THE GREEK PARADIGM OF CORPORATE GOVERNANCE AND BOARD OF DIRECTORS

Chryssoula E. Tsene *

* Department of Business Administration, University of Patras, Greece
Contact details: Department of Business Administration, University of Patras, 26504 Rio, Greece

OPEN ACCESS

How to cite this paper: Tsene, C. E. (2021). The Greek paradigm of corporate governance and board of directors. *Corporate Law & Governance Review, 3*(2), 8–19. https://doi.org/10.22495/clgrv3i2p1

ISSN Online: 2664-1542
ISSN Print: 2707-1111

Received: 04.12.2020
Accepted: 12.11.2021

JEL Classification: G30, G34, M1, M10
DOI: 10.22495/clgrv3i2p1

Abstract

Corporate governance encompasses a multidisciplinary approach, which includes the internal and external factors that affect the interests of a company's stakeholders. The Greek corporate governance framework of listed companies has initially been established in accordance with EU regulation and soft law recommendations, in order to enhance board accountability and transparency, empower shareholders' activism and promote financial disclosure. In that regard, it has recently been reformed by the provisions of Law 4706/2020, aiming mainly: to empower the strategic and supervisory role of the board of directors, by introducing a clear description of the obligations of non-executive and independent non-executive directors and by including the establishment of an "adequacy (internal fit-and-proper) policy" for the appointment of board members. Accordingly, two new compulsory committees are added, the nomination and the remuneration committee, which should entirely be composed by non-executive members and are invested with an advisory role in determining the remuneration policy and proposing board candidates. Furthermore, the adoption of a Corporate Governance Code is rendered substantial for all listed companies. These provisions illustrate specifically the reform of the internal corporate governance structures, which should be implemented having regard to the general principles of transparency and proportionality.

Keywords: Corporate Governance Structures, Board of Directors, Reform, Principle of Proportionality

Authors' individual contribution: The Author is responsible for all the contributions to the paper according to CRediT (Contributor Roles Taxonomy) standards.

Declaration of conflicting interests: The Author declares that there is no conflict of interest.

1. INTRODUCTION

Corporate governance is widely considered as a key factor of market integrity and efficiency as well as corporate performance. In fact, the corporate governance discussion in a theoretical and conceptual perspective focuses on various definitions aiming at conceptualizing key governance criteria and tasks. Despite of the absence of a single definition due to the differences of national legal systems in Europe and worldwide, the OECD Principles of Corporate Governance, originally developed in 1999 and updated in 2004 and 2015, have introduced a substantial definition, according to which corporate governance is defined as: "A set of relationships between a company's board, its shareholders and other stakeholders" (OECD, 2004). This definition is significant in that it reveals the main pillars of corporate governance, especially in relying on the structure through which the objectives of the company are set with the means of attaining these objectives.

Furthermore, in light of the global financial crisis, optimal standards of corporate governance are considered necessary in order to ensure transparency, accountability but also to improve value creation. In that regard, the mechanisms of corporate governance connected with the board of directors have long been considered of growing importance for organizational performance, as they constitute the critical link between the shareholders of a company and the managers (Stiles & Taylor, 2002). The legal framework of board activities and functions clearly demonstrates the multidimensional role they are vested, in providing accountability, monitoring, and supervising but also in strategy formulation (Carter & Lorsh, 2004; Tricker, 2016; Clarke, 2017). According to Tricker (2016) boards' responsibilities and duties are associated with both internal and external mechanisms of corporate governance: in the inputs of the company to ensure statutory-regulatory compliance while setting and formulating strategy and in the outputs to review and monitor key executive performance while reviewing financial policies in compensation or budgets.

This wider functional perspective of boards' duties, pointed out in Corporate Governance Codes and best practices worldwide (FRC, 2014; OECD, 2015; ASX Corporate Governance Council, 2014; American Law Institute, 1994) reveals the importance of mechanisms of independence and objectivity by which boards of directors fulfill their duties, enhanced by the establishment of the fiduciary duties of loyalty and care (Bagley, 2015; Linklaters, 2005).

Under this perspective, the dominant theoretical framework that identifies the link between the board and organizational performance is undoubtedly agency theory, which conceives the separation of finance and management as a fundamental agency problem (Jensen & Meckling, 1976; Jensen, 1994), associated with the simplistic aspect of the firm as a nexus of contracts by individuals, motivated by self-interested utility maximization (Alchian & Demsetz, 1972; Coase, 1937; Jensen & Meckling, 1976; Bainbridge, 2008). According to this perspective, three fundamental assumptions shape the shareholder view of the firm: primarily externalization of costs, in order to maximize earnings and cash flow to shareholders, reduce risks, and lower relevant costs (Jensen, 2001; Stout, 2012). Secondly, shareholder theory relies on the fundamental consideration that individuals are motivated by self-interest, acting occasionally at the detriment of the corporate interest (Berle & Means, 1932; Jensen & Meckling, 1976; Ferraro, Pfeffer, & Sutton, 2005). Accordingly, the third assumption is the nexus of contracts theory that describes the company as a network of implicit and explicit contracts between the firm and other actors-stakeholders (Alchian & Demsetz, 1972; Coase, 1937; Jensen & Meckling, 1976; Bainbridge, 2008).

In that regard, the separation of ownership and control advocated by shareholder primacy has engendered the principal-agent problem. According to a substantial and innovative approach (Armour, Hansmann, & Kraakman, 2017a), legal strategies employed to reduce agency costs consist of two types: regulatory strategies, which aim at prohibiting directly the conflicts between principals and agents, and secondly governance-based strategies, which intend to empower the principals' control over the agents. The efficacy of these mechanisms depends mainly on their differential nature: governance strategies refer to the ability of the principals to control their agents which implies that they do not require high coordination costs, while regulatory strategies are based on the ability of these structures to examine the compliance of the agents with the regulatory rules and prescriptions.

Whereas agency theory reflects adequately the control and monitoring role of directors in the internal corporate governance framework, a multi-theoretic approach to corporate governance is essential for widening the focus on directors' resource service and strategy roles (Daily, Dalton, & Cannella, 2003). In that regard, resource dependence theory examines the interdependencies of organizations implying the board's function to contribute adequate resources to organizations (Brown, 2005). The theoretical origin of resource dependence theory is based on the assumption that connecting a firm with external resources helps to reduce uncertainty and increase the efficiency of the firm (Bielefeld, 1992). According to this approach, board members' function is to bring adequate resources to the organization (Brown, 2005) and to connect the firm with external resources such as suppliers, buyers, policymakers, and other social groups (Hillman, Cannella, & Paetzold, 2000). Resource dependence theory is connected with board efficiency and organizational performance particularly in public and non-profit organizations (Carver & Oliver, 2002; Kanter & Brinkerhoff, 1981; Koufopoulos & Gkliatis, 2018) reflecting the political dimension of non-profit organizations.

Furthermore, the multidimensional organizational approach of the firm has influenced team production theory, initiated by Alchian and Demsetz (1972), presenting the company as a nexus of institutional arrangements for governing multiple relations between all actors which influence directly or indirectly the organization and performance of the firm. According to Blair and Stout (1999) and Kaufman and Englander (2005), other groups, such as long-term employees, creditors, managers, and the government make contributions to the firm and should be considered as residual claimants as well as the shareholders. They argue that the board of directors should serve as a "mediating hierarchy" between the different constituencies of the firm, providing an adequate foundation in both law and practice.

In that regard, the emergence of the enlightened shareholder value theory (ESV), in relation to the provisions of Section 172 (1) of the UK Companies Act 2006, contributes to developing a more comprehensive and reliable approach. The ESV was advocated by the Company Law Review Steering Group in order to adopt a properly balanced view in reforming company law, taking into consideration the impact of the operations of the firm on the community and the environment (The Company Law Review Steering Group, 1999). In fact, the provisions of Section 172 (1) of the UK Companies Act 2006 stipulate that:

"(1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to (a) the likely consequences of any decision in the long term, (b) the interests of the company's employees, (c) the need to foster the company's business relationships with suppliers, customers, and others, (d) the impact of the company's operations on the community and the environment, (e) the desirability of the company maintaining a reputation for high standards of business conduct, and (f) the need to act fairly as between members of the company".

Academics have pointed out the effects and benefits of ESV, in that it enforces managers and directors to take into consideration the interests of stakeholders, so far as it fosters corporations' benefits (Collison, Cross, Ferguson, Power, & Stevenson, 2011; Ho, 2010; Keay, 2013). The approach, similar to enlightened value maximization proposed by Jensen (2001), endorses directors to focus on long-term benefits of the business and by that to balance the interests of different constituencies that make up the company. This is consistent with the general idea, advocated even by supporters of shareholder value theory that corporate law should principally contribute to increasing long-term shareholder value (Hansmann & Kraakman, 2001; Jensen, 2001). However, it has been strongly argued that the pursuance of long-term profitability, meeting the fair expectations of stakeholder groups, is not always consistent with long-term shareholder value (Keay, 2013). In that way, directors' duty to consider long-term strategy should not prevail over the success of the company for the benefit of its members.

The debate, highly controversial, has also been raised in Greek company law, as will be examined below, due to the relatively broad definition of directors' primary duties in listed companies "to pursue constantly the enhancement of the long-term economic value of the company and to promote the general corporate interest", according to the pre-existing provisions of article 2 para. 1 of Law 3016/2002, which has primarily established legal rules of corporate governance for listed companies in Greece.

Furthermore, corporate governance scandals and economic failures in Europe and worldwide have driven corporate stock exchange and capital market law reforms. This impact also concerns corporate governance regulatory framework as regards both mandatory and default rules in listed companies (Hart & Moore, 1996; Köndgen, 1998), aiming at enhancing corporate responsibility, board accountability, financial disclosure, and auditing. The regulatory corporate governance framework in the EU promotes the aforementioned principles, as illustrated in the first "Action Plan on Modernising Company Law and Enhancing Corporate Governance in the EU" of 21 May 2003 and followed by a large number of EU regulatory initiatives (Hopt, 2015).

Accordingly, in light of the recent financial crisis, self-regulatory initiatives, mainly in the form of corporate governance codes, as well as best practice standards and recommendations of various sources, have gained ground. In that matter, the UK Corporate Governance Code, going back to the Combined Code of the Cadbury Committee of 1992 and updated consequently until its version of July 2018 (FRC, 2018) should be considered as a substantial model of these instruments. The content and structure of these codes are diversified, depending on each legal system's traditions (Hopt, 2012). In general, corporate governance codes concern internal corporate governance actors and procedures, regulating mainly the board of directors of listed companies regarding the size, composition, and function, as well as its committees. It is worth mentioning at this point, that the co-existence of corporate governance law and self-regulatory provisions, in the form of corporate governance codes, could be a source of legal incoherence, due to the potential diversification in the way of applying and enforcing the content of the codes. In that regard, the "comply or explain" mechanism could contribute, in a way, to confront the crucial matter of the enforcement of the codes (Hopt, 2012; Pietrancosta, 2010).

The rest of the article is structured as follows. Section 2 describes the general principles of corporate governance in Greek listed companies with regard to the regulatory status of the board of directors. Section 3 presents the specific reform of the board's composition and function by the provisions of Law 4706/2020, with emphasis on the enhancement of board accountability and efficiency. Finally, the conclusion in Section 4 contains critical remarks regarding the implementation of the provisions of Law 4706/2020 in light of the principle of proportionality.

2. THE LEGAL AND REGULATORY STATUS OF THE BOARD OF DIRECTORS IN GREEK LISTED COMPANIES

2.1. Literature review

In Greece, the corporate governance framework of companies limited by shares — Societes Anonymes (SAs) — which are the only corporate identities permitted to be listed on a regulated market according to the listing rules (Law 3371/2005 on capital market), has raised increased interest especially during the decade of the 2000s. In fact, mandatory rules (Law 3016/2002 on corporate governance) were initially introduced due to corporate governance failures, identified as a key reason for underperformance of the Greek capital market (Spanos, 2005; Xanthakis, Tsipouri, & Spanos, 2005). Specifically, this was a result of the crisis of the Athens Stock Exchange in 1999 identified by a remarkable loss of the total market capitalization (Spanos, 2005; Xanthakis, Tsipouri, & Spanos, 2005), as well as the international pressures for a "more market-based and shareholder-oriented model of governance" (Koufopoulos, Georgakakis, & Gkliatis, 2008). Furthermore, empirical studies illustrate a remarkable decrease in the total value of transactions of the Athens Stock Exchange (ASE) capitalization between the years 1995–2002 (Hellenic Capital Market Commission, 2000, 2003). This decline was due mostly to speculative investments of the short term which created an increasing cycle of self-fulfilling expectations among investors (Spanos, 2004).

In that regard, the legal framework of corporate governance in Greece reflects a flexible pattern comprising of mandatory rules (Law 3016/2002, Law 3698/2008, Law 3884/2010, Law 4548/2018, Law 4706/2020) and soft law provisions (Hellenic Code of Corporate Governance, 2013) aiming at establishing optimal corporate governance practices for listed companies.

In fact, the provisions of Law 3016/2002 on corporate governance have initially established mandatory rules for listed companies, regulating: a) the duties and obligations of all members of the board of directors (article 2), b) the distinction of directors in three categories: executive members, non-executive members, and independent non-executive members (articles 3–4), c) the remuneration of non-executive members (article 5) and d) the organization of the internal audit regulation and the internal audit service of these companies (articles 6–8). In that regard, we should point out that these rules were characterized, in some of the cases, by inconsistent provisions, e.g., as regards the duties of all board members as well as the duties of non-executive directors, which created legal uncertainty and constrained in a way the efficiency of the new corporate governance framework.

Moreover, the provisions of article 2 para. 1 of Law 3873/2010 amending article 43a of Law 2190/1920 on Societes Anonymes, incorporated into Greek legislation the regulations of Directive 2006/46/EC of the European Parliament and the Council regarding the annual accounts and consolidated accounts of certain types of companies. These provisions mandate all companies admitted to trading on a regulated market, to include in their annual report a corporate governance statement, according to the mechanism of "comply or explain", which enforces the regulatory framework as regards transparency and accountability of the internal corporate governance structures. Specifically, "comply or explain" is a regulatory mechanism, which requires listed companies that choose to implement a corporate governance code as a reference framework to a) disclose its use as a reference framework and either b) comply with the special practices of the Code or c) explain the reasons for non-compliance with specific provisions. This obligation is actually regulated by the new provision of article 153 of Law 4548/2018 on Societes Anonymes, providing the mandatory content of the corporate governance statement of listed companies regarding the application of a corporate governance code. The corporate governance statement should refer clearly to the particular corporate governance code applied by the company and if the company decides to diverge from certain parts of the code or not to apply certain provisions, it should give the reasons for doing so. This requirement also applies if the company decides not to apply any corporate governance code.

Accordingly, the regulatory framework of corporate governance of listed companies has recently been reformed by the provisions of Law 4706/2020, which improve substantially the mechanisms of board accountability to the company and the shareholders, as well as the effective function of the board (articles 1–12). The establishment of an enforced audit system is also an important pillar of this reform.

In that regard, we should point out that Law 4706/2020 contains mandatory provisions as regards the obligation of all listed companies to adopt and apply a corporate governance system, in light of the proportionality principle. According to article 14 of Law 4706/2020, the corporate governance system should ensure the sufficiency and efficiency of the internal corporate governance structures, implying that they facilitate and promote the accomplishment of the corporate purpose. These practices should also be appropriate for the specific circumstances prevailing in each company, such as the size, the nature, the purpose, and the complexity of the corporate activities. Specifically, the corporate governance system should include at least the following pillars:

1) The internal control system, including the procedures of risk management and compliance with the regulatory framework.
2) The procedures regarding the prevention and confrontation of the conflict of interests.
3) The process of communication with the shareholders in order to facilitate the exercise of their rights as well as shareholder engagement.
4) The remuneration policy of the company in order to contribute to the business strategy, the long-term interests, and the viability of the company.

Furthermore, the significance of self-regulation in corporate governance was initiated by the publication of a White Paper entitled "Principles on Corporate Governance in Greece — Recommendations for its Competitive Competitiveness" in 1999 (Committee on Corporate Governance in Greece, 1999), by the Committee of Corporate Governance under the coordination of the Hellenic Capital Market Commission (HCMC), aiming to establish corporate governance practices in a voluntary basis. These practices referred mainly to the role of shareholders in corporate governance including their duties, responsibilities, and equitable treatment, disclosure, and transparency as well as the composition of the boards with executive and non-executive members. This initiative was followed by the establishment of a "Code of Conduct for Companies Listed on the ATHEX and Their Affiliated Persons" in 2000 (HCMC, Rule 5/204/2000) with the purpose to promote transparency and disclosure of listed companies (Spanos et al., 2008), while in 2001 the Federation of Greek Industries developed the principles of corporate governance.

Accordingly, these initiatives are highly illustrated by the provisions of the "Hellenic Corporate Governance Code for Listed Companies" published by the Federation of Greek Industries in 2011 and reviewed in June 2013 by the Hellenic Corporate Governance Council (The Hellenic Corporate Governance Code, 2013). Key objectives of the Code include: to provide general instructions to the board of directors on corporate governance best practices, to enhance board accountability and transparency, to improve shareholder information and activism, to enforce the internal control function, and to establish three committees, namely nomination, remuneration, and audit committee.

The structure and content of the Code facilitate the establishment of best corporate governance practices for all companies limited by shares, whether or not admitted to trading on a regulated market. To ensure this scope, the code contains two types of provisions: firstly, general principles that are addressed to all SAs, provide general guidance, and are excluded from the "comply or explain" mechanism. The general principles are followed by special practices that apply only to listed companies and provide detailed and specific instructions, as regards the composition, role, and function of the board of directors, as well as the committees. Furthermore, the Code's main contribution to promoting transparency and disclosure consists in adopting the aforementioned "comply or explain" approach. In that regard, the Hellenic Corporate Governance Code underlines, following best corporate governance practices, that the explanation of non-compliance with certain provisions of the corporate governance code "should not be limited to a simple reference to the principle or practice the company does not comply with, but should be specific to the company's position, meaningful in that it provides a convincing rationale for the action the company takes, and finally be understandable and persuasive" (The Hellenic Corporate Governance Code, 2013, p. 6).

2.2. Perception of corporate purpose

Furthermore, the establishment of this legal framework raises the fundamental issue of the corporate purpose in listed companies, in regard to the two widely acknowledged models of corporate governance: the shareholder value model, traditionally prevailing in the Anglo-Saxon system, and the stakeholder value model, which is inherent to the European model.

In the shareholder value model, the primacy of shareholders' interests is considered as a fundamental aspect of agency theory, implying the underlying conflict of interests between principals (shareholders) and agents (board of directors). The classic shareholder model considers the primary purpose of the firm as the maximization of financial returns to shareholders (Fama & Jensen, 1983; Hirschman, 1970). In that regard, boards of directors act as a control mechanism to monitor the actions of self-interested executives (Daily et al., 2003; Hillman & Dalziel, 2003). Stiles and Taylor (2002) argue that "non-executive directors, because of their supposed independence and objectivity, provide an important check and balance to the power of the chief executive and his or her executive team" (Stiles & Taylor, 2002). In fact, the participation of external directors (non-executive and independent directors) is considered as an effective mechanism to confront agency problems arising actually or potentially between different constituencies of the company, in two levels: between controlling shareholders and managers and/or between majority and minority shareholders (Armour, Enriques, Hansmann, & Kraakman, 2017b; Pargendler, 2016).

In the alternative, stakeholder theory, based on the original assumption of Freeman (1984) and Freeman, Harrison, Wicks, Parmar, and de Colle (2010), considers that the purpose of the company is to serve societal interests. In that regard, the theoretical foundation of this approach is that groups, as well as shareholders, are motivated to have claims on the company's assets and earnings because they contribute to its capital (Karmel, 1993; Freeman et al., 2010; Harrison & Wicks, 2013). Therefore, directors have the duty to maximize shareholders' wealth, but also to serve the interests of a multitude of other actors-stakeholders, who affect or could be affected by the actions of the company, such as creditors, employees, suppliers, and other community factors (Clarkson, 1995; Freeman et al., 2010). Stakeholder theory contributes substantially to business ethics and corporate social responsibility (Donaldson & Preston, 1995; Phillips, 2003; Stuebs & Sun, 2015). However, it creates controversial issues as regards the crucial matter of providing precise instructions and theoretical foundations for balancing the interests of various stakeholders in case of conflicts. Furthermore, the theory fails to provide a way of enforcing directors to consider the constituency interests of all stakeholders (Greenfield, 2015).

In Greece, the main conception of the notion of corporate governance embraces the classic theoretical approach of agency theory. Under this perspective, the establishment of corporate governance legal framework refers traditionally to listed companies, due to the inherent characteristics of dispersed ownership structure and the high capitalization status of these firms (Livada, 2020). The dispersion of corporate structure is associated with the basic issue of interests' asymmetry between shareholders as principals and the board of directors as agents, invested with the management of the company (Athanassiou, 2010). This assumption of interests' conflicts implies that board members act under the motivation of their own interests and that their decisions and actions could turn out potentially to the detriment of the primary economic interests of shareholders. This basic idea of agency theory is pointed out in theory (Athanassiou, 2010; Livada, 2020), which emphasizes however on the organizational aspect of the theory. This aspect refers essentially to the confrontation of the principal-agent (p-a) conflict (Marinos, 2009) and should not be considered as establishing a legally binding obligation of the board of directors to ensure and promote the economic interests of shareholders.

In that regard, the confrontation of the p-a conflict raises the need to enhance the transparent, reasonable, and efficient function of the board, taking into consideration the corporate interest (Perakis, 2007; Karagounidis, 2010). The establishment of financial incentives schemes to board members and the enforcement of accountability measures to shareholders aim principally at measuring the p-a conflict (Livada, 2020).

In the legal framework, according to the pre-existing provision of artice 2 of Law 3016/2002 on corporate governance, all board members of listed companies have the principal obligation "to pursue constantly the enhancement of the long-term economic value of the company and to promote the general corporate interest". The provision has raised significant debate in theory, arguing the imprecise and incoherent character (Athanassiou, 2003; Aygitides, 2013; Perakis, 2002), especially as regards the definition of the term "general corporate interest". Academics argue that it would be rather difficult to consider a priori the situations of potential conflicts of interest between "the general corporate interest" and the personal interests of directors. Moreover, they consider that the ratio of this provision should not be to introduce stakeholder value theory in the Greek legal system. According to this approach, shareholder value theory is considered as the dominant theoretical foundation of corporate governance (Aygitides, 2013; Livada, 2010), implying that board members in listed companies are invested with the principal duty to improve the financial performance of the firm as an entity, as regards both the stock market value and the financial earnings to shareholders. In that way, the provisions of article 2 para. 1 of Law 3016/2002 should not be interpreted as to establish a legally enforceable obligation of board members to protect the interests of other stakeholders.

This conception should be considered prevalent even after the subrogation of the provisions of Law 3016/2002 by the recently promulgated Law 4607/2020, which has reformed the corporate governance framework and does not include any similar provision. According to this approach, the corporate interest, implying the economic aspect of shareholders' interests, is actually considered as the primary obligation of the board of directors in listed companies. This is also enforced by the general provision of article 96 para. 1 of Law 4548/2018 on Societes Anonymes, regarding the duties of board members in all SAs regardless of their status as listed companies, which stipulates that all board members have the obligation to manage the corporate affairs so as to promote the "corporate interest".

However, in our opinion, the recently established theory of enlightened shareholder value (ESV) in the UK according to the provisions of article 172 of the UK Companies Act 2006 as aforementioned, could provide a complementary theoretical foundation of corporate governance key objectives in the Greek legal framework. According to this perspective, ESV could be taken into account for the establishment of a diversified theory that lies in the intermediary between shareholder and stakeholder theory. More specifically, the approach aims at enlightening shareholder theory towards the area of corporate social responsibility (CSR), illustrating the importance of business ethics for enhancing corporate efficiency and profitability. Furthermore, we consider that this approach is implicitly embraced by the Hellenic Code of Corporate Governance, stating that "in discharging its role, the board in listed companies should take into account the interests of key stakeholders, such as employees, clients, creditors, and the communities in which the company operates as long as this does not go against the company's interests" (The Hellenic Corporate Governance Code, 2013, p. 8).

3. THE REFORM OF THE BOARD'S COMPOSITION AND FUNCTION BY LAW 4706/2020

The mandatory provisions of Law 4706/2020 are complementary to the essential features of the board of directors' function and composition according to the legal framework of Greek company law on all companies limited by shares, whether or not admitted in a regulated market, which was recently reformed by Law 4548/2018. In that regard, the provisions of articles 77 and 86 of Law 4548/2018 stipulate that the board of directors is invested with decisional competency as regards the administration of the company, the management of its assets, and the general accomplishment of the corporate objective. The members of the board are collectively responsible for the management and the representation of the company in accordance with the legal interests of the company, including planning and executing business decisions, setting the company's strategic and long-term goals, and providing adequate resources and information. The directors are elected by the general meeting of shareholders or designated according to articles 77–80 of Law 4548/2018, for a limited period of time which is defined in the company's articles of association and should not exceed in any case six years (article 85 para. 1 of Law 4548/2018). Accordingly, the number of directors may be explicitly decided by the general meeting of shareholders or determined by the statute of the company's articles of association, within the requirements of article 77 para. 3 of Law 4548/2018. These general provisions mandate a minimum of three and a maximum of fifteen members, which applies to all SAs, including the listed companies. These requirements should be pointed out, as the pre-existing general rules of article 18 para. 2 of Law 2190/1920 provided only for the minimum number of three directors.

Furthermore, as regards the legal framework of corporate governance in listed companies, we should point out the essential pillars of the reform of Law 4706/2020: the strategic role of the board of directors, the appointment procedure of board members, the emergence of the monitoring role of non-executive directors, the enhancement of substantial independence criteria as regards the quality of independent non-executive directors, CEO duality and the board committees.

3.1. The strategic role of the board of directors

The legal framework regarding the composition and the duties of the board of directors in Greek listed companies has primary been established as aforementioned, by the provisions of Law 3016/2002, in accordance with EU regulation, deriving from the "European Recommendation of 15 February 2005 on the Role of Non-executive or Supervisory Directors of Listed Companies and the Committees of the (Supervisory) Board", as well as best corporate governance practices, in order to improve board accountability, transparency and enhance the effective functioning of the board (Hopt, 2015; Keay & Loughrey, 2015).

In that regard, the mandatory rules regarding the composition of the board of directors in listed companies with non-executive directors according to articles 3 and 4 of Law 3016/2002 on corporate governance, illustrate an outstanding development in the Greek legal framework. In fact, in order to ensure board balance, board efficiency, and protection against conflicts of interests, the provisions of article 3 para. 1 of Law 3016/2002 on corporate governance required that at least one-third of all members of the board of directors should be non-executive directors, of which at least two members should be independent. According to these provisions, executive members are engaged with the daily management of the company, while non-executive members are not invested in any executive responsibilities. The quality of board members as executive or non-executive is determined by the board of directors and validated by the general meeting of shareholders.

Furthermore, the provisions of article 4 of Law 4706/2020 explicitly enhance the strategic and supervisory role of the board of directors in listed companies as a collective body of administration, regarding the implementation of the corporate governance system of the company. This monitoring role includes the periodic evaluation of the corporate governance strategy, at least every three years (article 4 para. 1).

Accordingly, the board of directors should ensure that the internal control system of the company functions sufficiently and effectively regarding the accomplishment of the corporate purpose. Specifically, the following pillars should be taken into consideration:

1) The due implementation of the corporate strategy through the effective use of all dispensable resources which are necessary for the company's function.

2) The identification and management of all substantial risks which are associated with the corporate activities and function.

3) The effective function of the internal control system.

4) The completeness and credibility of all necessary information in order to determine promptly the financial and non-financial situation of the company as well as to elaborate reliable financial statements.

5) The compliance of the company with the general legal and regulatory framework as well as with the internal regulation of the company.

The supervisory role of the board of directors is enhanced by the fact that it should ensure that all internal services function independently from the relevant corporate sectors under their control. Furthermore, the board of directors has the responsibility to ensure the availability of all financial and human resources, which are necessary for the effective function of the internal control system.

3.2. The features of board composition and function: The enhancement of board accountability and efficiency

3.2.1. The appointment procedure of board members

As regards the appointment of the board of directors in listed companies, we should note that the rules of Law 4706/2020 introduce requirements similar to those that apply to the financial institutions, in order to improve the transparency and efficiency of the procedure. According to article 3 of Law 4706/2020, the company should have an "adequacy policy" (internal fit-and-proper), that must be approved by the board of directors and submitted for approval to the general meeting of the shareholders. The adequacy policy should be explicit, sufficiently documented, and elaborated according to the principles of transparency and proportionality. This implies that it should be appropriate for each company, regarding the size, the risk appetite, the nature, and the complexity of the corporate activities. The adequacy policy should include at least the following elements:

1) The principles regarding the election or the replacement of board members as well as the renewal of their tenure.

2) The criteria of evaluation of board members such as reputation, skills, competencies, ethical behavior, the independence of judgment, and the experience required for the accomplishment of their duties. In that regard, the adequacy policy applies to all board members, both individually and collectively. Specifically, the first aspect (individual adequacy policy) implies that the following elements should be taken into consideration: a) the adequacy of knowledge and skills of each board member, regarding the level of education and expertise as well as the previous professional experience, b) the evaluation of the reputation, integrity, and honesty of action which should occur during the procedure of the appointment and throughout the tenure of board members, c) the independence of judgment, implying that board members participate actively in board meetings and make decisions with objectivity and independently of any conflict of interest and d) ensure that board members devote to their duties the necessary time and attention, taking in consideration the status of each board member, the specific duties assigned by the board of directors as well as previous professional positions in other boards of directors. Furthermore, as regards the second aspect of the collective adequacy policy, it refers to the competence of the board of directors as a collective body of administration, to act effectively, taking into consideration the business model, the corporate strategy, and the market dynamics in which the company operates. In that regard, the board should have collectively an adequate understanding of the corporate sector as well as the appropriate skills, in order to exercise effectively the management and supervision of the company. Moreover, we should point out that the adequacy policy should include provisions regarding the gender balance so that a percentage of at least 25% of board members should be women.

3) Criteria of board diversity regarding the selection of board members in the procedure of their appointment. Board diversity is undoubtedly an important pillar of best corporate governance practices (The Hellenic Corporate Governance Code, 2013). In that regard, the Corporate Governance Code emphasizes the general principle to achieve optimum diversity in the composition of the board and the senior executive team. This "aims at the efficient achievement of the company's targets on the basis that the company gains access to a wider talent pool; thus increasing the company's competitiveness, productivity, and innovation" (The Hellenic Corporate Governance Code, 2013, p. 11). However, no gender quota is defined, the Code recommending the publication of the diversity policy on the website of the company as well as a specific reference in the corporate governance statement.

3.2.2. The enhancement of substantial independence criteria of independent non-executive directors

Moreover, an important feature of the reform of Law 4706/2020 concerns the composition of the board of directors with executive, non-executive, and independent non-executive directors, initially established by the aforementioned provisions of Law 3016/2002.

In addition to hard law, the Hellenic Code on Corporate Governance emphasizes enforcing board independence of action and mind, as both a formal and substantial quality of non-executive members, including independent directors. In that regard, the Code requires a higher proportion of non-executive and independent non-executive board members than required by (the pre-existing) Law 3016/2002 to ensure adequate board balance, optimal committee composition, and protection against conflicts of interests. Therefore, the Code recommends that the majority of board members should be non-executive (including independent directors), while at least two directors should be executive. The number of independent members is not defined in the Code. This recommendation is significant under the existing legal framework of Law 4706/2020, which maintains the proportion in the number of executive and non-executive directors, initially established by Law 3016/2002, i.e., non-executive members should account for at least 1/3 of the total number of board members. However, we should point out that the provisions of Law 4706/2020 enhance the participation of independent non-executive directors, as article 6 requires that the board of directors should be comprised of at least three independent directors, instead of two required by the pre-existing provisions of Law 3016/2002.

Independent non-executive directors are defined as non-executive members, which at their election and during their tenure are invested with certain independence criteria required by article 9 of Law 4706/20, in order to ensure the independence of action and mind, most importantly when there is a potential for conflicts of interest. In that regard, the new rules enhance the formal and substantial criteria of independence. Specifically, non-executive independent directors are not permitted to own more than 0,5% of the company's share capital or to have any financial, business, or family relation of dependence that could influence their decisions, as well as their independent and objective judgment. Furthermore, the provisions of article 9 para. 2 explicitly indicate multiple situations of dependence. In that regard a situation of dependence exists when:

1) The board member receives any significant remuneration or payment from the company or any other related company or participates in any stock-option system for the purchase of stocks or in any other remuneration system related to his performance, other than the fees for the membership in the board or the board committees. The criteria according to which the notion of "important reward or pay" is defined are set in the remuneration policy of the company.

2) The member or a person closely related to the member holds or has maintained during the last 3 years before his appointment, business relation with the company or a person related to the company or a shareholder who owns directly or indirectly a percentage equal or more than 10% of the share capital of the company or a related party, during the last three years before his appointment.

3) The board member or a person closely related with the member:

– has been a board member of the company or any related party for a total period of more than nine years;

– has been a senior executive or had an employment or services contract with the company or any related party, within the last three years before his appointment;

– has up to a second-degree kinship with/or is the spouse of an independent board member, a senior executive, or a shareholder who owns more than 10% of the share capital of the company or the related parties;

– represents in the board of directors, shareholders who own a percentage equal to or more than 5% of the voting rights without having any written instructions thereto;

– has been an external auditor of the company or the related parties, either through a company or himself individually, or the auditor or his spouse are persons with up to a second-degree kinship with the board member, during the last three economic years;

– is an executive member in the board of directors of a company, in which an executive member holds a non-executive board membership position.

The board of directors is invested with the duty to supervise the compliance of independent non-executive members with the aforementioned criteria of independence, at least on an annual basis and in any case before the publication of the annual financial report.

3.2.3. The monitoring role of non-executive and independent non-executive directors

Furthermore, the rules of Law 4706/2020 determine specifically the main obligations and duties of board members, in relation to their quality as executive, non-executive, and independent non-executive directors. The description of the role of all categories of board directors by Law 4706/20 should be pointed out, as the pre-existing rules of Law 3016/2002 on corporate governance did not provide for a precise and concrete description of the role and duties of non-executive and non-executive independent directors (Athanassiou, 2003; Livada, 2016; Tellis, 2004; Tountopoulos, 2005).

Specifically, article 1 of Law 4706/2020 defines the general framework of their duties. In that regard, executive members are invested with executive responsibilities in the course of the management of the company. Furthermore, article 5 provides that executive members are responsible for the implementation of the corporate strategy, which is determined by the board of directors collectively, and should consult with non-executive members as regards the suitability of the corporate strategy. Executive members have also the duty to inform the board of directors in case of an existing financial crisis of the company or whenever the company will take decisions regarding the development of the corporate activities which could potentially affect the financial situation of the company.

Furthermore, as regards the quality of non-executive directors, according to article 1 para. 4 of Law 4706/2020, they are defined as those members without any executive responsibilities other than those assigned by the board of directors. Non-executive directors, including independent non-executive directors, are invested with the task of attending and monitoring the decision-making process by the management of the company. According to article 7, non-executive directors have especially the following duties:

– observe the implementation of the company's strategy as well as the accomplishment of its targets;

– ensure the effective supervision of executive members as regards their performance;

– express their opinions regarding the proposals of executive members, taking into consideration all the dispensable information.

These rules determine concretely the monitoring function of non-executive and independent non-executive directors, which was admitted in theory even before the new rules of Law 4706/2020 (Athanassiou, 2003; Livada, 2016; Rokas, 2012; Tountopoulos, 2005). However, these provisions indicate only the general framework of their duties and responsibilities which should be specified accordingly by the board of directors' policy.

As regards independent non-executive directors, they are invested with supervisory duties, due to their quality as a sub-category of non-executive directors (article 7). Moreover, the participation of independent non-executive directors in the board of directors enhances the effective function of the board as a collective body of administration. In that regard, it is expressly required in article 5 para. 3 of Law 4706/2020 that at least two independent non-executive directors should participate in all board meetings that have as an agenda to prepare the financial statements of the company. The same requirement applies in case the board of directors decides on issues that should be approved by the general meeting of shareholders with an increased quorum and majority of votes.

3.2.4. The CEO duality

Furthermore, the provisions of Law 4706/2020 regulate best practices of corporate governance, regarding the chairman of the board. According to article 8 of Law 4706/2020, the chairman should be a non-executive member, while in case the board appoints as a chairman an executive member, it is required to appoint an independent vice-chairman. This mandatory rule complies with the recommendations of the Code of Corporate Governance as well as with best practices worldwide. In fact, the Code contains specific principles regarding the role and profile of the chairman of the board in listed companies as well as CEO duality. Firstly, the Code refers explicitly that the chairman is invested with leadership responsibilities in the organization and function of the board's meetings, ensuring equitable treatment and effective communication with shareholders. Moreover, CEO duality is explicitly mentioned, however, the Code's recommendation is not to separate the roles of the chairman and the CEO, following best practices in other corporate governance systems and codes. This position is explained, according to the provisions of the Code, by the cultural characteristics and identities of Greek listed companies.

However, it is recommended that in case of CEO duality — implying the combination of the roles of chairman and CEO in one person — or if an executive chairman is appointed, the company should appoint an independent vice-president. It should be mentioned at this point that, in determining the quality of an executive chairman, the Code stipulates that a former chief executive should be considered as executive chairman if appointed within three years of his retirement.

The ratio of this provision is to "safeguard the independence of the board by ensuring that non-executive members are adequately informed and engaged in board oversight and decision making". In that regard, the independent vice-chairman's responsibilities include the coordination of non-executive board members as well as the evaluation of the chairman by the board.

Undoudebtly, this flexible approach takes into consideration the critical importance of the board and CEO relationship and the interdependencies between management and the executives towards the board of directors. The aim is to confront actual or potential agency problems between the management of the company and/or the executives motivated by self-interest utility maximization towards the board of directors, ensuring adequate objectivity and independence in the accomplishment of its function.

3.2.5. The board committees

Furthermore, the new rules of Law 4706/2020 mandate that the board of directors' function is supported by two other committees, then the audit committee established by Law 4449/2017, namely the remuneration (article 11) and the nomination committee (article 12). The establishment of these committees by mandatory provisions is compatible with the ratio of Law 4706/2020, to ensure board integrity and efficiency in critical issues, such as the remuneration of board members. We should also point out that the function of such committees is recommended by the Hellenic Code of Corporate Governance (The Hellenic Corporate Governance Code, 2013), in order to foster transparency in the procedure of nomination and remuneration of board directors.

According to the general rules of article 10 of Law 4706/2020 these committees should be composed of at least three members, which should all be non-executive directors. The majority of the board members and at least two of them should be independent non-executive directors. The committees should have an internal regulation, which determines specifically their function as well as key attendance rules.

Furthermore, according to article 11 of Law 4706/2020, the remuneration committee is invested with the following obligations:

– Making proposals to the board of directors regarding the remuneration policy of the company which must be approved by the general meeting.

– Making proposals to the board of directors regarding the remuneration of all persons mentioned in article 110 of Law 4548/2018 on Societes Anonymes, implying each board member individually as well as the general director of the board or his deputy. The remuneration policy should also include the executives of the company and especially the head of the internal control unit.

– Examining the information included in the final schedule of the annual remuneration report, consulting the board of directors before the submission of the report to the general meeting of shareholders according to the provisions of Law 4548/2018 on Societes Anonymes. These provisions demonstrate the advisory role of the remuneration committee, which should take into consideration the rules of articles 107–112 of Law 4548/2018 regarding the substantial criteria of the remuneration policy.

As regards the nomination committee, it should propose to the board of directors, candidates which have sufficient competencies and skills according to the criteria and procedures determined in the internal regulation system (article 12 of Law 4706/2020). Moreover, it should take into consideration the criteria defined in the "adequacy policy" of the company, according to article 3 of Law 4706/2020.

This provision is not as extensive as the recommendations of the Code of Corporate Governance, which stipulate that the responsibilities of the nomination committee should include:

"i) determining selection criteria and appointment procedures for board members;

ii) proposing the board diversity policy including gender balance;

iii) periodically assessing the size and composition of the board and proposing the desired board profile for consideration by the board;

iv) evaluating the balance of skills, views, competencies, knowledge, qualifications, and experience, relevant to the business objectives, as well as gender diversity and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment;

v) leading the process for nominee identification and selection; and

vi) making proposals to the board for the nomination of board members" (The Hellenic Corporate Governance Code, 2013 p. 16).

4. CONCLUSION

The provisions of Law 4706/2020 illustrate a coherent, rules-based approach of corporate governance in Greek listed companies, aiming at enhancing the transparent and effective functioning of the board of directors.

In that regard, we should point out that the strategic and supervisory role of the board of directors is strengthened by a substantial description of the powers and obligations of all the categories of board members regarding the following: the due implementation of the corporate strategy, the identification, and management of substantial risks, the effective function of the internal control system, the completeness and credibility of all information regarding the financial and non-financial situation of the company and the compliance with the general legal and regulatory framework. Furthermore, the new rules enhance the formal and substantial criteria of independence as regards the quality of independent non-executive directors, while the reform includes an increase in the number of independent non-executive directors.

Another important feature of the new provisions consists in the establishment of an "adequacy (internal fit-and-proper) policy" which contains specific criteria for the appointment of board members, their evaluation as well as board diversity. The adequacy policy should also include provisions regarding gender balance so that a percentage of at least 25% of all board members must be women. This is a substantial innovation in the corporate governance framework, although it could be contested that the implementation of this rule by greek listed companies could raise certain difficulties.

As regards the chairman of the board, the provisions of Law 4706/2020 regulate best practices concerning the appointment of an independent vice-chairman in case the chairman of the board is an executive member. However, there is no mandatory rule that the chairman of the board should be an independent member or that he is prohibited to act as CEO of the same company, which could increase the transparency and efficiency in the confrontation of agency problems.

REFERENCES

1. Alchian, A. A., & Demsetz, H. (1972). Production, information, costs and economic organization. *The American Economic Review, 62*(5), 777–795. Retrieved from https://www.jstor.org/stable/1815199
2. American Law Institute. (1994). *Principles of corporate governance: Analysis and recommendations* (Vol. 1). Philadelphia, PA: American Law Institute Publishers.
3. Armour, J., Enriques, L., Hansmann, H., & Kraakman, R. (2017b). The basic governance structure: The interests of shareholders as a class. In R. Kraakman, J. Armour, P. Davies, L. Enriques, H. Hansmann, G. Hertig, … E. Rock (Eds.), *The anatomy of corporate law: A comparative and functional approach* (3rd ed., pp. 49–78). https://doi.org/10.1093/acprof:oso/9780198739630.003.0003
4. Armour, J., Hansmann, H., & Kraakman, R. (2017a). Agency problems, legal strategies and enforcement. In R. Kraakman, J. Armour, P. Davies, L. Enriques, H. Hansmann, G. Hertig, … E. Rock (Eds.), *The anatomy of corporate law: A comparative and functional approach* (3rd ed, pp. 29–48). https://doi.org/10.1093/acprof:oso/9780198739630.003.0002
5. ASX Corporate Governance Council. (2014). *Principles of good corporate governance and best practice recommendations.* Sydney: Australian Stock Exchange.
6. Athanassiou, L. (2003). Introduction of non-executive members in the board of directors of listed companies: Duties and responsibility. *Review of Commercial Law, 3,* 288–338.
7. Athanassiou, L. (2010). Shareholders and shareholders' supervision. Nomiki Bibliothiki.
8. Aygitides, D. (2013). *The listed Societe Anonyme* (2nd ed.). Athens, Greece: Nomiki Bibliothiki.
9. Bagley, C. E. (2015). *Managers and the legal environment: Strategies for the 21st century.* Boston, MA: Cengage Learning.
10. Bainbridge, S. M. (2008). *The new corporate governance in theory and practice.* https://doi.org/10.1093/acprof:oso/9780195337501.001.0001
11. Berle, A., & Means, G. (1932). *The modern corporation and private property.* New York, NY: The Macmillan Company.
12. Bielefeld, W. (1992). Funding uncertainty and nonprofit strategies in the 1980s. *Nonprofit Management and Leadership, 2*(4), 381–401. https://doi.org/10.1002/nml.4130020406
13. Blair, M. M., & Stout, L. A. (1999). A team production theory of corporate law. *Virginia Law Review, 85*(2), 247–328. https://doi.org/10.2307/1073662
14. Bradley, N., Lygizos, K., & Georgiadis, N. I. (2005, February 9). Country governance study: Greece. *Standard & Poors.* Retrieved from http://iraj.gr/iraj/greece_country_governance_study.pdf
15. Brown, W. A. (2005). Exploring the association between board and organizational performance in nonprofit organizations. *Nonprofit Management and Leadership, 15(*3), 317–339. https://doi.org/10.1002/nml.71

16. Carter, C. C., & Lorsch, J. W. (2004). *Back to the drawing board: Designing corporate boards for a complex world.* Cambridge, MA: Harvard Business School Press.
17. Carver, J., & Oliver, C. (2002). *Corporate boards that create value: Governing company performance from the boardroom.* San Francisio, CA: Jossey Bass.
18. Clarke, T. (2017). *International corporate governance: A comparative approach* (2nd ed.). https://doi.org/10.4324/9781315749990
19. Clarkson, M. B. E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. *The Academy of Management Review, 20*(1), 92–117. https://doi.org/10.2307/258888
20. Coase, R. H. (1937). The nature of the firm. *Economica, 4*(16), 386–405. https://doi.org/10.1111/j.1468-0335.1937.tb00002.x
21. Code of Conduct for Companies Listed on the ATHEX and Their Affiliated Persons in 2000, HCMC, Rule 5/204/2000. *Official Government Gazette, Issue B' 1487/2000.*
22. Collison, D., Cross, S., Ferguson, J., Power, D., & Stevenson, L. (2011). *Shareholder primacy in UK corporate law: An exploration of the rationale and evidence* (ACCA Research Report No. 125). Retrieved from https://strathprints.strath.ac.uk/32336/
23. Committee on Corporate Governance in Greece. (1999). *Principles on corporate governance in Greece: Recommendations for its competitive transformation.* Retrieved from https://ecgi.global/sites/default/files//codes/documents/greece_engl.pdf
24. Daily, C. M., Dalton, D. R., & Cannella, A. A., Jr. (2003). Corporate governance: Decades of dialogue and data. *The Academy of Management Review, 28*(3), 371–382. https://doi.org/10.2307/30040727
25. Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence and implications. *The Academy of Management Review, 20*(1), 65–91. https://doi.org/10.2307/258887
26. Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *Journal of Law and Economics, 26*(2), 301–325. https://doi.org/10.1086/467037
27. Ferraro, F., Pfeffer, J., & Sutton, R. I. (2005). Economics language and assumptions: How theories can become self-fulfilling. *Academy of Management Review, 13*(1), 8–24. https://doi.org/10.5465/amr.2005.15281412
28. Financial Reporting Council (FRC). (2014). *The UK corporate governance code.* Retrieved from https://www.frc.org.uk/getattachment/59a5171d-4163-4fb2-9e9d-daefcd7153b5/UK-Corporate-Governance-Code-2014.pdf
29. Financial Reporting Council (FRC). (2016). *The UK corporate governance code.* Retrieved from https://www.frc.org.uk/getattachment/ca7e94c4-b9a9-49e2-a824-ad76a322873c/UK-Corporate-Governance-Code-April-2016.pdf
30. Financial Reporting Council (FRC). (2018). *The UK corporate governance code.* Retrieved from https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.pdf
31. Freeman, R. E. (1984). *Strategic management: A stakeholder approach.* Boston, CA: Pitman.
32. Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & de Colle, S. (2010). *Stakeholder theory: The state of the art.* https://doi.org/10.1017/CBO9780511815768
33. Greenfield, K. (2015). Sticking the landing: Making the most of the stakeholder moment. *European Business Law Review, 26*(1), 147–171. Retrieved from https://lawdigitalcommons.bc.edu/lsfp/1031/
34. Hansmann, H., & Kraakman, R. (2001). The end of the history of corporate law. *Georgetown Law Journal, 89*(2), 439–468. https://doi.org/10.2139/ssrn.204528
35. Harrison, J. S., & Wicks, A. C. (2013). Stakeholder theory, value and firm performance. *Business Ethics Quarterly, 23*(1), 97–124. https://doi.org/10.5840/beq20132314
36. Hart, O. D., & Moore, J. (1996). The governance of exchange: Members' cooperatives versus outside ownership. *Oxford Review of Economic Policy, 12*(4), 53–69. https://doi.org/10.1093/oxrep/12.4.53
37. Hellenic Capital Market Commission. (2000). *Annual report.* Retrieved from http://www.hcmc.gr/aweb/files/Annual_Reports/files/Annual%20Report%202000.pdf
38. Hellenic Capital Market Commission. (2003). *Annual report.* Retrieved from www.hcmc.gr/aweb/files/Annual_Reports/files/Annual%20Report%202003.pdf
39. Hillman, A. J., & Daziel, T. (2003). Boards of directors and firm performance: Integrating agency and resource dependence perspectives. *The Academy of Management Review, 28*(3), 383–396. https://doi.org/10.2307/30040728
40. Hillman, A. J., Cannella, A. A., & Paetzold, R. L. (2000). The resource dependence role of corporate directors: Strategic adaptation of board composition in response to environmental change. *Journal of Management Studies, 37*(2), 235–256. https://doi.org/10.1111/1467-6486.00179
41. Hirschman, A. O. (1970). *Exit, voice and loyalty: Responses to decline in firms, organizations and states.* Cambridge, MA: Harvard University Press.
42. Ho, V. H. (2010). Enlightened shareholder value: Corporate governance beyond the shareholder-stakeholder divide. *Journal of Corporation Law, 36*(1), 59–112. Retrieved from https://kuscholarworks.ku.edu/handle/1808/7164
43. Hopt, K. H. (2012). *Comparative corporate governance: The state of the art and international regulation* (ECGI Law Working Paper No. 170/2011). Retrieved from https://cutt.ly/tTrec1s
44. Hopt, K. H. (2015). Corporate governance in Europe. A critical review of the European Commission's initiation on corporate law and corporate governance (ECGI Law Working Paper No. 296/2015). https://doi.org/10.2139/ssrn.2644156
45. Jensen, M. C. (1994). Self-interest, altruism and agency theory. *Journal of Applied Corporate Finance, 7*(2), 40–55. https://doi.org/10.1111/j.1745-6622.1994.tb00404.x
46. Jensen, M. C. (2001). Value maximization, stakeholder theory and the corporate objective function. *Journal of Applied Corporate Finance, 14*(3), 8–21. https://doi.org/10.1111/j.1745-6622.2001.tb00434.x
47. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Management behavior, agency costs and ownership structure. *Journal of Financial Economics, 3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X
48. Kanter, R. M., & Brinkerhoff, D. (1981). Organizational performance: Recent developments in measurement. *Annual Review of Sociology, 7,* 321–340. https://doi.org/10.1146/annurev.so.07.080181.001541
49. Karagounidis, A. (2010). The obligation of loyalty of board members. In M. Marinos (Ed.), *Issues of the new Law on Societes Anonymes.* Athens–Thessaloniki, Greece: Sakkoulas.

50. Karmel, R. S. (1993). Implications of the stakeholder model. *George Washington Law Review, 61*(4), 1156–1176. Retrieved from https://cutt.ly/zTryHEt
51. Kaufman, A., & Englander, E. (2005). A team production model of corporate governance. *Academy of Management Perspectives, 19*(3), 9–22. https://doi.org/10.5465/ame.2005.18733212
52. Keay, A. (2013). *The Enlightened shareholder value principle and corporate governance.* https://doi.org/10.4324/9780203104927
53. Keay, A., & Loughrey, J. (2015). The framework for board accountability in corporate governance. *Legal Studies, 35*(2), 252–279. https://doi.org/10.1111/lest.12058
54. Köndgen, J. (1998). Ownership and corporate governance of stock exchanges. *Journal of Institutional and Theoretical Economics, 154,* 324–351. Retrieved from https://cutt.ly/CTrufbD
55. Koufopoulos, D. N., & Gkliatis, I. P. (2018). An exploration of the effect of organisational demography on board size and leadership structure: Evidence from the Greek manufacturing sector. *Corporate Board: Role, Duties and Composition, 14*(3), 46–57. https://doi.org/10.22495/cbv14i3art4
56. Koufopoulos, D. N., Georgakakis, D. G., & Gkliatis, I. P. (2008). Board and organizational performance in healthcare non-profit organizations: The Greek perspective. *International Journal of Business Governance and Ethics, 4*(4), 330–348. https://doi.org/10.1504/IJBGE.2009.023787
57. Linklaters. (2005). *The matrix: An overview of corporate governance*. London: Linklaters.
58. Livada, C. (2010). Introduction to articles 18–22b. In E. Perakis (Ed.). *The law of the Societes Anonymes. Interpretation by article of L.2190/1920* (pp. 863–914 and 921–1023). Athens, Greece: Nomiki Bibliothiki.
59. Livada, C. (2016). *The board of directors of the Societes Anonymes and the rules of corporate governance*. Athens, Greece: Nomiki bibliothiki.
60. Livada, C. (2020). Corporate governance. In G. Sotiropoulos (Ed.). *The law of the Societes Anonymes. Interpretation by article of L. 4548/2018* (pp. 95–121). Athens, Greece: Nomiki Bibliothiki.
61. Marinos, M. T. (2009). The business judgment rule. Contribution to the interpretation of article 22a par. 2 L. 2190/20. *Chronicles of Civil Law, 8,* 106–119.
62. OECD. (2004). *OECD principles of corporate governance.* Retrieved from https://www.oecd.org/corporate/ca/corporategovernanceprinciples/31557724.pdf
63. OECD. (2015). *G20/OECD principles of corporate governance.* Retrieved from https://www.oecd.org/corporate/principles-corporate-governance/
64. Pargendler, M. (2016). The corporate governance obsession. *Journal of Corporation Law, 42*(2), 359–402. https://doi.org/10.2139/ssrn.2491088
65. Perakis, E. (2007). *The new law on Societes Anomymes* (L. 2190/1920 as amended by L. 3604/2007). Athens, Greece: Nomiki Bibliothiki.
66. Perakis, E. (Ed.). (2002). *The law of the Societes Anonymes: Vol. 1. General Introduction to the law of the SA* (2nd ed., pp. 35–50). Athens, Greece: Nomiki Bibliothiki.
67. Pettigrew, A. (1992). On studying managerial elites. *Strategic Management Journal, 13*(52), 163–182. https://doi.org/10.1002/smj.4250130911
68. Phillips, R. A. (2003). Stakeholder legitimacy. *Business Ethics Quarterly, 13*(1), 25–41. https://doi.org/10.5840/beq20031312
69. Pietrancosta, C. A. (2011). Enforcement of corporate governance codes: A legal perspective. *Revue Trimestrielle de Droit Francaise, 1–2*, 27–39. Retrieved from https://www.researchgate.net/publication/262186175_Enforcement_of_corporate_governance_codes_A_legal_perspective
70. Rokas, N. (2012). *Law of commercial companies* (7th ed.). Athens, Greece: Nomiki bibliothiki.
71. Spanos, L. J. (2004). The evolution of corporate governance in Greece. Paper presented at the *1st LSE Symposium on Modern Greece: Current Social Science on Greece.* Retrieved from www.lse.ac.uk/collections/hellenicobservatory/pdf/symposiumPapersonline/SPANOS_LSE% 20paper. pdf
72. Spanos, L. J. (2005). Corporate governance in Greece: Developments and policy implications. *Corporate Governance, 59*(1), 15–30. https://doi.org/10.1108/14720700510583430
73. Spanos, L. J., Xanthakis, M. D., & Tsipouri, L. J. (2008). Corporate governance rating of family firms at the Athens exchange market. *Managerial Finance, 34*(7), 465–478. https://doi.org/10.1108/03074350810874424
74. Stiles, P., & Taylor, B. (2002). *Boards at work: How directors view their roles and responsibilities.* https://doi.org/10.1093/acprof:oso/9780199258161.001.0001
75. Stout, L. (2012). The shareholder value myth: How putting shareholders first harms investors corporations' and the public. San Francisco, CA: Berret-Koehler Publications.
76. Stuebs, M., & Sun, L. (2015). Corporate governance and social responsibility. International. *Journal of Law and Management, 57*(1), 38–52. https://doi.org/10.1108/IJLMA-04-2014-0034
77. Tellis, N. (2004). Executive and non-executive members in the board of directors of listed companies. *Review of Commercial Law, 1,* 5–24.
78. The Company Law Review Steering Group. (1999). *Modern company law for a competitive economy: The strategic framework* (DTI/Pub 3955/6K/2/99/NP). Retrieved from https://rl.talis.com/3/exeter/items/B606FC9B-10F0-45B9-9381-90D2F0E285B2.html
79. The Hellenic Corporate Governance Code for listed companies. (2013). Retrieved from https://www.ebrd.com/documents/ogc/greece.pdf
80. The UK Companies Act 2006. Retrieved from https://www.legislation.gov.uk/ukpga/2006/46/contents
81. Tountopoulos, B. (2005). Corporate governance L. 3016/2002. In E. Perakis (Ed.). *The law of the Societes Anonymes. Interpretation by article of L. 2190/1920* (Vol. 1, pp. 27–113). Athens, Greece: Nomiki Bibliothiki.
82. Tricker, R. I. (2016). *Corporate governance: Principles, policies and practices.* Oxford, the UK: Oxford, University Press.
83. Tsene, C. (2017). Corporate governance and board of directors in Greek listed companies. *Corporate Board: Role, Duties and Composition, 13*(2), 38–45. https://doi.org/10.22495/cbv13i2art4
84. Xanthakis, M., Tsipouri, L., & Spanos, L. (2005). *The construction of a corporate governance rating system for a small open capital market: Methodology and application in the Greek market* (The IUP Journal of Corporate Governance and University of Athens Working Paper). https://doi.org/10.2139/ssrn.667623