SHAREHOLDERS' VOTING POWER AND BLOCK TRANSACTION PREMIA: AN EMPIRICAL ANALYSIS OF ITALIAN LISTED COMPANIES

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ABSTRACT

According to our pricing framework block transaction premia depend on voting power being transferred through a block relative to voting power enjoyed by the market. Block transaction premia are shown to be correlated with both the block seller's and the block buyer's Shapley-Shubik power indexes in a sample of Italian companies. This is consistent with the notion, first presented by Zwiebel (1995), that private benefits deriving from control of a company are divisible, and that the share of private benefits accruing to each shareholder is proportional to the probability of being pivotal in a controlling coalition.

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