



4th International Conference on Management and Organisation

CORPORATE GOVERNANCE: CHALLENGES AND DEVELOPMENT

Conference papers (abstracts)

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Brdo pri Kranju

9-10 June 2016

THE MANAGERIAL DISCRETION CONCEPT IN CORPORATE GOVERNANCE - BETTER OFF WITHOUT IT?

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Abstract: Some thirty years ago the concept of managerial discretion was proposed and applied in Corporate Governance research in order to increase the knowledge of how the relationship between owners and executives impacted a number of organisational outcomes. The concept of managerial discretion is assessed in terms of its theoretical and empirical usefulness for corporate governance research. The concept of managerial discretion has no empirical definition, and most empirical studies performed have used proxies to measure the concept. To the degree that the concept of managerial discretion is meant to explain organizational outcomes, it has failed to do. It is concluded that corporate governance scholarship will be better off when it abandons the concept of managerial discretion.

Keywords: Managerial discretion, corporate governance, definitions, measurement, organizational outcomes, usefulness

ONSEQUENCES OF DIFFERENCES IN GOVERNANCE BODIES' PERCEPTION OF INCOME DISTRIBUTION THEORIES ON STAKEHOLDERS' MOTIVATION

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Abstract: One of the tasks that (corporate) governance has as its highest organizational function is to estimate results and to determine the final allocation of the business outcome of a formal social unit (firm, company, corporation): for example, positive residual income or profit. While holders of more production factors contribute to the creation of the formal social unit (FSU)'s added value and, consequently, income, their motivation, regarding the achievement of the FSU's goals, is significant. It is obvious that the allocation of income (e.g. primarily shares of participating stakeholders) sparks less antagonism if the drives of stakeholders to achieve goals are more similar to each other. Furthermore, we are aware that these shares cannot be independent of laws and trends of economic, social, and technological development, the dominating philosophy regarding different theories of income distribution within governance bodies also counts. The author speculates, through the lenses of theories of income distribution, about the behavior of governance bodies in companies, when the policy of income allocation is in the process of determination.

Keywords: governance, income, distribution, decision-making

TO IMPROVE AND/OR TO CHANGE CORPORATE GOVERNANCE?

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Abstract: The main purpose of corporate governance in a capitalist socio-economic system is to develop and protect the interests of the owners. However, according to many authors and as evidenced in many cases, corporate governance often fails in practice. Owners' interests are rarely considered, and the decline of governing bodies is a universal phenomenon. In this article, the author shows the reasons for the beginning and development of corporate governance as a consequence of the overall development of means of production and the economy. Over time, ownership and governance became separate from the business of the enterprises, and they failed to protect what they had achieved. Conflicts between ownership and management and even owners and their representatives in corporate governance are inevitable. As with most conflicts, they can be handled with a positive outcome. Ownership and its power determine the capitalist economic system and the loss of the power of owners would mean the end of capitalism. Many authors analyze these problems and suggest solutions to bring power back to the owners and thus maintain the capitalist system. However, the perseverance of problems that lead to the diminishing role of owners and corporate governance could indicate that the problems are due to deep socio-economic changes. The analysis of corporate governance, its problems, and its changes raises this question: should we support and improve the present socio-economic system and corporate governance within it by solving the problems, or should we see the problems as the result of the development of a new socio-economic system and support the inevitable changes in corporate governance? In the end, the author connects the above dilemma by speculating on a possible development and transformation of capitalism to a new socio-economic system.

Keywords: corporate governance, governance-management process, socio-economic system, ownership, social responsibility

HIGHER QUALITATIVE LEVEL OF CORPORATE GOVERNANCE: MONITORING OF CORPORATE GOVERNANCE TO ATTAIN CORPORATE SOCIAL RESPONSIBILITY

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Abstract: The first part of the presented paper argues the importance of business ethics, company's credibility and corporate social responsibility for the quality of corporate governance and therefore for the company's success. In a context of successful business ethics and credibility implementation the informal and formal measures are introduced. The paper presents the latest researches on business ethics, credibility and corporate governance as well as emphasizes the importance of company's compliance with the Code of Corporate Governance and monitoring of such compliance for ensuring the higher quality of corporate governance in Slovenian companies.

Keywords: corporate social responsibility, business ethics, credibility, informal and formal measures of business ethics and credibility implementation, the Code of Corporate Governance

PROPERTY RIGHTS AND CORPORATE GOVERNANCE

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Abstract: When we say property – what do we think of? What benefits property brings to an owner? What rights the bundle of property rights consist of? What kind of relation exists between property rights and corporate governance? Do corporate governance problems arise in society with total and absolute property rights? Can we even speak about problems in governing corporations in system with no limitations to the property rights? Why an institution of property makes foundation of the corporate governance system in an economy? These are just some of the questions this paper is trying to answer.

Keywords: property rights, individual, state, corporate governance

CONTEMPORARY ROLE OF INTERNAL AUDITING IN CORPORATE GOVERNANCE

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Abstract: The internal audit function has been constantly evolving in line with the changes in business environment. Contemporary challenges in the environment are closely related to risk and related corporate governance issues. Consequently, the shifting of the internal auditing function towards addressing corporate governance problems called for greater independence of the internal audit function. In Slovenia the new Companies Act was adopted in July 2015. To address the need for higher level of internal audit function independence, it required the decisions regarding appointment and removal of the chief audit executive as well as his/her remuneration to be approved by the supervisory board. The changes indicate that the role of internal audit in managerial-governance relationships has changed. The paper offers an overview of these changes, the trends leading to increased role of internal audit in the field of corporate governance, expected benefits of organizational independence of internal audit and future challenges.

Keywords: governance, internal auditing function, organizational functions, agency theory, stewardship theory

INTANGIBLE INVESTMENT IN RESOURCE LIMITED ENVIRONMENT AND THE ROLE OF CORPORATE GOVERNANCE¹

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Abstract: The paper studies corporate governance characteristics in a panel of transition countries to investigate the relationship between the investment in intangible capital (specifically innovation) and corporate governance. We show that innovation is restricted by finance and the managerial attitude towards activities that support innovation. In case of financial restriction, softer innovation (process, marketing, organization) are more less impacted by the restriction and are also more common. Lack of managerial support to innovation results in less innovation, regardless of the type. We also show that external determinants, like the intensity of competition and international orientation, are related to innovation. The paper extends the knowledge about the link between corporate governance and intangible investment at large and in particular in transition countries. As such it provides useful implication at microeconomic as well as macroeconomic (developmental) level.

Keywords: intangible capital, innovation, managerial attitude, corporate governance, transition countries

SATISFACTION WITH OUTSOURCING: EMPIRICAL ANALYSIS ON THE CASE OF SMES

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Outsourcing is becoming a daily management tool with many advantages. It has become a strategic imperative as companies seek to reduce costs and specialise in a number of core areas (Gerbl et al., 2015). In the past, it was a tool for larger companies to achieve goals, whereas smaller companies often provided services that were outsourced. Nowadays, small and medium sized companies also outsource certain business activities and thus reduce the costs, increase the revenues and affect the owners' and managers' satisfaction by reaching the set goals.

The existing research on SMEs' outsourcing and its definitions is sparse and inconclusive. Therefore, the purpose of our study is to find out whether managers of small and medium sized companies, which are in most cases also the owners of the companies, are in fact satisfied with outsourcing, and what affects their satisfaction. To answer these questions, we first have to define the difference between buying and outsourcing. We conducted a qualitative research with directors of small and medium sized companies and a quantitative research on the sample of 249 SMEs.

We found out that existing definitions of outsourcing that Kavčič (2009), Bergant (2004), Greaver (1999), Proth (2013) and others provide are not suitable for defining outsourcing in small and medium sized companies (SMEs). The

¹ This paper presents selected preliminary findings related to the role of corporate governance and innovation supporting activities as well as financial constraints to innovation in transition countries. Detailed results are presented in a paper (Financial constraints and corporate behaviour in transition countries, Redek and Trajkovski, 2016).

difference between buying services or products and outsourcing is not clear or logical, and company examples that we provide in the paper have proven it. We came to a conclusion that “outsourcing” could be defined in a way that slightly differs from definitions of other authors: “We speak of outsourcing when a company gains products and/or services that are exclusively adapted to that company’s business procedures and similar companies perform them in-house.”

We explained the suggested definition based on business examples. Company Construction decides to physically secure the facility. The company agrees that security guard will watch the building site from 7 p.m. to 7 a.m. Although Construction could have assigned the job to one of their employees, it decided to hire an external contractor. The latter had to adjust to Construction’s specific requirements to carry out the task. Consequently, we could claim this is an example of outsourcing.

In the case of technical security, where the company Construction only rents the service of the control centre from the company Security, the story is quite opposite. Security control centres are not quite common in construction companies. At the same time, the company Security does not adjust its work processes to Construction’s needs; it only rents out a unit of its standardized services. Therefore, we cannot speak of outsourcing, but rather of purchasing a service.

The company Grating, which supplies the company Inoks with gratings for floor siphons, can collaborate with the latter in two ways: as a supplier or as an external contractor. If the company Inoks needs a standard grating for its siphons, it can buy it from Grating’s sales shelves as a standard product. In this case, we cannot speak of outsourcing, but rather of purchasing a service. However, if the company Inoks orders Grating to manufacture a unique grating according to a specific plan, then Grating has to adjust its service or product to Inoks’s needs. Therefore, this case is an example of outsourcing.

When we clearly defined the difference between buying services and outsourcing, it was easier to carry out an empirical analysis in order to examine what kind of outsourcing is used by small and medium sized companies and how they use it, which are the determinants of satisfaction with outsourcing and how they affect the final outsourcing success. One of the surprising findings is that in most cases managers in small and medium sized companies are using a strategic type of outsourcing based on ad-hoc collaboration instead of contractual collaboration, as we might have expected.

Zhu et al. (2001) argue that a successful outsourcing process begins with a good contract. According to Bob Chafin, director of contractual collaboration and finances for General Motors’ Information System and Services Division in Detroit, a good contract is signed when you are certain of what you want to achieve through a contract. That gives additional significance to formalization when conducting business with business partners. According to the literature (Brown, 1997; Quélin & Duhamel, 2003; Zhu et al., 2001), we could assume that most outsourcing happens through contractual collaboration, yet it surprised us that contractual collaboration is common for traditional outsourcing but not for strategic outsourcing, where there are only 34 % of contractual collaborations. 60 % of small and medium sized companies decide for strategic outsourcing in form of ad-hoc collaboration. That indicates a great risk for governance of those companies.

Nevertheless, satisfaction with outsourcing is relatively high among surveyed companies, because the average evaluation of satisfaction was 5.9 on a scale from 1 – 7. We also tested their satisfaction according to individual elements (price; quality of products and services; solving problems or complaints; the flow of information between the two companies; expertise and knowledge of the external contractor; modern technological equipment of the external contractor; innovative proposals, solutions and recommendations; quick adaptation of wishes and needs of the company that outsources) and found out that average satisfaction with an individual element is between 4.0 and 4.3 (on the scale from 1 to 5), which is also considered high. Price and innovative proposals, solutions and recommendations have the lowest score regarding satisfaction. According to numerous outsourcing definitions, the price is one of the main and most common reasons to begin with outsourcing. Brandes et al. (1997) cite price efficiency as one of the three reasons for outsourcing, because external contractors can supply components cost-efficiently due to increased productivity. According to that, we expected that satisfaction with price would be rated higher. Relatively low satisfaction with price is also surprising because the price is usually set by a contract before outsourcing even begins, and it is hard to talk about low satisfaction with an element, which was already discussed between contractual partners. Nevertheless, we can explain the relatively low satisfaction with price in our study with a

finding that in strategic outsourcing more than 60 % of partnerships are based on ad-hoc collaboration, where the price is usually not set beforehand, which may cause dissatisfaction.

Other determinants also affect satisfaction with outsourcing. The importance of criteria like prior collaboration with the company, good financial standing of the company, company's reputation on the market and experiences, affordability and trusting the company has the most positive effect on general satisfaction with outsourcing, whereas difficulties (losing key competences, decreased possibility of cross-functional collaboration, losing control over external contractor, or hiding information by contractor) have the biggest negative impact on outsourcing. With these results we proved that outsourcing is not a simple formula for success, but it has to be carefully planned, executed, controlled and, if necessary, adjusted if the governance bodies want to be successful and satisfied with this tool.

Our study expanded the existing knowledge about outsourcing in small and medium sized businesses, about companies' successfulness and consequently their satisfaction with outsourcing, and about the determinants of outsourcing satisfaction. The main contribution is the updated definition of outsourcing, based on which it is possible to study outsourcing in small and medium sized businesses. Another contribution relates to the finding that small and medium sized businesses mainly perform strategic outsourcing that is based on ad-hoc collaboration, which is the opposite of what the theory says. Companies that conduct business based on ad-hoc collaboration are less satisfied with outsourcing. Difficulties that occur due to unawareness or noncompliance of known outsourcing drawbacks, have a negative impact on satisfaction, which sends a clear message to all, who study, teach, advise, use or plan to use this manager tool.

We explained that satisfaction with outsourcing can be compared to successfulness a company achieved with the help of outsourcing. The concept of successfulness can be broader in small and medium sized businesses than in larger companies, because the SME's owner, who is usually also the manager, identifies himself with his company. From this originates one of the biggest limitations on researching satisfaction, as the owners or managers are not completely ready to speak sincerely about problems and dissatisfaction with certain business decisions, because they would consequently admit their own mistakes. Human nature makes it difficult to talk about our own mistakes, let alone to admit them.

Clear findings about effects on satisfaction with outsourcing significantly contribute to the existing entrepreneurship literature. Moreover, our findings have implications for owners and managers of small and medium sized businesses that are already using outsourcing or intend to do so.

MANAGING INTERORGANISATIONAL NETWORKS FOR INTERNATIONALISATION OF SMALL AND MEDIUM SIZED ENTERPRISES

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Abstract: Flexible interorganisational networks, where enterprises and governmental institutions act as partners, present an opportunity to improve effectiveness of internationalisation. Their role in facilitating learning and knowledge spillovers in the process of internationalisation has been underexplored, however. We thus study business clubs as an example of interorganisational networks and address the following research question: How should business clubs be managed to best facilitate learning and knowledge spillovers in the process of internationalisation? A theoretical framework on learning in interorganisational networks, commercial diplomacy and network management is followed by an empirical study of business clubs based on an international survey involving 376 internationally active companies from a small Central and Eastern European country. Our results confirm learning effects of international interorganisational networking and show that market distance, complexity of market entry mode and firm size are positively correlated to (institutionalised) interorganisational networking in the process of internationalisation. They furthermore indicate an evolutionary nature of business engagement in commercial diplomacy in the context of institutionalised interorganisational networking and give implications for increasing value creation through commercial diplomacy, whereby network management is identified as an underexploited and underexplored success factor in internationalisation through business clubs – at both the governance of a network and the management within networks levels. Barriers for successful network management and related implications for network management practice are also defined.

Keywords: network management, internationalisation, commercial diplomacy, business clubs, learning

DIFFERENCES BETWEEN MANAGING PROJECTS IN AN SME AND IN A LARGE COMPANY

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Abstract: The success rate achieved on projects even nowadays can be considered to be low. Only a bit less than 40% of the projects are completed successfully, although, the rate of successful project increased in the last decades. This increase can be thanked – among others – to the advanced project management frameworks, guidelines, toolkits and methodologies. But they are mainly focusing on large or multinational companies. Their processes and regulations are supported perfectly by the well-known standards. But they could support SME project management only to a moderate extent. Since the nature of project management in a large company and in an SME differs greatly. Thus this paper aims to reveal the differences between an SME and a large company project management in the ICT sector from the point of view of project management tasks, resource management, post-project management and support/help provided by the company. The answers were conducted by semi-structured interviews mainly with project managers, who are experienced both in SME and large company project management. With the findings of the paper, future studies could be conducted and the current frameworks, guidelines and standards could be improved, which can further increase the efficiency of them. And in the end, the success rate achieved on projects could further be increased.

Keywords: project management, project management tasks, project management processes, resource management

CORPORATE GOVERNANCE IN BANKS – IS THE TERM CORPORATE GOVERNANCE STILL APPROPRIATE?

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Abstract: Corporate governance is considered a very important function in terms of organisation and its primary role is to protect the owner's interests. The owners of a company appoint the top management so as to ensure that the company is managed in accordance with the set goals and plans. The economic crisis in the past years and the role of the banking sector brought about many changes in corporate governance in banks, along with regulation and interference with the bank owners. A closer look into the European area, with all directives and guidelines that have been adopted in the past year, reveals that the regulated areas also include those related to corporate governance and, even more, to specific functions in banks such as organisation, human resources management etc. This paper aims to present corporate governance in banks and the role of the European and local legislation as well as highlight the problems that the owners face when performing their basic role – selection of top management, setting of goals and remuneration. The banking sector has to deal with new trends, competition outside the banking sector and rapid development, while on the other hand a strict regulation of the required knowledge and skills of a banker restricts proper selection. Restrictions on remuneration, restrictions resulting from prohibited state aids and excessive interference with the banks' daily operations place the banks in an unenviable situation. This paper aims to present in detail the regulation of the appointment of top management, their selection and remuneration as well as the resulting inability of Slovenian banks to recruit appropriate staff with relevant international experience. Complex and time-consuming selection and appointment procedures, inappropriate remuneration and strict regulations push the Slovenian banks to the edge of competitiveness in their homeland as well as internationally. The case study which is presented in the continuation shows that this can jeopardise the competitiveness and growth of Slovenian state-owned banks in the long run.

Keywords: Slovenian banks, corporate governance, regulation, legislation, competitiveness, top management, performance management

LOOKING AT HRM THROUGH THE LENS OF AGENCY THEORY – ARE SUBOPTIMAL HRM PRACTICES A CONSEQUENCE OF MORAL HAZARD?

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Abstract: The aim of the paper is to provide theoretical evidence that agency problems do exist and could cause under-performance in the HRM area, but as well to systematize and elaborate HRM control systems which reduce agents' moral hazard in general, and especially when making HRM decisions. A substantial quantity of the literature indirectly connected to the field, as focused literature on the agency theory implications for HRM so far is scarce, is analysed. The organisation of the existing knowledge in the following areas is provided: (1) introduction to agency problem and moral hazard, (2) agency problems related to managing employees, (3) HRM control mechanisms for managing agents, and (4) HRM control mechanisms for reducing agents' suboptimal HRM decisions.

Keywords: human resource management (HRM), agency theory, agency problem, moral hazard, HRM decisions, HRM control mechanisms

GOVERNANCE ISSUES AND MANAGEMENT OF MUNICIPAL WATER AND WASTEWATER UTILITIES IN SLOVENIA AND SELECTED EUROPEAN COUNTRIES

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Abstract: Water and wastewater utilities are one of the essential local public services usually provided by municipalities. Efficient provision of services and utilities requires good management and sound governance. Privatization of water and wastewater utilities is often seen as a way to achieve efficiency gains and to raise funds for necessary investments. But, as water sector belongs to a less competitive market, privatization can not necessary bring the highest efficiency gains. An alternative to privatization is joint provision of local public services and utilities through formation of inter-municipal cooperation. The purpose of this review paper is to provide a general overview on how water and wastewater utilities can be governed by local governments and to show and compare the current state of water and wastewater utilities delivery mechanisms in Slovenia and selected European countries. The paper analyzes why water and wastewater utilities are managed through privatization and why municipalities decide for inter-municipal cooperation. The focus is on possible effects on economies of scale, costs reduction and efficiency in provision of selected local public utilities. The descriptive methods, like literature review, comparative analysis and critical review are used. The results show that water and wastewater utilities are in general managed at the municipal level, in public, private or mixed forms and also in the form of inter-municipal cooperation. Good practices from selected European countries give insights and orientation for Slovenian public policy makers and therefore possibility to improve efficiency of provision of municipal water and wastewater utilities in Slovenia.

Keywords: local public services, water and wastewater utilities, privatization, inter-municipal cooperation

ORGANIZATION DESIGN AND CORPORATE GOVERNANCE OF BUSINESS GROUPS: A COMPARISON OF THE PUBLIC AND PRIVATE SECTOR

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Abstract: Business groups are large inter-organizational entities that significantly contribute to economic activities worldwide. While being a highly relevant form of business organization in many emerging nations (Hoskisson, Johnson, Tihanyi, & White, 2005), they are still well represented in some of the post-socialistic countries. For instance, private- and public-sector (state-owned) business groups in Croatia account for a one third of the GDP (Lider, 2011) and play a very important role in the development of the national economy. However, we know very little about the corporate strategy, governance processes and organizational structure applied within business groups, especially given the fact that business groups around the world vary considerably (Khanna & Yafeh, 2007). Therefore, the aim of the paper is to examine how business groups in Croatia are organized and managed. A comparative analysis of the largest business groups listed by the Croatian Chamber of Commerce offers useful insights about their level of diversification, group configuration and board structure, as well as regarding the organizational architecture of their holding company, the current level of the group internationalization, and the business group-level performance. The results clearly show similarities and differences present between among private- and state-owned business groups of interest. Thus, the paper contributes to better understanding of organizing practices of the largest business systems in Croatia, and offers specific insights about the divide between the private- and public-sector business groups.

Keywords: business groups, organization design, corporate governance, private vs. public

CONTRIBUTION OF THE EU DIGITAL MARKET STRATEGY TO THE BOARD FUNCTIONING

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Abstract: Digitalisation is one of the top priorities for the next period given by the European Commission. In order to regulate the digital market within the European Union in 2015, the Digital Single Market Strategy was presented. In the area of company law legislation within the EU there is a great influence of the European Institutions, especially European Commission as an initiator of the legislative actions and Court of the European Union as creator and interpreter of the European law. 28 different legal systems give different possibilities for companies. This is one of the main reasons for the approximation and harmonization of laws in that area. When analysing European company law, it can be concluded that different issues concerning companies such as capital, disclosure of information etc. are regulated by directives, and that the supranational forms of companies are regulated by regulations. As a result, within the European Union Member States differences still exist in all areas that are not regulated by the secondary legislation. In 2012, European Commission launched an Action Plan on company law and corporate governance which supported three key objectives: enhancing transparency, engaging shareholders and supporting companies' growth and their competitiveness. Besides supporting these three key objectives, the proposal was also to launch a company law codification in order to make the regulatory framework more user-friendly. As a result of that initiative, the Proposal for a Directive related to certain aspects of company law (codification) was adopted by the Commission in December 2015. The main reason for the codification was that the provisions within the framework of European Company law are spread across many different legal acts which makes it more difficult for users to have a clear overview of applicable law. These directives are implemented in the national laws, but the large number of directives dealing with company law also carries the risk of unintended gaps or overlaps. Another "hot potato" when discussing company law issues, the functioning of the Internal Digital market is one of the greatest area where the improvement on the European level can be reached. The European and national company law needs to follow with technological developments, to ensure that companies, citizens and authorities fully benefit from the possibilities offered by the Digital Age. The Green Paper on Capital Markets Union (published in February 2015) also recognized digitalisation as one of the key drivers for integration of capital markets. Possible future initiatives for digitalisation of company law and corporate governance could cover a number of areas such as: online registration of companies, electronic submission of documents, electronic voting systems for companies... Some of these possibilities already exist in some of the Member States and some of them have already been incorporated in the European legislation that concerns functioning of the companies. The author in paper analyses the possibilities that will rise for the companies and especially companies' boards regarding the digitalisation of the market which will lead to the easier access to information not only for the board members but also for all stakeholders. On the other hand, need for such information is discussed. The digitalisation is expected to bring the easier functioning of the companies especially across the border and when analysing possibilities for members of the board to vote by electronical means of communication or to implement possibilities of electronical correspondence in their work. The interconnection between codification of the existing company law rules and rules on digitalisation will also be discussed. At the end, authors will provide answers on possible improvement which can be made on the work of board members within the EU companies.

Keywords: company law, EU, Digital Market Strategy, board functioning

HOW TO USE THE PRINCIPLES OF CORPORATE GOVERNANCE IN PRACTICE?

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Abstract: In risk management literature a great number of methods can be found that are suitable for risk assessment. Most of them can only be used if there are historical data available as they rely on statistical analysis to assess risks. However, many times there is no daily database to use for assessing most risks. Of course, the probability of occurrence and impact of these risks should always be assessed/ estimated in a reliable manner. The question is: exactly how? To answer it a method has been developed by the author that has been used in more than 50 different applications up to now. The aim of this paper is to demonstrate the way how risks affect the target values of building a new football stadium can be assessed by using the developed method and this way how to apply corporate governance in practice. The building of a new football stadium has finished on time and has met the quality expectations thanks to the execution of suggested risk response actions.

Keywords: corporate governance, risk assessment, building a new football stadium, project schedule, scenario analysis, Monte-Carlo Simulation

A THEORY-BASED APPROACH TO ORGANISATIONAL PROJECT MANAGEMENT MATURITY

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Abstract: Around the new millennium organisational project management maturity was a frequently occurring topic both in international conferences and professional journals. Many of the maturity models were published during this period. The response from professionals was largely positive, although there was also moderate criticism. Currently this topic also attracts more attention coupled with challenging criticism. Central to this criticism are the inherent presumptions and the subsequent narrow focus of the maturity models. The primary aim of this paper is to introduce a broader approach to project management maturity assessment, deduced from project management literature, which might address the inherent presumptions of the existing models, while it has the potential for developing more appropriate maturity models.

Keywords: conceptual framework of project management maturity, project management maturity, theory-based approach to project management maturity

PROBLEMS AND CHALLENGES REGARDING CONSTRUCTION PERMITS

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Abstract: Nowadays Slovenia is still recovering from the consequences of the worldwide financial and economic crisis. Taking into account some local specifics, the effects of the crisis are even more severe in our country than in others. Therefore it is important to conduct some research and determine which specific fields represent a vast opportunity for improvements of our economic and social situation. One specific field which tends to be neglected regardless of its significant impact is the field of construction permits which falls within the framework of spatial planning. Moreover this specific field can have several impacts on the national level which were in the past treated as a second-rate problem and now spatial planning (construction permits) represent an opportunity for our national progress. After carefully analysing the current state of affairs we can highlight some of the possible future solutions regarding spatial planning (construction permits) from which several positive multiplier effects on the national level could be achieved. A lot of suggestions are presented, however as it is such an important field, the consensus of the competent state authorities is a necessary precondition for such a campaign to end with positive results. Nevertheless this article represents a starting point for the inevitable future discussion about improvements regarding spatial planning and construction permits.

Keywords: construction permits, spatial planning, public administration, spatial concept, spatial stakeholders