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Dual Class Model and Shareholder Agreements: An Analysis of Italian Companies

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Abstract

This paper analysed the changes in ownership concentration of the Italian financial market and the recourse to dual class model and shareholder agreements by Italian listed companies in the period 2009-2020. The analysis shows that the control market did not show signs in the period that would lead to presume an increase in the contestability of our companies. The attenuation in ownership concentration, highlighted by the reduction in the value of the Shapley-Shubik index, and the increase in the average market participation did not produce an increase in the contestability of Italian listed companies since the high concentration and limited contestability of control continue to characterize their ownership structures. Findings also show less recourse by the Italian companies to the instruments of separation between ownership and control in the considered period. The reduction in the number of companies that resort to the issue of shares without voting rights and the shareholders' agreements is also reflected in the lower incidence of the capitalization of these companies compared to the market capitalization.

Keywords: dual class model, shareholder agreements, voting rights, cash flow rights

1. Introduction

In recent years, the issue of value creation for shareholders has been transformed into value creation for the individual shareholder. This change is attributable to the fact that shareholders often link their leadership position not to the capital invested but to their ability to exploit the capital of other shareholders as much as possible. In turn, the possibility of assuming control with a non-proportionate commitment of resources can push the controlling shareholder towards strategic choices that are not oriented towards value. This possibility increases in the presence of shareholder agreements, shares without voting rights and shareholder pyramids. As a consequence that the controlling shareholders apply to the different control enhancing mechanism as means that allow the violation of proportionality between control and ownership. This condintion, in a obvious way, has a different intensity in different countries with different dimensions.

Unlike the other corporate stakeholders, shareholders which hold the ownership of venture capital are exposed to the risk of management, since they make themselves available to be remunerated in a residual manner. In this way they dispossess themselves of any right on the capital which is transferred in full usability by of the company. This is a particularly unfavorable condition compared to the others suppliers of production factors, offset by the specific reserve recognized in the economic governance of the company and in the making of decisions functional to such governance. However, control is only formally vested in the ownership as a whole since in fact it is exercised by the shareholders who on the basis of the company's decision-making rules are able to take decisions also on behalf of the other members of the ownership structure. Hence the separation that in companies with concentrated shareholdings is configured between the controlling capital, on which corporate governance depends, and the controlled capital, practically excluded from the company's decision-making process. Unlike, therefore, public companies, in which the separation between ownership and control is strictly connected to the opposition between shareholders and management, in the other forms of ownership, closer to the reality of Italian listed companies, the dichotomy between on who owns the property of the company and who actually exercises control are of interest exclusively to the shareholders. As is known, the Italian business context is characterized by a reduced contestability to be attributed to the fact that the owner and who exercises control are often to be identified in the same person (Intrisano et al. 2018). On the one hand, in fact, the insiders, by reason of participation held, and/or of the various forms of dissociation between voting rights and property rights present in the shareholding structure, preconstitute the majority shareholders' meeting required for corporate decisions; on the other hand, outsiders, not being in a position to express alternative majorities, are simply called upon to undergo the consequences or to enjoy the benefits of such choices. Not suffering the consequences of their choices, as they are transferred to other subjects such as minority shareholders, it can induce the majority shareholder to make decisions that are not weighted for risk. This possibility increases in the presence of shareholders' agreements, shares without voting rights. Shareholders' agreements and dual class model are among the instruments of separation between property rights and voting rights with widespread use among Italian listed companies. Dual class model constitutes the form of shareholding structure that allows the majority shareholder to strengthen the controlling position, while maintaining the shareholding in the voting capital of the company; shareholder agreements, on the other hand, allow multiple shareholders to generally acquire and maintain corporate control in a shared manner. In Italy, the phenomenon has reached, especially in the past, extraordinarily intense levels, with most businesses characterized by concentrated ownership structures and a detail recourse to the different methods of dissociation of the control by ownership. This work aims to estimate the diffusion of these instruments between Italian listed companies and to measure the intensity of the separation between ownership and control in listed companies that make use of them. The work is divided in five section, the first focuses to literature rewiev on the topic, the second describes the data and the methodology and the others are dedicated to the discussion of the results and conclusions.

2. Literature

Fischel (1987) states that the one share-one vote model better reflects the fact that the major shareholders are generally incentivized and motivated to control the work of the management, since it allows to assign votes in direct proportion to the shareholdings assumed in the project. entrepreneurial. Other authors, on the other hand, starting from the assumption that the absolute majority rule allows with 50 percent plus one vote to control 100 percent of the effective votes, deny that only the one share-one vote model is able to ensure direct proportionality between voting rights and property rights (De Angelo and De Angelo, 1985). The major contribution on the optimal ownership structure, as known, is provided by Grossman and Hart (1988) who, with their analysis, open a real line of research, capable of capturing the interest of most scholars. They demonstrate that for listed companies the one share one vote model, which guarantees proportionality between voting rights and shareholding, is to be preferred for companies that intend to maximize the market price. Harris and Raviv (1988) come to similar conclusions: the two authors, assuming that in the dispute over control between two management groups, even the small shareholder can be pivotal, demonstrate that the one share-one vote model is able to guaranteeing social optimality as opposed to economic optimality, the achievement of which is closely associated with the dual class structure. Literature, also, focuses on the role of separating cash flows from voting rights (Burkart and Lee (2010)). Zingales (1991), on the other hand, affirms the possibility that the dual class is the optimal structure also for minority shareholders and recognizes a further capacity of the dual class, deriving from the fact that, thanks to the separation between voting rights and cash flow rights, with this structure the controlling shareholders are able to retain control, with all the benefits associated with the position held, by selling on the market only the cash flow rights (Bebchuk and Zingales, 1996; Bebchuk and Zingales, 2000). But this can also lead to distortion. In fact, compared to the share structure chosen at the time of the IPO, the desire to maximize their returns risks pushing the controlling shareholders towards a configuration of ownership structure which, although optimal from a private point of view, can be socially inefficient, given the the resulting alteration, in terms of excessive incidence of proprietary control structures and disproportionate disinvestment of cash flows. Khachaturyan (2007) argues that the one share one vote structure is inferior to the dual class, as it is considered suboptimal and detrimental to economic efficiency. Its imposition in an economic system, such as Europe, can, in fact, push towards the pyramid model or, even worse, the use of derivative instruments, useful for separating the right to vote from the ownership of the share. The corporate pyramids, in fact, can facilitate the expropriation of private control benefits, just as the decomposition of the one share-one vote ratio can even not only increase the heterogeneity of shareholder preferences, but also lead to the approval of destructive transactions of corporate value. Burkart and Lee (2008) acknowledge that one share-one vote is, in general, suboptimal since, if on the one hand it ensures an efficient result in bidding contest, on the other it is not able to influence the free-riding, contrary to the dual class. If one share-one vote in the presence of a controlling shareholder facilitates value-increasing transfers of control and acts as a deterrent to value-decreasing transfers, more than any other structure modality of voting rights, on the other hand the protection of minority shareholders does not represent an exhaustive motivation for any legislative intervention aimed at imposing a one share one vote. Finally, other authors analyze the relationships between choice of ownership structure and company performance. Thus, for example, Bohmer et al. (1995), paying attention to their research on the dual class IPO, conclude that the adoption of the dual class structure leads on average to returns on share capital higher than the choice of one share-one vote. Other papers affirm that dual-class shares are connected with lower valuations and higher managerial agency problems (e.g., Gompers, Ishii, and Metrick (2010), Masulis, Wang, and Xie (2009)). Likewise, Dimitrov and Jain (2004) argue that recapitalizations based on the issue of shares with differentiated rights are value enhancing, given that the companies making such decisions achieve positively abnormal long-term performance. The specific theme of the one share-one vote principle has captured the interest of various scholars also as regards the coalitions of command, as a particular method of separation between ownership and control. Thus Bennedsen and Wolfenzon (2000), investigating closely held corporation, come to demonstrate the superior efficiency of the coalition of command and any agreements that determine its formation, compared to the condition in which control is exercised by individual members. According to the two authors, in fact, the coalition, by grouping the cash flows of the shareholders, adhering to the coalition itself, leads to a greater internalization of the consequences produced by the decisions taken and, therefore, as mentioned, takes more efficient actions than would any of its individual members. As regards the Italian market, Volpin (2002) aimed at identifying the determinants of executive turnover, focuses on the effects that the ownership / control relationship is able to generate on the sensitivity of stability of management with respect to corporate performance. The author recognizes a positive relationship between shareholder agreements and corporate efficiency, demonstrating that turnover in controlling is more sensitive to corporate performance when control is based on a voting syndicate. More specifically, according to Volpin, voting unions in Italy, in most cases, help and allow the first shareholder to control the company when his / her shareholding, albeit substantial, is not sufficient enough to exercise control, regardless of the other shareholders. But the controlling shareholder position cannot be changed. The author demonstrates, in fact, that, thanks to the coalition, the controlling shareholder with executive duties is more easily replaceable where performance is not in line with the expectations of the other shareholders. The link between syndicate vote and sensitivity of executive turnover to corporate performance is generally not present in the voting agreements promoted as part of a family participation, in which case the agreement is essentially aimed at preserving the stability of control. Again with reference to the Italian market, Baglioni's work (2008) is particularly interesting, providing an empirical survey on the evolution of shareholder agreements in Italy over the last ten years. In particular, the study highlights the effect generated by shareholders' agreements on voting power, measured by the value of Shapley and, therefore, the weakening produced on the proportionality between voting rights and voting power. Gianfrate (2007) also focuses his investigation on the Italian market, dwelling, however, on the consequences originating from the shareholders' agreements, in terms of disproportionality between board rights, on the one hand, and cash flow rights, estimating that on average a voting agreement with a syndicated share equal to 52 per cent of the company's cash flows is able to exercise up to 87 per cent of the rights to elect the company's Board of Directors. On the other hand, some scholars note the positive aspects related to shareholders' agreements. In this direction, Laeven and Levine (2008), analyzing a sample of listed companies in 13 European countries, note the positive effect on value produced by a greater distribution of voting rights and cash flow rights among multiple large owners. An equal recognition is found in Faccio et al. (2001) which highlight the role played by multiple shareholders, demonstrating that their greater diffusion is accompanied by a lower expropriation of minorities. In the same direction, Gomes and Novaes (2005) underline the importance of controlling coalitions, especially when they allow to prevent or otherwise limit decisions aimed at generating private benefits for the controlling group, to the detriment of minority shareholders. Leuz, Nanda and Wysocki (2003) and Kim and Yi (2006), affirm that there is a reduced protection of investors, in companies where there is a high level of separation between ownership and control.

3. Data and Methodology

The analysis refers to listed companies in the Italian Stock Exchange from 2009 to 2020. Data used in the analysis of the shareholding structure come from Consob. The paper replicates the same methodology already adopted in Intrisano 2012. First of all, the shareholding held by the shareholders was ascertained to verify the ability to influence business decisions. Based on the percentage of shares owned, three degrees of control can be distinguished:

- first degree corresponds to the holding of an absolute majority of votes. With the first degree of control, the majority shareholder or group of shareholders can take decisions in both the ordinary and extraordinary shareholders' meeting;
- second degree when the majority shareholder, or group of shareholders, takes decisions in both ordinary and extraordinary shareholders' meetings, regardless of whether they hold the absolute majority of votes;

- third degree occurs when the shareholder or the majority shareholder group hold a percentage of shares that allows them to take decisions only in ordinary shareholders' meetings.

Regarding the diffusion of dual-class model in Italian listed companies, we analyzed the shareholding structure of these companies looking for those that issue shares with limited voting rights. So, the percentage of voting rights owned by the majority shareholder or group of shareholders and the non-voting shares compared to the total share capital were reconstructed.

In order to ascertain the diffusion of shareholder agreements among Italian listed companies, we analyzed agreements in force between 2009 and 2020,.

The ratio voting rights to cash flow rights was used in this study: in formula the voting rights lever (L_{VR}) is:

$$L_{VR} = \frac{q_{VR}}{q_{CR}} \tag{1}$$

with q_{VR} expression of the percentage of voting rights and q_{CR} measuring the percentage of cash flow rights held.

The control lever (L_C) was also computed:

$$L_C = \frac{1}{q_{CR}} \tag{2}$$

equivalent to:

$$L_C = \frac{1}{q_O} \times \frac{1}{(1-NV)} \tag{3}$$

or:

$$L_C = L_O \times L_{NV} \tag{4}$$

where:

q_{CR} is the percentage of cash flows rights;

q_O is the percentage of ordinary capital held;

NV represents the percentage of non-voting shares in the company's shareholding structure;

L_O is the lever generated by the share of ordinary capital;

L_{NV} corresponds the non-voting rights lever.

For the same period, from 2009 to 2020, we investigate the change in the ownership concentration of the Italian market using the Shapley-Shubik and Banzhaf indices. These indices explain the voting power of shareholders, considering the percentage of the vote and the degree of dispersion of the voting capital. They allow to differentiate corporate structures which, despite a different degree of diffusion in the market, would otherwise appear equivalent in terms of ownership concentration based on the participation of the first shareholder. Both indices are based on a finite set of shareholders N = {1, 2,…, n}, able of generating m coalitions T, to which the overall participation is associated:

$$w(T) = \sum w_i \tag{5}$$

where w_i is the percentage of the i^{th} shareholder.

The condition assumed is $0 < w \leq q$, considering q as the percentage of vote or deliberative rule set for approval. In fact, for $w_i > q$ the shareholder exercises control independently of the other members of the corporate structure.

In the presence of a plurality of shareholders, calculating the two indices becomes more complex. In this case, the program developed by Dennis Leech and Robert Leech (2003) is used to arrive at the values sought. The program is available at http://www.warwick.ac.uk/~ecaae/. Specifically, we proceed according to the ocean games approach, given that the share capital is distributed among a few atomic shareholders with significant shareholdings and an infinite number non-atomic shareholders with infinitesimal shareholdings which constitute the ocean. The reference software for calculating the Shapley index of ocean games is called ssocean, while for the Banzhaf index it is called ipdirect. The program requires as input the number of shareholders, the share and weight of each.

4. Results

4.1 Control Contestability in Italian Listed Companies

This analysis aims to analyze the change in ownership concentration for the Italian listed companies included in the Ftse Mib. The study covers the period 2009-2020 and is based on data obtained from the annual reports of Consob. For these companies the Shapley-Shubik and the Banzhaf indices have been computed.

Results obtained show that the stake of the main shareholder has remained substantially stable at around 47% since 2009. We observe a slight reduction both in the share of the first shareholder and in the average shareholding of the other relevant shareholders. The average market participation has grown considerably. The reduction in ownership concentration is also evidenced by the decrease in the power associated with the first shareholder, resulting from the evolution of the Shapley-Shubik and Banzhaf indices.

The reduction in ownership concentration is demonstrated by the reduction of the Shapley-Shubik index of the first shareholder which goes from an average of 0.591 in 2009 to 0.471 at the end of 2020.

Table 1. Shapley-Shubik index of the first shareholder and market for companies of the Ftse Mib

YEAR	**FIRST SHAREHOLDER** *Average*	**MARKET** *Average*
2009	0.591	0.287
2010	0.619	0.277
2011	0.609	0.292
2012	0.563	0.327
2013	0.581	0.333
2014	0.537	0.382
2015	0.577	0.340
2016	0.507	0.400
2017	0.483	0.417
2018	0.540	0.365
2019	0.497	0.393
2020	0.471	0.428

Source: Authors' elaboration on Consob data

The Banzhaf index remains almost stable: in 2009 it stood at 0.849 to reach the highest value of 0.889 in 2018 and reaching 0.865 at the end of 2020.

Table 2. Banzhaf index of the first shareholder and market for companies of the Ftse Mib

YEAR	FIRST SHAREHOLDER *Average*	MARKET *Average*
2009	0.849	0.000
2010	0.856	0.000
2011	0.870	0.000
2012	0.840	0.000
2013	0.889	0.000
2014	0.882	0.000
2015	0.860	0.000
2016	0.870	0.000
2017	0.885	0.000
2018	0.889	0.000
2019	0.888	0.000
2020	0.865	0.000

Source: Authors' elaboration on Consob data

The Shapley-Shubik index confirms the significant increase in market participation, that starting from the value of 0.287 at the end of 2009, reach 0.428 in 2020.

The attenuation in ownership concentration and the increase in the average market participation did not produce an increase in the contestability of Italian listed companies since the high concentration and limited contestability of control continue to characterize their ownership structures. The widely held companies to date are 19 and represent about a quarter of the market capitalization, reaching the highest values since 2010 when there were 11 issuers representing just over 20% of the total value of the list. However these are still too modest values to represent the achievement of a minimum level of contestability with respect to the size of the market. On the other hand, the decrease in legal controlled companies passed by 135 to 115, is accompanied by a growth in weakly controlled companies from 50 to 57.

4.2 The Dual Class Model in Italy

The objective of this analysis is to analyze the dual class model in Italian listed companies, in the period 2009-2020. The number of dual class companies decreased from 37 in 2009, with an impact on the market in terms of number of 11.14%, up to 12 in 2020, i.e. the only 3.18% of the entire market.

Table 3. Number of dual class companies (2009-2020)

Year	**D*ual class companies (N°)***	**Market (N°)**	**Incidence of dual class companies on the market *(%)***
2009	37	332	11.14%
2010	36	332	10.84%
2011	37	328	11.28%
2012	32	323	9.91%
2013	29	326	8.90%
2014	25	342	7.31%
2015	22	356	6.18%
2016	19	387	4.91%
2017	19	339	5.60%
2018	17	357	4.76%
2019	14	375	3.73%
2020	12	377	3.18%

Source: Authors' elaboration on Consob data

The reduction in the number of dual class companies is accompanied by a decrease in their incidence also in terms of capitalization. Considering 2009, the capitalization of dual class companies represents 34.67% of the total market capitalization. In subsequent periods, the incidence gradually decreases, reaching 2.37% of the total capitalization in 2020.

Table 4. Dual class companies (2009-2020): capitalization

Year	**Dual class companies (N°)**	**Dual class companies capitalization** (€M)	**Total market capitalization** (€M)	**Incidence of dual class companies capitalization on total market capitalization** *(%)*
2009	37	146.353,73	422.109,48	34,67%
2010	36	158.960,55	424.477,16	37,45%
2011	37	92.977,69	331.762,73	28,03%
2012	32	85.959,68	364.845,96	23,56%
2013	29	97.898,81	445.458,46	21,98%
2014	25	59.716,95	465.797,53	12,82%
2015	22	109.748,53	570.676,39	19,23%
2016	19	82.494,63	522.177,15	15,80%
2017	19	104.754,91	634.449,12	16,51%
2018	17	11.938,13	535.761,71	2,23%
2019	14	20.117,32	637.830,16	3,15%
2020	12	14.217,30	600.651,50	2,37%

Source: Authors' elaboration on Consob data

In dual class companies, the share structure consisting of ordinary shares and savings shares still prevails over the structure consisting of ordinary shares, savings shares and preference shares and above all with respect to the ordinary shares and preference shares structure. It is possible to note as companies that use of preference shares have always been a small number and that since 2015 even only one company has remained to own this type of shares.

Table 5. Share structure of dual class companies

	Number of companies with		
Year	**Ordinary shares and savings shares**	**Ordinary shares and preference shares**	**Ordinary shares, savings shares and preference shares**
2009	31	2	4
2010	31	1	4
2011	31	1	5
2012	29	1	2
2013	27	1	1
2014	23	1	1
2015	21	0	1
2016	18	0	1
2017	18	0	1
2018	16	0	1
2019	13	0	1
2020	12	0	0

Source: Authors' elaboration on Consob data

The dual class companies were then analyzed by estimating the lever on control and the lever on voting rights, after identifying the controlling shareholder of each company. The estimate model proposed in this paper and applied to dual class companies, starting from the shareholding held by the first shareholder, has brought to light the clear prevalence of the first degree of control in all the years observed. Companies where the first shareholder exercises the first degree of control, possessing an absolute majority of the votes, are about 50% of the total; the companies in which the stakes held by the first shareholder attribute second and third degree controls represent 19% and 23% respectively. For the remaining 8% it is not possible to identify a controlling shareholder.

Once the condition and degree of control for each company has been reconstructed, the analysis highlights the stability of the equity levers, with an average value of the L_C that oscillates between the maximum of 2.90 reached in 2011 and the minimum of 2.35 in 2018, and an average value of the L_{VR} which varies between the maximum of 1.22 in 2013 to the minimum of 1.16 in 2016 which remains stable also in 2017 and 2018.

Table 6. Control lever and voting rights lever in dual class company

Year	L_C		L_{VR}	
	Average	Weighted average	Average	Weighted average
2009	2.72	2.42	1.21	1.18
2010	2.83	2.55	1.21	1.19
2011	2.90	2.60	1.20	1.19
2012	2.84	2.44	1.20	1.19
2013	2.74	2.30	1.22	1.19
2014	2.80	2.34	1.19	1.18
2015	2.69	2.15	1.18	1.15
2016	2.78	2.21	1.16	1.14
2017	2.53	2.11	1.16	1.13
2018	2.35	2.03	1.16	1.14
2019	2.53	2.05	1.19	1.18
2020	2.73	2.25	1.20	1.20

Source: Authors' elaboration on Consob data

The trend of the weighted average of the two levers is also stable, with values for the control lever ranging from the lowest of 2.03 in 2018 to the highest of 2.60 in 2011; and for the voting rights lever from the minimum of 1.13 in 2017 to the maximum of 1.20 in 2020.

4.3 Shareholders' Agreements in Italian Listed Companies

The agreements in force in the period 2009-2020 were analyzed, based on the information contained in the Consob archive, reconstructing for each agreement, duration, nature of the adherents, any changes between the stipulation date and the expiry date, renewals, as well as share of syndicated capital and shareholdings held overall by those who adhered to the agreements.

In the period analyzed there was a significant decrease in the number of companies that use shareholder agreements, particularly in the last three years. It went from the highest number of 47 companies in 2010, with a market share of 14.16%, to 23 companies in 2020, 6.10% of the market.

Table 7. Italian listed companies that use shareholder agreements

Year	Number of companies with shareholder agreements	Market	% on the market
2009	44	332	13.25%
2010	47	332	14.16%
2011	41	328	12.50%
2012	39	323	12.07%
2013	39	326	11.96%
2014	39	342	11.40%
2015	44	356	12.36%
2016	40	387	10.34%
2017	34	339	10.03%
2018	35	357	9.80%
2019	28	375	7.47%
2020	23	377	6.10%

Source: Authors' elaboration on Consob data

For 2020 it results an incidence of 8.52% in terms of market capitalization, starting from 10.54% in 2009.

Table 8. Italian listed companies that use shareholder agreements

Year	**Number of companies with shareholder agreements**	**Companies with shareholder agreements: capitalization**	**Total market capitalization**	**Incidence of companies with shareholder agreements capitalization on total market capitalization *(%)***
2009	44	44,485.69	422,109.48	10.54%
2010	47	49,833.18	424,477.16	11.74%
2011	41	33,617.83	331,762.73	10.13%
2012	39	36,613.19	364,845.96	10.04%
2013	39	45,573.88	445,458.46	10.23%
2014	39	49,600.11	465,797.53	10.65%
2015	44	68,470.76	570,676.39	12.00%
2016	40	155,668.16	522,177.15	29.81%
2017	34	71,270.83	634,449.12	11.23%
2018	35	60,939.18	535,761.71	11.37%
2019	28	68,359.73	637,830.16	10.72%
2020	23	51,165.36	600,651.50	8.52%

Source: Authors' elaboration on Consob data

With reference to the types of agreements, global agreements are the most used by companies, with an average incidence on the market of 10.22%, compared to 0.41% for block shareholder's agreement, and 0.32% for voting shareholder's agreement.

Table 9. Shareholders' agreements by type

Year	**Block**		**Voting**		**Global**	
	Number of companies	% market	Number of companies	% market	Number of companies	% market
2009	2	0.60%	0	0.00%	42	12.65%
2010	1	0.30%	0	0.00%	46	13.86%
2011	1	0.30%	0	0.00%	40	12.20%
2012	2	0.62%	0	0.00%	37	11.46%
2013	3	0.92%	1	0.31%	35	10.74%
2014	2	0.58%	0	0.00%	37	10.82%
2015	1	0.28%	1	0.28%	42	11.80%
2016	2	0.52%	1	0.26%	37	9.56%
2017	1	0.29%	2	0.59%	31	9.14%
2018	1	0.28%	3	0.84%	31	8.68%
2019	0	0.00%	3	0.80%	25	6.67%
2020	1	0.27%	3	0.80%	19	5.04%
Average	*1*	*0.41%*	*1*	*0.32%*	*35*	*10.22%*

Source: Authors' elaboration on Consob data

To analyze the intensity of the separation between voting rights and property rights, produced by the control agreements, the related levers have been reconstructed, starting from Consob data and considering the sum of the holdings included in the agreements as a controlling shareholding. After defining the degree of control, the analysis of the levers highlighted an average value of the L_C which from 3.31 at the beginning of the period rises to 3.93 in 2012, and then gradually decreases, reaching 2.68 in 2020. The average value of the L_{VR} remains almost constant, decreasing from 1.04 in 2009 to 1.00 in 2007.

Table 10. Levers in Italian companies that use shareholder agreements

Year	L_C		L_{VR}		L_O		q_o
	Average	Weighted average	Average	Weighted average	Average	Weighted average	Average (in %)
2009	3.31	1.78	1.04	1.05	3.11	1.72	58.26%
2010	3.68	1.87	1.04	1.05	3.58	1.80	55.62%
2011	3.74	1.95	1.04	1.06	3.64	1.88	53.30%
2012	3.93	2.02	1.04	1.04	3.85	1.95	51.33%
2013	3.21	2.00	1.04	1.05	3.11	1.92	51.99%
2014	2.64	1.99	1.02	1.04	2.60	1.94	51.48%
2015	2.60	1.85	1.01	1.03	2.58	1.82	54.81%
2016	2.92	1.90	1.01	1.02	2.90	1.87	53.39%
2017	3.04	1.89	1.02	1.03	3.01	1.86	53.62%
2018	2.36	1.83	1.00	1.00	2.36	1.83	54.71%
2019	2.32	1.85	1.00	1.00	2.32	1.85	54.18%
2020	2.68	1.97	1.00	1.00	2.68	1.97	50.71%

Source: Authors' elaboration on Consob data

Given the substantial stability of the average incidence of non voting shares, the decrease in the control lever is attributable to the decrease in the ownership leverage (leverage generated by the share of ordinary capital) which, just as for L_C, it initially increased going from 3.11 in the first year to 3.85 in 2012, and then gradually decreased to 2.68 at the end of the period.

However, we can note differentiated trends in the weighted average compared to the simple average as regards the L_C and the L_O, with values that remain substantially stable for the entire period.

The differences identified are not significant, as evidenced by the average controlling shareholding which went from 58.26% in 2009, remaining substantially stable at around 53% over the entire period, to then drop to 50.71% in 2020.

5. Conclusions

The research shows that dual class companies in Italy have declined over the past 11 years and that in most of them the first shareholder exercises control of the first degree maintaining an absolute majority of votes. The empirical analysis leads to establish that there is substantial stability in the intensity associated with the separation between voting rights and property rights. There is also a clear decrease, especially in the last 3 years, in the use of shareholder agreements. As regards the intensity of the separation between ownership and control, study show a stability of the voting rights lever and a progressive decrease in the control lever.

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