

Christine A. Mallin



Contents

How to use this book		xiv
How to use the online resources		
List of examples and case studies		
List of figures and tables		xviii
List of abbreviations		xx
Giossary		xxi
1 Introduction		1
Barings Bank		2
Enron		2
Parma _' at		3
Satyam		4
Securency		4
China Forestry		5
Olympus Corporation		5
Petrobras		6
Steinhoff		7
Carillion		7
Shortcomings in companies' co	orporate governance	8
The role of corporate governan	ce	9
About the book		12
PART ONE Developments in cor	porate governance	15
2 Theoretical aspects of corp	porate governance	17
Introduction		17
	evelopment of corporate governance	17
Agency theory	6 0	18
Separation of ownership and o	ontrol	10

X CONTENTS

	Transaction cost economics (TCE)	21
	Stakeholder theory	22
	Stewardship theory	22
	Other theoretical perspectives	23
	The theories in context	24
	Convergence	25
	Conclusions	27
3	Development of corporate governance codes	30
	The growth in corporate governance codes	30
	Corporate governance in the UK	31
	Corporate governance codes and guidance in the UK	33
	Influence of institutional investors and their representative groups	47
	Influences on the regulatory framework	48
	Influential corporate governance codes	51
	Cadbury Report (1992)	52
	OECD Principles of Corporate Governance (1999) as revised (2004 and 2015)	53
	World Bank	56
	Global Corporate Governance Forum (GCGF)	57
	International Corporate Governance Network (ICGN)	57
	Commonwealth Association for Corporate Governance (CACG)	58
	EU and corporate governance	58
	Basle Committee	60
	US corporate governance	61
	Non-Governmental Organizations (NGOs), public sector, non-profit organizations, and charities	66
	Conclusions	68
эд рт	TWO Owners and stakeholders	77
	· · · · · · · · · · · · · · · · · · ·	
4	Shareholders and stakeholders	79
	Shareholders and stakeholders	79
	Stakeholder groups	80
	Guidance on shareholders' and stakeholders' interests	83
	UK guidance	83
	International guidance	88

	Roies of shareholders and stakeholders	92
	Conclusions	94
5	Family-owned firms	99
	Introduction	99
	Ownership structures around the world	99
	Family-owned firms and governance	101
	Smaller quoted companies	104
	Unlisted companies	108
	Conclusions	110
6	The role of institutional investors in corporate governance	121
	Introduction	121
	Growth of institutional share ownership	122
	Influence of institutional investors	123
	Stewardship	126
	Development of guidance on institutional investors' responsibilities	127
	UK Stewardship Code 2010 (revised 2012)	129
	EU Shareholder Rights Directive (2014)	132
	Private equity and sovereign wealth funds (SWFs)	133
	Institutional investors' relationship with investee companies	136
	Tools of corporate governance	137
	Corporate governance and corporate performance	145
	Conclusions	147
7	Socially responsible investment	162
	Introduction	162
	SRI and corporate governance	163
	Strategies for SRI	164
	Institutional investors' policies—UK	165
	Institutional investors' policies – USA	1/1
	Institutional investors' policies – Europe	172
	International guidance	174
	CSR indices	176
	Corporate social responsibility (CSR)	178
	The impact on shareholder value	181
	Conclusions	183