

Preface

The subject of corporate governance is concerned with assuring providers of capital (shareholders, creditors and employees) that their investment will not be misused or misappropriated by corporate insiders such as large shareholders or managers. This book analyses the complex relationship between corporate governance and economic development by mainly focusing on the reform of corporate governance, the role of the legal system in corporate governance, and the interconnections between corporate governance and the financial system.

Economic liberalization has increased the economic power of many firms, which may have had a negative impact both on the welfare of society and economic efficiency. Consequently, this has enhanced the need for an appropriate legal and regulatory framework, which would help to protect capital providers and safeguard consumers. Financial market liberalization, an integral part of economic reform, has opened up a renewed focus on the issue of regulation, corporate governance and development. However, research and policy dialogue on the interrelationship between these three themes have been quite compartmentalized both in terms of disciplinary and thematic boundaries. This has minimized the scope of the discussions as to what extent regulation and corporate governance are instrumental in safeguarding investments, both financial and human, and leads to wider questions on international development both in terms of stability and sustainability.

The initial idea for this book emerged from a one-day multi-disciplinary conference entitled 'Competition, Regulation and Development' organized by the Centre on Regulation and Competition at the University of Manchester in November 2007. The conference explored the role of corporate governance in economic development in general and the interrelationship between regulatory shortcomings and corporate governance in particular.

The selected papers from the conference have been revised based on editorial comments and in line with the main themes presented in the volume. This volume offers a one-stop reference guide for practitioners, academics, researchers, donor agencies and to those who are interested in understanding the multi-dimensional/disciplinary aspects of corporate governance. We are greatly indebted to the contributing authors for making their work

available to us and their cooperation in revising their drafts. The chapters in the book cover the key issues in corporate governance and the broad thrust of the various contributions to this edited volume is that the subject of corporate governance must become a growing priority for policymakers in developing nations. Poor governance can result in lower investment in long-term projects, having a detrimental effect on social welfare. In addition, major corporate failures remind us that poor corporate governance can seriously affect the lives of thousands of people – investors, savers, creditors, retirees, employees, suppliers, and consumers.

Finally, we must express our gratitude to those publishers of two original papers in the volume. We are especially thankful to Paul Cook and Martin Minogue for their support in listing the book in the CRC Book series.

Thankom Gopinath Arun
Preston/Manchester
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John Turner
Belfast
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