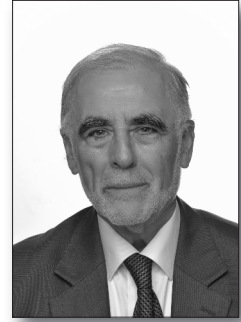


CORPORATE GOVERNANCE ONCE MORE, BUT DIFFERENTLY!

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Dear reader,

In the present issue of the “Dynamic Relationships Management Journal” you will find the invitation to take part in the “4th International Conference on Management and Organization” on “Corporate Governance: Challenges and Development” which will be organised by the Slovenian Academy of Management. The conference will be held on June 9-10, 2016 at Brdo pri Kranju, Slovenia.

In last 20-30 years we are witnessing great interest in corporate governance. It is much discussed nowadays for at least two reasons. The most important one is the finding that owners have surprisingly very little to say about the business affairs of their enterprises. Once most important governing decisions made by the owners themselves became managers’ decisions. Owners are more and more away from the business of their enterprises. As Peter Drucker pointed out the main common feature of different governance systems is that corporate governance does not work. The question arises: does the diminishing role of owners and their governance question the further existence of the capitalist system, which is based on private ownership, governance by shareholders and profitability. The second reason for the increasing interest in corporate governance are its many shortcomings which are discussed today and sometimes even lead to great scandals.

There exist also two different groups of opinion on the causes of today’s problems in corporate governance and their solutions. Both groups of authors believe that management has taken power away from the owners. They look at the relationship between corporate governance and top management from the point of view of the principal-agency theory. This is an economic theory claiming that both parties look at each other with mistrust. The problem can be stated in the following way: if corporate governance leaves more power to management managers can

use their knowledge and expertise to great extent. However, managers can misuse their authority in acting in favour of themselves instead of shareholders. Therefore, corporate governance has to control managers more tightly and pay them very well. Authors of the first group see the improvements in corporate governance in many activities bringing power back to owners to protect and develop their interest.

On the other hand, more and more authors believe that problems within the corporate governance are due to development of economy and society which requires and leads us to new socio-economic system. Some of these authors claim that the present capitalist system is moving towards a new socio-economic system. They see the following major changes confirming this development: replacement of private ownership by other forms of it, profitability criterion by social responsibility and governance by shareholders by stakeholders’ one. For them the present problems in corporate governance are the confirmation of huge changes and, instead of proposing cosmetic changes to maintain the old system, new trials have to be made to make the transition to the new society easier.

There are many problems and solutions to be discussed on corporate governance and above all its relationship to management. Representing the connection between the enterprise and socio-economic system corporate governance follows, maintains and changes the system and contributes to the desired success and development of each enterprise and society. In order to contribute to our knowledge on this important organisational function and process I invite you to participate at our conference on corporate governance next year and/or present your views on some of many organisational corporate governance issues in our journal.

Rudi Rozman,
President of Slovenian Academy of Management