THE USV ANNALS OF ECONOMICS AND PUBLIC ADMINISTRATION | VOLUME 12, ISSUE 2(16), 2012

A METHODOLOGY FOR MEASURING RESPONSIBLE CORPORATE GOVERNANCE IN COUNTRIES OF EMERGING EUROPE

Ph.D. Lecturer **Mariana Cristina GANESCU**
Constantin Brâncoveanu Universitaty of Piteşti, Romania
cristina_ganescu@yahoo.com

Ph.D. Lecturer **Andreea Daniela GANGONE**
Constantin Brâncoveanu Universitaty of Piteşti, Romania
andreeagangone@yahoo.com

Abstract:

This paper aims to create a methodology to measure responsible corporate governance with the help of an index composed of five sub-indexes, each corresponding to a certain dimension of responsible corporate governance. The research is based on a review of scholarly literature on responsible corporate governance and offers some guidelines for measuring corporate governance in developed and emerging countries. It also aims to determine a responsible corporate governance index based on the following dimensions: shareholders' rights and equal treatment, relationships with stakeholders, responsibilities of the management team to monitor company objectives, corporate ethical behaviour and transparency, and the implementation of internal and external control systems. The methodology for determining the index of responsible corporate governance enables a ranking of emerging countries in Europe and can be used in any context.

Key words: corporate governance, responsible corporate governance, responsible corporate governance index, corporate social responsibility, Emerging Europe.

JEL classification: G34, M14, P2.

INTRODUCTION

Sustainable development policies implemented by some countries of the world have clearly highlighted the key role of corporate social responsibility. Environmental and social responsibilities, but especially those related to responsible corporate governance are an integral part of medium and long-term performance and sustainability.

Empirical studies regarding corporate governance conducted in various countries of the world highlight the features of corporate governance in conjunction with economic performance, ownership structure, industry, legal system, control actions and demonstrate the voluntary nature of implementing corporate governance practices.

Corporate governance has become an important issue in emerging European countries in recent years, but is still widely unknown in many other countries. In many emerging countries, corporate governance remains a controversial idea in terms of conceptual basis, characteristics, efficiency and future development (Kuznetsov and Kuznetsova, 2009), emphasizing the importance of good corporate governance, which should result in an increase in share price and in attracting capital (McGee, 2008).

The purpose of this study is to rank emerging European countries based on an index of responsible corporate governance. First of all, we identified the dimensions needed to measure responsible corporate governance and the components of each dimension. Then we determined a method to calculate the index of responsible corporate governance for emerging European countries. Thirdly, we ranked analysed states according to the value of the index of responsible corporate governance. Finally, we analysed the correlations between indicators that form the various dimensions of responsible corporate governance. We used the initial hypothesis that there is a positive correlation between the dimensions needed to measure responsible corporate governance.

THE CONCEPT OF CORPORATE GOVERNANCE - DEFINITIONS

The process of identifying definitions for the concept of corporate governance facilitates the understanding of differences between views regarding the content of this concept. The first attempt to explain the concept of corporate governance belongs to Berle and Means (1932) who consider that corporate responsibility refers to the "equitable control" that managers must exert to meet the interests of shareholders.

A widely used definition belongs to the Cadbury Committee (Mallin, 2007): "the system by which companies are directed and controlled". Shleifer and Vishny (1997) approach corporate governance while having in mind the means by which "resource providers" and financial investors ensure the profitability of their investments. Corporate governance can mean: „leadership, organizational structures and processes that help ensure that an organization's functions sustain and extend its strategies and objectives. Put more simply, it is the culture, policies, procedures and controls that help ensure a company will meet its business goals." (Lamm, 2010a), "a system of rules and norms, of either institutional or market nature, within which various categories of stakeholders, shareholders, management, public administration, staff, customers, suppliers, etc. arise or develop" (Bostan and Bostan, 2010), "a concept that encompasses a wide range of activities, rules, processes and procedures designed to ensure optimal use of resources and corporate strategies in order to meet its objectives " (Dobroțeanu et al., 2011).

The development of the concept of corporate governance was made in connection with a number of theories. The agency theory (Jensen and Meckling, 1976) dominates other theoretical approaches of corporate governance and extends the basis theory on the separation of ownership from control, analysing the relationships between those who delegate authority (shareholders) and those who perform services to the benefit of the former (CEOs), as a consequence of information asymmetry. Recent research demonstrates the implications of transaction costs on resource allocation and on the structure of organizations (Iacobuță and Frunză, 2006). Transaction cost theory states that the transaction is the basic unit of analysis in economics; economic governance is essential to optimizing resource allocation and increasing economic efficiency (Williamson, 1975). Stewardship theory shows that managers, as administrators of the business, are inclined to meet the interests of shareholders. This theory (Donaldson, 1990) eliminates the idea of personal interests, arguing that variations in performance obtained by managers are determined by their position. Stakeholder theory (Donaldson and Preston, 1995) provides a legal framework for the inclusion of stakeholders in the managerial decision-making process (Crane and Ruebottom, 2011). The main goal of management should be to create value and satisfaction for all stakeholders (Aggarwal and Chandra, 1990; Kochan and Rubinstein, 2000). In this context, some research sought to analyse the topic of shareholder value versus stakeholder orientation based on empirical studies of managers from top U.S., UK and European companies (Stadler et al., 2006).

A series of corporate governance models have been individualised in scholarly literature. Albert (1993) distinguishes two models of corporate governance: shareholder value model (Anglo-Saxon model) and stakeholders model (Rhineland model). De Jong (1997) considers that there are three alternative models of corporate governance: American (Anglo-Saxon or market-oriented system), continental (Germanic or network-oriented system) and Latin (represented by companies from Italy, France, Spain, etc.). Yoshimori (1995) believes that we can identify three distinct concepts related to corporate governance: "monistic, dualistic and pluralistic". In another vision (Bostan and Bostan, 2010), the two models of corporate governance are: the "insider system" model and the "outsider system" model.

TOWARDS RESPONSIBLE CORPORATE GOVERNANCE

According to traditional understanding, corporate governance practices may be involved in societal activity provided that they are fully voluntary and result in a positive contribution to profit. Only for this reason, directors are informed about environmental risks, liabilities and key environmental compliance issues the company may be facing (Kuhndt et al., 2004). Starting from this idea, the corporate boards are believed to be accountable only to their shareholders and to no other group in society. Hence, the board is answerable to shareholders and, in some systems, to employees and creditors.

Recently, a new approach to corporate governance has been developed which relies on the assumption that man is free and responsible (Aras and Crowther, 2010). On this basis, corporations are viewed as communities of free and responsible persons engaged in a creative project, able to contribute to the common good. The terms "good corporate governance" or "responsible corporate governance" are used ever more often in scholarly literature. Bad governance is being increasingly regarded as one of the underlying causes of all evil in our societies (Shil, 2008).

Good corporate governance is a must in ensuring the values required by different stakeholder groups. It enhances the performance of corporations, by creating an environment that motivates managers to maximize return on investment, enhances operational efficiency and ensures long–term productivity growth. Consequently, such corporations attract the best talent available on a global scale. It also ensures the alignment of corporations to the interests of investors and society, by creating fairness, transparency and accountability in business activities among employees, management and the board (Oman, 2001). Good corporate governance in a corporate set up leads to legal maximization of shareholders' value, in an ethical and sustainable manner, while ensuring equity and transparency to every stakeholder – customers, employees, investors, vendor-partners, government, and community (Murthy, 2006).

Another aspect of stakeholder empowered corporate governance is the development of "Leadership for Responsibility". This refers to utilising the resources of corporations to bring about societal change. A leader in responsible corporate governance sees the whole policy approach as an opportunity rather than a challenge. Leadership requires the creation of a demand for sustainable action rather than answering demands for responsible action (Kuhndt et al., 2004).

Some authors believe that corporate social responsibility is an important regulator of corporate governance. Responsible corporate governance „is a stakeholder-oriented policy that allocates responsibilities to societal actors and that will drive corporate accountability" (Kuhndt et al., 2004).

Responsible corporate governance is a never-ending process, which progresses through conflicts, under the condition that conflicts are solved, as far as possible, through integration and not through domination and compromise. Therefore, responsible corporate governance lies in entrepreneurial democracy, which systematically questions the organization's mission and its relation to the common good (Aras and Crowther, 2010). Good corporate governance therefore sets the balance between economic and social growth (Zinkin, 2010).

Contemporary experts have identified the elements of responsible corporate governance: "stakeholder empowered corporate governance; management and performance evaluation systems; transparency enhancement; accountability verification" (Kuhndt et al., 2004).

Businesses characterized by responsible corporate governance must abide by the following principles (Kuhndt et al., 2004): „assume societal leadership for responsibility; clearly and specifically identify their social, environmental and economic values in accordance with the demands of their stakeholders; define their social, environmental and economic priority areas of action; adopt specific management practices to integrate these values into their operations and take measurable action; disclose comprehensive data on their social, environmental and economic impacts; involve in comprehensive review of their activities; strive for continuous learning".

In our view, responsible corporate governance can be used with direct reference to governance that is based on three important principles: fairness, transparency and accountability.

Responsible corporate governance practices are the foundation of the organization's overall vision, decision-making processes and structures that support long-term business sustainability. Adoption of responsible corporate governance practices is considered a voluntary act of organizations (Anand et al., 2006), enabling them to generate economic, social and environmental results. According to this view, best practices in corporate governance require vision, processes and structures that ensure long-term sustainability.

MEASURING CORPORATE GOVERNANCE IN DIFFERENT STUDIES

Macey (1998) suggests three empirical ways of measuring the performance of a system of corporate governance: by determining the level of control exerted by shareholders compared to their participation; by measuring the willingness of entrepreneurs to make initial public offerings of stock; by analysing the functioning of internal and external markets from a corporate control point of view.

For this purpose, some studies succeeded in measuring the growing influence of shareholders and the effects this has on industry and even nation-wide relations, and proposed ways to reduce shareholder pressure by trade union actions (Van den Toren, 2000).

Most of the attention in terms of corporate governance was geared towards making predictions about the performance of organizations as a result of the choice of corporate governance practices (Gillan et al., 2003) or associating costs to some corporate governance mechanisms (McKnight and Weir, 2009).

Indices for measuring corporate governance were developed by many companies and researchers, but most of them are relevant only for developed countries: the corporate governance index developed by Khanna, Joe and Krishna (2001), Klapper and Love (2002), Ananchotikul (2008), the FTSE-ISS Corporate Governance index, the Gompers, Ishii and Metrick index (2003). Also, some institutions, such as the Institutional Shareholder Services, The Corporate Library and Governance Metrics International, have developed corporate governance rankings. Corporate governance issues are the focus of agencies such as Moody's Investor Services, Standard and Poor's and Fitch Ratings.

The evaluation of corporate governance for Chinese listed companies focused on six dimensions: „the index of controlling shareholders' behaviours, board governance index, top management governance index, information disclosure index, stakeholders' governance index and supervisors' committee governance index" (Li and Tang, 2007). The results show that the implementation of responsible corporate governance leads to increased profitability, operational efficiency, financial flexibility and security for analysed companies.

Another study focused on quantitative measurements of the quality of corporate governance and ownership (Bebczuk, 2005) and used the example of 65 Argentinian listed companies to highlight the considerable effect of governance measures on assets' profitability.

In some emerging countries, the national system of corporate governance is reflected in standards and measures aimed at increasing foreign investment and channelled towards protecting investors (Kuznetsov and Kuznetsova, 2009). The state and dynamics of corporate governance in Russia are described in some studies (Lazareva et al., 2009), which show that most companies operating in that country adhered to standards of corporate governance. Some studies carried out on emerging markets emphasize the connection between corporate governance, investor protection and performance (Klapper and Love, 2002) to better understand the environment in which corporate governance is of greater importance.

Another interesting research aims to identify a composite index of corporate governance regulation in European countries between 1990-2005, based on three distinct categories of indexes, "the protection of shareholder rights index, the minority shareholder protection index and the protection of creditor rights index" (Martynova and Renneboog, 2010).

A METHODOLOGY TO DETERMINE AN INDEX OF RESPONSIBLE CORPORATE GOVERNANCE FOR EMERGING EUROPEAN COUNTRIES

In Romania there are still very few studies on corporate governance (Răileanu et al., 2011; Popescu-Duduială and Stoichin, 2011) that assess corporate governance compliance of listed companies or corporate transparency in applying corporate governance principles.

This is the reason why we set out to propose a methodology to assess the national level of responsible corporate governance in emerging European countries.

Emerging Europe Monitor grouped these countries into three categories (Emerging Europe Monitor, 2012): Central Europe & Baltic States (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia), Russia & CIS (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan) and South-East Europe (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Montenegro, Romania, Serbia, Slovenia). Of these, for Turkmenistan, Uzbekistan, Kyrgyzstan, Tajikistan, Armenia and Belarus no relevant data was found. We found it useful to include Turkey in the analysis because of its geographic location and economic position.

The Organisation for Economic Cooperation and Development first established the basic principles of corporate governance in 1999, and then revised them in 2004: ensuring the basis for an effective corporate governance framework; the rights of shareholders and key ownership functions; the equitable treatment of shareholders; the role of stakeholders in corporate governance; disclosure and transparency; the responsibilities of the board (OECD, 2004).

Starting from the OECD vision, we recommend the following dimensions of measuring responsible corporate governance, structured as follows: D1 - Shareholders' rights and their equal treatment; D2 - Relations with stakeholders; D3 - Responsibilities of the Management Board in pursuing corporate objectives; D4 – Ethical corporate conduct; D5 - Transparency and the implementation of internal and external control systems.

To assess the five dimensions of responsible corporate governance we used the Global Competitiveness Report published by the World Economic Forum (Schwab and Sala-i-Martin, 2012) as a data source. We chose this source because it evaluates all countries covered by our study in a consistent manner, ensuring data comparability. From the multitude of indicators used for reporting, we chose those indicators that cover the content of the proposed dimensions.

Dimension 1, "Shareholders' rights and their equal treatment", refers to corporate obligation to protect shareholders' investment and to equal treatment for shareholders, providing secure mechanisms for registration and confirmation of shareholder ownership, voting rights and collection of dividends. To determine this sub-index, we used the following indicators: *I1.1 - Protection of shareholders* and *I1.2 - Investment protection.* Dimension 2, "Business relations with stakeholders", aims to maintain transparent and fair relations between company and its stakeholders (employees, customers, etc.). In this respect, we chose the following indicators: *I2.1 - Hiring and firing practices, I2.2 - Relations between employers and employees, I2.3 - Degree of focus on consumer*. Dimension 3, "Responsibilities of the Management Board in pursuing corporate objectives", is assessed with the use of two indicators: *I3.1- Management training* and *I3.2 - Delegating responsibilities to employees.* Dimension 4, "Ethical corporate conduct", is based on a single indicator (I4), which measures the perception of ethical corporate behaviour in a given country relative to other countries. Dimension 5, "Transparency in the implementation of internal and external control systems", refers to compliance to reporting standards and is determined using indicator *I5.1-Compliance with reporting and auditing of financial performance*. Any organization needs to maintain independent external auditors as an important tool of responsible corporate governance.

Limitations to this study arise from the nature of collected data, which expresses perceptions of respondents in the respective countries. As the countries of the world will improve reporting on their social and economic environment and ensure its continuity, the proposed methodology could be applied to quantitative data generating better scientifically proven results.

The index of responsible corporate governance for emerging European countries is a composite index based on five sub-indexes, which correspond to the responsible corporate governance dimensions explained above, and each sub-index is determined by using the chosen indicators.

The methodology of calculating the index of responsible corporate governance is the following:

- the values of each indicator within each dimension are sorted in descending order and the best (maximum) and lowest result (minimum value) are defined;

- each value of indicators receives points from 0 to 100 (0 for the minimum value and 100 for the maximum value);

- normalization is achieved by applying the following formula:

$$P_i=100*(X_i-val_{min})/(val_{max}-val_{min}) \quad (1),$$

Where: X_i*=the value of the indicator to be normalized,* val_{max} *=maximum value,* val_{min} *=minimum value;*

- weighting coefficients are set: each indicator is equally weighted within each dimension and each dimension has equal weight in the overall index;

- dimensions are aggregated by multiplying the number of points awarded during normalization with the weighting coefficients (0.50 for D1, 0.33 for D2, 0.50 for D3, 1 for D4 and D5), using the following formula:

$$P_{i/d}= P_i*C_{d,} \quad (2),$$

Where: $P_{i/d}$*=points for indicator i after weighting,* P_i*=points for indicator i,* C_d *= weighting coefficient;*

- the index is calculated by summing the points of each sub-index, using the following formula (total index will have values between 0 and 1):

$$I_c= (P_{i/d1}+P_{i/d2}+P_{i/d3}+P_{i/d4}+P_{i/d5})/5/100, \quad (3),$$

Where: I_c*=composite index,* $P_{i/d1,2,3,4,5}$*=points for indicator i after weighting;*

- states are ranked in decreasing order in terms of responsible corporate governance, the state with the highest index value having greater awareness of responsible corporate governance.

RESEARCH RESULTS

By applying the methodology described in the previous section, we determined the value of the responsible corporate governance index (RCGI) for each state. The results show (Table 1) that ten of the twenty-three states have average and above average performance in terms of responsible corporate governance, with RCG index values over 0.5. Estonia ranks first, far from runners up with an index value of 0.911, which shows that the perception of respondents is very favourable to following responsible corporate governance principles. Out of five dimensions, three scored a maximum value. Romania ranked 20th, with a low value of the index.

Figure 1 presents a comparison of the RCG index for the top 3 countries and Romania. The differences are significant and our country recorded above average values for only one of the five sub-indexes.

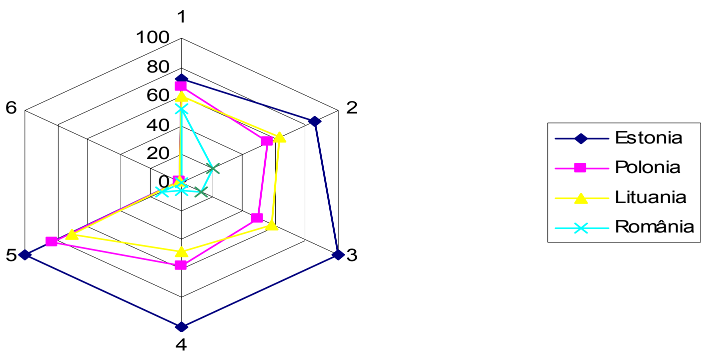

Figure 1. Romania, compared to top 3

Table 1. States ranked by RCG index value

State / acronym	Sub-index D1	Sub-index D2	Sub-index D3	Sub-index D4	Sub-index D5	Index GCR
Estonia (Est)	71.3	84.4	100	100	100	0.911
Poland (Pol)	66.2	55.3	48.7	57.9	82.4	0.621
Lithuania (Lit)	59.5	63.3	57.5	47.4	70.6	0.597
Albania (Alb)	88.3	84.6	55.8	42.1	23.5	0.589
Latvia (Let)	65.4	63	51.3	47.4	52.9	0.560
Turkey (Tur)	68.3	71.8	37	47.4	52.9	0.555
Kazakhstan (Kst)	88.2	64.4	39.9	42.1	41.2	0.551
Montenegro (Mnt)	75.8	49.6	57.7	57.9	29.4	0.541
Slovenia (Svn)	57.3	36.4	54.1	57.9	52.9	0.517
Azerbaijan (Azb)	74.9	84	41.7	42.1	11.8	0.509
Czech Republic (Ceh)	56.6	54.4	56.6	15.8	64.7	0.496
Georgia (Grg)	66.9	55.4	15.8	52.6	29.4	0.440
Hungary (Ung)	44.9	48.7	15.8	26.3	76.5	0.424
Bulgaria (Blg)	57.4	54.7	21.2	21.1	29.4	0.368
Slovakia (Svc)	44.0	45.2	45.1	15.8	29.4	0.359
Macedonia (Mcd)	64.0	49.7	2.6	26.3	35.3	0.356
Moldavia (Mld)	38.2	37.5	23.9	15.8	23.5	0.278
Bosnia-Herzegovina (BoH)	27.2	56.9	46.1	0	5.9	0.272
Croatia (Crt)	29.4	22.6	15	26.3	23.5	0.234
Romania (Rom)	51.5	19.8	12.4	5.3	11.8	0.201
Ukraine (Ucr)	20.5	60.1	6.2	5.3	0	0.184
Russia (Rus)	20.5	25.2	7.9	15.8	0	0.139
Serbia (Srb)	16.3	15.9	7.1	0	5.9	0.090

To demonstrate the existence of connections between the indicators that compose responsible corporate governance dimensions, we applied the correlation method. The results (Table 2) obtained using Excel's Data Analysis show very strong correlations between "Management vocational training" and "Compliance in terms of reporting and auditing of financial performance" (value 0.75), between "Management training" and "Delegation of responsibilities to subordinates" (value 0.74), between "Management training" and "Shareholder protection" (value 0.71), between "Shareholder protection" and "Ethical corporate conduct", between "Shareholder protection" and "Compliance in terms of reporting and auditing of financial performance".

Table 2. Results of statistical correlation

	I 1.1	*I 1.2*	*I 2.1*	*I 2.2*	*I 2.3*	*I 3.1*	*I 3.2*	*I 4*	*I 5*
I 1.1	1								
I 1.2	0.281021	1							
I 2.1	0.183219	0.351694	1						
I 2.2	0.630532	0.435429	0.523895	1					
I 2.3	0.633708	0.204991	0.053439	0.518598	1				
I 3.1	0.710048	0.075189	0.001229	0.670689	0.672739	1			
I 3.2	0.537535	0.294665	-0.0682	0.566228	0.613186	0.745555	1		
I 4	0.671693	0.444015	0.10375	0.583298	0.546065	0.687856	0.639744	1	
I 5	0.670343	0.068146	-0.20113	0.420803	0.576502	0.752921	0.44626	0.69684	1

Also, there are no connections between "Hiring and firing practices" and "Delegation of responsibilities to subordinates" and between "Hiring and firing practices" and "Transparency in implementing internal and external control systems".

In this study we developed a two-dimensional classification of countries of emerging Europe using the responsible corporate governance index and the GDP/capita (as an indicator of the level of economic development of the analysed states). We aimed to emphasize that responsible corporate governance is related to economic development by applying descriptive statistics (Adams et al., 2007), which allows a graphical representation of data. Thus, we were able to observe a scattering of states based on two elements (scatter plots).

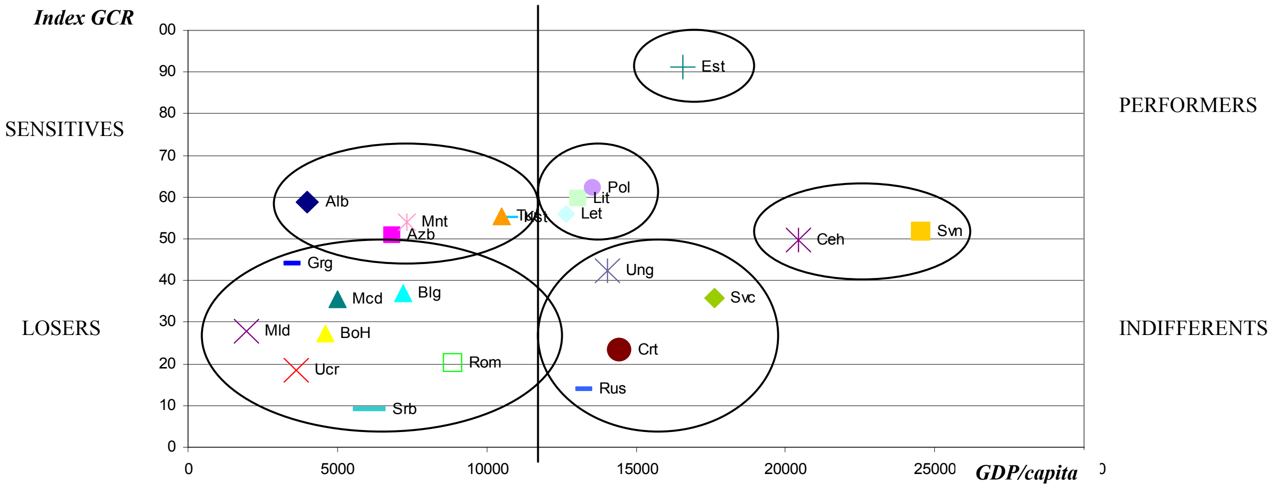

Figure 2. Two-dimensional classification of states of emerging Europe

Figure 2 shows four categories as follows:

- ✓ ***Performers*** are countries with excellent performance in terms of corporate governance and the highest level of GDP/capita. Estonia's noteworthy position is based on the best performance in corporate governance, although its economic development places it slightly above average; Czech Republic and Slovenia's positions are also worth mentioning because, while they do not benefit from the best economic conditions, they achieved average performance in terms of corporate governance.
- ✓ ***Losers*** represent about a third of the emerging European countries, including Romania, and have a low level of both responsible corporate governance and economic development. We believe that these countries can improve their business performance and competitive position in international markets by using tools and practices of responsible corporate governance.
- ✓ ***Sensitives*** are those who have above average scores in terms of responsible corporate governance index, but extremely low levels of economic development. This paradox can be explained by a favourable perception of respondents.
- ✓ ***Indifferents*** are the category of states with real opportunities of developing responsible corporate governance practices, as they have higher GDP/capita. However, they have a correct perception of the importance of adopting responsible corporate governance.

We consider that the methodology used to determine the responsible corporate governance index and to establish a dimensional classification of states can also be applied to developed countries, not only to emerging ones.

CONCLUSIONS

Responsible corporate governance involves a long-term vision that integrates economic, social and environmental responsibilities into the business strategy, highlighting opportunities and allocating capital to meet the interests of shareholders. The role of corporate governance is manifested in: creating value for the corporation and supporting transparency (Lamm, 2010b); protecting shareholders' rights and ensuring their equal treatment, acknowledging the interests of all entities that develop relationships with the company, assuming responsibility by the Board of Directors, integrity and ethical behaviour, transparency in implementing internal and external control systems to certify the validity of corporate financial reports (Dobrotă, et al., 2011). We therefore consider that responsible corporate governance has the following functions: allows monitoring corporate activities with the purpose of following its basic principles, supports the control of activities in order to abide by the principles of social responsibility, protects shareholder investment, reflects the importance of corporate management and corporate monitoring, supports sustainable corporate development.

As well as being fundamental to investor confidence, good corporate governance is essential to attracting foreign new investment, particularly for developing countries, where good corporate governance is often seen as a way of attracting direct investment at a favourable rate (Mallin, 2007).

It appears that not even scholarly literature is very concerned with measuring responsible corporate governance, but rather studies the voluntary aspect of corporate governance, in general, and the legal regulations of different states aimed at imposing the principles of corporate governance.

The responsible corporate governance index established in this study encompasses the major aspects of governance that any investor would want to know, possibly in the form of sub-indexes. The results of applying this methodology to determine the index highlights major differences in perception between emerging European countries, which stem from the environment that corporations create in those countries. The ranking of emerging European countries into categories based on responsible corporate governance index and GDP/capita shows interesting relationships, perception differences and paradoxes. The study shows that little is known about the role of responsible corporate governance in most of the analysed states.

However, the research can be interesting for investors who establish their investment strategy based on a correct understanding of the specificity of responsible corporate governance, possibly based on rankings like the one proposed by our study.

ACKNOWLEDGEMENTS

This work received financial support through the "Postdoctoral Studies in Economics: a training program for elite researchers – SPODE" co-funded by the European Social Fund as part of the Human Resources Development Operational Programme 2007-2013, contract no. POSDRU/89/1.5/S/61755.

BIBLIOGRAPHY

1. Adams John, Khan Hafiz T.A., Raeside Robert, White David, (2007), *Research methods for graduate business and social science students*, USA: Sage Publication Inc.
2. Aggarwal Raj, Chandra Gybe, (1990), Stakeholder Management Opportunities and Challenges, *Business*, 40(1), pp.48-51.
3. Albert Michel, (1993), *Capitalism vs. capitalism*, London: Whurr Publishers.
4. Ananchotikul Nasha, (2008), Does Foreign Direct Investment Really Improve Corporate Governance? Evidence from Thailand, *Bank of Thailand Discussion Paper* DP/03/2008.
5. Anand Anita, Milne Franck, Purda Lynnette, (2006), *Voluntary Adoption of Corporate Governance Mechanisms*, Canada: The Berkeley Electronic Press.
6. Aras Güler, Crowther David, (2010), *A Handbook of Corporate Governance and Social Responsibility*, England: Gower Publishing Limited.
7. Bebczuk Ricardo N., (2005), Corporate Governance and Ownership: Measurement and Impact on Corporate Performance and Dividend Policies in Argentina, *Inter-American Development Bank,* Center for Financial Stability and Universidad Nacional de La Plata, USA: Felipe Herrera Library.
8. Berle Adolf A., Means Gardiner C., (1932), *The Modern Corporation & Private Property*, New York: Harcourt, Brace & World Inc.
9. Bostan Ionel, Bostan Veronica, (2010), The role of internal audit in optimising corporate governance in groups of companies, *Theoretical and Applied Economics,* 2(543), pp.63-84.
10. Crane Andrew, Ruebottom Trish, (2011), Stakeholder Theory and Social Identity: Rethinking Stakeholder Identification, *Journal of Business Ethics*, 102, pp.77-87.

11. Dobrotă Cristina, Cocean Radu, Bogdan Anamaria E., Bucur Ion, Bălăceanu Cristina, Dobre Elena, Agachi Paul Ş., Herbil Mihaela, (2011), *University Governance*, Bucharest: UEFISCDI.
12. Dobroțeanu Camelia L., Răileanu Adriana S., Dobroțeanu Laurențiu, (2011), External audit – auditing committee – internal audit trio, in the context of corporate governance provisions, *The Financial Audit Journal*, 2, pp.3-11.
13. Donaldson Lex, (1990), The ethereal hand: organizational economics and management theory, *Academy of Management Review*, 15, pp.369–381.
14. Donaldson Thomas, Preston Lee E., (1995), The stakeholder theory of the corporation: concepts, evidence and implications, *Academy of Management Review*, 20(1), pp.65–91.
15. Gillan Stuart L., Hartzel Jay C., Starks Laura T., (2003), Industries, Investment Opportunities and Corporate Governance Structures, *TIAA-CREF Institute*, pp. 1-48.
16. Gompers Paul, Joy Ishii, Metrick Andrew, (2003), Corporate Governance and Equity Prices, *The Quarterly Journal of Economic*s, 118(1), pp.107-155.
17. Iacobuță Andreea O., Frunză Ramona, (2006), The relationship between institutional efficiency and economic growth from the New Institutional Economics Perspective, *Scientific Annals of „Alexandru Ioan Cuza" University, Economic Science Series*, p. 246-249.
18. Jensen Michael C., Meckling William H., (1976), Theory of the Firm, Managerial Behavior, Agency Costs and Ownership Structure, *Journal of Financial Economics*, 3, pp.305-360.
19. Jong Henk M. de, (1997), The governance structure and performance of large European Corporations, *The Journal of Management and Governance*, pp.5-27.
20. Khanna Tarun, Joe Kogan, Krishna Palepu, (2001), Globalization and Corporate Governance Convergence? A Cross-Country Analysis, NYU Stern.
21. Klapper Leora F., Love Inessa, (2002), Corporate Governance, Investor Protection and Performance in Emerging Markets, *Policy Research Working Paper Series*, Development Research Group Finance, The World Bank, 2818, pp. 1-35.
22. Kochan Thomas A., Rubinstein Saul A., (2000), Toward a Stakeholder Theory of the firm: the Saturn Partnership, *Organization Science*, 11(4), pp.367-386.
23. Kuhndt Michael, Tuncer Burcu, Andersen Kristian S., Liedtke Christa, (2004), Responsible Corporate Governance – An Overview of Trends, Initiatives and State-of-the-art Elements, *Wuppertal Institute for Climate, Environment and Energy*, 139, pp.1-70.
24. Kuznetsov Andrei, Kuznetsova Olga, (2009), Corporate Governance in Russia: Concept and Reality. In: Robert W. McGee, ed., *Accounting reform in transition and developing economies*, Ch. IV, pp.445-457.
25. Lamm Jacob, (2010a), The Rise of Governance. In: Jacob Lamm, *Under Control, Governance Across the Enterprise*, USA: Springer, Ch.1, pp.1-13.
26. Lamm Jacob, (2010b), Governance Today. In: Jacob Lamm, *Under Control, Governance Across the Enterprise*, USA: Springer, Ch.2, pp.14-24.
27. Lazareva Olga, Rachinsky Andrei, Stepanov Sergey, (2009), A Survey of Corporate Governance in Russia. In: R.W. McGee (ed.), *Corporate Governance in Transition Economies*, pp. 315-349, USA: Springer Science and Business Media LLC.
28. Li Wei'an, Tang Yuejun, (2007), An evaluation of corporate governance evaluation, governance index (CGInk) and performance: evidence from Chinese listed companies in 2003, *Frontiers of Business Research in China*, 1(1), pp.1-18.
29. Macey Jonathan, (1998), Measuring the Effectiveness of Different Corporate Governance Systems: Toward a More Scientific Approach, *Journal of Applied Corporate Finance*, 10, pp.16-25.
30. Mallin Christine A., (2007), *Corporate Governance*, 2nd Edition, New York: Oxford University Press Inc.

31. Martynova Marina, Renneboog Luc, (2010), A corporate governance index: convergence and diversity of national corporate governance regulations, *CentER Discussion Paper*, 2010-17, pp.1-35.
32. McGee Robert W., (2008), *Corporate Governance in Transition Economies*, USA: Springer Science and Business Media LLC.
33. McKnight Phillip J., Weir Charlie, (2009), Agency cost, corporate governance mechanism and ownership structure in large UK publicly quoted companies: A panel data analysis, *The Quarterly Review of Economics and Finance*, 49, pp.139-158.
34. Emerging Europe Monitor, (2012). Retrieved from: <http://www.emergingeuropemonitor.com/lp/trial.php?gclid=CMHh-tij5bMCFYlb3god0UoAkQ>.
35. Murthy Narayana R.N., (2006), Good Corporate Governance – A checklist or a mindset? In: *Robert P. Maxon Lecture*, George Washington University.
36. OECD, (2004). *Principles of Corporate Governance*, OECD Publications Service, France: Paris.
37. Oman Charles P., (2001), Corporate Governance and National Development, *OECD Development Center, Technical Papers No. 180*, Paris.
38. Popescu-Duduială Lorena, Stoichin Elena M., (2011), Corporate governance in the context of the 2011 financial crisis: proofs from world financial institutions, *Annals of "Constantin Brâncuşi" University in Tg. Jiu*, *Economics Science Series*, 3, pp.100-104.
39. Răileanu Adriana S., Dobroțeanu Camelia L., Dobroțeanu Laurențiu, (2011), Current problems on measuring corporate governance in Romania, *The Financial Audit Journal*, 1, pp.11-15.
40. Schwab Klaus, Sala-i-Martin Xavier, (2012). *The Global Competitiveness Report 2012–2013*: Full Data Edition, Geneva: World Economic Forum, The Global Benchmarking Network.
41. Shil Nikhil C., (2008), Accounting for good corporate governance, *JOAAG*, 3(1), pp.22-31.
42. Shleifer Andrei, Vishny Robert W., (1997), A Survey of Corporate Governance, *The Journal of Finance*, 52(2), pp.737-783.
43. Stadler Christian, Matzler Kurt, Hinterhuber Hans, Renzl Birgit, (2006), The CEO's attitude towards the Shareholder Value and the Stakeholder Model. A comparison between the Continental European and the Anglo-Saxon Perspectives, *Problems and Perspectives in Management*, 4(3), pp.41-48.
44. Van den Toren Jan P., (2000), Employees and corporate governance: the Dutch experience in the European context, *IIRA2000/RIALS Special Corporate governance and industrial democracy*, Tokyo, pp.36-50.
45. Williamson Oliver E., (1975), *Markets and Hierarchies: Analysis and Antitrust Implications*, New York: Free Press.
46. Yoshimori Masaru, (1995), Whose Company is it? The Concept of the Corporation in Japan and the West, *Long Range Planning*, 28(4), pp. 33-44.
47. Zinkin John, (2010), *Challenges in implementing corporate governance*, Singapore: John Wiley & Sons.