Introduction and overview

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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 Organisation for Economic Co-operation and Development (OECD) issued its revised Corporate Governance Principles in 2004, and the International Corporate Governance Network (ICGN) issued its revised Statement on Global Corporate Governance Principles in July 2005. The ICGN further revised its Global Corporate Governance Principles in 2009 ‘based on a review and reconsideration of the ICGN’s existing Principles in the light of what we have learned since they were agreed in 2005, not least through the most recent turbulent times’.

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 and Laura Cabeza-García provide an insightful view of corporate developments in Spain whilst Axel v. Werder and Till Talaulicar 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 co-determination mandates employee representation on the supervisory board up
to a maximum of half the supervisory board membership, depending on the size of the company. Andrea Melis and Silvia Gaia provide an interesting analysis of developments in corporate governance in Italy, with its unique provision for a board of statutory auditors. Pierre-Yves Gomez discusses the development of corporate governance in France and the influence of elites. Finally Janicke Rasmussen and Morten Huse provide interesting insights into corporate governance in Norway, especially into board structure and the role of boards and the participation of women and employee-elected board members.

CORPORATE GOVERNANCE IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

Russia, Poland and Hungary are the three countries featured in this part of the book. Alexander Settles, James Gillies and Olga Melitonyan detail the development of corporate governance in Russia, including the impact of the financial crisis, 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. Finally Álmos Telegdy details the development of corporate governance in Hungary. The privatization waves which occurred in all three 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 each of these three countries.

CORPORATE GOVERNANCE IN EAST AND SOUTH EAST ASIA

In this section, corporate governance developments in China, Japan and Malaysia are discussed. On Kit Tam and Celina Ping Yu examine some of the major milestones and key issues in the more recent development of China’s corporate governance. They highlight the fact that China is currently at a crucial new phase in the development of its corporate governance system where the major concern is shifting from a focus on the introduction of formal rules and regulations to more comprehensive institution building to make the system work in the interest of all types of stakeholders. 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. Finally,
Mohammad Rizal Salim examines corporate governance developments in Malaysia and discusses the various macro and micro issues.

CORPORATE GOVERNANCE IN THE AMERICAS 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 discusses corporate governance developments in the USA, and places particular emphasis on aspects of the remuneration (compensation committee). In contrast to the USA, Brazil presents a very different picture. Ricardo Leal discusses the developments in corporate governance in Brazil. Whilst its corporate governance is at a different stage of development to that of the USA, new laws and regulations have led to greater disclosure, convergence towards international accounting standards, and better protection of minority shareholders.

Geof Stapledon details corporate governance developments in Australia and examines several corporate governance ‘mechanisms’ which play a role in decreasing the divergence between managers’ and shareholders’ interests.

CORPORATE GOVERNANCE: ADDITIONAL DIMENSIONS

The final part contains discussion of the developments in corporate governance in four countries/regions: Turkey, the Middle East and North Africa (MENA) region, South Africa and India. Melsa Ararat has written an interesting analysis of corporate governance developments in Turkey and highlights the role of boards in Turkey and issues related to owner-dominated boards of controlled firms. David Weir discusses developments in the MENA region detailing the impact of Islam on various aspects of business and the implications for corporate governance development. The South African corporate governance developments are comprehensively covered by Lynn McGregor who discusses corporate governance in South Africa in a number of ways encompassing the socio, political and economic contexts, and also including the effects of the global financial crisis and the impor-
tance of sustainability. Finally corporate governance developments in India are discussed in detail by Shri Bhagwan Dahiya and Nandita Rathee.

CONCLUSIONS

This volume contains chapters on the development of corporate governance from many different regions around the globe. Whilst 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. The authors have made a unique contribution to our understanding of corporate governance developments in a range of countries, reflecting as they do different nationalities, 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.

REFERENCES