Introduction and overview

Christine A. Mallin

In recent years many countries have experienced economic downturns, financial scandals and corporate collapses. As part of the response to these events, countries across the globe have either introduced corporate governance codes or strengthened their existing codes and guidelines.

The Organization for Economic Cooperation and Development (OECD) issued its revised corporate governance principles in 2004, and the International Corporate Governance Network issued its revised Statement on Global Corporate Governance Principles in July 2005.

The purpose of this volume is to highlight the development of corporate governance in a range of countries from different parts of the world. The volume has five parts which focus on different regions and thereby illustrate the evolution of corporate governance in both developed and emerging markets, in different legal settings, and with varying ownership structures.

Corporate governance in Europe

Part I focuses on corporate governance in various European countries. Within Europe there exists both the unitary board system of governance and the dual board system. Corporate governance developments in the UK are covered in Chapter 1 by Chris Mallin. The UK has a dominance of institutional share ownership and a unitary board structure whereby executive and non-executive directors serve on one board. Silvia Gómez-Ansón provides an insightful view of corporate developments in Spain while Axel v. Werder and Till Talaular provide a detailed analysis of the corporate governance developments in Germany. Germany, of course, has a dual board system with a supervisory board and management board. The German law of codetermination mandates employee representation on the supervisory board up to a maximum of half the supervisory board membership, depending on the size of the company. Finally, Andrea Melis provides an interesting analysis of developments in corporate governance in Italy, with its unique provision for a board of statutory auditors.

Corporate governance in Central and Eastern European countries

Russia and Poland are the two countries featured in Part II. Peter Bartha and James Gillies detail the development of corporate governance in Russia and

ponder on how it might develop in the future. Meanwhile in a Polish context, Piotr Tamowicz analyses the system of corporate governance that has developed in Poland. The privatization waves which occurred in both countries in the 1990s inevitably influenced the way in which the corporate ownership structure developed in each country, and we can see how this influences the implementation and effectiveness of corporate governance in both Russia and Poland.

Corporate governance in South East Asia

In Part II, corporate governance developments in China and Japan are discussed. China has been seeking, successfully, to expand its socialist market economy which has led to the privatization of many state-owned enterprises, although the state still retains a significant influence in many enterprises, even once they are privatized. Inevitably the influence of the communist party is a key influence on the development of corporate governance in China. Guy Liu and Pei Sun analyse the developments in this rapidly evolving country.

There have been a number of major corporate governance developments in Japan, especially since the bursting of Japan's economic bubble, and the chapter by Christina Ahmadjian and Ariyoshi Okumura details these with clarity.

Corporate governance in the USA and Australia

Like the UK, the USA and Australia have a dominance of institutional investor share ownership. However, institutional investors are much more proactive in their approach to corporate governance issues in the USA than in Australia, and this is reflected both in the levels of proxy voting, where the USA traditionally has high levels, and also in the level of share activism generally.

Martin Conyon and Danielle Kuchinskas discuss corporate governance developments in the USA, and have a particular emphasis on aspects of the remuneration (compensation) committee. In contrast to the USA, Geof Stapledon details corporate governance developments in Australia.

Corporate governance: additional dimensions

Part V contains discussion of the developments in corporate governance in three countries: Turkey, South Africa and India. Melsa Ararat and Mehmet Ugur have written an interesting analysis of corporate governance developments in Turkey. The South African corporate governance developments are comprehensively covered by Philip Armstrong, with Nick Segal and Ben Davis. Finally, corporate governance developments in India are discussed in detail by Shri Bhagwan Dahiya.

Conclusions

This volume contains chapters on the development of corporate governance from many different regions around the globe. While the stage in the corporate

governance life cycle may vary from country to country, there are certain core features which emerge, such as the importance of transparency, disclosure, accountability of directors and protection of minority shareholders' rights.

I would like to thank the authors for their time in writing these chapters. They have made a unique contribution to our understanding of corporate governance developments in a range of countries, reflecting as they do different nationalities, and professional backgrounds and experiences. Their understanding of, and enthusiasm for, corporate governance will encourage a deeper comprehension of the contribution that corporate governance has to offer in both developed and developing countries.