

CONTENTS

| | | |
|------------------|--|------|
| | Foreword: An Educational Outlook | iii |
| | Foreword: An Academic Outlook | v |
| | Acknowledgments | vii |
| | List of contributors | viii |
| PART ONE | DEVELOPMENTS IN CORPORATE GOVERNANCE | |
| CHAPTER 1 | CORPORATE GOVERNANCE: ORIGIN AND EVOLUTION | |
| | Introduction | 2 |
| | The corporation | 3 |
| | History of corporations § Key features | |
| | Definitions of corporate governance | 6 |
| | The prominent role of corporate governance | 6 |
| | The privatisation wave § Pension funds and other institutional investors § Mergers and takeovers § Deregulation and capital market integration § Economic crises | |
| | Questions § References § Selected Internet Sources | 10 |
| CHAPTER 2 | CORPORATE GOVERNANCE: CORPORATE LAW AND REGULATION | |
| | Systems of corporate law and regulation | 12 |
| | Civil Law § Common Law | |
| | Company law – regulation or deregulation | 13 |
| | Codes of best practice | 14 |
| | Supra-national corporate codes § Corporate governance codes in Central and Eastern Europe | |
| | Major regulators | 21 |
| | Governments § The Securities and Exchange Commission § Stock Exchanges § Self regulation | |
| | Questions § References § Selected Internet Sources | 26 |

| | | |
|------------------|---|-----------|
| CHAPTER 3 | CORPORATE GOVERNANCE: ETHICS AND CORPORATE SOCIAL RESPONSIBILITY | |
| | Introduction | 29 |
| | Definition of corporate social responsibility | 32 |
| | Theoretical aspects: Carroll’s framework of corporate social performance | 33 |
| | Philosophy of responsiveness | 35 |
| | Trends fostering the development of CSR | 35 |
| | Expanding role of multinational enterprises § Corporate scandals § Soft social expectations and values § Reputation § Socially responsible investment § Increasing pressure from advocacy groups | |
| | Criticism | 39 |
| | Questions § References § Selected Internet Sources | 40 |
| CHAPTER 4 | CORPORATE GOVERNANCE: DOES IT MATTER NOWDAYS? | |
| | Corporate governance and shareholder rights | 43 |
| | Corporate governance and firm performance – a critical analysis | 45 |
| | Questions § References § Selected Internet Sources | 47 |
| CHAPTER 5 | CASE STUDIES | |
| | CSR in the chemical industry – the case of BASF | 49 |
| | CSR in the oil and gas industry – the case of British Petroleum | 50 |
| | TESTS | 52 |
| PART TWO | THE THEORETICAL FOUNDATIONS OF CORPORATE GOVERNANCE | |
| CHAPTER 6 | AGENCY THEORY | |
| | Introduction | 56 |
| | Agency costs and corporate governance | 57 |

| | | |
|------------------|--|-----------|
| | solutions | |
| | Origin and development § Corporate governance solutions | |
| | Empirical applications | 61 |
| | Summary and conclusions | 61 |
| | Questions § References § Selected Internet Sources | 61 |
| CHAPTER 7 | TRANSACTION COST ECONOMICS | |
| | Introduction | 63 |
| | Origin and development | 64 |
| | Transaction attributes and corporate governance solutions | 65 |
| | Transaction attributes § Corporate governance solutions | |
| | Empirical applications | 69 |
| | Summary and conclusions | 69 |
| | Questions § References § Selected Internet Sources | 70 |
| CHAPTER 8 | RESOURCE DEPENDENCE THEORY | |
| | Overview | 72 |
| | Origins | 76 |
| | Empirical research | 78 |
| | Contribution and criticisms of resource dependency theory | 78 |
| | Contribution § Criticism | |
| | Implications for corporate governance | 79 |
| | Avenues for future research | 80 |
| | Questions § References § Selected Internet Sources | 80 |
| CHAPTER 9 | STAKEHOLDER THEORY | |
| | Overview | 82 |
| | What is a “stakeholder?” | 84 |
| | Stakeholder Priority | 85 |
| | Objective of the firm | 86 |

| | | |
|-------------------|--|------------|
| | Origins of stakeholder theory | 87 |
| | Benefits, criticism and implications of stakeholder theory | 87 |
| | Benefits § Criticisms § Implications for corporate governance | |
| | Avenues for future research | 89 |
| | Questions § References § Selected Internet Sources | 89 |
| TESTS | | 92 |
| PART THREE | SHAREHOLDERS AND STAKEHOLDERS | |
| CHAPTER 10 | SHAREHOLDERS | |
| | Introduction | 96 |
| | Minority shareholders and shareholder rights | 98 |
| | Large shareholders | 100 |
| | Families § State ownership § Individual blockholders § Institutional investors | |
| | Conclusion | 106 |
| | Questions § References § Selected Internet Sources | 106 |
| CHAPTER 11 | INSIDE STAKEHOLDERS | |
| | Employees | 108 |
| | Instruments of participation § Benefits and costs of participation § Future trends | |
| | Management | 112 |
| | Career Concerns § Incentives and control: CEO versus directors § Board's composition and size | |
| | Questions § References § Selected Internet Sources | 114 |
| CHAPTER 12 | OUTSIDE STAKEHOLDERS | |
| | Introduction | 117 |
| | Consumers | 118 |
| | Suppliers | 119 |

| | | |
|-------------------|--|-----|
| | Creditors | 121 |
| | Competitors | 122 |
| | Community | 122 |
| | Questions § References § Selected Internet Sources | 123 |
| CHAPTER 13 | CASE STUDIES | |
| | Elf Aquitaine: France's biggest corporate scandal | 125 |
| TESTS | | 128 |
| PART FOUR | THE BOARD OF DIRECTORS | |
| CHAPTER 14 | BOARD | |
| | Introduction | 132 |
| | Types of board of directors | 132 |
| | A one-tier system § A two-tier system | |
| | Roles of board of directors | 134 |
| | The fiduciary duty § The duty of care § The duty of loyalty § The duty of fair dealing | |
| | Board committees | 135 |
| | Audit committee § Nominating and governance committee § Compensation committee | |
| | Board meetings | 137 |
| | Preparation for the meeting § The mechanics of meetings § Attendees § The Agenda § The Minutes of the meetings § The board's calendar | |
| | Questions § References § Selected Internet Sources | 140 |
| CHAPTER 15 | DIRECTORS | |
| | Introduction | 141 |
| | Role and function of the executive directors | 143 |
| | Role and function of the independent | 144 |

| | | |
|-------------------|--|-----|
| | directors | |
| | Director selection | 147 |
| | Remuneration of executive and independent directors | 148 |
| | Questions § References § Selected Internet Sources | 152 |
| CHAPTER 16 | CASE STUDIES | |
| | Petrobras: Corporate governance | 156 |
| TESTS | | 160 |
| PART FIVE | INTERNATIONAL CORPORATE GOVERNANCE | |
| CHAPTER 17 | CORPORATE GOVERNANCE CONCEPTS AND MODELS | |
| | Introduction | 164 |
| | Corporate governance concepts | 165 |
| | The OECD corporate governance concept | 166 |
| | The Continental European corporate governance concept | 167 |
| | Shareholder rights and responsibilities | 168 |
| | Anglo-Saxon corporate governance model | 168 |
| | Continental European corporate governance model | 169 |
| | Conclusions | 169 |
| | Questions § References § Selected Internet Sources | 170 |
| CHAPTER 18 | COMPARATIVE GOVERNANCE PRACTICES: ANGLO-SAXON MODEL | |
| | Corporate governance in the USA | 173 |
| | Questions § References § Selected Internet Sources | 182 |
| | Corporate governance in the UK | 185 |
| | Questions § References § Selected Internet Sources | 192 |
| | Corporate governance in Australia | 196 |

| | | |
|-------------------|--|------------|
| | Questions § References § Selected Internet Sources | 204 |
| | Corporate governance in Canada | 205 |
| | Questions § References § Selected Internet Sources | 215 |
| | Corporate governance in Brazil | 216 |
| | Questions § References § Selected Internet Sources | 225 |
| | Corporate governance in South Africa | 227 |
| | Questions § References § Selected Internet Sources | 236 |
| | Corporate governance in Nigeria | 238 |
| | Questions § References § Selected Internet Sources | 250 |
| | Corporate governance in Ghana | 253 |
| | Questions § References § Selected Internet Sources | 258 |
| | Corporate governance in Jordan | 260 |
| | Questions § References § Selected Internet Sources | 268 |
| CHAPTER 19 | COMPARATIVE GOVERNANCE PRACTICES: CONTINENTAL MODEL | |
| | Corporate governance in Germany | 270 |
| | Questions § References § Selected Internet Sources | 277 |
| | Corporate governance in the Netherlands | 280 |
| | Questions § References § Selected Internet Sources | 287 |
| | Corporate governance in Belgium | 288 |
| | Questions § References § Selected Internet Sources | 299 |
| | Corporate governance in France | 301 |
| | Questions § References § Selected Internet Sources | 309 |

| | | |
|-------------------|---|------------|
| | Corporate governance in Spain | 311 |
| | Questions § References § Selected Internet Sources | 317 |
| | Corporate governance in Italy | 320 |
| | Questions § References § Selected Internet Sources | 328 |
| | Corporate Governance in China | 331 |
| | Questions § References § Selected Internet Sources | 338 |
| CHAPTER 20 | COMPARATIVE GOVERNANCE PRACTICES: JAPANESE MODEL | |
| | Corporate governance in Japan | 339 |
| | Questions § References § Selected Internet Sources | 348 |
| CHAPTER 21 | CASE STUDIES | |
| | 1. Adelfia Communications Corporation: Corporate scandal | 350 |
| | 2. Novartis: good corporate governance practices | 353 |
| TESTS | | 357 |
| | Glossary | 363 |
| | Authors' contact details | 371 |
| | Index | 374 |