

# CORPORATE GOVERNANCE: AN INTERNATIONAL OUTLOOK

Alexander N. Kostyuk  
Carsten Gerner-Beuerle  
Rodolfo Apreda

---

名誉

*Meiyo*  
*Honor*  
*Честь*

良心

*Ryoushin*  
*Conscience*  
*Совесть*

高貴

*Kouki*  
*Nobility*  
*Доброе имя*

---

VIRTUS INTERPRESS



Virtus Interpress  
Kirova Str. 146/1, 20  
Sumy, 40021  
Ukraine  
[www.virtusinterpress.org](http://www.virtusinterpress.org)

Published in Ukraine by Virtus Interpress  
© Virtus Interpress, 2011

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, without the prior permission in writing of Virtus Interpress, or as expressly permitted by law, or under terms agreed with the appropriate reprographics rights organization. New orders of the textbook and enquires concerning reproduction outside the scope of the above should be sent to:

Virtus Interpress  
Postal Box 36  
40014  
Sumy  
Ukraine

You must not circulate this book in any other binding or cover and you must impose this same condition on any acquirer.

ISBN 978-966-96872-2-7

# CONTENTS

	<b>A special note</b>	<b>5</b>
	<b>Introduction: A Global Perspective of Corporate Governance</b>	<b>6</b>
	<b>Introduction: An Academic Outlook</b>	<b>7</b>
	<b>Introduction: An Academic Outlook</b>	<b>10</b>
	<b>List of editors, contributors, assistants</b>	<b>12</b>
<b>PART ONE</b>	<b>CORPORATE GOVERNANCE: A SYNTHESIS OF THEORY AND RESEARCH</b>	<b>21</b>
<b>CHAPTER 1</b>	<b>CORPORATE GOVERNANCE: DOES IT STILL MATTER?</b>	<b>22</b>
	<b>Introduction</b>	<b>23</b>
	<b>Corporate governance system</b>	<b>26</b>
	<b>Does corporate governance matter for firm performance? The never-ending debate</b>	<b>29</b>
	<b>Concluding remarks</b>	<b>37</b>
<b>CHAPTER 2</b>	<b>CORPORATE GOVERNANCE THEORY: AGENCY VS. STEWARDSHIP</b>	<b>43</b>
	<b>Introduction</b>	<b>43</b>
	<b>Background</b>	<b>45</b>
	<b>Model and data</b>	<b>49</b>
	<b>Empirical results</b>	<b>59</b>
	<b>Conclusion</b>	<b>62</b>
<b>PART TWO</b>	<b>KEY ISSUES OF CORPORATE GOVERNANCE</b>	<b>68</b>

<b>CHAPTER 3</b>	<b>BOARD OF DIRECTORS: A NEW INSIGHT</b>	<b>69</b>
	Introduction	69
	Role and function of the executive directors	71
	Role and function of independent directors	73
	Director selection	77
	Remuneration of executive and independent directors	79
<b>CHAPTER 4</b>	<b>BOARD OF DIRECTORS PRACTICES: DIMENSION, STRUCTURE AND SKILL MIX IN EUROPEAN BOARDS</b>	<b>88</b>
	Introduction	88
	Theoretical background and hypotheses	90
	Data and sample	101
	Methodology and specification of variables	105
	Results	109
<b>CHAPTER 5</b>	<b>EXECUTIVE BONUSES</b>	<b>133</b>
	Introduction	133
	The model	137
	Measures and data sources	140
	Analysis	146
	Robustness tests	155
	Extension to research & development	159
	Summary and conclusion	161
<b>CHAPTER 6</b>	<b>MERGERS AND ACQUISITIONS</b>	<b>165</b>
	Range of activities	165
	Types of mergers and acquisitions	168

	<b>Reasons to gain from mergers and acquisitions</b>	<b>169</b>
	<b>Identifying target firms</b>	<b>170</b>
	<b>Valuation models</b>	<b>171</b>
	<b>Takeover defences</b>	<b>173</b>
<b>PART THREE</b>	<b>NATIONAL FEATURES OF CORPORATE GOVERNANCE</b>	<b>178</b>
<b>CHAPTER 7</b>	<b>CORPORATE GOVERNANCE IN FRANCE</b>	<b>179</b>
	<b>The determinants of the presence of independent directors on the boards of directors</b>	<b>180</b>
	<b>The determinants of the presence of independent directors: hypotheses</b>	<b>182</b>
	<b>Sample and research methodology</b>	<b>186</b>
	<b>Results</b>	<b>188</b>
	<b>Analysis and discussion of results</b>	<b>190</b>
	<b>Conclusion</b>	<b>191</b>
<b>CHAPTER 8</b>	<b>CORPORATE GOVERNANCE IN GERMANY</b>	<b>201</b>
	<b>Introduction</b>	<b>201</b>
	<b>German corporate governance laws</b>	<b>202</b>
	<b>German corporate governance code (GCGC)</b>	<b>203</b>
	<b>Stock market</b>	<b>204</b>
	<b>Market for corporate control</b>	<b>206</b>
	<b>Ownership structures</b>	<b>206</b>
	<b>Board of directors</b>	<b>208</b>
	<b>Executive compensation</b>	<b>210</b>
	<b>Conclusion</b>	<b>211</b>

<b>CHAPTER 9</b>	<b>CORPORATE GOVERNANCE IN POLAND</b>	<b>217</b>
	<b>Models of corporate governance</b>	<b>217</b>
	<b>Corporate governance in Poland</b>	<b>220</b>
	<b>Summary and conclusion</b>	<b>227</b>
<b>CHAPTER 10</b>	<b>CORPORATE GOVERNANCE IN THE UK</b>	<b>233</b>
	<b>Reviewing recent developments under the Anglo-Saxon model</b>	<b>233</b>
	<b>Developments of corporate governance in the UK</b>	<b>234</b>
	<b>The essential features of the UK corporate governance</b>	<b>238</b>
	<b>Summary and conclusions</b>	<b>242</b>
<b>CHAPTER 11</b>	<b>CORPORATE GOVERNANCE IN GREECE</b>	<b>246</b>
	<b>Introduction</b>	<b>246</b>
	<b>The essential features of CG</b>	<b>249</b>
	<b>A review of empirical studies linked to Greece</b>	<b>251</b>
	<b>Summary and conclusion</b>	<b>253</b>
<b>CHAPTER 12</b>	<b>CORPORATE GOVERNANCE IN LATIN AMERICA AND SPAIN</b>	<b>263</b>
	<b>A comparative study of regulatory framework</b>	<b>264</b>
	<b>Conceptual framework</b>	<b>265</b>
	<b>Corporate governance regulatory framework in Latin America and Spain</b>	<b>270</b>
	<b>Comparative analysis of Latin America and Spain</b>	<b>281</b>
	<b>Conclusions</b>	<b>286</b>

<b>CHAPTER 13</b>	<b>CORPORATE GOVERNANCE IN THE USA</b>	<b>294</b>
	<b>A comparison of competing governance mechanisms</b>	<b>294</b>
	<b>Motivation</b>	<b>297</b>
	<b>Data and methodology</b>	<b>299</b>
	<b>Results</b>	<b>302</b>
	<b>Discussion</b>	<b>307</b>
	<b>Conclusions</b>	<b>308</b>
<b>CHAPTER 14</b>	<b>CORPORATE GOVERNANCE IN BRAZIL</b>	<b>331</b>
	<b>The attributes and roles of boards of directors</b>	<b>331</b>
	<b>The board of directors: theoretical perspectives</b>	<b>334</b>
	<b>Theoretical perspectives and the attributes, roles, and responsibilities of the board</b>	<b>339</b>
	<b>Research methodology</b>	<b>341</b>
	<b>The results of the research: boards at work</b>	<b>342</b>
	<b>Final considerations</b>	<b>350</b>
<b>CHAPTER 15</b>	<b>CORPORATE GOVERNANCE IN CHINA</b>	<b>355</b>
	<b>Introduction</b>	<b>355</b>
	<b>Literature review</b>	<b>357</b>
	<b>Review of Chinese stock market regulations</b>	<b>358</b>
	<b>Hypothesis development</b>	<b>358</b>
	<b>Data and methodology</b>	<b>360</b>
	<b>Descriptive statistics</b>	<b>361</b>
	<b>Multivariate regression analysis</b>	<b>363</b>

	<b>Market value of cash holdings</b>	<b>366</b>
	<b>Conclusions</b>	<b>368</b>
<b>CHAPTER 16</b>	<b>CORPORATE GOVERNANCE IN MALAYSIA</b>	<b>372</b>
	<b>Inside and outside shareholders and monitoring</b>	<b>372</b>
	<b>Literature review and hypothesis development</b>	<b>375</b>
	<b>Data and methodology</b>	<b>381</b>
	<b>Results and discussions</b>	<b>385</b>
	<b>Conclusions</b>	<b>395</b>