

**CORPORATE BOARD:
ROLE, DUTIES & COMPOSITION**

**СОВЕТ ДИРЕКТОРОВ: РОЛЬ,
ОБЯЗАННОСТИ И СОСТАВ**

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EDITORIAL

Dear readers!

This issue of the journal is devoted to several issues of corporate board practices.

Brian Bolton explores that in October 2009, the United States Treasury Department and Congress considered new regulations requiring executives and directors to receive much of their compensation in the form of long-term stock. One concern with this is that it may have negative consequences by entrenching managers and directors over the long term. This study compares the potential benefits of long-term director ownership with the potential costs of entrenchment. Using the dollar amount of stock owned by independent directors, the results suggest that the incentive effect dominates any costs related to entrenchment: firms with greater stock ownership outperform other firms, regardless of the degree of managerial entrenchment that may be present. The implication for policy-makers is that providing directors with incentives through stock ownership can be a very effective corporate governance mechanism.

Mohammad Azim investigates the role of monitoring mechanisms within a corporate governance structures, focusing on top 500 publicly-listed companies in Australia. Specifically, it examines whether different monitoring mechanisms affect firm performance. Previous studies have been conducted to examine various monitoring mechanisms and firm performance. However, none of the have consider the interaction among the monitoring mechanisms when examining the relationship. In management and behavioural researches it is well established that Structural Equation Modelling can handle the problem of interaction among the variables. Therefore, we have decided to use Structural equation modelling to identify the complex inter-relations between the corporate governance monitoring mechanisms. We conclude that there is a possibility of having a substitution or complementary links among monitoring mechanisms which explains why there is no consistent empirical evidence between individual monitoring mechanisms and firm performance.

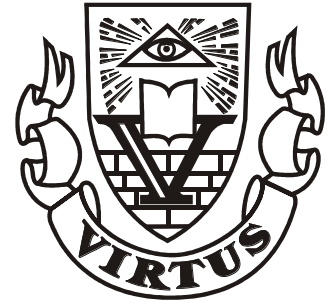
Jamel Chouaibi, Younes Boujelbene, Habib Affes focused on the relationship between the characteristics of the board of directors and the innovation policies in the Tunisian context from a cognitive perspective of corporate governance. The method used in this study is based on the regression analysis. We directly regress the board of directors' characteristics with the firm level of innovation. Our model includes some control variables such as the firm's size, the firm's sector of activity and even whether firm is listed or not. We empirically demonstrate that only the inside directors and the duality of the CEO are positively and significantly associated with the firm's level of innovation. Moreover, the empirical results show that the big size of the board has a negative impact on the development of innovative firms. In the same way, we demonstrate that the compensation system which is based on long-term objectives has no influence on the determination of the innovation policies in Tunisian firms.

Derek Oler, Bradley Olson, Christopher J. Skousen examined whether governance and CEO power matter for acquisitions. Acquisitions are frequently beneficial to the CEO of the acquiring firm, but can often be value-destructive to acquirer shareholders and other stakeholders such as employees. We find that corporate governance does not appear to influence whether a firm will become an acquirer after controlling for CEO power, but superior governance is associated with greater relatedness between the target and acquirer. We also find that the effect of CEO power on a firm's acquisition activity varies according to the source of that power. Our results suggest that the relationships between governance, CEO power, and acquisition activity are complex.

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