THE RISK CONNECTION OF AN ORGANIZATION WITH INTERNAL AUDIT. SPECIFIC CORPORATE GOVERNANCE PRACTICES

Mihaela Gruiescu, Corina Ioanăş and Dan Dragoş Morega[*]

Abstract

There is risk in everything we do. A risk-free situation is one where we know exactly what will happen and there is no variation doubt, which is otherwise impossible. But not all risks have only a negative connotation, some of them can even create opportunities. A good risk management means to keep an unwanted risk in certain permissible limits and exploit its „opportune" side.

Corporate governance represents an innovative method of supervision on firms' activity. Executive boards now exert more and more influence, the investors become more and more pretentious, and the managers have become more aware of the key problems their business have to confront (every day). All these are tendencies that result from the higher importance laid on corporate governance in the business world.

Given the reasons, this theme awoke in us a great attention, considering the present tendencies of organizing the management of companies. They consist in finding those ways that would prevent investors and the taxation from being manipulated.

Keywords: risk appetite, risk management, SOX model, corporate governance, the Cadbury Report

JEL classification: G34, M42, M14

Introduction

Capital markets and general public have always depended on the reliability of the information communicated by the companies. As a final effect these notifications influenced considerably the investment behavior of private and institutional investor. Many collapses of some companies and balance sheet scandals in the last years, as for instance Enron or WorldCom, weakened this necessary trust of investors in the capital market and all legal existing regulations on Corporate Governance.

The adoption of Sarbanes-Oxley Act during the US-Congress in 2002 was interpreted as a reaction of the American legislature about this lost of trust. SOA developed at the same time not only a national, but also a large international radiance effect.

[*] Mihaela Gruiescu is Associate Professor of Statistics at the Romanian American University in Bucharest, E-mail: mgruiescu@yahoo.com;
Corina Ioanăş is Professor of Accounting at the Academy of Economic Studies Bucharest, E-mail: corina _ioanas@yahoo.com;
Dragoş Dan Morega is Ph.D. student at the Romanian Academy in Bucharest, E-mail: d.morega02@yahoo.com..

There is considerable debate about what actually constitutes corporate governance but its key elements concern the enhancement of corporate performance via the supervision, or monitoring, of management performance and ensuring the accountability of management to shareholders and other stakeholders. These aspects of governance and accountability are closely interrelated and introduce both efficiency and stewardship dimensions to corporate governance. Good corporate governance is as much concerned with correctly motivating managerial behavior towards improving the business, as directly controlling the behavior of managers.

The risk for internal audit

The internal audit is an independent and objective activity that insures assurance and advice, and is designed to bring more value and to improve organization's activity. The internal audit helps an organization to achieve its goals, by taking systematically and methodically the evaluation and the improvement of the effectiveness of the processes for risk management, control and governance.

In order to accomplish these assignments, the internal auditors need to understand the risk and to realize the importance of its management in an organization. The internal audit does no longer focus on control, but on risk. Also, the auditors have become more interested in the present and future, unfortunately for the past and present. The undue attention paid to the control of transactions has "buried" the internal auditor in details of the past, and has limited this way the amount of information gathered. Therefore, by analising especially the risks associated with current and future business, the auditor has exceeded the level of details, and can, now, deal with the obstacles that stand in the way of the success of an organization. The information obtained from such expeditions is more valuable and useful to the management in its mission to build a good governance.

Lately there have been developed and popularized many models and frameworks for risk management. There have been made extensive research in an attempt to produce a universally valid framework. This is widely known as COSO 2 and has managed to be recognized and accepted in all sectors, including the public one, and has the support and recommendation of internal audit institutions worldwide.

The UK Government defines the risk as the uncertainty of a result in a wide range of exposures that come from a combination of impact and the likelihood of some potential events.

The risks that should worry us are the future ones. If an certain event took place and it's risks didn't materialize, either we were lucky, or the risk has been managed effectively. New trend towards future risks is the greatest challenge of the risk management, but it can also bring real benefits to the organization. It is better to predict, to anticipate and to try to reduce the likelihood that a risk can be produced and to reduce the impact that it will have on the organization, rather than to react to an already materialized risk or learn how to live with its consequences.

The risk management of an organization is a dynamic process, which aims at finding all the reasonable measures to find and treat all the risks that have an impact on a company's objectives. The company's reaction to risks is very important, as the decisions made depending on the options available, established in accordance with the available resources. So, the resources and the organizational processes are aligned to face the risks every time they are identified.

The risk management is recognized as a part of the good management practices. For maximum effectiveness, the risk management must be integrated in the corporate culture, in the practice and in its action plans, rather than being seen as a single episode. And when they succeed in its implementation, the risk management becomes the job of every person in the company.

The risk strategy of an organization is a strategy coordinated by the Board or by a body with similar powers, thru which it is established the level of the risk appetite of the organization, the risk-taking preferences and the resolve options.

The risk appetite. This is an assessment of the level of exposure to risk, that the organization is prepared to accept or to tolerate. The general attitude of risks acceptance, the risk appetite, should be established starting with the highest levels of the organization. The organization will not want a "lost" executive to be exposed to unacceptable risks, as neither will want an executive to be a declared risk opponent and to wish to eliminate them, because this way he will only waste the resources , producing a ruthless bureaucracy, which will gradually smother the activity.

The risk for internal audit. The internal audit activity should be undertaken so that we can express a relevant opinion towards the way that, the management, was able to achieve the balance between the residual risk (the residual risk – is the risk that remains after they have implemented diminution actions; a risk could never be exterminated, therefore there will always be a residual risk, that can also be called, the net risk) and the risk appetite. If we find discrepancies from this goal, it is recommended to take measures in order to rebalance the situation.

We must remember that an effective risk management can not be achieved overnight, it takes time and effort to introduce, implement, integrate and benefit from it. The internal audit should promote this concept and should help reduce the time between the initial moment and the benefits realization, because it represents a catalyst of the change for the better.

Therefore, we can say that the risk management remedy is to achieve a satisfactory position in which the current risk is equal to the risk we are prepared to tolerate (the risk appetite).

Among the risk management advantages we can mention: planning the work on a closer to reality basis, a greater safety that the objectives and goals of the activity are achieved, a better control of losses, a better control of operational costs, less expensive surprises; a greater flexibility by using a wide range of options.

In organizations, frequently, the risks cross several hierarchical levels of management and if nobody takes responsability for these risks, chances are that the organization will be exposed, or the risks mitigation efforts will be duplicated

unnecessarily or could even be incompatible. Without a clear assignment of the responsibility on a risk, the risk management is likely not to be effective. It is important to mention that the risks responsability must be transparent and clear, and accepted by the appointed person. Most of the organizations appoint a "champion" (a fighter) against the risks, to take the lead in managing the risks that emerge in the company.

A framework of corporate governance

Different stakeholders have different objectives. Of particular importance is the conflict between directors and shareholders. But, who are the shareholders of the company? The governance of a company will depend in part on the answer to this question. The most important distinction to be made here is between private companies, which cannot offer their shares to the public, and the public companies, which include all companies quoted on the Stock Exchange.

A private company is likely to be owner-managed, in which case it will be run by a small group of shareholders or directors. Minority shareholders in private companies are usually in a weak position if they are not on the board, since the small group controlling more than 50% of the voting shares will be able to control the make-up of the board directors.

Under London Stock Exchange rules, at least 25% of the shares of quoted companies must be held by members of the public. Although a small group might still control the majority of voting shares, the minority shareholders of quoted company has the advantage that there is a secondary market for the shares. If the shareholder does not like the way the company is run, it is possible simple to sell the shares, an alternative which is often not available to the private company minority shareholder.

Although ordinary shareholders are the owners of the company to whom the board of directors are accountable, the actual powers of shareholders tend to be restricted, except in companies where the shareholders are also the directors. They have no right to inspect the books of account, and their forecast of future prospects are gleaned from the annual report and accounts, stockbrokers, journals and daily newspaper.

The day-to-day running of a company is the responsibility of the directors and other management staff to whom they delegate, not the shareholders. For these reasons, there is the potential for conflicts of interest between management and shareholders.

The relationship between management and shareholders is sometimes referred to as an agency relationship, in which managers' act as agents for shareholders, using delegated powers to run the affairs of the company in the shareholders' best interests.

Agency theory propose that, although individual members of the business team act in their own self-interest, the well-being of each individual depends on the well-being

of the other team members and the performance of the team in competition with other teams.

Agency theory was advanced by two American economists, Jensen and Meckling, in 1976 as a theory to explain relationship within corporations. It has been used to explain management control practices as well as relationship between management and investors. They proposed that corporations be viewed as a set of contracts between management, shareholders and creditors, with management as agent and providers of finance as principals. Financial reports and external audit are two mechanisms by which the agents demonstrate compliance with their obligations to the principals.

The agency relationship arising from the separation of ownership from management is sometimes characterized as the agency problem. The agency problem arises when agents do not act in the best interest of their principals. For example, if managers hold none or very little of the equity shares of the company they work for, what is to stop them from working inefficiently, not bothering too look for profitable new investment opportunities, or giving themselves high salaries?

One reason why managers might do their best to improve the financial performance of their company is that managers' pay is often related to the size or profitability of the company. Managers in very big companies, or in very profitable companies, will normally expect to earn higher salaries than managers in smaller or less successful companies.

Agency theory sees employees of businesses, including managers, as individuals, each with his own objectives. Within a department of a business, there are departmental objectives. If achieving these various leads also to the achievement of the objectives the organization as a whole, there is said to be goal congruence.

Goal congruence is accordance between the objectives of agents acting within an organization and the objectives of the organization as a whole. Goal congruence may be better achieved and the agency problem better dealt with by giving managers some profit-related pay, or by providing incentives which are related to profits or share price. Examples of such remuneration incentives are:

- profit-related pay, that means pay or bonus related to the size of profits.

- rewarding managers with shares. This might be done when a private company goes public and managers are invited to subscribe for share in the company at an attractive offer price. In this way, managers become owner-managers.

- executive share options plans. In a share option scheme, selected employees are given a number of share options, each of which gives the holder the right after a certain date to subscribe for share in the company at a fixed price. The value of an option will increase if the company is successful and its share price goes up.

Such measures might merely encourage management to adopt creative accounting methods which will distort the reported performance of the company in the service of the managers' own ends.

There is also evidence that in many company the primary driver of decision-making has been to increase share price and hence managerial rewards in the short-

term. The longer-term consequences of failure to invest in research and development were ignored in the drive to cut costs.

The Cadbury report

When Adrian Cadbury began his pioneering work in the governance, he set the term "Corporate Governance" in order to represent the fact that his recommendations refered to and were applied exclusively to the organizations with commercial activity. The term "Corporate Governance" has also been used, lately, in the public sector organizations, as much as in the commencial ones, so the word Corporate is therefore seen as a comprehensive term which means "the entire organization", ie it refers to all the internal parts working together, which are finally integrated into a single structure recognized by the management.

The system of *corporate governance*, which is the director's responsibility, should seek to ensure *goal congruence* between the objectives of the organization and those of its teams or departments and individual team members.

The Cadbury Committee was set up because of the lack of confidence which was perceived in financial reporting and in the ability of auditors to provide the assurances required by the users of financial statements. The main difficulties were considered to be in the relationship between auditors and boards of directors. The *Cadbury Report* defines corporate governance as "the system by which companies are directed and controlled".

The roles of those concerned with the financial statements are described in the Cadbury Report. The directors are responsible for the corporate governance of the company. The shareholders are linked to the directors via the financial reporting system. The auditors provide the shareholders with an external objective check on the directors' financial statements. Other concern users, particularly employees are indirectly addressed by the financial statements.

The Cadbury Report has clarified many of the contentious issues of corporate governance and sets standards of best practice in relation to financial reporting and accountability.

The *Code of Best practice* included in the Cadbury Report was aimed at the directors of all UK public companies, but the directors of all companies are encouraged to use the Code. Directors should state in the annual report and accounts whether they comply with the Code and give reasons for any non-compliance.

The *board of directors* must meet on a regular basis, retain full control over the company and monitor the executive management. A clearly accepted division of responsibilities is necessary at the head of the company, so no one person has complete power.

The following points are made about *non-executive directors*, who are those directors not running the day to day operations of the company:

- they should bring independent judgment to bear important issues, including key appointments and standards of conduct;

- they should be no business, financial or other connection between the non-executive directors and the company, apart from fees and shareholdings;

- fees should reflect the time they spend on the business of the company, so extra duties could earn extra pay;

- they should not take part in share option schemes and their service should not be pensionable, to maintain their independent status;

- appointments should be for a specified term and reappointment should not be automatic; the board as a whole should decide on their nomination and selection;

- procedures should exist whereby non-executive directors may take independent advice, at the company's expense if necessary.

In relation to the *executive directors*, who run companies on a day to day basis, the main points in the Code relate to service contracts (contracts of employment) and pay. The length of such contracts should be three years at most, unless the shareholders approve a longer contract.

A major recommendation in the Code is that all listed companies must establish effective *audit committees*, consisting entirely of non-executive directors, if they have not already done so. The committee must have the authority, resources and means of access to investigate anything within its terms of reference.

Differing approaches to corporate governance

The establishment of a voluntary code of practice on corporate governance in the Cadbury Report characterizes a different approach to that adopted in many other countries.

In the *USA*, the system of corporate governance is rather more oriented to legal rules and stock exchange regulation, through the Securities and Exchange Commission, which imposes stringent quarterly reporting requirements on listed US companies and requires all such companies to maintain independent audit committees.

Strengthened statutory rules are being introduced in America as a result of the 2002 Sarbanes-Oxley Act, passed in the wake of corporate scandals, most notably Enron. Under the Act companies will not be able to obtain a listing unless they have an audit committee, and are prohibited from offering a variety of non-audit services to audit clients. The Act also requires investigations to be undertaken in a number of areas including compulsory rotation of auditors and the areas of reporting that are most susceptible to fraud.

The Sarbanes-Oxley Act of 2002 ("the Act") is the most sweeping securities legislation enacted in the United States in the past 70 years. The Act applies not only to publicly owned U.S. companies but also to all companies (whether organized in the U.S. or elsewhere) that have registered equity or debt securities with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934. The Act defines "issuer" as any company whose securities are registered, whether the issuer is domiciled in the United States or elsewhere.

The Act provides that any foreign public accounting firm that prepares or furnishes an audit report with respect to any issuer shall be subject to the Act and the rules of the Public Accounting Oversight Board and the SEC issued under the Act, in the same manner and to the same extent as a public accounting firm that is organized and operates under the laws of the United States. However, the Act also explicitly provides that registration of a foreign public accounting firm shall not by itself provide a basis for subjecting such firm to the jurisdiction of U.S. courts, other than with respect to controversies between such firms and the Public Accounting Oversight Board.

The Audit Committees must be directly responsible for the appointment, compensation, and oversight of the work of auditors, and requires auditors to report directly to the Audit Committee. Audit Committee members must be members of the board of directors of the company, and must be independent. To be considered independent the Audit Committee member may not accept any consulting, advisory or other compensatory fee from the issuer or be affiliated to the issuer or the issuer's subsidiaries other than in the member's capacity as a member of the board of directors or any board committee. If an issuer does not have or create an independent Audit Committee, then the entire board of directors is defined to be the Audit Committee and each director would have to meet the "fully independent" requirement and the other criteria for audit committee members, discussed herein.

The Act requires Audit Committees

• to have in place procedures to receive and address complaints regarding accounting, internal control, or auditing issues;

• to establish procedures for "confidential anonymous submission" by employees of concerns regarding accounting or auditing matters;

• to have authority to engage independent counsel and other advisers as they determine necessary in order to carry out its duties; and

• to have appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the board of directors, for payment of compensation to the auditor and any advisers employed by the Audit Committee.

The Act requires the SEC to adopt rules requiring issuers to disclose whether their Audit Committees include among their members at least one "financial expert" - a person who understands GAAP and financial statements, has experience preparing or auditing financial statements and applying accounting principles in connection with the accounting of generally comparable issuers, has experience with internal accounting controls, and understands Audit Committee functions.

An auditor for a public company must timely report to that company's Audit Committee the critical accounting policies and practices to be used and all alternative treatments of financial information within GAAP that have been discussed with management and the treatment preferred by the auditor, any accounting disagreements between the auditor and management and other material written communications between the auditor and management. The SEC must establish minimum standards of professional conduct for attorneys appearing and practicing

before the SEC in any way in the representation of issuers.

These rules must:

• require an attorney to report evidence of a material violation of securities law or breach of fiduciary duty or similar violation by the company or any agent, to the chief legal counsel or the CEO of the company (or the equivalent thereof); and,

• if the counsel or officer does not appropriately respond to the evidence (adopting as necessary, appropriate remedial measures or sanctions with respect to the violation), requiring the attorney to report the evidence to the Audit Committee of the issuer, to another committee of the board of directors comprised solely of directors not employed directly or indirectly by the issuer, or to the board of directors.

The Act imposes a number of new disclosure requirements requiring more extensive financial disclosures by issuers. Each financial report that contains financial statements and that is required to be prepared in accordance with (or reconciled to) GAAP and filed with the SEC, must reflect all material correcting adjustments that have been identified by the auditor in accordance with GAAP and applicable securities rules. Additionally, the SEC must develop rules requiring that annual and quarterly financial reports required to be filed with the SEC must disclose all material off-balance sheet transactions, arrangements, obligations, (including contingent obligations), and other relationships of the issuer with unconsolidated entitles or persons that have a material current of future effect on the issuer's financial condition, results or operations, liquidity, capital expenditures or resources, or significant components of revenues or expenses.

The SEC is also required to issue rules providing that pro forma financial information included in any periodic report filed with the SEC, in any public disclosure, press release or other release must be presented in a way that does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the pro forma financial information, in light of the circumstances under which it is presented, misleading; and that reconciles it with the financial condition and results of operations of the issuer under GAAP.

The Act amends the list of filings in Section 16(a) of the 1934 Securities Act that must be made by officers, directors and owners of more than 10% of any class of equity security. Changes in equity ownership and ownership in security based swap agreements by directors, officers and 10% stockholders must be reported within two business days after the day of the transaction. Within one year of enactment the Act, such "Section 16 filings" will have to be filed electronically and posted on the company's website.

The Act requires the SEC to issue rules requiring annual reports filed by issuers to include an internal control report. Such report must state the responsibility of management for establishing and maintaining an adequate internal control structure and procedures for financial reporting, and must contain an assessment as of the end of the most recent fiscal year of the effectiveness of the internal control structure procedures of the issuer for financial reporting. The issuer's auditing firm is required

to attest to and report on such assessment in accordance with rules to be promulgated by the Public Accounting Oversight Board.

The Act requires the SEC to review the disclosures including financial statements by public companies with securities listed on an exchange or traded on NASDAQ on a regular and systematic basis, which is defined as at least once every three years. In scheduling reviews, the SEC will consider whether the issuer has issued various material restatements of its financial results or experienced significant volatility in the stock price as compared to other issuers; issuers with the largest market capitalization; emerging companies with disparities in price-to-earning ratios; and issuers whose operations significantly affect any material sector of the economy.

The Act directs the SEC directly or through a national securities association or national securities exchange, to adopt rules governing securities analysts' conflicts of interest that can arise when securities analysts recommend equity securities.

The stated objectives of the rules are to foster greater public confidence in securities research and to protect the objectivity and independence of securities analysts by:

• restricting the prepublication clearance or approval of research reports by persons employed by the broker or dealer who are engaged in investment banking activities, or persons not directly responsible for investment research, other than legal or compliance staff;

• limiting the supervision and compensatory evaluation of securities analysts to officials employed by the broker or dealer who are not engaged in investment banking activities; and

• requiring that a broker or dealer and persons employed by a broker or dealer who are involved with investment banking activities may not, directly or indirectly, retaliate against or threaten to retaliate against any securities analyst employed by that broker or dealer or its affiliates as a result of an adverse, negative, or otherwise unfavorable research report.

The rules must also (1) define periods during which brokers or dealers who have participated, or are to participate, in a public offering of securities as underwriters or dealers should not publish or otherwise distribute research reports relating to such securities or to the issuer of such securities; (2) establish structural and institutional safeguards within registered brokers or dealers to assure that securities analysts are separated by appropriate informational partitions within the firm from the review, pressure, or oversight of those whose involvement in investment banking activities might potentially bias their judgment or supervision; and (3) address such other issues as the SEC determines appropriate.

The Act directs the SEC directly or through a national securities association or national securities exchange, to adopt rules reasonably designed to require each securities analyst to disclose in public appearances and in research reports conflicts of interest that are known or should have been known by the securities analyst or the broker or dealer, to exist at the time of the appearance or the date of distribution of the report, including:

• the extent to which the securities analyst has debt or equity investments in the issuer that is the subject of the appearance or research report;

• whether any compensation has been received by the registered broker or dealer, or any affiliate thereof, including the securities analyst, from the issuer that is the subject of the appearance or research report;

• whether an issuer, the securities of which are recommended in the appearance or research report, currently is, or during the 1-year period preceding the date of the appearance or date of distribution of the report has been, a client of the registered broker or dealer, and if so, stating the types of services provided to the issuer;

• whether the securities analyst received compensation with respect to a research report, based upon (among any other factors) the investment banking revenues (either generally or specifically earned from the issuer being analyzed) of the registered broker or dealer; and

• such other disclosures of conflicts of interest that are material to investors, research analysts, or the broker or dealer as the SEC determines appropriate.

In continental Europe, reporting requirements tend to be more statutorily based in tax law, although all EU members are subject to EU company law directives. In *Germany*, The common two-tier board system, with a separate management board and supervisory board, may be clamed to encourage management to take shareholders' interests more closely into account than the typical one-tier UK system.

Japanese companies are characterized by what is sometimes called a flexible approach to corporate governance, with a law level of regulation. All stakeholders are supposed to collaborate in the company's best interests, unlike the UK and US traditions of directors working primarily in the interests of shareholders.

Conclusions

Corporate governance is one of the key issues of the 1990s due to a number of well-publicized corporate problems in the late 1980s. This paper presents the most recent evidence on key topics within corporate governance including: internal control and the management audit, the remuneration of the corporate board, audit committees, the performance of firms in relation to institutional ownership.

Given the accelerated nature of change, innovation and progress in the U.S. and global markets, and in light of notable exceptions to a system that has generally worked well, we believes it is appropriate to restate the guiding principles of corporate governance. These principles, we believe, should help to guide the continual advancement of corporate governance practices, and so advance the ability of U.S. public corporations to compete, create jobs and generate economic growth.

First, the paramount duty of the board of directors of a public corporation is to select a Chief Executive Officer and to oversee the CEO and other senior management in the competent and ethical operation of the corporation on a day-today basis.

Second, it is the responsibility of management to operate the corporation in an effective and ethical manner in order to produce value for stockholders. Senior management is expected to know how the corporation earns its income and what risks the corporation is undertaking in the course of carrying out its business. Management should never put personal interests ahead of or in conflict with the interests of the corporation.

Third, it is the responsibility of management, under the oversight of the board and its audit committee, to produce financial statements that fairly present the financial condition and results of operations of the corporation, and to make the timely disclosures investors need to permit them to assess the financial and business soundness and risks of the corporation.

Fourth, it is the responsibility of the board and its audit committee to engage an independent accounting firm to audit the financial statements prepared by management and to issue an opinion on those statements based on Generally Accepted Accounting Principles. The board, its audit committee and management must be vigilant to ensure that no actions are taken by the corporation or its employees that compromise the independence of the outside auditor.

Fifth, it is the responsibility of the independent accounting firm to ensure that it is in fact independent, is without conflicts of interest, employs highly competent staff, and carries out its work in accordance with Generally Accepted Auditing Standards. It is also the responsibility of the independent accounting firm to inform the board, through the audit committee, of any concerns the auditor may have about the appropriateness or quality of significant accounting treatments, business transactions that affect the fair presentation of the corporation's financial condition and results of operations, and weaknesses in internal control systems. The auditor should do so in a forthright manner and on a timely basis, whether or not management has also communicated to the board or the audit committee on these matters.

Sixth, the corporation has a responsibility to deal with its employees in a fair and equitable manner.

These responsibilities, and others, are critical to the functioning of the modern public corporation and the integrity of the public markets. No law or regulation alone can be a substitute for the voluntary adherence to these principles by corporate directors and management and by the accounting firms retained to serve American corporations.

We continues to believe that the most effective way to enhance corporate governance is through conscientious and forward-looking action by a business community that focuses on generating long-term stockholder value with the highest degree of integrity.

The principles discussed here are intended to assist corporate management and boards of directors in their individual efforts to implement best practices of corporate governance, and also to serve as guideposts for the public dialogue on evolving governance standards.

References

Berle, A., Means, G. (1932) *The Modern Corporation and Private Property*, MacMillan, New York.

Braudel, F. (1985) *La Dinamyque du Capitalisme*, Paris, Flammarion, „Champs”.

Charreaux, G., (1995) „*Modes de contrôle des dirigeants et performance des firmes*”, *Revue d'Economie Industrielle*, Numéro special *Economie industrielle: Développements récents*.

Charreaux, G., (2003) „*Le gouvernement des entreprises, dans Encyclopédie des resources humaines*”, Vuibert, Paris.

Charreaux, G., (1997) „*Le statut du dirigeant dans la recherche sur le gouvernement des entreprises*”, en *Le gouvernement des Entreprises*, Editions Economica.

Hart, O. (1995) *Corporate governance: some theory and implications*. *Economic Journal*, May, 105, 678-689.

Jensen, M. C., (1976) Meckling, W. H., „*Theory of the Firm: Managerial Behaviour, Agency Costs and Capital Structure*”, *Journal of Financial Economics*, vol. 3, October.

Keasey, K. and Wright, M. (1993) *Corporate governance: issues and concerns*. *Accounting and Business Research*, 23, 301-313.

Keasey, K. and Wright, M. (1997) *Corporate governance: responsibilities, risks and remuneration*. John Wiley & Sons Ltd.

Marris, R. (1964) *The Economic Theory of Managerial Capitalism*, MacMillan, New York.

Merle, I. (2000) *Gouvernance d'entreprises et performance: Une revue de la littérature empirique*, Commissariat Générale au Plan, Paris.

Pérez, R. (2003) *La gouvernance de l'entreprise*, Edition La Découverte, Paris.

Rappaport, A. (1987) *Creating Shareholder Value: the New Standard for Business Performance*, The Free Press, New York.

Shleifer, A., Wishny, R. W. (1997) „A Survey of Corporate Governance”, *Journal of Finance*, vol. 52, no. 2.

Shleifer, A., Wishny, R. W. (1989) „*Management Entrenchment*: The Case of Manager Specific Investments”, *Journal of Financial Economics*, vol. 25, no. 1.

Shleifer, A., Wishny, R. W., (1986) „*Large Shareholders and Corporate Control*”, *Journal of Political Economy*, vol. 94, no. 3.

Smith, A. (1776) *Recherches sur la nature et les causes de la richesse des nations*, tr. fr., Paris.

Thiveaud, J. M., (1994) „*De la gouvernance des grandes sociétés*”, *Revue d'Économie Financiere*, no. 31.