

EDITORIAL

As we begin the second decade of this new millennium, the global economy continues to exhibit weaknesses in a number of dimensions. Bailouts, failures and restructures seem to be the norm in an environment reeling from the pressure of the global financial crisis, a continued lack of confidence in debt markets and high levels of unemployment in major economies.

The confluence of such events inevitably leaves their scars on those unfortunate shareholders caught in the firing line. Unprecedented volatility in the last decade and spectacular failures are not to be regarded as just a thing of the past, but are better framed as a sobering reminder of the multitude of risks inherent for investors in all capital markets.

Underscoring the central role that investors play in the ongoing recovery from the global financial crisis, this 9th-year edition of the *Journal of Law and Financial Management* focuses on shareholders, and examines key aspects around firm decision-making and how such decisions impact investors and contribute to the erosion and creation of shareholder value.

The first article by Eva Huang examines the central decision around capital structure and firm financing, focusing on the continued trend of hybrid financial instruments as a common feature on many firms' balance sheets. A decision to use one type of financial instrument over another has pronounced effect on aspects such as taxation arrangements, and also brings to light definitional issues of the status, ranking and standing of the investors.

Owen Hall explores issues relating to governance as another example of conscious decisions by a firm to shape its destiny. Decisions surrounding diversity of the board and management team are proven to have clear consequences to shareholder value.

Another driver of shareholder value and share price validity is continuous disclosure, and this is examined by Brett King who unravels an ethical question around truth in the discourse between the company and shareholders in describing firm performance — clearly an issue of significance for regulators. JLFM

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