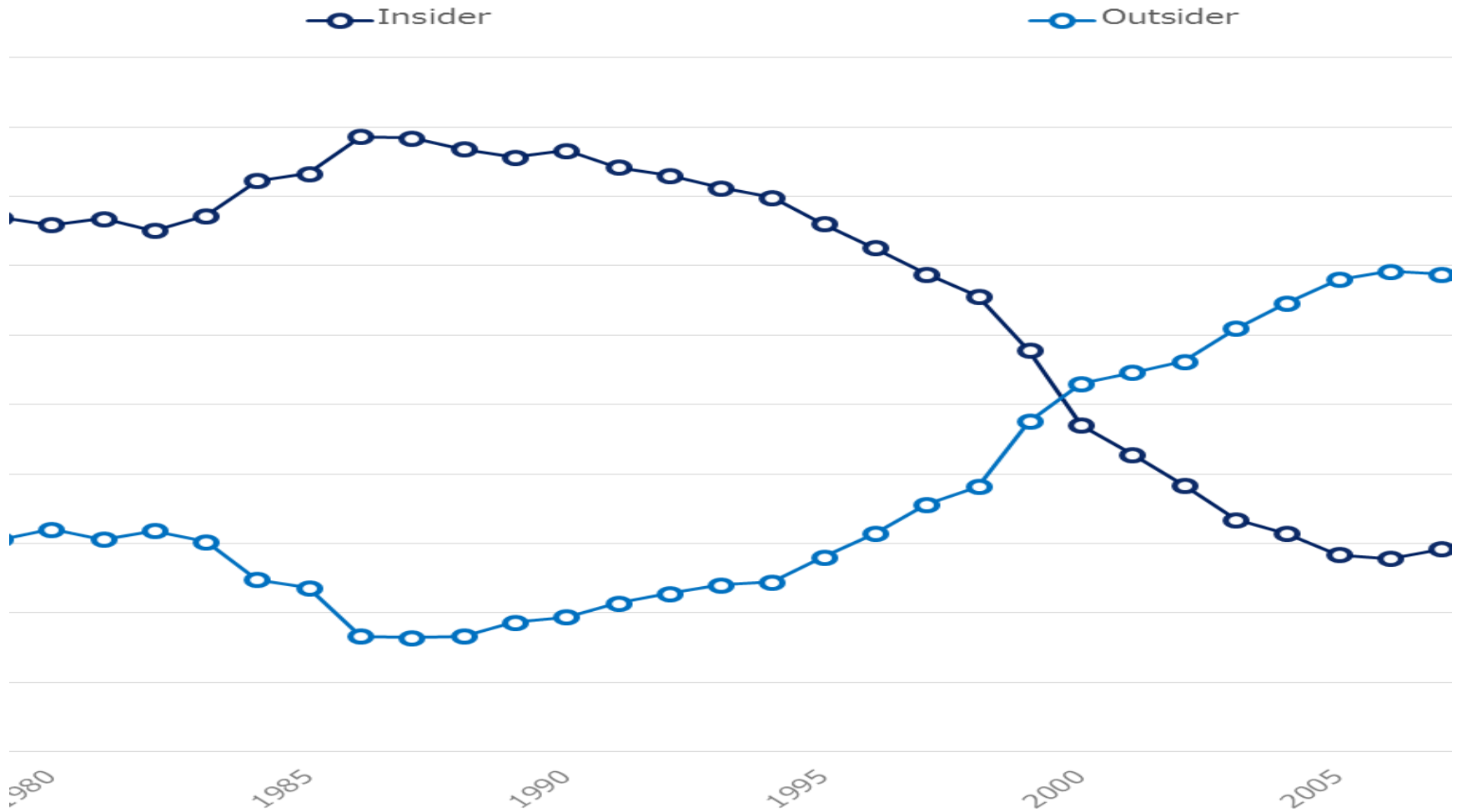
<i>Decade</i>	<i>Takeovers</i>	<i>Not Takeovers</i>
1890	0.0	100.0
1900	11.8	88.2
1910	17.9	82.1
Average		
1890-1950	13.0	87.0

Comparison of Japan with UK: 1900-2000

A comparison of C3 & C5 in UK and Japan



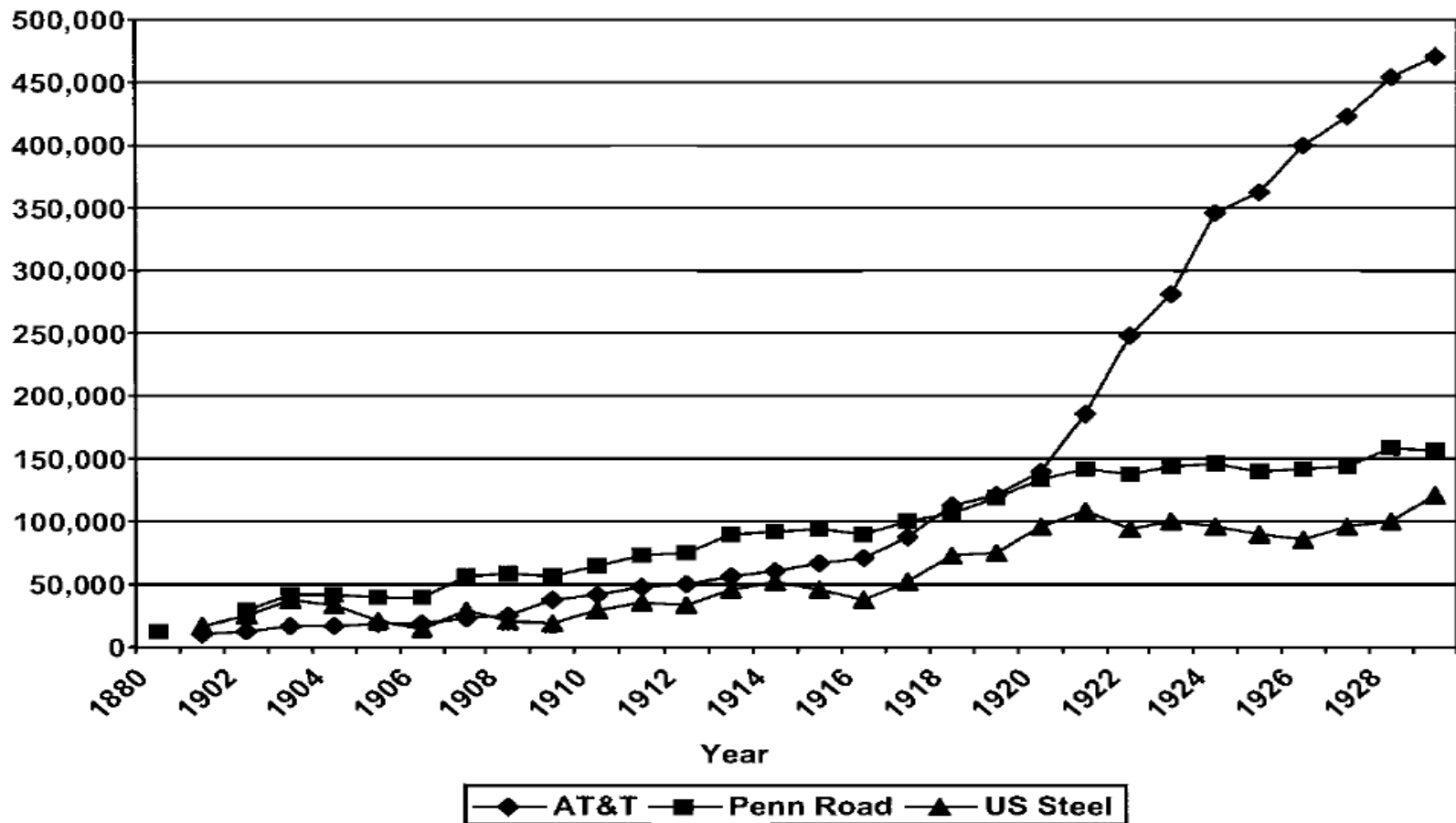
Insider vs. Outsider in Postwar Period



Investor Protection

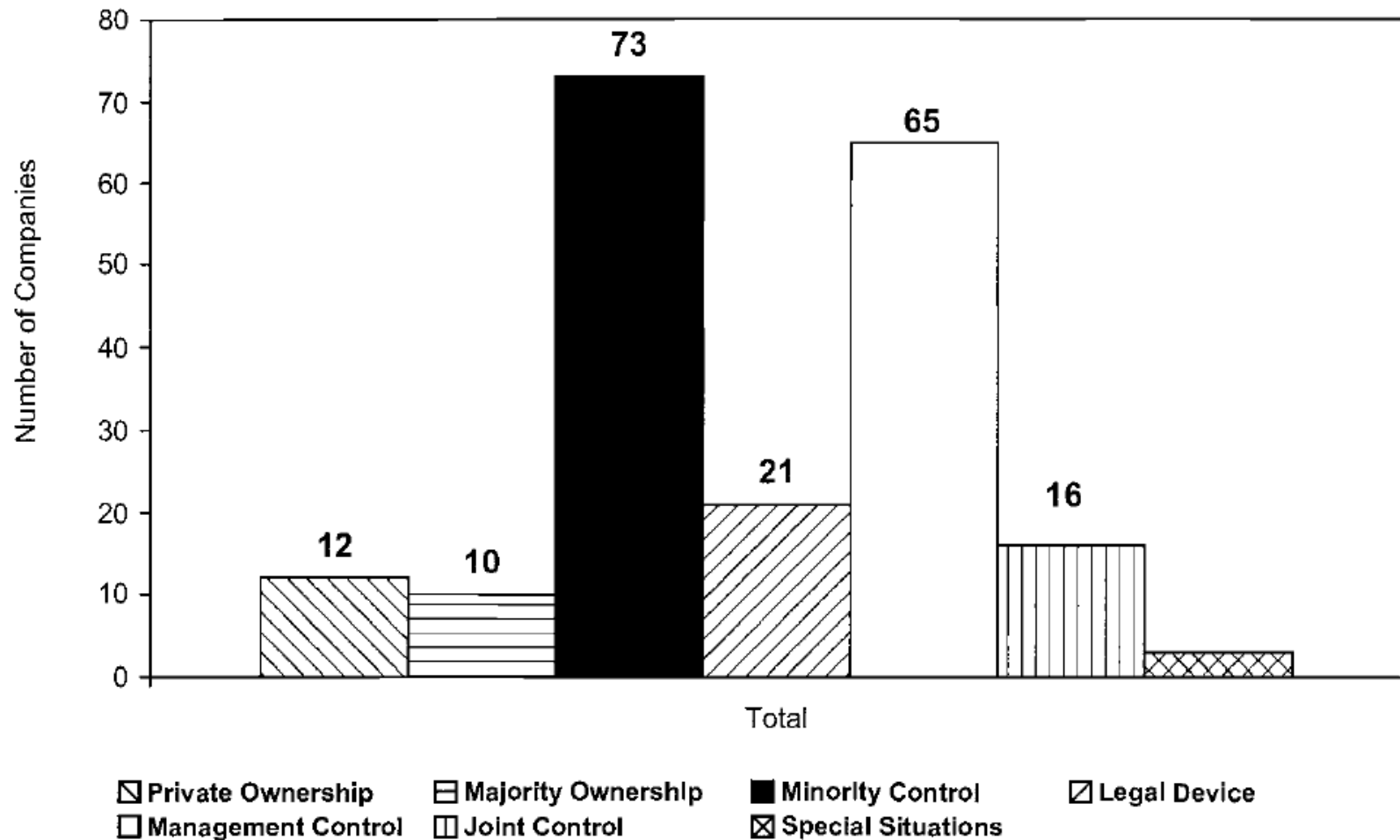
	Japan			UK		Germany	
	1900	1990	Year law/rules changed	1900	1990	1900	1990
Anti-director rights	1	4	1950,1974	1	5	1	1
Liabilities standard	0	0.667	1948	0	0.667	0	0
Disclosure	0	0.917	1948	0	0.833	0	0.417
Public enforcement	0	0.658	1948	0	0.750	<0.25	0.25
Creditor rights	3	1	1952	NA	4	NA	3

No. of Shareholders in AT&T, Penn Railroad and US Steel, 1900-1930



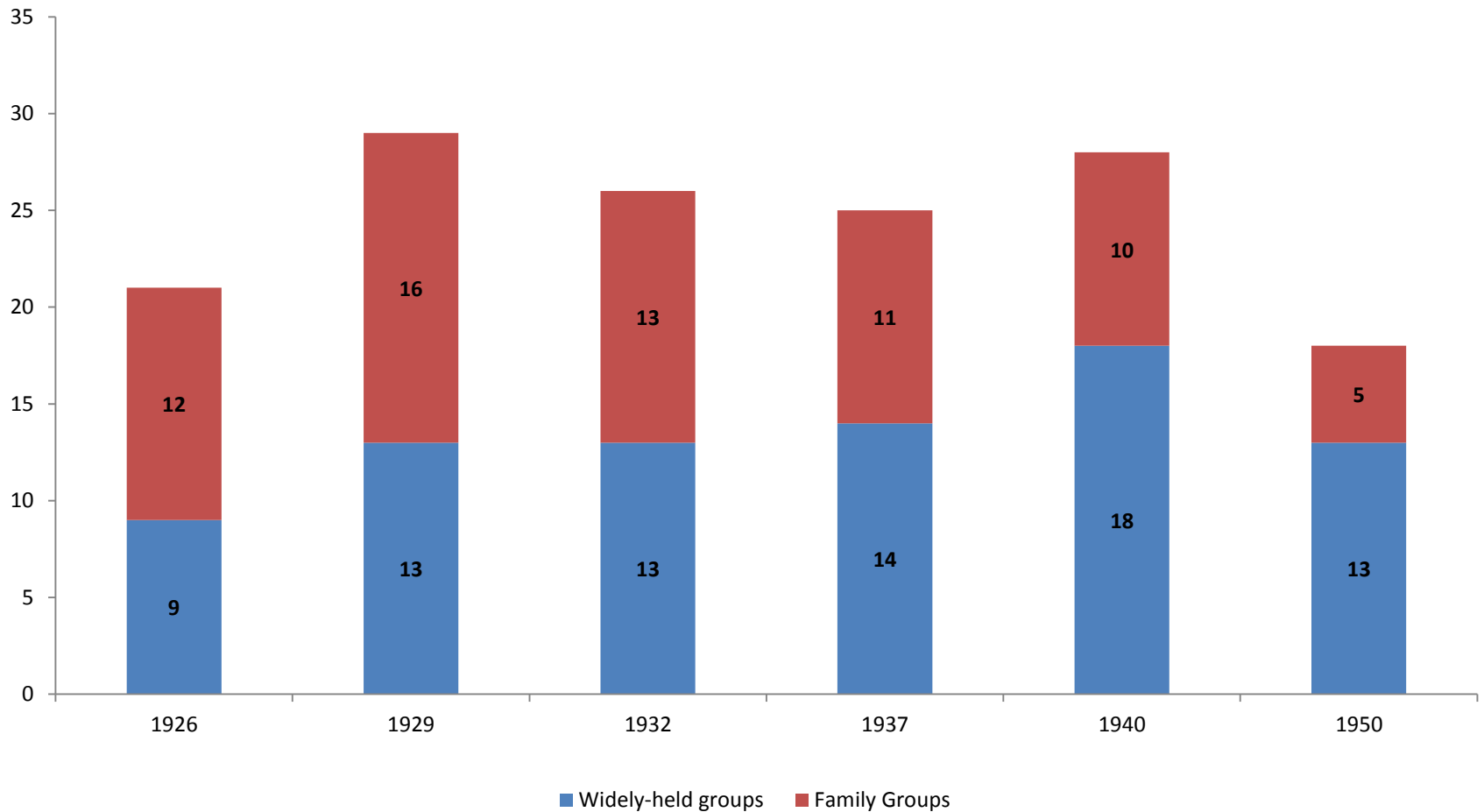
Source: Becht, M., & DeLong, J. B. (2005).

Ownership of First Tier of Control in 200 Largest Corporations



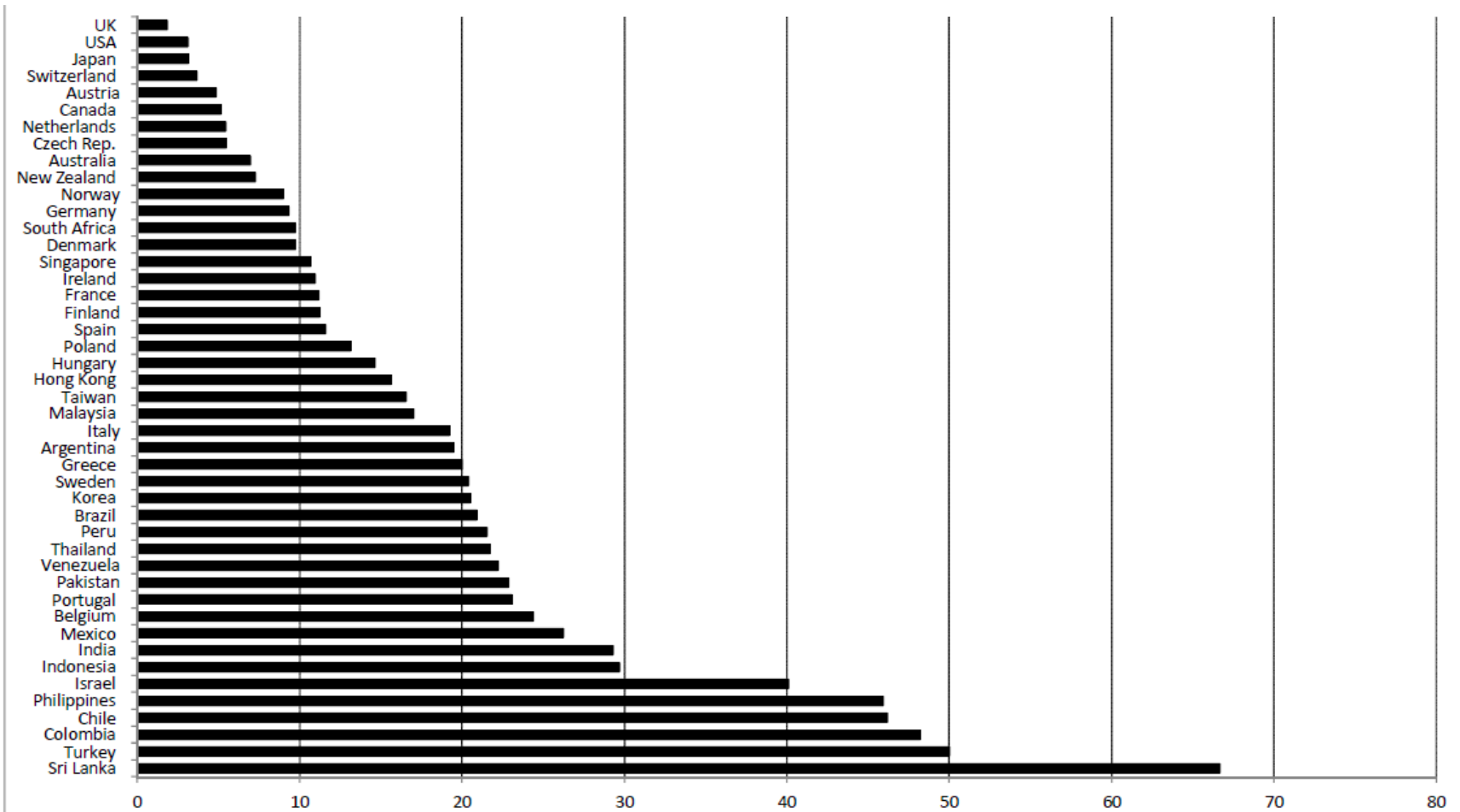
Source: Becht, M., & DeLong, J. B. (2005).

Widely Held and Family Controlled Business Groups in the US, 1926-1960



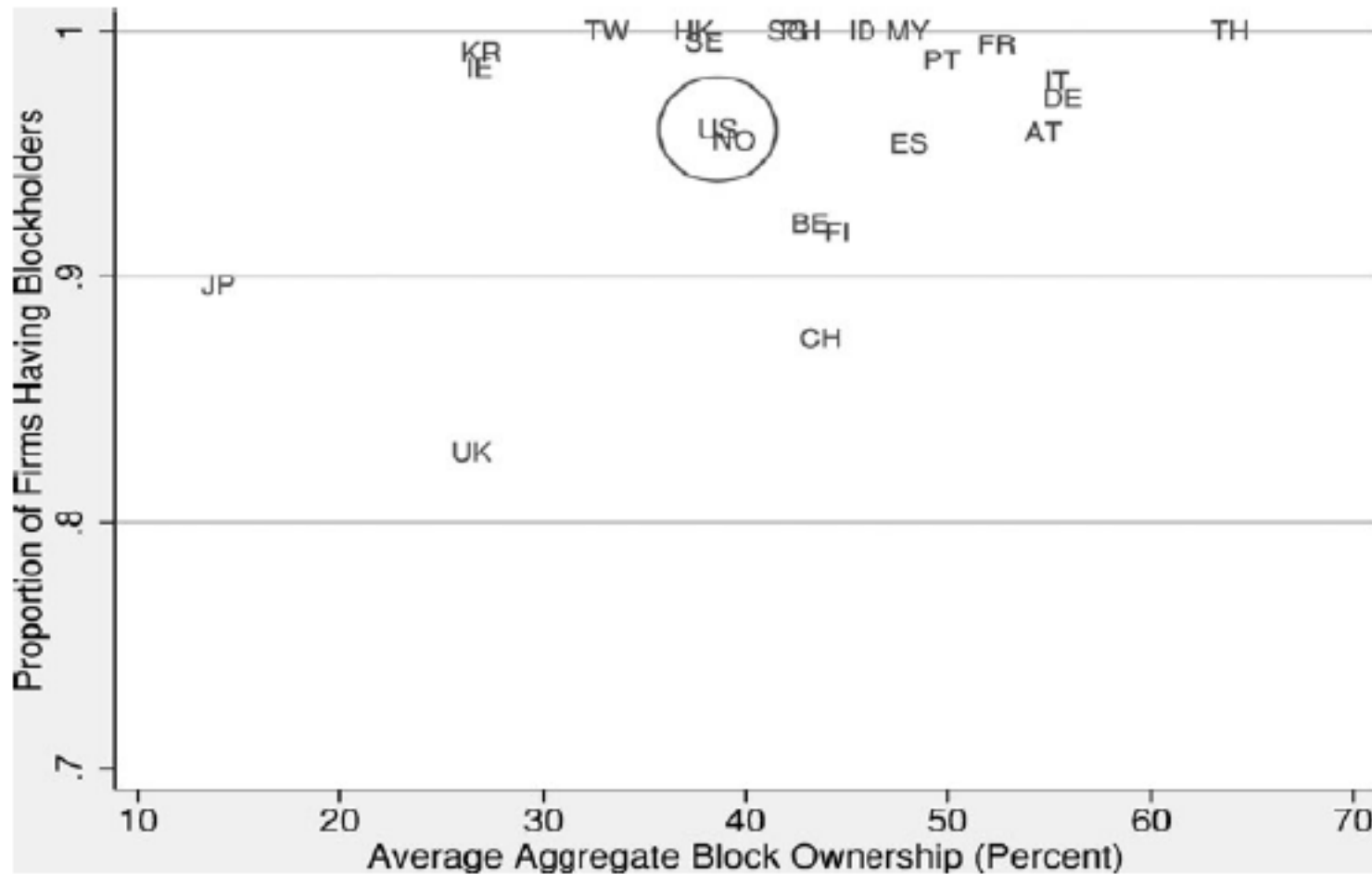
Source: Eugene Kandel, Konstantin Kosenko, Randall Morck, and Yishay Yafeh, 2013

Proportion of Listed Firms Affiliated with Business Groups, 2000



Source: Ron Masulis, Peter Phan, and Jason Zein (2011)

Privately Controlled Publicly Listed Companies (PCPLC)



Holderiness (2009)

Dual Class Shares: Some Examples

- Google: Class A common stock one vote per share
Class B 10 votes per share
Larry Page, Sergey Brin and Eric Schmidt
37.6% of votes; executive and directors 61.4%
- LinkedIn: Class A common stock one vote per share
Class B 10 votes per share
Class B shareholders give to all pre-IPO investors
Reid Hoffman 21.7% increasing over time
- Facebook, Snapchat, New York Times, Washington Post, Berkshire Hathaway have similar structures

Block Premia

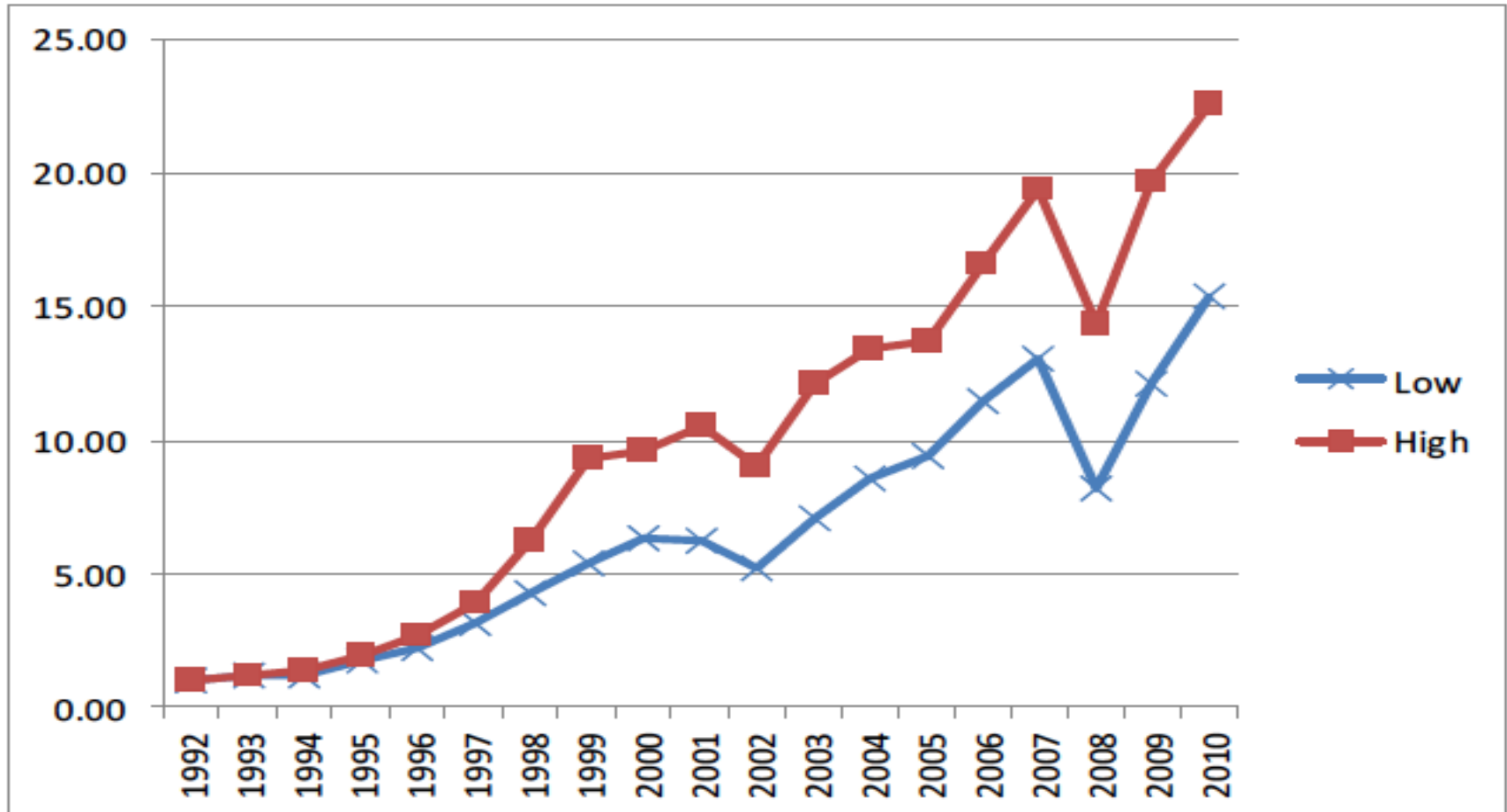
Country	Block Premia	Dual Class Premia
Denmark	0.08	0.01
France	0.02	0.28
Germany	0.10	0.09
Italy	0.37	0.29
Norway	0.01	0.06
Sweden	0.07	0.01
UK	0.01	0.10
US	0.01	0.02

The Publicly Controlled Publicly Listed Company- (PCPLC Mark 2)

2015	Owner	> 3%		> 5%		Focus?	No of stocks	Billion SEK
		2007	2015	2007	2015			
1	Swedbank Robur	57	85	29	48	+	208	172
2	Alecta	21	18	15	9	(-)	33	131
3	AMF pension & funds	8	25	5	11	+	126	125
4	SHB funds	6	49	4	22	+	302	92
5	SEB funds	20	31	6	17	+	265	76
6	Nordea funds	25	51	8	25	+	279	60
7	SNPF4	17	34	8	12	+	181	56
8	Skandia life & funds*	32	13	26	5	(-)	111	51
9	Folksam ins +KPA**	0	0	0	1	(=)	43	46
10	Didner & Gerge funds	16	21	7	10	+	57	36
11	SNPF1	2	0	1	0	=	62	34
12	Länsförsäkringar funds	21	25	5	15	+	157	32
13	SNPF2	4	9	1	4	+	186	32
14	AFA ins	24	6	13	2	-	37	31
15	Lannebo funds	15	45	8	34	+	97	31
16	SNPF3	3	4	0	3	+	174	30
17	SPP funds	-	0	-	0	=	79	25
18	Carnegie funds	6	10	0	8	+	56	23

Long-run Performance of Sustainable Firms

Evolution of \$1 invested in the stock market in value-weighted portfolios



Robert Eccles, Ioannis Ioannou and George Serafim (2011)