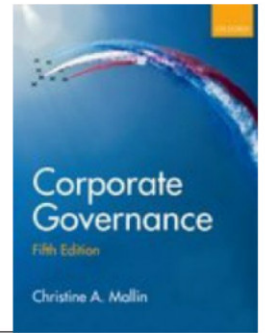


Corporate Governance

By Christine A. Mallin



Corporate Governance, which is now in its fifth edition, is an established text on the subject. It is also essential reading for administrative management practitioners and students alike.

With this new version, it is immediately apparent that the author has, alongside other revisions, taken the opportunity to present contemporary examples of corporate governance issues. These include recent developments such as the EU Shareholder Rights Directive 2014.

Nonetheless, some sections appear to have been brought more up-to-date than others. For instance, Table 11.1 (ERBD/World Bank Business Environment Survey) originates from 1999 and was included in the second (2003) edition of the book. It remains unchanged in the fifth – some 12 years later.

But as the author herself acknowledges the speed at which corporate governance has changed, presenting data from 16 years ago is now perhaps of limited use.

The strength of the book, however, lies in the examples it provides of the governance issues faced by larger organisations. It becomes clear that the seeds of poor or inadequate governance are sown early on - certainly long before companies reach the publicly-quoted stage.

Shortfalls

These challenges are partially addressed in chapter five, which is called “Family-owned firms” – a title

that has, unfortunately, somewhat narrowed down the scope of possible research in relation to small-to-medium enterprises (SMEs).

It would also have been good to see suggested indicators of positive, or otherwise, governance issues as they relate to smaller organisations. A framework to help identify the different aspects of governance more clearly and formally would likewise have been useful to everyone from students and stakeholders to regulatory authorities.

Some ‘best practice’ guidance on establishing effective corporate governance - in organisations of all sizes - would have been helpful too, and potentially would have opened the book up to a far wider audience.

A significant part of work, meanwhile, looks at corporate governance across the world. Explored in less detail is the situation of truly global organisations and the challenges they face in maximising profit while addressing specific governance issues in the individual countries in which they operate. It would also have been interesting to look at how governance issues in specific countries can impact a company’s global brand.

Yet another topic worthy of discussion would have been the role of governance within companies

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seeking to evade/avoid corporation tax by moving headquarters to countries with lower tax rates – and the role of the media in reporting such practices.

Excellent overview

Some oddities exist in the book too, however. For example, ‘CSR Indices’ are listed before an exploration of ‘corporate social responsibility’.

But overall, this latest edition continues to offer an excellent overview of corporate governance issues within larger organisations. Its breadth and depth has assured it a place on many management courses’ reading lists.

Mallin is surely right in concluding that: “Corporate governance structures and frameworks can only do so much.” This appears to be a tacit acceptance that – as in the case of an effective strategy – culture is key.

If there is a challenge that the author fails to address though, it is in providing readers with frameworks and practical approaches to getting corporate governance right at an early stage. Doing so would go some way to help them avoid the organisational scandals and disasters that the book presents so well. ■

Review written by Mark Northway, director and courses co-ordinator at *Deltic Training*.



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