

■ Keep pace with Corporate Governance Worldwide

Paris, 1 September 2004 - A new ICC book published this month provides a comprehensive guide to corporate governance best practices. The book, titled *Corporate Governance Worldwide*, is intended to help companies meet real-world expectations of good practices.

ICC spoke to the book's author, Güler Manisali Darman, to find out why corporate governance should be paramount in business.

Why is corporate governance such a hot issue these days?

Darman: Recent corporate scandals and failures, each stemming from different causes, mean companies and institutions cannot afford to have their reputations tarnished by inadequate oversight, lack of transparency and irresponsible business conduct. The decline in public trust has to be restored. Good corporate governance is an essential element of sustainable economic growth in a market economy. Beyond these developments, the waves of privatization, stringent listing requirements, company ratings, mergers and acquisitions as corporate control mechanisms, the increasing role of institutional investors - mainly pension funds - and finally, globalization, have all been among the driving forces behind the evolving role of corporate governance.

What are the most important elements that contribute to good corporate governance?

Darman: Transparency and disclosure in financial reporting have become the two watchwords of good corporate governance. Broad, timely and accurate disclosure of information about financial and operating performance is central to effective board oversight. Accountability and loyalty of the board to both the company and the shareholders are also fundamental concerns. The equal treatment of shareholders and the preservation of their rights are the aims of good corporate governance. Once shareholders have invested in a company, the capacity to exercise their rights may be abrogated by the management of the corporation, minimizing their power to influence the company. Independence however, is the most important feature because it facilitates board objectivity, required to review management activity.

Good corporate governance practices are more than box-ticking exercises. Companies should understand the substance of what is needed and not simply comply with a form.

Is the drive for good corporate governance mainly centred in the West? Is there a single approach to good governance?

Darman: Good corporate governance is not only a concern of the West. Given the variety of ownership structures, cultural differences and the changing nature of capital markets and legal environments, there is no tailor-made, one-size-fits-all governance structure. There is however, an appreciation and common understanding of policy direction. Despite increasing convergence of best practices in the global community, we must not forget that corporate governance is a moving target that needs to be aligned and updated according to changing needs. This requires patience and a long-term vision.

How can your book help?

Darman: The book, as its title implies, provides a comprehensive overview of corporate governance worldwide. It shows the driving forces behind governance movement. It underlines the responsibilities of the board and cites good practices that make for an effective board. The book also investigates what constitutes a good director.

Corporate Governance Worldwide explores the rights of shareholders as well as analyzing the increasing role of institutional investors. It spotlights potential accounting minefields and guides readers in a successful transition to international financial reporting standards - one of the main pillars of corporate governance.

All of the issues covered in the book are backed up with sound examples and real-world case studies that provide evidence of how the principles of good governance are being applied in different regions of the world.

Corporate Governance Worldwide presents the opinions of distinguished professionals in the field and suggests how companies can think strategically.

It concludes with the question: "what is next" in corporate governance practices.

Who will your book appeal to?

Darman: The book is a practical guide for directors, managers, accountants, lawyers and academics. In short, it appeals to anyone with an interest in corporate governance and how to achieve it.

About the author

Güler Manisali Darman, the author of Corporate Governance Worldwide, is Financial Coordinator of Bilkent Holding SA and has had extensive experience in finance, accounting and corporate oversight. She is a member of the ICC Commission on Financial Services and Insurance. Her book is a comprehensive guide that provides an update of breaking developments in the field and recommendations for how business should react to new governance requirements generated by governments and the marketplace.

For further information or to order a copy of Corporate Governance Worldwide, please visit the ICC Business Bookstore