Corporate governance


**Corporate governance** is the set of processes, customs, policies, laws and institutions affecting the way a **corporation** is directed, administered or controlled. Corporate governance also includes the relationships among the many players involved (the **stakeholders**) and the goals for which the corporation is governed. The principal players are the **shareholders**, **management** and the **board of directors**. Other stakeholders include employees, suppliers, customers, banks and other lenders, regulators, the environment and the community at large.

Corporate governance is a multi-faceted subject. An important theme of corporate governance deals with issues of **accountability and fiduciary duty**, essentially advocating the implementation of guidelines and mechanisms to ensure good behaviour and protect shareholders. Another key focus is the **economic efficiency view**, through which the corporate governance system should aim to optimize economic results, with a strong emphasis on shareholders welfare. There are yet other sides to the corporate governance subject, such as the **stakeholder view**, which calls for more attention and accountability to players other than the shareholders (e.g.: the employees or the environment).

Recently there has been considerable interest in the corporate governance practices of modern corporations, particularly since the high-profile collapses of large US firms such as Enron Corporation and Worldcom.

**Definition**

The term corporate governance has come to mean two things.

- the processes by which companies are directed and controlled.
- a field in economics, which studies the many issues arising from the separation of ownership and control.

Relevant rules include applicable laws of the land as well as internal rules of a corporation. Relationships include those between all related parties, the most important of which are the owners, managers, directors of the board, regulatory authorities and to a lesser extent employees and the community at large. Systems and processes deal with matters such as delegation of authority.

The corporate governance structure spells out the rules and procedures for making decisions on corporate affairs. It also provides the structure through which the company objectives are set, as well as the means of attaining and monitoring the performance of those objectives.

Corporate governance is used to monitor whether outcomes are in accordance with plans and to motivate the organization to be more fully informed in order to maintain or alter organizational activity. Corporate governance is the mechanism by which individuals are motivated to align their actual behaviors with the overall participants.
In 'A Board Culture of Corporate Governance' business author Gabrielle O'Donovan defines corporate governance as 'an internal system encompassing policies, processes and people, which serves the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity and integrity. Sound corporate governance is reliant on external marketplace commitment and legislation, plus a healthy board culture which safeguards policies and processes'.

O'Donovan goes on to say that 'the perceived quality of a company's corporate governance can influence its share price as well as the cost of raising capital. Quality is determined by the financial markets, legislation and other external market forces plus the international organisational environment; how policies and processes are implemented and how people are led. External forces are, to a large extent, outside the circle of control of any board. The internal environment is quite a different matter, and offers companies the opportunity to differentiate from competitors through their board culture. To date, too much of corporate governance debate has centred on legislative policy, to deter fraudulent activities and transparency policy which misleads executives to treat the symptoms and not the cause.\[1]\n
**History**

In the 19th century, state corporation law enhanced the rights of corporate boards to govern without unanimous consent of shareholders in exchange for statutory benefits like appraisal rights, in order to make corporate governance more efficient. Since that time, and because most large publicly traded corporations in America are incorporated under corporate administration friendly Delaware law, and because America's wealth has been increasingly securitized into various corporate entities and institutions, the rights of individual owners and shareholders have become increasingly derivative and dissipated. The concerns of shareholders over administration pay and stock losses periodically has led to more frequent calls for Corporate Governance reforms.

In the 20th century in the immediate aftermath of the Wall Street Crash of 1929 legal scholars such as Adolf Augustus Berle, Edwin Dodd, and Gardiner C. Means pondered on the changing role of the modern corporation in society. Berle and Means' monograph "The Modern Corporation and Private Property" (1932, Macmillan) continues to have a profound influence on the conception of corporate governance in scholarly debates today.

From the Chicago school of economics, Ronald Coase's "Nature of the Firm" (1937) introduced the notion of transaction costs into the understanding of why firms are founded and how they continue to behave. Fifty years later, Eugene Fama and Michael Jensen's "The Separation of Ownership and Control" (1983, Journal of Law and Economics) firmly established agency theory as a way of understanding corporate governance: the firm is seen as a series of contracts. Agency theory's dominance was highlighted in a 1989 article by Kathleen Eisenhardt (Academy of Management Review).

American expansion after World War II through the emergence of multinational corporations saw the establishment of the managerial class. Accordingly, the following Harvard Business School management professors published influential monographs studying their prominence: Myles Mace (entrepreneurship), Alfred D. Chandler, Jr. (business history), Jay Lorsch (organizational behavior) and Elizabeth MacIver (organizational behavior). According to Lorsch and MacIver "many large corporations have dominant control over business affairs without sufficient accountability or monitoring by their board of directors."
Current preoccupation with corporate governance can be pinpointed at two events: The East Asian Crisis of 1997 saw the economies of Thailand, Indonesia, South Korea, Malaysia and The Philippines severely affected by the exit of foreign capital after property assets collapsed. The lack of corporate governance mechanisms in these countries highlighted the weaknesses of the institutions in their economies. The second event was the American corporate crises of 2001-2002 which saw the collapse of two big corporations: Enron and WorldCom, and the ensuing scandals and collapses in other corporations such as Arthur Andersen, Global Crossing and Tyco.

Role of Institutional Investors

Many years ago, worldwide, buyers and sellers of corporation stocks were individual investors, such as wealthy businessmen. Over time, markets have become more institutionalized; buyers and sellers are largely institutions (e.g., pension funds, insurance companies, mutual funds, hedge funds, investor groups, and banks). The rise of the institutional investor has brought with it some increase of professional diligence which has tended to improve regulation of the stock market (but not necessarily in the interest of the small investor or even of the naïve institutions, of which there are many). Note that this process occurred simultaneously with the direct growth of individuals investing in the market (for example individuals have twice as much money in mutual funds as they do in bank accounts). However this growth occurred primarily in individuals turning over their funds to professionals to manage, such as in mutual funds. In this way, the majority of investment now is described as "institutional investment" even though the vast majority of the funds are for the benefit of individual investors.

Unfortunately, there has been a concurrent lapse in the oversight of large corporations, which are now almost all owned by large institutions. The Board of Directors of large corporations used to be chosen by the principal shareholders, who usually had an emotional as well as monetary investment in the company (think Ford), and the Board diligently kept an eye on the company and its principal executives (they usually hired and fired the President, or Chief executive officer—CEO). Nowadays, if the owning institutions don't like what the President/CEO is doing and they feel that firing him will be costly (think "golden handshake") and/or time consuming, they will simply sell out their interest. Also, nowadays, the Board is mostly chosen by the President/CEO, and may be made up primarily of his cronies (or, at least, officers of the corporation, who owe their jobs to him, or fellow CEOs from other corporations). Since the (institutional) shareholders rarely object, the President/CEO generally takes the Chairman of the Board position for himself (which makes it much more difficult for the institutional owners to "fire" him). Finally, the largest pools of invested money (such as the mutual fund 'Vanguard 500', or the largest investment management firm for corporations, State Street Corp.) are designed simply to invest in a very large number of companies with sufficient liquidity, based on the idea that this strategy will largely eliminate individual company or financial risk and, therefore, these investors have even less interest in what a particular company is doing.

Since the marked rise in the use of Internet transactions in the 1990s, both individual and professional stock investors around the world have emerged as a potential new kind of major (short term) force in the ownership of corporations and in the markets: the casual participant. Even as the purchase of individual shares in any one corporation by individual investors diminishes, the sale of derivatives (e.g., exchange-traded funds (ETFs), Stock market index
options [1], etc.) has soared. So, the interests of most investors are now increasingly rarely tied to the fortunes of individual corporations.

But, the ownership of stocks in markets around the world varies; for example, the majority of the shares in the Japanese market are held by financial companies and industrial corporations (there is a large amount of cross-holding among Japanese keiretsu corporations and within S. Korean chaebol 'groups') [2], whereas stock in the USA or the UK and Europe are much more broadly owned, often still by large individual investors.

In the latter half of the 1990s, during the Asian financial crisis, a lot of the attention fell upon the corporate governance systems of the developing world, which tend to be heavily into cronyism and nepotism.

In the first half of the 1990s, the issue of corporate governance in the U.S. received considerable press attention due to the wave of (belated?) CEO dismissals (e.g.: IBM, Kodak, Honeywell) by their boards. CALPERS led a wave of institutional shareholder activism (something only very rarely seen before), as a way of ensuring that corporate value would not be destroyed by the now traditionally cozy relationships between the CEO and the board of directors. In the early 2000s, the massive bankruptcies (and criminal malfeasance) of Enron and Worldcom, as well as lesser corporate debacles, such as Adelphia Communications, AOL, Arthur Andersen, Global Crossing, Tyco, and, more recently, Freddie Mac and led to increased shareholder and governmental interest in corporate governance, culminating in the passage of the Sarbanes-Oxley Act of 2002. [3] Since then, the stock market has greatly recovered, and shareholder zeal has waned accordingly.

Parties to corporate governance

Parties involved in corporate governance include the regulatory body (e.g. the Chief Executive Officer, the board of directors, management and shareholders. Other stakeholders who take part include suppliers, employees, creditors, customers and the community at large.

In corporations, the shareholder delegates decision rights to the manager to act in the principal's best interests. This separation of ownership from control implies a loss of effective control by shareholders over managerial decisions. Partly as a result of this separation between the two parties, a system of corporate governance controls is implemented to assist in aligning the incentives of managers with those of shareholders. With the significant increase in equity holdings of investors, there has been an opportunity for a reversal of the separation of ownership and control problems because ownership is not so diffuse.

A board of directors often plays a key role in corporate governance. It is their responsibility to endorse the organisation's strategy, develop directional policy, appoint, supervise and remunerate senior executives and to ensure accountability of the organisation to its owners and authorities.

All parties to corporate governance have an interest, whether direct or indirect, in the effective performance of the organisation. Directors, workers and management receive salaries, benefits and reputation, while shareholders receive capital return. Customers receive goods and services; suppliers receive compensation for their goods or services. In return these individuals provide value in the form of natural, human, social and other forms of capital.
A key factor in an individual's decision to participate in an organisation e.g. through providing financial capital and trust that they will receive a fair share of the organisational returns. If some parties are receiving more than their fair return then participants may choose to not continue participating leading to organisational collapse.

**Principles**

Key elements of good corporate governance principles include honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect, and commitment to the organisation.

Of importance is how directors and management develop a model of governance that aligns the values of the corporate participants and then evaluate this model periodically for its effectiveness. In particular, senior executives should conduct themselves honestly and ethically, especially concerning actual or apparent conflicts of interest, and disclosure in financial reports.

Commonly accepted principles of corporate governance include:

- **Rights and equitable treatment of shareholders**: Organisations should respect the rights of shareholders and help shareholders to exercise those rights. They can help shareholders exercise their rights by effectively communicating information that is understandable and accessible and encouraging shareholders to participate in general meetings.

- **Interests of other stakeholders**: Organisations should recognise that they have legal and other obligations to all legitimate stakeholders.

- **Role and responsibilities of the board**: The board needs a range of skills and understanding to be able to deal with various business issues and have the ability to review and challenge management performance. It needs to be of sufficient size and have an appropriate level of commitment to fulfill its responsibilities and duties. There are issues about the appropriate mix of executive and non-executive directors. The key roles of chairperson and CEO should not be held by the same person.

- **Integrity and ethical behaviour**: Organisations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making. It is important to understand, though, that systemic reliance on integrity and ethics is bound to eventual failure. Because of this, many organizations establish Compliance and Ethics Programs to minimize the risk that the firm steps outside of ethical and legal boundaries.

- **Disclosure and transparency**: Organisations should clarify and make publicly known the roles and responsibilities of board and management to provide shareholders with a level of accountability. They should also implement procedures to independently verify and safeguard the integrity of the company's financial reporting. Disclosure of material matters concerning the organisation should be timely and balanced to ensure that all investors have access to clear, factual information.

Issues involving corporate governance principles include:
• oversight of the preparation of the entity's financial statements
• internal controls and the independence of the entity's auditors
• review of the compensation arrangements for the chief executive officer and other senior executives
• the way in which individuals are nominated for positions on the board
• the resources made available to directors in carrying out their duties
• oversight and management of risk
• dividend policy

Mechanisms and controls

Corporate governance mechanisms and controls are designed to reduce the inefficiencies that arise from moral hazard and adverse selection. For example, to monitor managers' behaviour, an independent third party (the auditor) attests the accuracy of information provided by management to investors. An ideal control system should regulate both motivation and ability.

[edit] Internal corporate governance controls

Internal corporate governance controls monitor activities and then take corrective action to accomplish organisational goals. Examples include:

• **Monitoring by the board of directors**: The board of directors, with its legal authority to hire, fire and compensate top management, safeguards invested capital. Regular board meetings allow potential problems to be identified, discussed and avoided. Whilst non-executive directors are thought to be more independent, they may not always result in more effective corporate governance and may not increase performance.\[^2\] Different board structures are optimal for different firms. Moreover, the ability of the board to monitor the firm's executives is a function of its access to information. Executive directors possess superior knowledge of the decision-making process and therefore evaluate top management on the basis of the quality of its decisions that lead to financial performance outcomes, *ex ante*. It could be argued, therefore, that executive directors look beyond the financial criteria.

• **Remuneration**: Performance-based remuneration is designed to relate some proportion of salary to individual performance. It may be in the form of cash or non-cash payments such as shares and share options, superannuation or other benefits. Such incentive schemes, however, are reactive in the sense that they provide no mechanism for preventing mistakes or opportunistic behaviour, and can elicit myopic behaviour.

• **Audit committees**

External corporate governance controls

External corporate governance controls encompass the controls external stakeholders exercise over the organisation. Examples include:

• debt covenants
• external auditors
• government regulations
• media pressure
• takeovers
• competition
• managerial labour market

Systemic problems of corporate governance

• Supply of accounting information: Financial accounts form a crucial link in enabling providers of finance to monitor directors. Imperfections in the financial reporting process will cause imperfections in the effectiveness of corporate governance. This should, ideally, be corrected by the working of the external auditing process.
• Demand for information: A barrier to shareholders using good information is the cost of processing it, especially to a small shareholder. The traditional answer to this problem is the efficient market hypothesis (in finance, the efficient market hypothesis (EMH) asserts that financial markets are efficient), which suggests that the shareholder will free ride on the judgements of larger professional investors.
• Monitoring costs: In order to influence the directors, the shareholders must combine with others to form a significant voting group which can pose a real threat of carrying resolutions or appointing directors at a general meeting.

Role of the accountant

Financial reporting is a crucial element necessary for the corporate governance system to function effectively. Accountants and auditors are the primary providers of information to capital market participants. The directors of the company should be entitled to expect that management prepare the financial information in compliance with statutory and ethical obligations, and rely on auditors' competence.

Current accounting practice allows a degree of choice of method in determining the method of measurement, criteria for recognition, and even the definition of the accounting entity. The exercise of this choice to improve apparent performance (popularly known as creative accounting) imposes extra information costs on users. In the extreme, it can involve non-disclosure of information.

One area of concern is whether the accounting firm acts as both independent auditor and management consultant to the firm they are auditing. This may result in a conflict of interest which places the integrity of financial reports in doubt due to client pressure to appease management. The power of the corporate client to initiate and terminate management consulting services and, more fundamentally, to select and dismiss accounting firms contradicts the concept of an independent auditor. Changes enacted in the United States in the form of the Sarbanes-Oxley Act (in response to the Enron situation as noted below) prohibit accounting firms from providing both auditing and management consulting services.

The Enron collapse is an example of misleading financial reporting. Enron concealed huge losses by creating illusions that a third party was contractually obliged to pay the amount of any losses. However, the third party was an entity in which Enron had a substantial economic stake. In discussions of accounting practices with Arthur Andersen, the partner in charge of auditing, views inevitably led to the client prevailing.
However, good financial reporting is not a sufficient condition for the effectiveness of corporate governance if users don't process it, or if the informed user is unable to exercise a monitoring role due to high costs (see *Systemic problems of corporate governance* above).

**Regulation**

See *regulation*.

**Self-regulation**

**Rules versus principles**

Rules are typically thought to be simpler to follow than principles, demarcating a clear line between acceptable and unacceptable behaviour. Rules also reduce discretion on the part of individual managers or auditors.

In practice rules can be more complex than principles. They may be ill-equipped to deal with new types of transactions not covered by the code. Moreover, even if clear rules are followed, one can still find a way to circumvent their underlying purpose - this is harder to achieve if one is bound by a broader principle.

**Enforcement**

Enforcement can affect the overall credibility of a regulatory system. They both deter bad actors and level the competitive playing field. Nevertheless, greater enforcement is not always better, for taken too far it can dampen valuable risk-taking. In practice, however, this is largely a theoretical, as opposed to a real, risk.

**Corporate governance models around the world**

**Anglo-American Model**

There are many different models of corporate governance around the world. These differ according to the variety of capitalism in which they are embedded. The liberal model that is common in Anglo-American countries tends to give priority to the interests of shareholders. The coordinated model that one finds in Continental Europe and Japan also recognizes the interests of workers, managers, suppliers, customers, and the community. Both models have distinct competitive advantages, but in different ways. The liberal model of corporate governance encourages radical innovation and cost competition, whereas the coordinated model of corporate governance facilitates incremental innovation and quality competition.

In the United States, a corporation is governed by a *board of directors*, which has the power to choose an executive officer, usually known as the *chief executive officer*. The CEO has broad power to manage the corporation on a daily basis, but needs to get board approval for certain major actions, such as hiring his/her immediate subordinates, raising money, acquiring another company, major capital expansions, or other expensive projects. Other duties of the board may include policy setting, decision making, monitoring management's performance, or corporate control.
The board of directors is nominally selected by and responsible to the shareholders, but the bylaws of many companies make it difficult for all but the largest shareholders to have any influence over the makeup of the board; normally, individual shareholders are not offered a choice of board nominees among which to choose, but are merely asked to rubberstamp the nominees of the sitting board. Perverse incentives have pervaded many corporate boards in the developed world, with board members beholden to the chief executive whose actions they are intended to oversee. Frequently, members of the boards of directors are CEOs of other corporations, which some[3] see as a conflict of interest.

Non Anglo-American Model

In East Asian countries, family-owned companies dominate. A study by Claessens, Djankov and Lang (2000) investigated the top 15 families in East Asian countries and found that they dominated listed corporate assets. In countries such as Pakistan, Indonesia and the Philippines, the top 15 families controlled over 50% of publicly owned corporations through a system of family cross-holdings, thus dominating the capital markets. Family-owned companies also dominate the Latin model of corporate governance, that is companies in Italy, Spain, France (to a certain extent), Brazil, Argentina, Mexico and other countries in South America.

Codes and guidelines

Corporate governance principles and codes have been developed in different countries and issued from stock exchanges, corporations, institutional investors, or associations (institutes) of directors and managers with the support of governments and international organizations. As a rule, compliance with these governance recommendations is not mandated by law, although the codes linked to stock exchange listing requirements may have a coercive effect.

For example, companies quoted on the London and Toronto Stock Exchanges formally need not follow the recommendations of their respective national codes. However, they must disclose whether they follow the recommendations in those documents and, where not, they should provide explanations concerning divergent practices. Such disclosure requirements exert a significant pressure on listed companies for compliance.

In the United States, companies are primarily regulated by the state in which they incorporate though they are also regulated by the federal government and, if they are public, by their stock exchange. The highest number of companies are incorporated in Delaware, including more than half of the Fortune 500. This is due to Delaware's generally business-friendly corporate legal environment and the existence of a state court dedicated solely to business issues (Delaware Court of Chancery).

Most states' corporate law generally follow the American Bar Association's Model Business Corporation Act. While Delaware does not follow the Act, it still considers its provisions and several prominent Delaware justices, including former Delaware Supreme Court Chief Justice E. Norman Veasey, participate on ABA committees.

One issue that has been raised since the Disney decision in 2005 is the degree to which companies manage their governance responsibilities; in other words, do they merely try to supersede the legal threshold or should they create governance guidelines that ascend to the
level of best practice. For example, the guidelines issued by associations of directors (see Section 3 above), corporate managers and individual companies tend to be wholly voluntary. For example, The GM Board Guidelines reflect the company’s efforts to improve its own governance capacity. Such documents, however, may have a wider multiplying effect prompting other companies to adopt similar documents and standards of best practice.

One of the most influential guidelines has been the 1999 OECD Principles of Corporate Governance. This was revised in 2004. The OECD remains a proponent of corporate governance principles throughout the world.

The World Business Council for Sustainable Development WBCSD has also done substantial work on corporate governance, particularly on accountability and reporting, and in 2004 created an Issue Management Tool: Strategic challenges for business in the use of corporate responsibility codes, standards, and frameworks. This document aims to provide general information, a "snap-shot" of the landscape and a perspective from a think-tank/professional association on a few key codes, standards and frameworks relevant to the sustainability agenda.

Corporate governance and firm performance

In its 'Global Investor Opinion Survey' of over 200 institutional investors first undertaken in 2000 and updated in 2002, McKinsey found that 80% of the respondents would pay a premium for well-governed companies. They defined a well-governed company as one that had mostly out-side directors, who had no management ties, undertook formal evaluation of its directors, and was responsive to investors' requests for information on governance issues. The size of the premium varied by market, from 11% for Canadian companies to around 40% for companies where the regulatory backdrop was least certain (those in Morocco, Egypt and Russia).

Other studies have linked broad perceptions of the quality of companies to superior share price performance. In a study of five year cumulative returns of Fortune Magazine's survey of 'most admired firms', Antunovich et al found that those ''most admired'' had an average return of 125%, whilst the 'least admired' firms returned 80%. In a separate study Business Week enlisted institutional investors and 'experts' to assist in differentiating between boards with good and bad governance and found that companies with the highest rankings had the highest financial returns.

On the other hand, research into the relationship between specific corporate governance controls and firm performance has been mixed and often weak. The following examples are illustrative.

Board composition

Some researchers have found support for the relationship between frequency of meetings and profitability. Others have found a negative relationship between the proportion of external directors and firm performance, while others found no relationship between external board membership and performance. In a recent paper Bagahat and Black found that companies with more independent boards do not perform better than other companies. It is unlikely that board composition has a direct impact on firm performance.
Remuneration/Compensation

The results of previous research on the relationship between firm performance and executive compensation have failed to find consistent and significant relationships between executives' remuneration and firm performance. Low average levels of pay-performance alignment do not necessarily imply that this form of governance control is inefficient. Not all firms experience the same levels of agency conflict, and external and internal monitoring devices may be more effective for some than for others.

Some researchers have found that the largest CEO performance incentives came from ownership of the firm's shares, while other researchers found that the relationship between share ownership and firm performance was dependent on the level of ownership. The results suggest that increases in ownership above 20% cause management to become more entrenched, and less interested in the welfare of their shareholders.

Some argue that firm performance is positively associated with share option plans and that these plans direct managers' energies and extend their decision horizons toward the long-term, rather than the short-term, performance of the company. However, that point of view came under substantial criticism circa 2005-2006 in the wake of various security scandals including mutual fund timing episodes and, in particular, the backdating of option grants as documented by University of Iowa academician Erik Lie and reported by James Blander and Charles Forelle of the Wall Street Journal.

Even before the negative influence on public opinion caused by the 2006 backdating scandal, use of options faced various criticisms. A particularly forceful and long running argument concerned the interaction of executive options with corporate stock repurchase programs. Numerous authorities (including U.S. Federal Reserve Board economist Weisbenner) determined options may be employed in concert with stock buybacks in a manner contrary to shareholder interests. These authors argued that, in part, corporate stock buybacks for U.S. Standard & Poors 500 companies surged to a $500 billion annual rate in late 2006 because of the impact of options. A compendium of academic works on the option/buyback issue is included in the study Scandal by author M. Gumport issued in 2006.

A combination of accounting changes and governance issues led options to become a less popular means of remuneration as 2006 progressed, and various alternative implementations of buybacks surfaced to challenge the dominance of "open market" cash buybacks as the preferred means of implementing a share repurchase plan.

Attention to corporate governance

Corporate governance issues are receiving greater attention in both developed and developing countries as a result of the increasing recognition that a firm's corporate governance affects both its economic performance and its ability to access long-term, low-cost investment capital. In response to calls by OECD ministers, a revised version of its "Principles of Corporate Governance" was produced in 2004.

Numerous high-profile cases of corporate governance failure have focused the minds of governments, companies and the general public on the threat posed to the integrity of financial markets, although it is not clear that any system will or should prevent business failures, or that it is possible to provide a guarantee against fraud.
Corporate Governance concerns have been widely studied. For the United States, an analysis of these concerns has been published by the New York Society of Securities Analysts in their 2003 Corporate Governance Handbook. What constitutes good and bad corporate governance is an on-going debate in politics, civil society, and academia. For an international survey of the scientific literature see Becht, Bolton and Roell 2002.

The OECD publishes an annual paper on corporate governance[4]. First issued in 1999, this paper has provided the framework for regional corporate governance roundtables in cooperation with the World Bank around the world. It has been endorsed as one of the Financial Stability Forum’s 12 key standards, and form the basis for the World Bank's Review of Observance of Standards and Codes.

References

3. ^ Theyrule.net
4. ^ OECD Principles of Corporate Governance

• Monks, Robert A.G. and Minow, Nell, *Power and Accountability* (HarperBusiness 1991), full text available online
• **New York Society of Securities Analysts, 2003, Corporate Governance Handbook.**
• Özekmekçi, Abdullah, Mert (2004) "The Correlation between Corporate Governance and Public Relations", Istanbul Bilgi University.