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The Convergence of Corporate Governance Systems: A Review of the International Evidence

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Abstract

Purpose: There are indisputable differences between corporate governance systems in different countries. Debates exist about which system is the most efficient. The objective of this paper is to determine whether national governance systems are converging toward a particular (optimal) system of corporate governance.

Design/methodology/approach: To study the convergence of corporate governance systems in different countries, this paper is based on an international literature review and the european corporate governance system.

Findings: This study demonstrates that the basic form of global governance has already achieved much of the existing reconciliations. In this sense, many European countries have improved their legal systems. The globalization of stock markets and the empowerment of shareholders are the mechanisms of this convergence.

This study also shows that despite the various efforts made to achieve convergence between governance models, much work remains to be done. There is still no agreement on the factors that determine the optimal governance structures for companies. Formal convergence, for example, may be difficult to achieve in some countries because of political, institutional and social factors

Originality/value: This study identifies the differences between corporate governance systems in different countries. This paper also conveys an understanding of the important factors in the international convergence of corporate governance systems.

Keywords: Corporate governance code • Convergence • Responsibilities • Financial crisis • International systems

Introduction

Research into corporate governance is currently booming because the need for it has been recognized. The notion of the legal competitiveness of states is at stake; in other words, the simple difference in rules between different states can possibly motivate firms to install their head offices in places where the rules or laws are particularly favorable to their business. Corporate governance is thus becoming a highly strategic area. Several organizations have exhibited interest in the search for governance standards that advocate the effective functioning of boards of directors and their specialized committees, the respect of investors' rights, the improvement of the disclosure of information, etc. Therefore, a firm is considered to be well-governed if it meets these standards. In the opposite case, its governance does not sufficiently take into account the interests of the actors within the company [1]. In 2010, the Commission embarked on a project to improve governance mechanisms and business management. In its Green Paper published in 2011, the Commission stressed the role of boards of directors in corporate accountability and the importance of its composition, which must be adapted to the activities of companies. At the international level, the Organization for Economic Co-operation and Development (OECD) has placed a strong emphasis on corporate governance. In 2015, the OECD established principles that have become international benchmarks for all organizational actors; in 2004, it brought together different actors to further strengthen them and now offers a regulatory framework to facilitate the efficiency of markets, ensuring the distribution of responsibilities. These recommendations are also valid for management. According to Standard and Poor [1] some studies have shown that there are several governance structures, some of which respect the standards of good practice. Consequently, these can be synthesized through indices that reflect these practices, which have been made available to the public by several organizations in order to guarantee a high quality of governance and subsequently to meet the needs of investors and investors. Protect them from managerial maneuvers. The literature on international corporate governance is based on extensive American research. In general, this research is essentially based on the mechanisms of corporate governance. These studies, which are mentioned later, have focused on two main issues. Firstly, they question whether these mechanisms affect the performance of the company, and secondly, whether these mechanisms influence the specific decisions made within the framework of the company, such as the management of the turnover, the replacement of the management or investment policy [2-6]. This research provides an analysis of governance in different countries. Other studies on international corporate governance have aimed to compare international governance systems [7-10]. These authors, through comparative studies, examined governance in many countries in a unified framework. Their goal was to understand the different factors that explain changes in corporate governance at an international level. Ultimately, they succeeded in determining the existence of a multitude of governance systems that are as varied as each location in which they are implemented and are specific to each economy [11]. The first examples of international research in this field focused on Germany, the United Kingdom and the United States. These developed countries bring together important differences in ownership structure and boards of directors. In addition, each market and governance structure is largely influenced and shaped by the legal systems present in these countries. In this context, several reports and codes of "good practices" on corporate governance have been published in these countries. The purpose of these codes of good practice is the improvement of governance systems and the management of enterprises as a whole.

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The European Corporate Governance System

When studying the mechanisms of corporate leadership accountability, it appears that culture isan important element in the analysis. Thus, cultural differences between countries influence governance at the following different levels: the role of the manager, the role of employee, the degree of shareholder participation, the level of protection of the company owners' interests, and finally, the role of the market [12]. These differences are identifiable between the countries of the European Union, and the main difficulty is to reach structural and organizational convergences. For example, some countries focus on social considerations, while others attempt to favor shareholder ownership benefits [13]. Several models of corporate governance are used in Europe. These models differ in particular in the level of application and the role of the leader during organizational operations. These differences reveal the difficulty of determining the responsibilities of leaders toward the different groups in each company [14]. Over the past 20 years, the focus has been on the shareholding approach. This has been useful in leading the manager to work more transparently and to focus on shareholder interests [10]. At present, this vision seems insufficient to guarantee the conduct of the company and to know whether short- and medium-term objectives are achieved.

Following the financial scandals of Enron[1] and WorldCom[2], countries such as the United States, France, Germany and Great Britain have strengthened their control mechanisms. These measures concern the adoption of new laws to create long-term security mechanisms. Shareholder democracy and employee participation in governance are now more important than ever before. In the United States, the Sarbanes-Oxley Act[3] of 2002 was adopted in response to various accounting scandals. This law forced companies to strengthen their internal controls and reduce incentives. There is also a legal framework that now controls the responsible leaders [15]. Regarding the chief executive officer (CEO) and the members of the board of directors, this law also established new rules. More specifically, it prohibited a public company to extend credit to a director or officer. This was because the CEOs of WorldCom, Tyco and Adelphia, for example, had obtained millions of dollars in the form of loans without the agreement of the board of directors.

In addition, the law gave new powers to the audit committee. Thus, the following conditions must now be met:

1. Each member of the audit committee on the board of directors is independent of the public company;

2. The audit committee must be directly responsible for the appointment, remuneration and supervision of the auditors. The main theme of the resolutions concerns financial reports. Beforehand, the auditors must report disagreements directly to the audit committee;

3. The audit committee must put in place procedures for the receipt, retention and treatment of complaints received by the company concerning its accounting and internal accounting controls;

4. The law finally insists that each financial report must be prepared in accordance with the rules identified by the auditors. In addition, these annual and quarterly reports must present all of the company's off-balance sheet transaction documents and relations with entities that may have an immediate or future influence on the financial position of the company.

In conclusion, this law is clearly a pioneer in the process of evaluating corporate governance mechanisms, and informs on best practices by imposing new requirements on companies.

These requirements concern the following:

- the increase in the number of independent members on the board of directors;
- the strengthening of the monitoring of financial information by the audit committee;
- the certification of financial statements and internal controls by management;
- the development of communication links between the external auditor and the audit committee by limiting the ability of company managers to take "selfish" actions;
- the introduction of additional steps necessary to achieve objectives to improve the system of corporate governance. Ultimately, this involves making the leader more accountable while strengthening shareholder democracy, protecting the rights of employees, and offering effective employee participation in the corporate governance process.

At the European level, this law resulted in the vote on a resolution. The aim of the European resolution is to strengthen the accountability of leaders and to take into account the different social and organizational environmental dimensions. Thus, in 2003, the European Commission published an action program on the renewal of company law and the strengthening of corporate governance. This plan led the European Commission to develop legislative proposals and make recommendations to its member states. In 2010, the Commission embarked on a project to improve governance mechanisms and business management. In the Green Paper that it published in 2011, the Commission stressed the role of boards of directors in the accountability of companies and the importance of its composition, which must be adapted to the activities of companies (its composition of directors must be diverse, with different nationalities, different professional experiences and a respect for gender balance). Furthermore, an important place was given to the role played by the presidents of the boards of directors and their influence on the operation and the results of the councils. The proposals of the Green Paper (2011) tend to create more responsibilities for these presidents and greater transparency in the course of their activities. The 2011 report also demonstrates that shareholder behavior remains important, since it has high responsibilities. Shareholders exercise active control over the company and interact with the board of directors while exercising their prerogatives. The 2011 report also highlights the minimal role of minority shareholders in companies with a dominant shareholder. This imbalance between minority and majority shareholders is not conducive to the proper functioning of governance. Thus, to ensure the rights of all shareholders, some European countries guarantee minority shareholders seats on the board of directors. Other objectives are imposed by the Green Paper (2011) to propose an effective system of corporate governance and to ensure that such governance is monitored. These objectives are achieved through the intervention of external companies that control and review the content of the information published in the governance reports. With regard to executive compensation, boards of directors must now decide by vote on the implementation of a transparent and "independent" remuneration policy (Green Paper, 2011). At the international level, the OECD places strong emphasis on corporate governance. In 1999, the OECD established principles that have become international benchmarks for all organizational actors. In 2004, the OECD brought together different actors to further strengthen these principles, and now offers a regulatory framework to facilitate the efficiency of markets, ensuring the distribution of responsibilities. These recommendations are also valid for management. The OECD also stressed in 2014 that the transparency of the responsibility of the directorates is a major element in the effectiveness of councils and directorates. They comprise six categories, as follows:

1The Enron scandal began in early September; 2001.The main business of this company was the distribution of natural gas in the United States. The end of December 2001 was marked by a dramatic fall in its shares. The US financial market reacted negatively after the failure of Enron (Azibi, 2011).

2WorldCom was the second-largest long-distance communications company in the United States. By the end of 1999, the company had begun to sink into debt accumulation and expenses. In 2002, the company was devalued by the scandal of the manipulation of its accounts (Soltani, 2014).

3 The text of this law is available on the following website:
http://news.findlaw.com/hdocs/docs/gwbush/sarbanesoxley072302.pdf
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1. To provide the foundation for an effective corporate governance framework.

2. Shareholder rights and key ownership functions.

3. Equitable treatment of shareholders.

4. The role of stakeholders in corporate governance.

5. Communication and transparency.

6. The responsibility of the board of directors.

The 2008 crisis brought collective awareness, and increasingly controlled and restrictive procedures were implemented. In 2009, the OECD Management Group presented its main recommendations:

Ensure the independence and skills of directors:

Strengthen the aptitude criterion and extend it to a larger number of institutions. Its scope should not be limited to fraud and bankruptcy but also to technical and professional skills in the field of governance.

The aptitude criterion must also control the limitation of the term of office of the independent directors. The accumulation of the mandates and their duration are here problematic.

The functions of President and Director General must be totally separate.

Empower risk management:

The internal and external auditors report to the audit committee; the same approach must be found in the risk management of financial institutions.

A risk manager must be present in the financial companies, who reports directly to the board of directors and via the audit committee.

The risk manager must obviously be totally independent and his mission must be similar to that of the mediator. His main role is to draw the attention of the board of directors.

Fiduciary responsibility of the directors:

The complexity of large groups has created governance issues and it is therefore essential to clarify and clarify the fiduciary duties of directors.

Relate the fiduciary duties of directors to those of the board of directors and the company while balancing the different interests of the different organizational functions.

Remuneration:

Remuneration remains a delicate subject, especially regarding senior management. It may be appropriate to provide compensation related to risk management. A tax incentive system can even be made possible while being linked to the long-term performance of the business.

These principles were revised in 2015. Five points were to be reinforced according to these principles:

1. The system of corporate governance must contribute to the transparency of fair markets and the efficiency of their resources. A relevant legal framework for governance oversight must be put in place to enable compliance with private law regulations.

2. The system of governance must guarantee the security of the shareholders' exercise and allow a fair exercise among all shareholders (majority, minority, and foreigners). The rights must be shared equitably among them, in particular with regard to the choice of the composition of the board of directors, or the establishment of exceptional exercise. Finally, investors' confidence in the fact that the capital they provide is protected from any abuse or misappropriation (by company executives, directors or controlling shareholders) is crucial for the development and smooth operation of a corporate governance system.

3. Recognize the rights of stakeholders defined in the law in force or the company agreement. At the individual level, employees have the opportunity to express their concerns or any remarks necessary and relevant to the functioning of the organization. These remarks will be made directly to the board of directors. The goal is to ensure an ethical environment through employee participation in corporate governance. This participation is beneficial to the company and its employees; there is therefore interest in developing these initiatives.

4. The corporate governance system must guarantee the dissemination of accurate information on all significant matters concerning the company, including the company's financial situation, results, shareholding, and governance.

5. Finally, the corporate governance system must ensure the strategic management of the company, its supervision by the board of directors, and the maintenance of its responsibility to the company and its shareholders. The board of directors' mission is to monitor the management's performance to ensure a satisfactory return to shareholders. This surveillance is exercised under cover of any conflict of interest. Objectivity is also essential in this surveillance, which is nevertheless governed by the legislation in force. The main objectives of the board of directors are to serve the interests of the company and its shareholders and to respect social and environmental standards. The board of directors must also fulfill the following functions:

6. Recruit leaders, determine their compensation, monitor their exercise and ensure their departure and therefore their replacement.

7. Match the compensation of executives and directors with the interests of the company in the long term.

8. Ensure the accuracy of the financial and accounting documents, the independence of the accounts, and the effectiveness of the control systems, including the risk devices.

9. Establish specialized committees to help directors achieve their missions while making the results of the directors' work public to the company.

10. Monitor the dissemination of information and communication from the company to the administrators.

In 2016, the OECD stressed the need to raise business awareness of the importance of a regulatory framework to ensure market transparency and efficiency. Fair and transparent regulation is necessary to ensure the environmental and social transition in each territory. As early as 2012, the OECD had asked member countries to make a political commitment to regulatory compliance in all jurisdictions. In its latest 2014 survey on regulatory indicators, the OECD highlighted significant international disparity in terms of advice and control. Some countries were "good students," while others were "guardians of the temple" and therefore rigid to any regulatory transition. In this context, the OECD and the European Commission advocated the active participation of all stakeholders in the regulatory development system in order to promote the relevance of the information and conclusions reached. At the social and environmental level, the first Green Paper (2001) proposed "[...] the voluntary integration, by companies, of social and environmental concerns into their commercial activities and their relations with their stakeholders." The aim was then to contribute to promoting a system of sharing best practices between EU countries while renewing existing practices. In its second Green Paper, the EU continued to progress toward greater recognition of companies' social and environmental responsibility, as evidenced by the title of its communication of (2011): A renewed EU strategy 2011-14 for Corporate Social Responsibility.

This European desire for the implementation of an action on corporate social responsibility(CSR)can be explained in three main points:

1. Pragmatic reasons:

- Firstly, because CSR policy is beneficial for companies, Europe wanted it to be implemented quickly and efficiently. "Implementing a strategic approach to CSR is becoming increasingly important for business competitiveness [...]."According to the European Commission, CSR would be an effective management tool because it would lead to greater productivity.

- In times of economic crisis, CSR is a way to restore the economic image of companies, and generally, a way to restore lost trust.

- To integrate CSR as a European inclusion policy. Indeed, CSR should not only be applied to one or two European countries, but this policy should also be implementedinall EU member countries that desire it.

- By wanting to integrate CSR as a European practice, the committee also wanted to align itself with international standards, and in particular, those of the OECD.

2. A new project: the OECD's project since 2011 has been to "redefine CSR as the responsibility of companies vis-à-vis the effects they have on society." The objective is the construction of a powerful legal framework to ensure a strategic change in CSR. The creation of owner/shareholder value is one way to achieve this. This project is also reflected in the definition of the ISO 26000 standard: "Corporate social responsibility is the control by an organization of the impacts of its decisions and activities on society and the environment, resulting in ethical and transparent behavior, which contributes to sustainable development, including the health and well-being of society [...]."

3. The action and its content: the action is translated in terms of deadline; the commission set up an action plan that ran from 2011 to 2014. It was the EU member states' responsibility to define this action plan or at least its content. The EU played the role of supervisor, at the normative limit, if states had difficulty applying certain principles. These principles were based on dialogue with a wide variety of stakeholders. Thus, unions, companies and NGOs were involved in building an innovative, effective, and strategic CSR approach.

At the international level, CSR is active in the construction of employment standards and collective relations. The G8 leaders met in 2007 to strengthen CSR principles at the international level, and these CSR principles are largely present in those of the OECD. This presence of CSR rules in the OECD principles is essential to ensure social regulation in emerging countries. In this context, the OECD [16] Conference on Corporate Social Responsibility had the following objectives:

1. To identify responsible practices that can improve social and labor conditions;

2. To foster good social relations within OECD and non-OECD companies;

3. To strengthen organizational cooperation for the knowledge and skills of the OECD principles on CSR.

Several recommendations were made as a result of this conference:

- Take an interest in companies' CSR policies, because they are essential for investors who want to question the social and environmental performance of companies.

- Take an interest in public policies to ensure the proper management of collective labor relations by companies. The rights of workers must be respected.

- In terms of CSR, the OECD principles are authoritative for at least three reasons: their conception, their official recognition by the EU member states and their anchoring in international relations. In addition, these OECD principles are recommendations addressed to multinational foreign companies. Ethics in international affairs is also involved in human rights, labor relations, the environment, the fight against corruption, competition policy, taxation, and the interests of consumers.

The company must be the place for increased collaboration to achieve some form of coherence between actors with specific responsibilities. In 2015, the OECD emphasized different aspects of CSR:

1. Investors must commit to CSR.

2. Public reports must be prepared and be sufficiently clear and detailed, as they are essential to all stakeholders.

3. Identifying and reporting risks remain the most problematic and important part of effective CSR systems. The OECD principles propose prioritizing risks.

CSR must also be strengthened by collaboration between small and medium enterprises and large companies [17]. Thus, CSR action must implement a successful policy by proposing specific actions to ensure environmental performance. In this sense, the consolidation of certain services is necessary within organizations, such as through inter-company collaboration.

Literature Review

There are indisputable differences between corporate governance systems in different countries, and the most successful system has been debated [13]. Recently, several issues have drawn the attention of law and economics researchers to the corporate governance system. For example, "Is there an optimal system of corporate governance? Is the Anglo-American model, which has become an international benchmark in governance, performing well? Are national governance systems converging toward a particular (optimal) system of corporate governance? [18]. A particularly effective model of good governance is ideal, according to the OECD (2015). However, the quality of governance is enabled by common elements derived from these models. These common elements are presented in the OECD Principles of Governance (2015), in which each model is explained. The board of directors is thus a structure present in almost all organizational models. In the classic model, the board often refers to the supervisory board as highlighted in the OECD principles (2015). The principal executives are assimilated into the "executive board."In these models, the principles applicable to the board of directors apply "mutatis mutandis." If the terms "corporation" and "enterprise" are used interchangeably, the term "principal leaders" is country-specific and constructed according to the perception of what constitutes the principles. The study by [13] provides a comparative analysis of regulatory systems for corporate governance and their evolution since 1990 (in 30 European countries and in the United States). Their analysis was based on data collected through a questionnaire sent to more than 150 legal experts, and interviews with experts in corporate governance. The results showed that most of the changes in the countries focused on three main aspects: improving corporate transparency, protecting minority shareholders and the role of company executives. Countries with an English legal tradition always provide the best protection for shareholders. In the same vein, many European countries have improved their legal systems by adopting English law. However, countries have different perspectives on how to address financial distress and bankruptcy. Countries with a French, German or Scandinavian legal tradition place less emphasis on creditor protection than others. Convergence is nevertheless present in the composition of the board and the ownership structure of the company. In 2001, Hansmann & Kraakman demonstrated that there is a high probability of convergence toward a single governance model. They argued that the basic form of global governance has already achieved much of the existing reconciliations. [7] argued that the globalization of stock markets and the empowerment of shareholders are the mechanisms of this convergence. According to [19] market forces are behind the effect of this organizational convergence. According to [20] effective corporate governance systems must assume an optimal combination of legal protections for investors and some form of concentrated ownership. According to them, the American and British systems adopt strong legal protection, whereas the German and Japanese systems are characterized by weaker legal protection but benefit from more concentrated shareholdings.

According to [21], the move toward stronger legal protection for investors in many countries may lead to improved governance systems and significant economic development. However, it should be noted that the realization of these legal changes is necessary to ensure legal convergence.

Indeed, convergence in corporate law is occurring more slowly than the convergence of governance practices.[8]stressed the role of transparency at the time of this convergence, which was then based on a system of governance of the financial markets. They argued that increased financial integration and market competition around the world was likely to increase information gathering returns, which implied that the influence of financial institutions (especially banks) would be reduced. Another study, by [22], analyzed 37 countries to determine whether globalization has led firms to adopt a common set of effective governance practices. They found a legal convergence rather than a convergence toward a single system of governance. They concluded that globalization has led to the adaptation of some common corporate governance recommendations, but that these recommendations have not been sufficiently implemented. According to them, globalization has increased the competitive pressure which would lead to a convergence between corporate governance systems. This convergence allows companies to have superior economic performance, which can benefit shareholders in the short term. In contrast, [23,24] indicated that corporate governance systems are unlikely to converge in countries because of globalization. According to him, the literature on this subject contains important disagreements. [9] observed that the globalization of the governance system shareholding model in the United Kingdom and the United States had a tendency to maximize shareholder value. They also observed many skills in corporate law reform in countries such as Germany. They expected the reform of corporate governance practices to be preceded by corporate law reform. Finally, they determined a functional convergence rather than a formal convergence. In the context of the globalization of the financial markets and the multiplication of the communication of the information, [12] maintained that companies must better supervise their leaders; this would lead companies to adopt a single governance approach. Like Gilson, [25] demonstrated that the development and liberalization of international financial markets allows homeowners to find profitable destinations for their investments. In addition, globalization and increased market competition have led companies to seek alternative sources of financing to expand their business globally. This brings us closer to functional convergence in corporate governance matters. The convergence of governance systems is not a universal concept. According to [12], there are three main types of convergence: formal, functional, and contractual.

- In order to achieve formal or structural convergence between corporate governance systems, there is a need for changes in company law and corporate governance institutions.
- Functional convergence occurs when existing governance institutions are flexible enough to respond to demands for change (for example, changes in corporate governance practices).
- Contractual convergence can be achieved through the various contracts signed by the company.

However, [12] argued that functional convergence may be faster and easier to achieve than other types of convergence. He used the example of the reform of the German Supervisory Board to illustrate functional convergence. This type of convergence in governance practices can be explained by the institutional approach of the firm. In his article, entitled Convergence of national systems of governance: a contingent perspective, [26] presented two axes of convergence of national systems of corporate governance: formal convergence and functional convergence. According to him, the comparison of the systems of governance must take into account the functions of the systems but also the different mechanisms of governance. The functional convergence of national systems of governance is based on the two main governance system functions: a disciplinary function and a cognitive function,which determine the value creation of the firm [27]. The first function is based on the disciplinary approach of corporate governance systems. This approach is founded primarily on the firm's contractual theories (transaction cost theory and agency theory) and stakeholder theory. Here, the company is considered as a node of contracts that includes all of the relationships between the various stakeholders, but mainly the shareholders, the managers, the employees, the customers, and the suppliers. From there, corporate governance also includes the question of how different groups are approached by the company. This notion of functional convergence is mainly addressed by American research. This research focuses on corporate governance mechanisms to control company leaders. The second function of the governance system is cognitive. According to this approach, the company lives in an active and inducible environment in which the goal becomes the creation of sustainable value [28,29]. The formal convergence of national systems of governance mechanisms led [26] to distinguish between formal and informal mechanisms. According to Charreaux, "Formal mechanisms are characterized by operating modes governed by a pre-established formalization. This formalized nature appears very clearly for laws and regulations, but is increasingly present with the proliferation of codes of ethics, operating charters, and accounting standards." He showed that most studies that focus on system convergence focus on formal rather than informal mechanisms. Formal mechanisms have easily identifiable, understandable, and more effective benefits. Despite the various efforts made to achieve convergence between governance models, some specialists have indicated that much work is still required [10]. Legal or formal convergence, for example, may be difficult to achieve in some countries because of political, institutional, and social changes. A simple change in a labor law can influence and change corporate governance systems. Thus, these modifications entail high costs compared to the benefits obtained from these modifications [6]. Other limitations can be highlighted with regard tothe convergence of governance systems across countries. Firstly, it is difficult to determine a single governance system concept for all businesses. Generally, research concerns publicly-traded companies rather than others.

According to [10], this concentration on this form of business has two main problems:

- The first concerns the multinational nature of these companies. As these companies have subsidiaries in different countries,the application of a single legal system is in this sense inconceivable, because it is contingent on each of the national environments. The decision-making process of leaders is therefore constrained by external factors and difficult to control, especially if they are constantly modified.
- The second problem is related to the limited number of this type of company (listed companies) at the national level and within each country. Indeed, these companies vary in size and thus in their systems of governance.

These differences explain the difficulty of implementing an efficient and unique governance system for all companies. The focus of research on large companies is therefore questioned, because it should also focus on medium and small organizations.In addition, La Porta et al. (1999) confirmed through their study of 27 countries that managerial enterprises are far from universal, and many firms at an international level are headed by families.

Conclusion

The similarity of the governance codes, the positions taken by the OECD and the World Bank, and changes in national or even international legislation seem to indicate convergence toward the recommendations of financial governance concerned with preserving the interests of financial investors alone. Overall, this convergence seems to be guaranteed by the prevailing doctrines in terms of director independence, transparency of information, executive compensation, separation of decision-making and control powers, liberalization of the takeover market, and so on. Placing everything at the service of a central mechanism, the financial market is usually considered to indicate globalization. Despite the various efforts made to achieve convergence between governance models, there is still no agreement on the factors that determine optimal governance structures for businesses. International governance structures are still evolving, whileissues such as board structure, compensation, and changes of control have been widely studied in developed countries, but less so in other economies. Researchers have not foundstrong enough evidence to confirm this convergence. According to them, there are still fundamental legal, policy and institutional reasons why convergence in corporate governance systems is difficult to achieve. Doubts persist as to the ultimate implementation of “best practices” in corporate governance. The majority of studies have focused on the antecedents of convergence; the consequences of convergence have not been examined at either a national or enterprise level. In addition, convergence seems in many cases to be a question of form. For, convergence is a process that takes place over a relatively long period of time. While a cross-sectional study can identify similarities between countries, the existence of these similarities does not constitute definitive proof of convergence, in the absence of knowledge about the prior states of these countries.

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