CONTENTS

Overview *5*
Steve Letza, Tadeusz Kowalski

List of Contributors *7*

1. **Corporate Governance: A European Perspective** *9*
Fritz Bolkestein

2. **Broadening Corporate Governance in the United Kingdom: How Are Directors to Act when Owing Duties to Creditors?** *21*
Andrew Keay

3. **Managerial and Consumer Perspectives on the Importance of Ownership: The Case of UK Building Society Conversion** *43*
John K. Ashton

4. **Corporate Governance, Legal Controls and the Non-Executive Director – a Public Lesson from the UK?** *65*
James Kirkbride

5. **Institutions, Corporate Governance and Corporate Governance Institutions: The Case of Estonia** *81*
Theo Postma, Niels Hermes

6. **FDI into the Banking Sectors in Emerging Markets. Evidence on Corporate Governance and Credit Policy in Croatia, Estonia, and Poland** *115*
Tadeusz Kowalski, Evan Kraft, Andrew Mullineux, Vello Vensel, Clas Wihlborg

7. **Assessing Corporate Governance and the London Stock Exchange: A Historical Analysis** *141*
Zenzo Dube, Kerry E. Howell

8. **Corporate Governance: in Search of the "Holy Grail" in Universities in the United Kingdom** *151*
Tim Birtwistle, Steve Letza, Claire Morris

9. **Financial Scandals of the 1920's** *167*
Robert Day

OVERVIEW

Steve Letza, Tadeusz Kowalski

So frequent and damaging are corporate failures (Probst, Raisch 2005), or at least so it seems, it is almost a cliché to state that corporate governance is a critical legal, economic, managerial and societal issue. Under the precepts of capitalism and globalization, defrauding, deceiving or ignoring the wishes of minority investors counters the received wisdom that investor protection is vital to financial development and economic growth. It is well established that fraudulent behaviour, deceit or the exposure of minority investors to self-interested directors, large shareholders or the markets, discourages participation, limits the availability of equity to firms dependent upon external finance, and so constrains financial growth.

Corporate governance has come of age and it is now established that it is good for business, for example, one study found that investors were willing to pay 18 per cent more, on average, for shares in American or British firms with 'strong' corporate governance practices than for a firm in a similar competitive position, but with a weak governance profile (Coombes, Watson 2000, pp. 74-76). Moreover there is empirical evidence to support the contention that good corporate governance is significantly and positively associated with long-term shareholder wealth.

Not withstanding this economic imperative, the social and environmental irresponsibility of some corporations has seen the emergence of a large, vocal, and occasionally violent protest movement, the central objects of whose wrath are company directors, regulators and legislators. Paradoxically, amongst the most devout capitalists, there is a healthy body of opinion that shares the view of those they regard as 'anarchists' in that they believe that the 'malefactors of great wealth' must be reined in. Consequently, corporate governance reforms are driven by both politics and shareholder activism.

The transition economies in Europe form an interesting and important sector in terms of both corporate governance per se and the institutional aspects of corporate governance. Many of these economies are

referred to as 'tiger' economies, due to their high economic growth, and are proving to be the seed-bed of economic activity in Europe. However, sitting along side of the economic growth is the question of corporate governance and institutional frameworks so vital in ensuring the long-term sustainable development. It is these aspect which are considered here.

In this book we gathered a collection of contributions dealing with various aspects of corporate governance in the European arena. Thus we examine, evaluate and criticise theories of corporate governance and approaches to its regulation and functioning, with an emphasis on the European perspective. We identify a series of pan European issues within contemporary corporate governance thinking. Our aim is simply to engage in the current corporate governance discourse and bring to the debate those issues of critical importance to Europe.

References

Probst, G., Raisch, S. 2005. "Corporate Crisis: The Logic of Failure", Academy of Management Executive, vol. 19, no. 1, pp. 90-105.

Coombes, P., Watson, M. 2000. "Three Surveys on Corporate Governance", The McKinsey Quarterly, no. 4, pp. 74-77.

LIST OF CONTRIBUTORS

John K. Ashton – Lecturer School of Management and ESRC Centre for Competition Policy University of East Anglia, Norwich, UK.
E-mail: j.ashton@uea.ac.uk

Fritz Bolkestein – Former EU Commissioner

Tim Birtwistle is Professor of Law and Policy of Higher Education at Leeds Law School, Leeds Metropolitan University, UK.
E-mail: t.birtwistle@leesmet.ac.uk

Robert Day is Director of the Centre for Corporate Governance and Regulation, The Institute of Business and Law, Bournemouth University, UK.
E-mail: rday@bmth.ac.uk

Zenzo Dube is a Ph.D. candidate at the Ashcroft International Business School and member of the International Research Unit for Institutional Governance, Anglia Ruskin University, UK.
E-mail: zenzo123@aol.com

Niels Hermes is Professor of International Finance, Department of Financial Management, Faculty of Management and Organization, University of Groningen, the Netherlands.
E-mail: c.l.m.hermes@bdk.rug.nl

Kerry Howell is Professor of Governance and Leadership at The Business School, Glamorgan University, UK.
E-mail: k.e.howell@glam.ac.uk

Andrew Keay is Professor of Corporate and Commercial Law and Director of the Centre for Business Law and Practice, School of Law, University of Leeds, UK.
E-mail: a.r.keay@leeds.ac.uk

James Kirkbride is Dean and Professor of International Business Law, Faculty of Business and Law, Liverpool John Moores University, UK.
E-mail: j.kirkbride@livjm.ac.uk

Tadeusz Kowalski is Professor of Economics at Poznań University of Economics, Poland.
E-mail: tadeusz.kowalski@ae.poznan.pl

Evan Kraft is Advisor to the Governor, Croatian National Bank.
E-mail: evan.kraft@hnb.hr

Steve Letza is Professor of Corporate Governance and Director of the European Centre for Corporate Governance at Liverpool John Moores University UK.
E-mail: s.letza@ljmu.ac.uk

Claire Morris is Assistant Dean and Head of Leeds Law School Leeds Law School, Leeds Metropolitan University, UK.
E-mail: c.e.morris@leedsmet.ac.uk

Andrew Mullineux is Professor of Global Finance in the Department of Accounting and Finance at the University of Birmingham, UK.
E-mail: a.w.mullineux@bham.ac.uk

Theo Postma is Professor of Strategic Management, Department of Strategy and External Environment, University of Groningen, the Netherlands.
E-mail: t.j.b.m.postma@bdk.rug.nl

Vello Vensel (Late) was Professor of Statistics at Department of Economics at Tallinn Technical University, Estonia.

Clas Wihlborg is Professor of Finance and Director of the Center for Law, Economics and Financial Institutions in the Department of Finance at the Copenhagen Business School (CBS), Denmark.
E-mail: cw.fi@cbs.dk