# EDITORIAL: Trends and expectations in corporate law and governance around the world between theory and case analysis

*Dear readers!*

We are pleased to present the second issue of 2021 of the journal *"Corporate Law & Governance Review"*.

This new issue contains five contributions that deal with both theoretical and practical aspects related to corporate law and governance, which provide scholars with regulatory experiences and case studies observed in various countries with a predominantly multidisciplinary approach. It could not be otherwise. In a globalized and interconnected context, the best practices of the various economic subjects tend to converge and — consequently — the national legal systems tend to harmonize. On the other hand, the ultimate instances of corporate law and governance are geographically and politically common to most developed or developing economies and are scientifically close to those posed by the science of complex organizations and by behavioural economics, which may depend on cultural elements, but — unlike the positive legislation — certainly not on the national legal system of reference (Schumpeter, 1911; Coase, 1937, 1960; Easterbrook & Fischel, 1991). As the literature has argued for decades, the various private and public interests — even conflicting ones — involved in all companies depend on the following three factors: regulation, ownership structures, and specific knowledge (Berle & Means, 1932; Schumpeter, 1939; Fama, 1980; Fama & Jensen, 1983; Coase, 1988). In this sense, it is interesting to acknowledge the topics covered by the five contributions contained in this issue.

The contribution of *Chryssoula E. Tsene* examines the Greek Law on listed companies and shows how, after the initial impetus provided by the European Union Law and its transposition by the national legislation, the Greek Law has recently been reformed in the sense traced by the European Union through the introduction of various innovations compared to the past (Spanos, 2004; Xanthakis, Tsipouri, & Spanos, 2005; Enriques, 2006; Koufopoulos, Georgakakis, & Gkliatis, 2008): the aim is to maximize the transparency of corporate governance, the proportionality of the regulatory intervention and the responsibility of members of corporate bodies, through a modern modulation of internal roles, the introduction of the distinction between executive and non-executive and independent and non-independent directors, the introduction of internal board committees and the implementation of the so-called "fit-and-proper test", in order to allow a prior adequacy assessment when appointing members of the board of directors (Athanassiou, 2003; Livada, 2016; Tellis, 2004; Tountopoulos, 2005).

*Wajdi Ben Rejeb's* contribution takes us to Tunisia and intends to examine the evolution of the legislation on listed companies, also following the democratic transition generated by the well-known events of the so-called "Arab Spring". While underlining how the Tunisian economic context is mostly composed of medium, small, and very small enterprises (Ben Rejeb, 2016), the author shows how — despite the process of adaptation to international regulatory standards is underway — the existing and consolidated practices regarding listed companies tend to slow down its concrete evolution, above all in terms of efficiency of corporate governance, but also in terms of pluralism and transparency. In particular, the author deals with two aspects. The first one aims to observe the spread of the so-called "interlocking directorates", which allows a few individuals to sit on most of the corporate bodies of listed Tunisian companies and consequently to control the majority share of the Tunisian stock market capitalization (Kiel & Nicholson, 2003; Dabboussi, Kouki, & Rajhi, 2015). The second one aims to observe how — despite the existence of some rules on gender equality regarding the composition of boards of directors of listed companies — the women who hold these roles are actually not only a few, but they are in most cases also members of the family that already controls the company or even employees of the public administration that already controls the company itself (Koleva & Gherib, 2012; Soufeljil, Sghaier, Kheireddine, & Mighri, 2016).

With an approach less dependent on geo-political variables, *Wasiu Ajani Musa*, *Ramat Titilayo Salman*, and *Ibrahim Olayiwola Amoo* lead us to a classic corporate governance topic: that is, the determination of the compensation of top managers of a listed company. However, the interesting fact is that, in this case, the contribution does not concern so much the remuneration of directors (a long-debated issue), as that of external auditors. The authors start from the well-known theories of agency costs on remuneration in general (Mitnick, 2013) and of product differentiation (Beath & Katsoulacos, 1991) to conclude that — both in the financial and non-financial fields (Fama, 1985; allow me to also quote Benocci, 2011) — the fees reserved for external auditors are necessarily influenced by the following factors: size of the controlled entity, size of the external auditor, reputation, risk assumed and need or not to implement IFRS (Bebchuk & Fried, 2006). Monitoring of these variables could allow — according to the authors — to keep under control the rising costs for these commissions to protect the interest of the company and that of its shareholders (Jaeger, 1964).

*Karen M. Hogan* and *Gerard T. Olson* lead the reader into the US system. As in the previous contribution, the approach is less regulatory and more economic-statistical. The article is interesting because it shows how the ownership structures of large US listed companies have become progressively permeable to a new wave of investments by large financial conglomerates (not only the US but also foreign ones), which is leading to a renewed activism of institutional investors (Gelter, 2016; Borochin & Yang, 2016; Blume & Keim, 2017; Coffee, 2001; allow me to also quote Benocci, 2011). The result is a repeated misalignment between managers' salaries and performances, on the one hand (Godfrey, 2005; Hogan, Olson, & Sharma, 2015), and a more marked disparity between managers' salaries and that of employees, on the other hand (Weiss & Hilger, 2012; Baek, Cho, & Fazio, 2016), with the risk — induced by the economic and pandemic crisis — that such divergences may affect above all women and ethnic minorities.

*Khaled Otman's* contribution closes this issue of the journal by proposing once again an international perspective on traditional corporate governance issues and shows how some international organizations — such as the OECD — have felt the need to introduce some basic rules on financial and company regulation, in order to try to fill some legal gaps that can be identified especially when the companies' operations are cross-border (Shleifer & Vishny, 1997; Weimer & Pape, 1999). From this point of view, the author analyses, above all, the international rules of the so-called "soft law" on transparency and accountability of board members of international companies and their top executives (Chowdary, 2002; Cornford, 2004; Jesover & Kirkpatrick, 2005), underlining how the conduct of international organizations — such as OECD — is fundamental not only from a legal point of view but also from a cultural point of view, in order to make possible greater and better dissemination of good corporate practices.

The second issue of 2021 of the journal is therefore full of stimuli and shows once again how corporate law and governance not only require a multidisciplinary approach but also require a sensitivity that is both theoretical and practical and which must also consider geo-political and historical variables, in order to better indicate what the future developments of the economy and — I would dare to say — of contemporary society may be.

All that remains is to wish everyone a good read.

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