
Introduction

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Company directors have been the centre of attention for a number of years, following the financial crisis that affected and still affects worldwide economies. The role of directors is increasingly becoming a very demanding one and it is safe to say that it encompasses duties which go beyond the corporate body, of which they are in charge. This is why corporate governance authors always talk about directors and corporate social responsibility, and to some extent, these authors are right.

Public limited companies benefit from the fact that they can raise capital from the general public; thus, anybody can become a shareholder in a company, which could grow well beyond one's imagination. Such large entities also usually have a number of customers, suppliers and stakeholders who can be measured in hundreds of thousands. It is not difficult therefore to think and realise that in discharging office directors should and must take into consideration the damaging social effect that their misconduct could cause. For an example, let us use banks, which adopt corporate structures to perform their business (in fact in most jurisdictions, banks can only operate as private or public companies) and remember the long queues that formed outside some at the end of 2007 and 2008. People wanted to withdraw the little they had in their bank accounts before the bank shut its doors. Those forming the queue were not the bank's shareholders, they were the bank's customers wanting to recover the fruit of their labour, their life savings, their pensions and the like. Is it true then, that those who suffered the effect of a company going into financial distress were not only company shareholders but also society at large?

The same could be said about any company whose main business is that of providing members of society with basic services: telecommunications, utilities, transportation, etc. The idea of making company directors potentially liable to outsiders (stakeholders) when they infringe their duties to the company is not therefore groundless.

Consequently, the problem we face is that making directors potentially liable to an undetermined number of potential claimants may deter good

and diligent people from accepting managing or directorial positions. How can we then encourage actual or future directors to accept or remain in such demanding jobs? This can be done by making them aware of what the law is, what it entails and what liabilities are to be avoided. This is precisely the purpose of this collection of essays *Research Handbook on Directors' Duties*.

The book has been conceived with the purpose of bringing together academics of international dimension whose reputation and expertise in this field will produce ground-breaking ideas, which no doubt are going to motivate other's research and interest.

The book is divided in four parts. The first part generally focuses on directors' duties and liabilities in the common law legal system.

Comparing legal principles in Australia, Canada, New Zealand and the UK is far from being an easy task, nevertheless, the authors have managed to clearly underpin the basic features that make these legal systems so solid and attractive. From the business judgement rule through the new structural conflict of interest duty and the effect of codifying directors' duties in New Zealand and the UK, this part has managed to achieve the clear objective of showing that in the common law system the law rapidly adapts to the circumstances.

Part II on the other hand focuses on the Civil Law legal system, trying to explain (and indeed it does explain) the Italian, Portuguese and Chinese approach to directorship. The contrast between well-established systems and fast-evolving economies happens to be very interesting. Albeit the ultimate objective is to inform directors as to what they should do and the repercussions of not so doing, it is very interesting to see the different angles and views taken by these three jurisdictions, including the possibility of directors incurring liability to third parties.

Part III proves that directors' duties go well beyond the boundaries of the company. In fact, there is now a strong ethical content in what directors must do and the need to bear in mind that not only human rights in general but also consumer rights in particular have to be protected and most importantly respected.

Part IV takes us to a new dimension; namely, the aftermath of the company and liabilities that may arise once the company faces insolvency. From analysing directors' exposure in times of financial distress, through non-executive directors' standard of care and liabilities to investors and the corporation, this part shows us that directors could effectively experience personal liability when insolvency strikes the corporate body.

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