FOREWORD

According to one of the most complete definitions, corporate governance «involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring» (OCSE, Principles of Corporate Governance, 2004).

At the very heart of corporate governance there is the board of directors and its decision-making. One of the challenges for regulators as well as academics when addressing the board of directors is that directors are people. Indeed, decision-making is a result of board dynamics that not only reflect board structure but also knowledge, independence, mutual trust and soft skills that are difficult to measure for academics and, most importantly, cannot be imposed by the law.

The international experiences contained in this book show that despite this and other similarities there are also some striking differences in the set of norms and voluntary practices on the board of directors in the various countries. First and foremost, board structure varies considerably. Some countries have the one-tier or monistic board, others the two-tier or dualistic boards (which may be either vertical, if the shareholders' meeting appoints the supervisory board and this appoints the management board) or horizontal (if shareholders appoint both the supervisory body and the management body) and in certain countries in companies may choose from alternative structures. Moreover, academic research presented in this book does not provide conclusive evidence regarding the impact of board structure (size, independence, Chair/CEO duality) on company performance in the various countries. Nonetheless the volume provides a detailed overview of boards in developed and emerging countries offering complementary perspectives that enable the reader to compare and contrast the various experiences. Contributors underline the need for further research and indicate the most promising areas to be investigated. Many contributions highlight the improvements that have occurred in corporate governance and boards in recent years, also in reaction to the crisis.

The set of norms and practices on board of directors will continue to evolve in the future across the globe, as good governance favours growth and attracts investors. However, one thing will certainly not change, the role of people at the centre of corporate governance, making it one of the most interesting as well as important areas for business research.

Professor Marina Brogi,
Sapienza University of Rome, Italy

The International Monetary Fund estimates that "World GDP," the total value of goods and services produced globally, reached USD 85.50 trillion in 2018. The vast majority of this output was produced by limited liability corporations, and the subset of these companies that are, or potentially can be listed for trading on public stock exchanges dominate economic life in all major countries, including current or formerly communist countries such as Russia and China. Given this preeminence of the corporate business form in global economic life, it is unsurprising that economists have focused more research attention on defining and analyzing "corporate governance" than on almost any other aspect of business research. Corporate governance refers to the set of laws, regulations, institutions and practices that determine how corporations are managed, and in whose interest.

The chapters in this book examine the corporate governance systems in eleven countries, seven of which — Australia, Greece, Italy, Portugal, Spain, Turkey, and the United States — are members of the Organization for Economic Cooperation and Development (OECD), and the remaining are the emerging market countries of Barbados, Ghana, and Jordan. All but three of these countries (Australia, Barbados, and the United States) are endowed with civil-law legal codes, which research over the past twenty years has documented as negatively impacting the size, efficiency, and level of investor protection of a nation's financial markets relative to countries with common-law commercial codes. The countries surveyed span the gamut of national income and level of financial development, and thus provide an excellent overview of how a nation's corporate governance system interacts with that country's innate productivity and inherited legal code to determine the wealth created by companies headquartered in those countries, the distribution of that wealth within the society, and the number of large corporations listed for trading on the nation's stock exchanges.

Although this book's chapters cover all aspects of corporate governance, the primary focus of each chapter is characterizing the size, structure, composition, and duties of the nation's corporate boards of directors and assessing how effectively these achieve optimal governance. The attentive reader will observe that while all countries set basic legal requirements for corporate boards — I was surprised to learn that many countries mandate a minimum of three directors for any corporation - most allow companies great discretion about specific choices. This includes choosing: (1) board structure, though the vast majority have a single BOD elected in whole or in part by shareholders; (2) the number, qualifications, and independence of board members - with the median number of directors generally being around twelve, half or more of whom must be independent; (3) the number and powers of board committees — with only Audit and Compensation Committees being mandated, if at all; (4) the gender and professional qualifications of board members — with women representing a rising fraction of directors, albeit from a very low base level; and, perhaps most importantly; (5) the objective function or functions the board of directors should seek to maximize. In this latter area, the United States is an outlier (though the one I believe to be correct), in still mandating that the principal objective function of corporate boards should be to maximize shareholder wealth; virtually all other countries try to balance this with a more stakeholder-oriented objective function, increasingly focused on environmental, social and governance (ESG) concerns.

It can be said that any country with a stock market has a corporate governance system but its citizenry is always dissatisfied with the workings of that system. There is much truth to this observation, as all the authors of this book's chapters point to real strengths of their countries' governance systems but put far more emphasis on that system's manifest shortcomings and weaknesses. At its best, academic research can develop a theoretical framework to analyze economic systems and then provide the empirical tools with which to evaluate how well these economic systems actually perform. The chapters in this book are our contribution to analyzing board-of-director-based corporate governance systems in several important countries.

Professor William Megginson,
The University of Oklahoma, USA

Board of directors has played a rather important role in mechanisms of corporate governance securing sustainable business development for corporations. Boards are also among crucial reasons of the success for companies as well as one of the key factors for corporate scandals. It is an intersection point for various interests: investors, shareholders, management, employees, society and many other stakeholders.

Stakeholders may have different or contradictory interests in a corporation. This leads us to the conclusion that continuous scientific search on the topic seems a reasonable response to a request for outlining the best practices. The best way of the board's organization has been widely debated, there is no one clear answer on how to evaluate board's performance, how to find the best practice in decision execution and decision control. Scaling this with the number of countries, business traditions, institutional environment and the exponential development of the global economy we assume that such research topic should combine theoretical research with business practice.

The idea of this book is to outline international aspect of board practices. This includes board composition, roles of key players in the boardroom, committee's system, remuneration system. Contributors have studied the linkage between boards and company performance as well. Chapters contain statistics, legislation and/or literature overviews and a lot of other information to form a background for further discussion among readers. Specific features of the studied countries help to get a more complex idea on boards of directors. Geographically the book covers traditional regions (USA, Australia, Italy, Spain, Portugal, Greece, UAE, and Turkey) and new, less explored ones (Barbados, Ghana, Jordan).

It should be noted that it would be impossible to cover and compare all the board practices, existing in different countries if it was not for the great team of contributors from the international network of researchers whose major expertise and interest lies in the field of corporate governance. This book might be of interesting for PhD students, scholars and practitioners focusing on board of directors and related topics.

Finally, many thanks to the contributors, to the editing team and readers who, beyond all doubts, will share, discuss and further contribute to the analysis of the role of the board and its impact on the company's performance.

Dr. Dmitriy Govorun,
Virtus Global Center for
Corporate Governance, Ukraine