

[DOI: 10.20472/BMC.2015.001.002](https://doi.org/10.20472/BMC.2015.001.002)

CIPRIAN APOSTOL

"Alexandru Ioan Cuza" University, Romania

ASPECTS ON THE IMPLEMENTATION OF CORPORATE GOVERNANCE POLICIES BY COMPANIES IN ROMANIA

Abstract:

In an era of globalization, characterized by a continuous increase of competitiveness and accentuation mobility of financial flows, corporate governance has become a concept that has attracted a strong public interest, due to its obvious importance to the overall health of companies, and of society as a whole.

In this paper aims at developing a methodology for assessing the quality of corporate governance specific companies in Romania and the overall framework provided by the Corporate Governance Code (CGC) issued by the Bucharest Stock Exchange, with the benchmark general methodology adopted by international rating agencies, exactly Standard and Poor's methodology (which substantiates corporate governance scores). In this respect, they consider the following elements: preparation and reporting the "Comply or Explain" Statement, developing corporate governance score and corporate social responsibility.

The study method is non-participating observation, which involved the registration of the reported information in the "Comply or Explain" Statement by the companies listed on the Bucharest Stock Exchange in order to ascertain if they are applied elements of corporate governance and transparency ones.

Keywords:

corporate governance, Romanian economy, "Comply or Explain" Statement, corporate governance score, social responsibility

JEL Classification: G34, M48

1. Introduction

Economic-financial activity of companies worldwide recorded multiple and rapid changes due to increased globalization and thus increased competition. In this context, managers are forced to seek business solutions increasingly refined and sophisticated that ensure besides financial performance and social and environmental performance. Maximizing overall performance of companies require their good corporate governance.

Corporate governance has emerged and developed in response to a series of spectacular failures in the private sector in a short time, which had as main reasons faulty distribution of tasks and responsibilities, failure of internal control procedures, ignorance of risk management, neglect recommendations internal auditors, external audit ineffectiveness or lack of morality. (Berheci, 2013, p. 141).

In 1992 Cadbury report is issued in the United Kingdom who became the first corporate governance code and following the Asian financial crisis and the Russian debt default, in 1998 the leaders of the G7 nations announced a new focus on corporate behaviour and incentives. (Berg, Love, 2009, p. 11).

Principal organizations who are concerned about the implementation of corporate governance principles are The Organisation for Economic Co-operation and Development (OECD), which had adopted in 1999 a set of basic principles and the World Bank, which since 2000 has assessed country compliance with the OECD principles through the corporate governance Report on the Observance of Standards and Codes (ROSC) programme.

The *OECD Principles* cover six key areas of corporate governance (Nestor, 2009, p. 9):

- the structure of 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 and the World Bank combined their efforts to create and support round tables on corporate management in different regions of the world (Russia, Asia, Eurasia, Latin America and Southeast Europe). In South Eastern Europe were organized four round tables where was elaborated the White Paper of corporate administration, between September 2001 and March 2003:

- September 2001, the National Commission for Securities and Stock Exchange Romania Bucharest organized along the first round table in Bucharest;
- May 2002, OECD Centre for Private Sector Development, together with the International Agency for Cooperation from Turkey held the second round table in Istanbul;

- November 2002, Zagreb Stock Exchange held the third round table in Zagreb;
- March 2003, the Securities Commission of the Federation of Bosnia and Herzegovina held its fourth round table in Sarajevo.

Meetings organized as roundtables examined the key elements of a strong framework of corporate management, using the OECD Principles as a framework.

The first Corporate Governance Code in Romania was issued in June 2000, and in 2008, the Bucharest Stock Exchange adopted a new one, which is based on OECD principles of corporate governance. It took effect from the financial year 2009 and is applied voluntarily by companies traded, which preparers "Comply or Explain" Statement. In this statement are specified what recommendations were implemented, and manner of implementing.

The Code of Corporate Governance Recommendations of Bucharest Stock Exchange, in art. 10 *Corporate governance structures*, principle XVIII request that: "the companies traded on the Bucharest Stock Exchange regulated market will adopt clear and transparent structures of corporate governance, which they will reveal adequately the general public".

2. Literature review

Being a topical issue, the term corporate governance is being used more and more in literature with multiple significances.

Corporate governance is considering the manner in which companies are managed and controlled (Cadbury, 1992, p. 21).

Corporate governance is driven by both country-level and company-level mechanisms. Company-level mechanisms are choices that companies make within the constraints of their legal systems. (Berg and Love, 2009, p. 16).

Corporate governance aimed distribution of rights and responsibilities among different stakeholders about a particular company and specifies rules and procedures for making decisions on corporate affairs (D'Amato, 2009, p. 7).

Some authors assert that the term corporate governance has two meanings. The first focuses on behavioral patterns —the actual behavior of corporations, as measured by performance, efficiency, growth, financial structure, and treatment of shareholders and other stakeholders. The second concerns itself with the normative framework —the rules under which firms operate, with the rules coming from such sources as the legal system, financial markets, and factor (labor) markets. (Claessens and Yurtoglu, 2012, p. 3).

Other authors identify two distinct models of corporate governance: the blockholder model and the shareholder model. (Gourevitch and Shinn, 2005, p. 4). Some of the key characteristics of the two models are summarized in Table 1.

Table 1: Characteristics of shareholder and blockholder models

	Shareholder model	Blockholder model
<i>Ownership and control</i>	Diversified ownership	Controlling owner
<i>Types of owner</i>	Professional money managers	Families, nonfinancial corporations, banks, the state
<i>Minority shareholder protection</i>	Strong	Weak
<i>Board</i>	Often close to management	Close to controlling owner
<i>Management power</i>	Strong and autonomous	Weak and close to controlling owner
<i>Management incentives</i>	Determined by market signals in capital markets	Directly supervised by controlling owner
<i>Management behavior</i>	Shareholder value maximization	Dependent on preferences of controlling owner
<i>Bank relations</i>	Arm's length, diversified and no ownership	Close, concentrated and possible ownership
<i>Capital structure</i>	Ratio of debt-to-equity is lower	Ratio of debt-to-equity is higher
<i>Market for corporate control</i>	Hostile bids important	Hostile bids rare
<i>Political power of owners</i>	Weak and indirect	Strong and direct

Source: Own adjustment based on Barker, 2010, p. 35

“Corporate governance deals with the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment.” (Shleifer and Vishny, 1997, p. 737).

According to OECD principles, Corporate Governance is:

- A set of relationships between the company's management, board of directors, shareholders and other interest groups in society;

- Structure through which company objectives are set and the means to achieve these objectives and performance monitoring;
- System of incentives granted to Board of Directors and management to large targets that are in the interest of the company and its shareholders and to facilitate monitoring, thereby encouraging the companies to use their resources in a most efficient way. (Georgescu, 2013, p. 1165)

Cosma D. (2012) described corporate governance as the economy branch that studies how companies can become more efficient by using institutional structures such as the articles of association, organizational charts and legal framework.

For Romanian Corporate Governance (2015), *corporate governance is for modern companies what democracy was for ancient states. Corporate governance is nothing more than the application of fundamental democratic principles in an organizational typology like a company.*

3. Research methodology

The aim of the research is to quantify the performance of the corporate governance system of the Romanian economy by assessing the degree of importance given to the principles of corporate governance by companies listed on Bucharest Stock Exchange, manifested in practices of transparency and dissemination of information. In this sense, it applied to non participating observation method by recording the information reported in the "Comply or Explain" Statement by companies listed on the Bucharest Stock Exchange in 2013.

Data source is the public information provided by companies on their own website or posted on the website of Bucharest Stock Exchange.

In determining **sample analysis** were taken into account 76 companies that are traded on the Bucharest Stock Exchange in Romania (listed in categories I, II and III), as they are more susceptible to apply the Corporate Governance Code and therefore the preparation and reporting of the "Comply or Explain" Statement.

4. Evaluation of corporate governance performance in companies from Romania

As mentioned, the corporate governance system in Romania is governed by the Bucharest Stock Exchange, who issued the Corporate Governance Code in 2008. This code is based on The Organisation for Economic Co-operation and Development principles and came into effect from the financial year 2009, but is applied voluntarily by the companies traded on exchanges, hence the poor implementation of good corporate governance practices in Romania.

So when we talk about the corporate governance system performance in Romania is taken into consideration the companies traded on the Bucharest Stock Exchange, and for evaluating this performance were the following steps:

- *Study the Corporate Governance Code of Bucharest Stock Exchange*: we have covered all 11 articles and the 19 principles;

- *Determining sample of companies*: there were identified 76 companies listed on the categories I, II and III;
- *Centralization "Comply or Explain" Statements drawn up by companies in the sample*: have been looking on the companies website or on the Bucharest Stock Exchange website, where they promulgate these statements either separately or in the directors' annual reports;
- *Selecting, grouping and analysis of information obtained from "Comply or Explain" Statements*: we have reviewed the 51 questions, who were grouped into four main domains and were quantified answers given by companies;
- *Interpretation of results*: according to results obtained were able to draw a number of conclusions regarding the implementation of good corporate governance practices in companies from Romania, and based on data from other studies have made some comparisons to see the evolution of this phenomenon in Romania.

In order to substantiate the comparative conclusions at national, European or international level on corporate governance practices adopted by companies in Romania, was used a model developed by other authors (Achim, 2013, pp. 698-701) and has considered the following three elements:

- Preparing and reporting "Comply or Explain" Statement;
- Developing corporate governance score;
- Corporate social responsibility.

Preparing and Reporting "Comply or Explain" Statement represents a first dimension of the quality of corporate governance. Bucharest Stock Exchange states that "issuers who decide the total or partial adoption of Code recommendations will send Bucharest Stock Exchange an annual statement of compliance or non-compliance with the provisions of Corporate Governance Code ("Comply or Explain" Statement), which will contain information on Corporate Governance Code recommendations are effectively implemented by them and how to implement. The statement will be made in the format of Bucharest Stock Exchange."

At this stage, we are pursuing the companies with preparers and report "Comply or Explain" Statement, which denotes availability to comply with good corporate governance practices included in Bucharest Stock Exchange code.

Developing corporate governance score reflects the quality of corporate governance in companies listed on the Bucharest Stock Exchange. For this purpose, the calculation basis is the information in the "Comply or Explain" Statement and the 51 component questions are reclassified on four domains of corporate governance investigated (plus corporate social responsibility, which is treated separately).

The four determinant domains of the score are:

- **Governance structure** - 10 questions:

1. Has the Issuer drawn up the By-Laws/Corporate Governance Regulation to describe the main aspects of the corporate governance? (39 answers YES and 33 answers NO = **39 points**)
 2. Are the By-Laws/Corporate Governance Regulation (mentioning the date of its last update) posted on the company website? (37 answers YES and 35 answers NO = **37 points**)
 3. In the By-Laws/Corporate Governance Regulation are there defined the corporate governance structures, positions, competences and responsibilities of the Board of Directors and of the executive management? (38 answers YES and 34 answers NO = **38 points**)
 4. Has the Issuer's Annual Report a chapter on corporate governance which describes all the relevant events related to corporate governance, recorded in the previous financial year? (52 answers YES and 20 answers NO = **52 points**)
 5. Does the Issuer disclose on company website the information related to the following aspects of its corporate governance policy:
 - a) A description of its corporate governance structures? (48 answers YES and 24 answers NO = **48 points**)
 - b) The updated Articles of Incorporation? (49 answers YES and 23 answers NO = **49 points**)
 - c) The internal regulation governing the functioning/its essential aspects for each specialized commission/committee? (34 answers YES and 38 answers NO = **34 points**)
 - d) The "Comply or Explain" Statement? (66 answers YES and 6 answers NO = **66 points**)
 - e) The list of the members of the Board of Directors mentioning which members are independent and/or non-executive, of the members of the executive management and of the specialized commissions/committees? (59 answers YES and 13 answers NO = **59 points**)
 - f) A brief version of the CV of each member of the Board of Directors and of the executive management? (49 answers YES and 23 answers NO = **49 points**)
- **Investor relations - 10 questions:**
 1. Does the Issuer abide by the rights of the financial instruments holders, ensuring them equal treatment and submitting any changes of the granted rights for approval in the special meetings of such holders? (71 answers YES and 1 answer NO = **71 points**)
 2. Does the Issuer publish in a special section of its website the details of the holding of the General Meetings of Shareholders (GMS):
 - a) The GMS convening notice? (71 answers YES and 1 answer NO = **71 points**)

- b) The materials/documents relating to the items on the agenda, as well as any other information regarding the items on the agenda? (71 answers YES and 1 answer NO = **71 points**)
 - c) The templates of the special power of attorney? (71 answers YES and 1 answer NO = **71 points**)
- 3. Has the Issuer drawn up and proposed to the GMS the procedures for an orderly and efficient holding of the GMS without any prejudice to the right of any shareholder to freely express their opinion on the topics subject to the debates? (54 answers YES and 18 answers NO = **54 points**)
- 4. Does the Issuer disclose in a special section on its website the shareholders' rights as well as the rules and procedures for the attendance at the GMS? (62 answers YES and 10 answers NO = **62 points**)
- 5. Does the Issuer provide the information in due time (immediately after the GMS) to all the shareholders through the special section on its website:
 - a) On the resolutions passed by GMS? (71 answers YES and 1 answer NO = **71 points**)
 - b) On the detailed result of voting? (68 answers YES and 4 answers NO = **68 points**)
- 6. Do the Issuers disclose through the special section of their website, that is easily identifiable and accessible current reports/press releases? (71 answers YES and 1 answer NO = **71 points**)
- 7. Has the Issuer set up a special department or has appointed a person dedicated to the relation with investors? (68 answers YES and 4 answers NO = **68 points**)
- **Board and management - 20 questions:**
 1. Is the Issuer managed under the two-tier (dualist) system? (6 answers YES and 66 answers NO = **6 points**)
 2. Does the Board of Directors meet at least once every quarter for supervising the activity of the Issuer? (68 answers YES and 4 answers NO = **68 points**)
 3. Has the Issuer a set of rules referring to the conduct and reporting obligations relating to the trading of the shares or of other financial instruments issued by the Company ("Company's securities") made on their account by the members of the Board of Directors and other related natural persons? (46 answers YES and 26 answers NO = **46 points**)
 4. If a member of the Board of Directors or a member of the executive management or any other related person makes on their own account a transaction with the Company's securities, then, is the transaction disclosed via the company website, according to the applicable rules? (54 answers YES and 18 answers NO = **54 points**)
 5. Does the structure of the Board of Directors of the Issuer ensure a balance between the executive and non-executive members (and especially independent non-

- executive board members) so that no person or group of persons may dominate the decision - making process of the Board of Directors? (56 answers YES and 16 answers NO = **56 points**)
6. Does the structure of the Board of Directors provide a sufficient number of independent members? (47 answers YES and 25 answers NO = **47 points**)
 7. For the assessment of the independence of their non -executive members, does the Board of Directors use the assessment criteria listed in the Recommendation 16? (49 answers YES and 23 answers NO = **49 points**)
 8. In the course of its activity, does the Board of Directors have the support of the consultative commissions/committees which deal with the analysis of specific topics, assigned by the Board of Directors, in order to counsel the Board on such topics? (39 answers YES and 33 answers NO = **39 points**)
 9. Do the consultative commissions/committees submit activity reports to the Board of Directors on the specific topics assigned to them? (40 answers YES and 32 answers NO = **40 points**)
 10. Do the members of the Board of Directors permanently improve their knowledge through training/formation in the corporate governance field? (64 answers YES and 8 answers NO = **64 points**)
 11. Is the appointment of the members of the Board of Directors based on a transparent procedure (objective criteria regarding the personal/professional qualification etc.)? (66 answers YES and 6 answers NO = **66 points**)
 12. Is there an Appointment Committee within the company? (21 answers YES and 51 answers NO = **21 points**)
 13. Does the Board of Directors assess at least once a year the need to have a remuneration committee/remuneration policy for the members of the Board of Directors and of the executive management? (42 answers YES and 30 answers NO = **42 points**)
 14. Has the remuneration policy been approved by the GMS? (57 answers YES and 15 answers NO = **57 points**)
 15. Is there a Remuneration Committee made up exclusively of non- executive members of the Board of Directors? (26 answers YES and 46 answers NO = **26 points**)
 16. Is the remuneration policy of the company provided in the By - Laws/Corporate Governance Regulation? (27 answers YES and 45 answers NO = **27 points**)
 17. Has the Board of Directors adopted a procedure with a view to identify and settle any conflicts of interests? (41 answers YES and 31 answers NO = **41 points**)
 18. Do Board members inform the Board of Directors on the conflicts of interests as they occur and do they refrain from debates and the vote on those matters, according to the relevant legal provisions? (66 answers YES and 6 answers NO = **66 points**)
 19. Has the Board of Directors adopted specific procedures in order to provide the procedural compliance (criteria to identify the significant impact transactions, of

transparency, impartiality, non - competition etc.) with the view to identify the transactions with related parties? (42 answers YES and 30 answers NO = **42 points**)

20. Has the Board of Directors adopted a procedure on the internal flow and disclosure to third parties of the documents and information regarding the Issuer, focusing on the information that can influence the price of the securities issued by the company? (50 answers YES and 22 answers NO = **50 points**)

- **Financial disclosure - 10 questions:**

1. Does the Issuer provide the information in due time (immediately after the GMS) to all the shareholders through the special section on its website the financial calendar, the annual, quarterly and half-yearly reports? (71 answers YES and 1 answer NO = **71 points**)
2. Does the Issuer disclose, in English, the information representing the subject of the reporting requirements:
 - a) Periodic information (providing information on a regular basis)? (36 answers YES and 36 answers NO = **36 points**)
 - b) Continuous information (providing information on a permanent basis)? (39 answers YES and 33 answers NO = **39 points**)
3. Does the Issuer prepare and disclose the financial reporting also according to IFRS? (66 answers YES and 6 answers NO = **66 points**)
4. Does the Issuer promote, at least once a year, meetings with financial analysts, brokers, rating agents and other market specialists with the view to representing the financial elements relevant for the investment decision? (33 answers YES and 39 answers NO = **33 points**)
5. Is there an Audit Committee within the company? (38 answers YES and 34 answers NO = **38 points**)
6. Does the Board of Directors or the Audit Committee, as appropriate, assess on a regular basis the efficiency of financial reporting, internal control and the risk management system adopted by the company? (63 answers YES and 9 answers NO = **63 points**)
7. Is the Audit Committee comprised exclusively of non -executive members of the Board of Directors and is it comprised of a sufficient number of independent members of the Board of Directors? (36 answers YES and 36 answers NO = **36 points**)
8. Does the Audit Committee meet at least twice a year; are these meetings dedicated to drawing up and disclosing half year and annual results to the shareholders and public? (37 answers YES and 35 answers NO = **37 points**)
9. Does the Audit Committee make recommendations to the Board of Directors regarding the selection, appointment, re-appointment and replacement of the financial auditor, as well as the terms and conditions of its remuneration? (38 answers YES and 34 answers NO = **38 points**)

At each of the questions can be answered with YES/NO, if NO then EXPLAIN. It will be awarded 1 point for each correct answer YES and 0 points for NO.

Mathematical model of corporate governance score is as follows:

$$CG = \sum_{j=1}^{10} G_j + \sum_{j=1}^{10} I_j + \sum_{j=1}^{20} B_j + \sum_{j=1}^{10} F_j = G + I + B + F \quad (1)$$

To calculate the corporate governance score at the companies' level from the sample, the relationship of calculation is as follows:

$$\overline{CG} = \sum_{i=1}^N \frac{CG_i}{N} \quad (2)$$

To highlight the performance of corporate governance on each of the four areas of investigation of the quality of corporate governance, the model for calculating the average score of governance is as follows:

$$\begin{aligned} \overline{CG} &= \sum_{i=1}^N \frac{CG_i}{N} = \sum_{i=1}^N \frac{\sum_{j=1}^{10} G_{ji} + \sum_{j=1}^{10} I_{ji} + \sum_{j=1}^{20} B_{ji} + \sum_{j=1}^{10} F_{ji}}{N} = \\ &= \sum_{i=1}^N \frac{\frac{\sum_{j=1}^{10} G_{ji}}{N} + \frac{\sum_{j=1}^{10} I_{ji}}{N} + \frac{\sum_{j=1}^{20} B_{ji}}{N} + \frac{\sum_{j=1}^{10} F_{ji}}{N}}{N} = \overline{G} + \overline{I} + \overline{B} + \overline{F} \end{aligned} \quad (3)$$

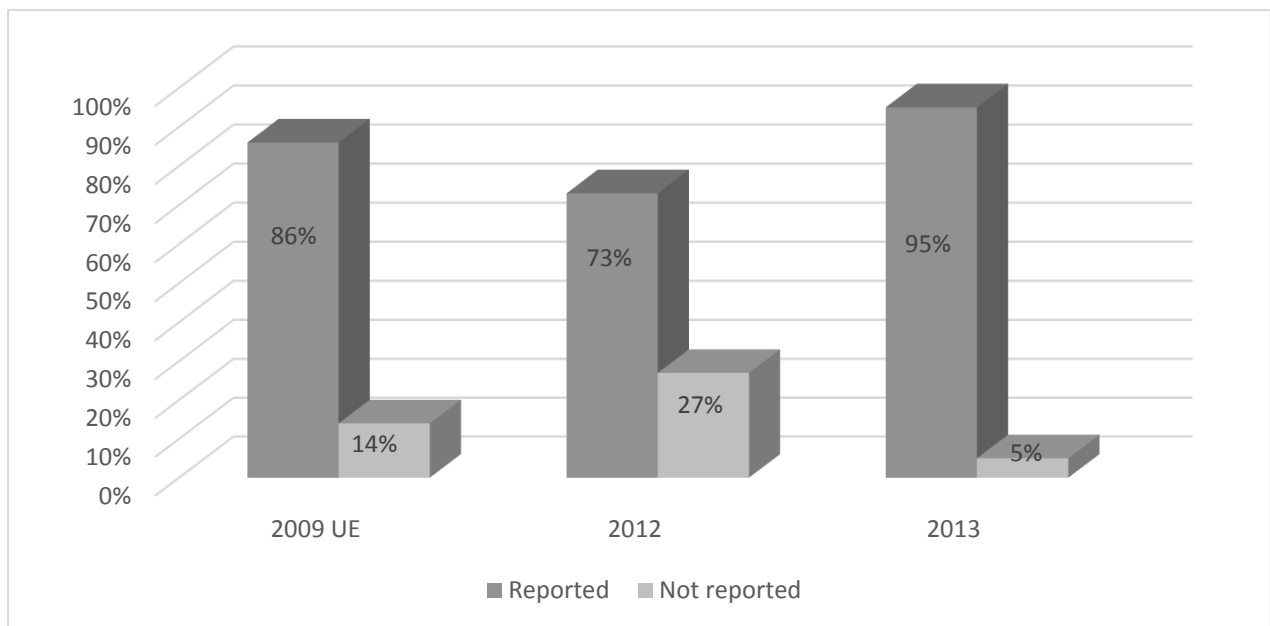
Corporate social responsibility is the last dimension of the quality of corporate governance and assessment of transparency practices of social and environmental responsibility will be based on the reply given by the company to last and the only question allocated to this domain of the "Comply or Explain" Statement.

Social responsibility has a very important role in any company activity, even if it has allocated only one question in the "Comply or Explain" Statement, because intensification of global competition pressures that shareholders and various interest groups create on companies in terms of assuming various responsibilities by these from the perspective of social, moral, legal and financial, as well as government and clients pressures led to changing the manner of management of companies and, in this context, managers looking for business solutions more and more refined and sophisticated (Belaşcu, 2013, p. 67).

5. Results and discussion

From the analysis it is found that 72 of 76 companies **reported "Comply or Explain" Statement**, ie a rate of approx. 95%. Compared with 2012, when the percentage was approx. 73% and the average of the European Union (86%) revealed a significant increase of companies that choose to report the "Comply or Explain" Statement. Schematically, this is represented in Figure 1.

Figure 1: "Comply or Explain" Statement



Source: Own adjustment

Concerning the elaboration corporate governance score, we can calculate one differentiated according to domains, reflecting the quality of governance of the companies operating on the Romanian stock market, according to Table 2.

Table 2: Score of corporate governance in companies listed on Bucharest Stock Exchange, 2013

Domains of corporate governance	Scores achieved	Maximum score	Level of adopting Corporate Governance principles	Average score by company
G - Governance structure	471	760	61.97 %	$\bar{G} = 6.20$
I - Investor relations	678	760	89.21 %	$\bar{I} = 8.92$
B - Board and management	907	1,520	59.67 %	$\bar{B} = 11.93$
F - Financial disclosure	457	760	60.13 %	$\bar{F} = 6.01$
TOTAL SCORE	2,513	3,800	66.13 %	$\overline{CG} \approx 33.06$

Source: Own adjustment

Interpretation of results:

The average score of corporate governance at the companies' level from the sample is 33.06. The companies listed on Bucharest Stock Exchange adopt codes and principles of good practice corporate in a percentage of 66.13% of the total number of these principles, ie 66.13% of questions answered with YES and and at 33.87% answered with NO and supplemented with explanations.

Comparing the percentage of the number of responses NO to the total number of responses made by the sampled companies resulting an average of 17 questions (of the total 50 questions) to which companies have answered NO and come with additional explanations. The result is good compared with 2012 (20 questions), but well above the European Union average, where there is on average only three explanations per company (3 responses NO). (Achim, M., 2013, p. 703).

The highest rate for the adoption of corporate governance principles (89.21% of these principles) is achieved in **investor relations**. The result is also better than in 2012 (87.28%), but substantially below the European average (93%) (Achim, M., 2013, p. 703).

And as regards the other domains, there is an increasing adoption of corporate governance principles in 2013 compared to 2012, respectively **governance structure** (61.97% vs.

55%), **board and management** (59.67% to 54%), **financial disclosure** (60.13% versus 52%) but also under the European Union level (percentage for the adoption of principles of board and management is 64%, financial disclosure is 93%) (Achim, M., 2013, p. 704).

The last question of the "Comply or Explain" Statement refers to **corporate social responsibility**. "Social responsibility is more than a program or campaign; it is a philosophy, a way of ethical and responsible behavior that touches all aspects of the business, the relationship with their employees, clients, shareholders, suppliers, the environment and of course with local communities " (Belaşcu, 2013, p. 74).

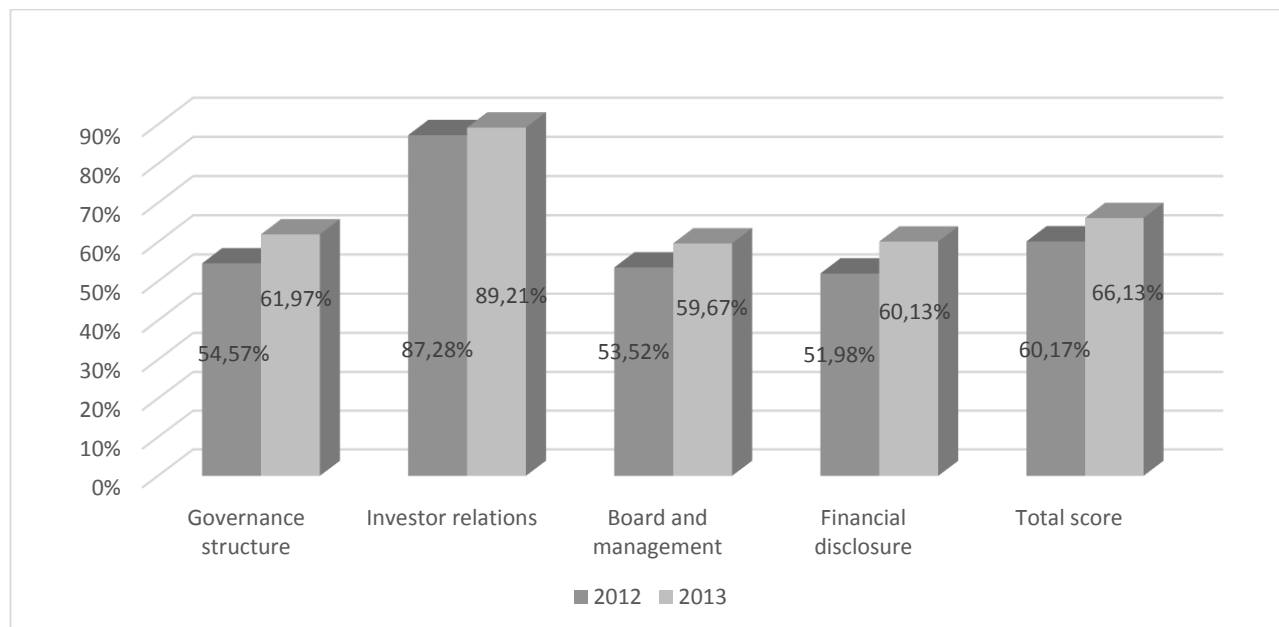
Corporate social responsibility is a business strategy, as long as companies that implement it consider the profits earned as a reward for the welfare of the community brought by optimizing economic, legal, ethical and philanthropic.

In the analyzed case it is found that a number of 70 companies, representing 92% of total have developed social responsibility activities. According to similar studies made in Romania by other authors, there is an emphasis on the corporate social responsibility concerns to the Romanian companies from year to year. Thus, during 2009 the percentage was 44% (Popa et al, 2009), while in 2012, 77%. (Achim, M., 2013, p. 707).

But if we consider the first portal in Romania corporate social responsibility, which provides a more accurate picture of the scope of corporate social responsibility in Romania, we see a total of only 35 companies involved. Therefore, we can ask if companies which declare social responsibility actions, effectuate such activities, really.

Schematically, this is represented in Figure 2.

Figure 2: Principles of corporate governance – degree of adoption



Source: Own adjustment

6. Conclusion

In Romania, the implementation of corporate governance policies has a fairly recent history.

The degree to which companies in Romania adheres to the principles of corporate governance included in the Corporate Governance Code of the Bucharest Stock Exchange increased from year to year. Progress has been registered since 2009, with the adoption by the Bucharest Stock Exchange Governance Code which asks voluntarily adopt good practices by the companies traded. Thus, in 2013, we can see that the percentage of adopting the corporate governance principles is over 50%, in all four domains analyzed and in *investor relations*, this percentage is the highest (89.21%).

In despite of the progress made, many of the good corporate governance practices of Romanian companies are below the European average.

As companies will understand the importance of corporate governance policies to achieve business objectives conclude that their adoption will grow more and more.

7. Acknowledgments

This work was cofinanced from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/142115 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain” .

Reference

- ACHIM, M. V. (2013). Teoriile firmei și întreprinzătorul: reevaluări și perspective. *STUDII POST-DOCTORALE IN ECONOMIE. Disertații Post-Doctorale*, Editura Academiei Române, București.
- BARKER, R. M. (2010). *Corporate Governance, Competition, and Political Parties. Explaining Corporate Governance Change in Europe*, Oxford University Press Inc., New York.
- BELASCU, L. A., (2013). Responsabilitatea corporativă și performanțele companiilor multinaționale. *STUDII POST-DOCTORALE IN ECONOMIE. Disertații Post-Doctorale*, Editura Academiei Române, București.
- BERHECI, M. (2013). Responsabilitatea corporativă și performanțele companiilor multinaționale. *STUDII POST-DOCTORALE IN ECONOMIE. Disertații Post-Doctorale*, Editura Academiei Române, București.
- BERG, A., LOVE, I. (2009). The Governance Premium, in *The handbook of international Corporate Governance. A definitive guide*, 2nd edition, Kogan Page, London and Philadelphia, p. 11.
- CADBURY, A. (1992). *Report of the Committee on the Financial Aspects of Corporate Governance*. London: Burges Sciences Press.
- CLAESSENS, S., YURTOGLU, B. (2012). Corporate Governance and Development — An Update, International Finance Corporation 2121 Pennsylvania Avenue, NW, Washington, DC 20433, 2012, p. 3.
- COSMA, D. (2012). Guvernanta corporativa: perceptie si devenire, *Congresul Guvernanta corporativa contabila si profesia contabila; Competenta si responsabilitate*, Sinaia 2012 <http://congres2012.ceccar.ro/documente/Sesiunea1/1%20Dorin%20Cosma.pdf>
- D'AMATO, A., et. al. (2009). *Corporate Social Responsibility and Sustainable Business. A Guide to Leadership Tasks and Functions*, Center for Creative Leadership, Greensboro, North Carolina.

- GEORGESCU C. E. (2013). Firma ca structura de guvernanta. de la maximizarea profitului la minimizarea costurilor de tranzactie. *STUDII POST-DOCTORALE IN ECONOMIE. Disertații Post-Doctorale*, Editura Academiei Române, București.
- GOUREVITCH, P. A., SHINN, J. (2005). *Political Power and Corporate Control: The New Global Politics of Corporate Governance*. Princeton, NJ/Oxford: Princeton University Press.
- POPA, A., BLIDISEL, V., BOGDAN, V. (2009). Transparency and disclosure between theory and practice. A case study of Romania”, Proceedings of FIKUSZ '09 Symposium for Young Researchers, 2009, 173-183, *Proceedings compilation © Budapest Tech Keleti Károly Faculty of Economics 2009*. Published by Budapest Tech Keleti Károly Faculty of Economics, Tavaszmez_ u.15-17. H-1084 Budapest, Hungary. <http://kgk.bmf.hu/fikusz>.
- NESTOR, S. (2009). Global Corporate Governance Challenges for Public Companies and Their Shareholders in the 21st Century, in *The handbook of international Corporate Governance. A definitive guide*, 2nd edition, Kogan Page, London and Philadelphia, p. 9.
- SHLEIFER, A., VISHNY, R. W. (1997). A Survey of Corporate Governance, *The Journal of Finance* Vol. 52, No. 2.
- <http://rocg.ro/pentru-companii/ce-este-guvernanta-corporativa/>
- <http://www.bvb.ro/>

Appendix

- B - Total score obtained by a company in domain "Board and management";
- \bar{B} - The average score achieved by companies from the sample in domain "B - Board and management";
- B_j - The score for questions "j" corresponding domain "B - Board and management";
- B_{ji} - The score for questions "j" corresponding domain "B - Board and management", obtained by every company „i” from the sample;
- CG - Value of corporate governance score achieved by a company;
- \overline{CG} - The average value of governance score for the Romanian stock market;
- CG_i - Governance score achieved by each of the "i" listed companies;
- F - Total score obtained by a company in domain "Financial disclosure";
- \bar{F} - The average score achieved by companies from the sample in domain "F - Financial disclosure".
- F_j - The score for questions "j" corresponding domain "F - Financial disclosure";
- F_{ji} - The score for questions "j" corresponding domain "F - Financial disclosure", obtained by every company „i” from the sample;
- G - Total score obtained by a company in domain "Governance structure";
- \bar{G} - The average score achieved by companies from the sample in domain "G - Governance structure";
- G_j - The score for questions "j" corresponding domain "G - Governance structure";
- G_{ji} - The score for questions "j" corresponding domain "G - Governance structure", obtained by every company „i” from the sample;
- I - Total score obtained by a company in domain "Investor relations";
- \bar{I} - The average score achieved by companies from the sample in domain "I - Investor relations";
- I_j - The score for questions "j" corresponding domain "I - Investor relations";
- I_{ji} - The score for questions "j" corresponding domain "I - Investor relations", obtained by every company „i” from the sample;
- N - The number of listed companies selected in the sample;