

BOOK REVIEW: “CORPORATE GOVERNANCE IN EMERGING ECONOMIES: THEORY AND PRACTICE”

by

Robert W. McGee, Khaled Hussainey, Yaroslav Mozghovyi
(Virtus Interpress, 2018)

Domenico Rocco Cambrea *

* Department of Management and Technology, Bocconi University, Italy



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“*Corporate Governance in Emerging Economies: Theory and Practice*” presents a careful analysis of corporate governance in ten emerging countries: Slovenia, Kuwait, Jordan, Turkey, Morocco, South Africa, Uganda, India, Malaysia and Mexico.

The book, edited by Robert W. McGee, Khaled Hussainey and Yaroslav Mozghovyi, illustrates the meticulous research work of 16 international researchers and aims at exploring in detail the corporate governance characteristics of companies operating in institutional contexts in development and on which, despite the exponential increase in academic research on the subject, knowledge is rather limited (Claessens & Yurtoglu, 2013; Fan, Wei, & Xu, 2011; Rogers, Dami, de Sousa Ribeiro, & de Sousa, 2008; de Miguel, Pindado, & de la Torre, 2005; Chapelle, 2004).

The research work consists of a total of ten chapters, eight of which are theoretical and the other two empirical. The theoretical chapters deal with key topics, which academic scholars and policymakers consider essential to know in order to operate efficiently in a context of full globalization of the markets (Liu, Li, & Xue, 2011). The arguments regarding the ownership structure of the companies, the characteristics of the board of directors, deepening above all the roles of CEO and Chairman and underlining the presence of independent directors, and remuneration policies for his own members and, finally, the policies adopted by companies regarding the protection of shareholders' rights follow the previous research by Atkins, Zakari, and Elshahoubi (2018); Kostyuk, Mozghovyi, and Govorun (2018); Tsene (2017); Arouri, Hossain, and Muttakin (2011); Boubaker (2007).

Furthermore, each chapter introduces the theme of CSR as a company policy strictly dependent on corporate governance (Hafez, 2016; Salvioni, Franzoni, & Gennari, 2016; Cheung, Tan, Ahn, & Zhang, 2010; Li, Fetscherin, Alon, Lattemann, & Yeh, 2010). The book is embellished by a precise exposition of the financial market rules for each individual country under study and an analysis of the various corporate governance codes adopted in the various countries (Al-Malkawi, Pillai, & Bhatti, 2014; Aguilera & Cuervo-Cazurra, 2009). The analysis of these issues allows the reader of the book not only to know the rules in force in emerging countries, which can also be very different from each other but also to make a comparison with the

numerous codes of governance present in the developed countries, highlighting thus the main differences and identifying possible integrations and improvements. The last two chapters present empirical evidence in Turkey and Malaysia respectively. Both chapters present a good review of the literature and an accurate set of hypotheses, which were validated after the application of a meticulous econometric analysis. In particular, chapter nine explores the debt and dividend policy as channels for propping within business groups in the Turkish stock market. In detail, it intends to examine the effects of pyramidal ownership on the capital structure and dividend pay-out decisions of 150 companies listed on Istanbul Stock Exchange over the years 2010-2016, using 1050 firm-year data in total and employing a panel data analysis with random effects. Chapter ten examines the extent of corporate governance practices before and after the implementation of a governance code in 2001 and whether there is an association with three groups of variables: performance, CG and ownership variables and firm-specific (control) variables by sector.

This book contributes to enriching the knowledge of governance scholars on companies that operate in emerging countries (Otman, 2019; Almutairi & Quttainah, 2019; Alanazi & Alhoqail, 2019; Hilger, 2010; Young, 2010) and whose information is still limited, and also represents a valid opportunity, after having thoroughly illustrated the characteristics of basic governance, for some new scientific research that can contribute, not only to fill the gap currently present in the literature, but it represents a valid indications for company managers and for those who prepare the rules for good corporate governance (Eulerich, van Uum, & Zipfel, 2017; Soana & Crisci, 2017; Metushi, Di Vito, & Fradeani, 2016; Ararat & Ugur, 2003), which aims to increase the value of the company as a natural consequence of the increase in value for all corporate stakeholders.

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