

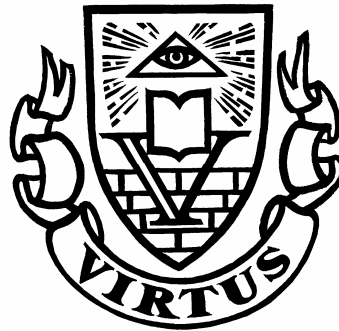
INTERNATIONAL SCIENTIFIC JOURNAL

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role, duties & composition

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Corporate Board: role, duties & composition is published three times a year, in January-April, May-August and September-December, by Publishing House "Virtus Interpress", Kirova Str. 146/1, office 20, Sumy, 40021, Ukraine.

Information for subscribers: New orders requests should be addressed to the Editor by e-mail. See the section "Subscription details".

Back issues: Single issues are available from the Editor. Details, including prices, are available upon request.

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Corporate Board: role, duties & composition

ISSN 1810-8601

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Журнал "Совет Директоров: роль, обязанности и состав" издается три раза в год издательским домом Виртус Интерпресс, ул. Кирова 146/1, 20, г. Сумы, 40021, Украина.

Информация для подписчиков: заказ на подписку следует адресовать главному Редактору журнала по электронной почте.

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Совет Директоров: роль, обязанности и состав

ISSN 1810-8601

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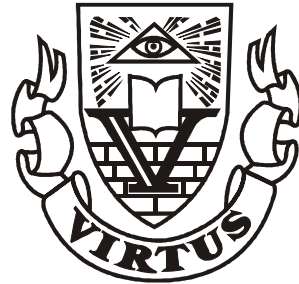
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CORPORATE BOARD: ROLE, DUTIES & COMPOSITION

ISSUE 1, VOLUME 2, 2006



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EDITORIAL

Dear readers!

This issue of the journal *Corporate Board* was constructed about corporate board practices in particular countries. We are proud of presenting to the reading audience investigations on board practices in such not well discovered region as Africa.

J-L. W. Mitchell Van der Zahn studied board of directors in South Africa. Based on the empirical findings reported in this study it is recommended South African publicly listed firms attempt to construct a more balanced board of directors in terms of its gender and ethnic diversity. This balanced board structure will enable a firm to better establish coalitions with a wider set of required resources. Probably, this is a move toward the broader concepts of corporate governance, say dualistic or even pluralistic that could shape the corporate governance landscape in Africa for a long time.

Emmanuel Sarpong-Kumankoma, Mohammed Amidu and Joshua Abor explored the role of non-executive directors on the boards of the Ghanaian SMEs. The results of this study revealed that less than 50% of the SMEs sampled engage the services of NED. They complain it is expensive employing the services of NEDs and that their services are not needed. Perhaps, the most positive finding was that there was a high level of awareness of NED among the sample firms. There is a trend between the age of firms and the likelihood of having an NED on the Board. Also, larger SMEs, with more than 30 employees, are more likely to have NEDs. As the firm matures, the more likely it increases its NED size. Thus, the older SMEs which are more likely to be larger would likely have NEDs on their Board. Majority of NEDs are owned by males. It is however, not clear whether there is a relationship between gender or nationality and NED involvement. It appears that NEDs may have a positive impact on SME performance. Most SMEs with NEDs were found to be profitable, and either growing or growing rapidly. However, comparing the performance of SMEs with NEDs and those without NEDs may be more helpful in determining the extent to which NED involvement affect performance.

David A. Frenkel, Yotam Lurie researched Israeli companies and concluded that there should be a limit on the number of companies at which one person can serve as an outside director. We believe that if a person serves as an outside director in more than three companies, or in more than two companies in the case that he also serves as regular director in other companies, his participation will be insufficient, specifically regarding his obligation to protect the interests of the public. Outside directorship should not become a "profession".

Martin Hilb investigated the process of reviewing the board of directors' performance. Self- and external mechanisms of evaluation of the board performance are considered from various aspects. There are many criteria to be met by directors and as a rule, to be reviewed and evaluated from inside and outside of the board.

Alexander N. Kostyuk explored board composition and size in Ukraine. Despite the formal attributiveness of the board model in Ukraine to the Continental type of governance structure an average number of members of supervisory boards at Ukrainian joint stock companies is only about 8-10. Corporate ownership concentration and type of controlling owner are still the main factors influencing the board size in Ukraine. Thus, the higher degree of concentration of ownership the fewer members are on the board. The supervisory board members at Ukrainian companies have the strong links with the company in the past as executives. Thus, about 74 per cent of members of the supervisory boards in Ukraine worked as executives of the same company at least during a year for the last ten years. This makes the negative impact on the independence of the members of the supervisory boards. From this side, the market for outside directors is still not developed in Ukraine.