

Corporate Governance Worldwide

A guide to best practices
for managers

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Introduction

In the 20th century, modern corporations became one of the world's dominant institutions. Consequently, the way they do business is now under close scrutiny. The relationship between ownership structure, performance and the demands of society requires that companies exercise a high degree of diligence in their governance. Business' commitment to sustainable development requires the integration of good corporate governance practices into regular business activities.

The essence of corporate governance is improved performance, which will eventually lead to job creation, wealth and consumer welfare. Recent corporate scandals and failures, each stemming from different causes, have accentuated the importance of good governance practices. The decline in public trust has to be restored. Companies and institutions cannot afford to have their reputations tarnished by inadequate oversight, lack of transparency and irresponsible business conduct, nor can national economies continue to suffer from laxity and fraud in corporate activities. The turmoil resulting from poor corporate governance can lead to sharp share price declines that can destroy, in a matter of hours, market values built up over years. In the aftermath of recent corporate scandals, it is now recognized that good corporate governance aligns with the interests of all parties involved in the functioning of a company.

This book is a practical guide for directors, managers, accountants, lawyers and academics: in short, anyone with an interest in corporate governance and how to achieve it. It discusses the responsibilities of the board and the growing role of institutional investors as shareholders, as well as the importance of transparency and accountability, the two main pillars of good corporate governance. It can help companies meet real-world expectations of good practices.

Given the variety of ownership structures, cultural differences and the changing nature of capital markets and legal environments, the book stresses that there is no tailor-made, one-size-fits-all governance structure. However, it also underlines the increasing convergence of best practices in a global community.

Finally, *Corporate Governance Worldwide* draws the attention of the business world to the fact that corporate governance is a moving target, and needs to be aligned and updated according to changing needs. In short, achieving good governance requires patience and a long-term vision.

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