

# The SAGE Handbook of Corporate Governance



Edited by  
Thomas Clarke and  
Douglas Branson

 **SAGE**

Los Angeles | London | New Delhi  
Singapore | Washington DC

# Contents

About the Authors	ix
Preface	xx
<i>Sir Adrian Cadbury</i>	
Introduction: Corporate Governance – An Emerging Discipline? <i>Thomas Clarke and Douglas Branson</i>	1
<b>PART 1: ORIGINS AND DEVELOPMENT</b>	<b>37</b>
1 The Evolution of Corporate Governance <i>R.I. (Bob) Tricker</i>	39
2 In the Best Interest of the Corporation: Directors' Duties in the Wake of the Global Financial Crisis <i>Margaret M. Blair</i>	62
3 Limited Liability Companies <i>Mark J. Loewenstein</i>	81
4 Theoretical and Methodological Perspectives <i>Joan MacLeod Heminway</i>	96
<b>PART 2: MARKETS AND REGULATION</b>	<b>111</b>
5 The Juridical Nature of the Firm <i>Simon Deakin</i>	113
6 The Ascent of Shareholder Monitoring and Strategic Partnering: The Dual Functions of the Corporate Board <i>Michael Useem</i>	136
7 An Economic Analysis of Fair Value: A Critique of International Financial Reporting Standards <i>Vincent Bignon, Yuri Biondi and Xavier Ragot</i>	159

<b>PART 3: BOARDS AND DIRECTORS: LEADERSHIP AND ACCOUNTABILITY</b>		<b>181</b>
8	Boards and Board Effectiveness <i>Hans van Ees and Gerwin van der Laan</i>	183
9	Between the Letter and the Spirit: Defensive and Extensive Modes of Compliance with the UK Code of Corporate Governance <i>John Roberts</i>	196
10	Boards' Contribution to Strategy and Innovation <i>Alessandro Zattoni and Amedeo Pugliese</i>	217
11	Board Leadership and Value Creation: An Extended Team Production Approach <i>Morten Huse and Jonas Gabrielsson</i>	233
<b>PART 4: BOARDS AND DIRECTORS: NEW CHALLENGES AND DIRECTIONS</b>		<b>253</b>
12	Changing Scenes in and around the Boardroom: UK Corporate Governance in Practice from 1989 to 2010 <i>Annie Pye, Szymon Kaczmarek and Satomi Kimino</i>	255
13	Board Evaluations: Contemporary Thinking and Practice <i>Gavin Nicholson, Geoffrey Kiel and Jennifer Ann Tunny</i>	285
14	Women and the Governance of Corporate Boards <i>Ruth Sealy and Susan Vinnicombe</i>	325
15	Diversity among Senior Executives and Board Directors <i>Sabina Nielsen</i>	345
<b>PART 5: COMPETING GOVERNANCE REGIMES</b>		<b>363</b>
16	Global Convergence in Corporate Governance? What a Difference 10 Years Make <i>Douglas M. Branson</i>	365
17	A Bundle Perspective to Comparative Corporate Governance <i>Ruth V. Aguilera, Kurt A. Desender and Luiz Ricardo Kabbach de Castro</i>	379
18	Family-Owned Asian Business Groups and Corporate Governance <i>Marie dela Rama</i>	406
19	The Limitations of Corporate Governance Best Practices <i>Shann Turnbull</i>	428

<b>PART 6: DILEMMAS OF CORPORATE GOVERNANCE</b>	<b>451</b>
20 Executive Compensation, Pay-for-Performance and the Institutions of Executive Pay Setting <i>Martin J. Conyon and Simon I. Peck</i>	453
21 In the Name of Shareholder Value: How Executive Pay and Stock Buybacks are Damaging the US Economy <i>William Lazonick</i>	476
22 Governance, Innovation and Finance <i>Ciaran Driver</i>	496
23 The Governance and Regulation of Complex Conglomerates <i>John H. Farrar</i>	520
<b>PART 7: EMERGING ISSUES: GOVERNANCE AND SUSTAINABILITY</b>	<b>531</b>
24 Markets, Regulation and Governance: The Causes of the Global Financial Crisis <i>Thomas Clarke</i>	533
25 Corporate Governance and the Global Financial Crisis: The Regulatory Response <i>Alice Klettner</i>	556
26 International Corporate Responsibility <i>Paul Redmond</i>	585
27 Governance for Sustainability: Challenges for Theory and Practice <i>Suzanne Benn</i>	612
Name Index	628
Subject Index	634