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A BRIEF OVERVIEW OF CORPORATE GOVERNANCE STRUCTURES WITHIN PREMIUM LISTED COMPANIES IN ROMANIA

Proper corporate governance structures and principles guide companies towards financial health and lay down the blocks for a sustainable development of the private sector. Moreover, there is a widespread recognition and growing empirical evidence that strong fundamentals of governance are a condition for business benefits largely described by better management, effective boards, improved decision-making process, reduced risk, increased operational efficiency and valuations. Given that trust is a basic condition of functioning capital markets and corporate governance guarantees transparency, accountability and operational integrity, the aim of this present paper is to assess the conformity of the premium traded companies at the Bucharest Stock Exchange with its corporate governance code. The results of our empirical study reveal the ongoing concerns, focus and level of importance given to corporate governance structures and principles by the most trusted and profitable traded Romanian companies.

Keywords: corporate governance, capital market, disclosure, Romania, BSE

Introduction. The ongoing globalization process of capital markets and current economic dynamics imprints the need to implement internationally acknowledged corporate governance procedures and standards. Consequently, research efforts have been focused on substantiating the role of corporate governance in business sustainability, as well as rethinking approaches to company control and management structures. In this context, the role and impact of corporate governance are furthermore explored worldwide by developing and enforcing proper codes and statutory regulations on this matter.

"Corporate governance is about the governance of corporations, which may not be a particularly revealing statement from a definitional point of view but it does remind us that CG is to do with corporations and it is also to do with determining the activities in which they are properly engaged" [1, p. 3].

Firstly, corporate governance is defined as "a set of processes, policies, regulations, customs and institutions that impact the way a company is managed, administered and controlled" [2, p. 29]. In this context, this concept does not only refer to the means for shareholders to retrieve their investments, but more importantly addresses the issue of management relationships with stakeholders. Because every investment is a vote of trust in the company's management and perspectives, corporate governance supplies the framework for high performance management practices and investor compensation. This framework includes recommendations on company management and structural organization. Under these circumstances, the ultimate goal should be creating sustainable long-term value by applying these principles both in the decision-making process and in their implementation pursuit also.

More importantly, we consider that corporate governance should not be considered an end in itself, but more, a means to create and sustain market trust and business integrity, key elements in accessing equity capital for long term investment. This statement grows in importance if we recall that access to equity capital is of essence for the growth of future oriented companies and to balance any increase in leveraging.

It must be remembered that due to their unique position towards stakeholders, financial markets can only effectively function if they are based on trust. This being said, arguably trust can be built and maintained through consistent practices of transparency, appropriate communication and fair practices, all essential criteria of proper corporate governance.

The principles of corporate governance were developed and formalized at an international level by the Organisation

for Economic Co-operation and Development (abbreviated OECD) in 1999 and five years later, in 2004, underwent a first update, followed by a more recent one in 2015 [3]. Importantly, the principles have proven to be an essential and effective tool regarding the following complementary pillars of utmost importance in this regard:

- Ensuring the basis for an effective corporate governance framework;
- Identifying the rights and equitable treatment of shareholders and key ownership functions;
- Institutional investors, stock markets and other intermediaries and their sound economic investment incentives;
- Stakeholders' role in corporate governance systems;
- Efficient communication, suitable disclosure and focus on transparency;
- Board accountability.

It is certainly important to note that corporate governance changes often follow and echo major crises and resounding bankruptcies. In the 21st century, corporate governance has become a critical issue for companies of all sizes since entities that fail to shape a viable strategy and practice in this respect are vulnerable to considerable risks. Major financial failures have undermined investor confidence and questioned how shareholders managed funds were handled and the efficiency of internal control structures. Furthermore, after the Asian financial crisis of 1997 followed by the major collapses of Enron and WorldCom in 2002 and the ones generated by the "dot-com bubble", there appeared a higher regulatory interest, driven by the need for macroeconomic stability, corporate governance regulations were reviewed and amended at a national level. Moreover, many researchers and theorists consider that the 2008 financial crisis had significant trigger in poor and inefficient corporate governance practices that contributed to the collapse of the financial system, a major flaw common for advanced and emerging economies alike, reigniting the research interests and efforts towards this going concern.

Literature review. As a comprehensive concept and practice, corporate governance has undergone changes in order to adapt to regulatory developments as well as company practices. Currently, the corporate governance framework covers a wide range of topics that exceed the conceptual boundaries of the shareholder-centric approach. Furthermore, the economic evolutions of the last decades have been strongly altered by the stark ongoing process of globalization, by the transition from the production to suit own consumption towards catering to mass consumption, the stringent need to optimize any activity and to increase

economic efficiency. At the same time, the development of communications systems and technologies has allowed for increased communication and informational exchange, raising both local and international transactions volume, generating market development and ultimately market interconnection. At the heart of this process have been multinational companies that lead to evolution towards complex operational systems and high-performance management structures aimed at maximizing profits.

Admittedly, nowadays, as societies goals are attained through various corporations, their operations and organization increasingly become a matter of interest to researchers and political leaders alike. In order to promptly respond societal needs, companies must be managed and organized with the utmost efficiency. Therefore, the bigger the size of the company, the more stringent is the need for specialists to activate within its leadership structures, so as to correctly delimitate managers from shareholders.

Over time, in an attempt to increase company efficiency, there have been outlined various ways of organizing and coordinating activities, each catering more to certain stakeholders through the companies' evolution. We note that the constant concern to identify the best ways to meet the interests of different stakeholder categories has guided the development of coherent corporate governance theories.

The concept of corporate governance is not a new one and has been used in practical work since the early years of the emergence of well-established companies that operated with the underlying principle of increasing economic and financial efficiency. The first manifestations of corporate governance recorded by literature are those of the early modern era, when naval companies for trade between Europe and Asia were created, followed by the 19th century appearance of limited liability companies in the UK and France.

Given the growing complexity of the issue, in recent years there have been conducted a plethora of academic studies that tackled the role of corporate governance structures from complementary perspectives of analysis. Bîgioi [4] wrote an elaborate study, from multiple points of view which analysed the compliance of the Romanian banking sector to the BSE corporate governance code, Năchescu [5] focused on key factors of minority investors' protection on the Romanian capital market. Moreover, Pintea [6] tested the connection between the appropriate implementation of corporate governance principles and financial performance on the Romanian stock exchange, followed by Apostol [7] who devoted a study to the importance and implementing particularities of corporate governance for Romanian companies. Similarly, Tofan et al. [8] described the framework of corporate governance in Romania and identified a regulatory timeline evolution.

Interestingly, Zhorova [9] assessing the corporate governance structures of Ukrainian engineering companies, identifies the absence of a structure responsible for managing crises, insufficiency which hinders operational efficiency, and calls for a re-examination and update of current practical governance models. Rațiu [10] quantified the impact of corporate governance factors on intangible assets depreciation, after assessing a number of 1.128,00 listed commercial banks from 25 European states. Moreover, Bebchuk et al. [11] developed a lengthy and detailed guide to the most important practical aspects of the matter. Contrastingly, stemming from the agency theory, Mallin [12] later followed by Monks and Minow [13] supplied a unique approach identifying the obstacles in the behavioural perspective of the issue, as top management will always be tempted to take advantage on its privileged position to obtain personal gains. Extensive empirical studies developed by Avdalovic and Milenkovic [14],

Naimah and Hamidah [15], Muller, Ienciu, Bonaci and Filip [16] establish a direct causal link between implementing good corporate governance practices and improving performance of the company.

Corporate governance structures within listed companies in Romania. From a conceptual and regulation standpoint, in Romania, corporate governance (CG) has become a recurrent issue only since the early 2000s, the late concern being a result of troublesome and lengthy economic, legal, political, and social reforms which have accompanied the transition from the centralized economy to the capitalist economy. However, the last decade brought change to the Romanian corporate governance framework, as transparency and responsibility gained importance for shareholders and stakeholders alike. Therefore, we identify significant value in analysing corporate governance characteristics in this country.

Consequently, Romania, as is the case for other countries, finds itself at the beginning stages of applying corporate governance principles and practices, as mostly publicly traded companies show an active interest and pursuit in building a suitable framework for their implementation. This so called "technical" stage has been surpassed long ago by more advanced economies, for which the capital market is a core component of their national economies, such as the US, UK and France, as they currently strive to alter behaviours to fit the essential principles of this concept.

At a national level, in Romania the responsibilities for adopting regulations regarding corporate governance belong to the parliament as legislative body, government and institutions responsible for supervision and regulation of the financial market, namely Financial Supervisory Authority (Autoritatea de Supraveghere Financiară or ASF) and the Bucharest Stock Exchange (BSE).

In addition to the enforced legal framework, the BSE drafted and published its own Corporate Governance Code (CGC) in 2001, applicable to publicly traded companies, revised in 2008 and most recently amended in September 2015 (EBRD, 2016, pp. 5). Its provisions omit some international recommendations as they are built to meet local particularities. Stemming from the principle that good corporate governance is a powerful tool to strengthen market competitiveness and aiming to create in Romania an attractive and trustworthy capital market acknowledged worldwide, the BSE CGC provides a set of 34 compliance requirements that detail four main correlated and complementary pillars of corporate governance (as detailed below). We considered necessary to briefly illustrate the main provisions of the latest revised version of the BSE CGC [17]:

a. Requirements regarding responsibilities:

- The board of directors and supervision board responsibilities ought to be clearly described in the company charter, internal regulations or other similar documents; these mentioned frameworks should contain information regarding transparency on aspects such as appointing board members, unequivocal responsibility assignments, balance in terms of committees' membership (experience, genders, professional know-how, independence) so that responsibilities are carried out efficiently and diligently, appropriate information chain and proper regularity of meetings; we take notice of the fact that in Romanian companies can opt for a one-tier and two-tier board structure, but two-tier boards are more frequently chosen [18, p. 40];

- All companies should draft internal board regulations that describe its accountability and suitable procedures for resolving conflicts of interests;

- The board of directors or the supervision board should be composed of five members and most members of the board of directors should not possess an executive position;

- At least one member of the board of directors or supervision board should be independent for companies traded at the standard section of the BSE and at least two independent non-executive members is advised for premium listed companies;

- Any permanent engagements or duties of a member of the council must be disclosed a priori to shareholders and potential investors; similarly, they must also be transparent about any relations with shareholders that amount to 5% of the voting rights;

- A council secretary must be designated for supporting council works and activity;

- Companies should issue policies to guide the evaluation process of the council; consequently, the conformity statement with the CGC must inform on any evaluation of the council under the chairmanship of the president or nomination committee and key measures taken;

- The statement of conformity with the BSE CGC ought to present information on the frequency of council meetings, management participation, activities of the council and consultative committees and their exact number of members;

- Premium companies at the BSE ought to set up a nomination committee composed of non-executive, most of them independent members to lead the nominations of council members;

b. Provisions on internal control and risk management practices:

- Companies should enforce a risk management system and efficient internal control procedures, alongside regular independent internal audits to assess their efficacy;

- Companies ought to set up independent audit committees to validate financial reporting integrity and internal control soundness, that should be chaired by an independent non-executive member; all its members must be qualified from a professional standpoint, and at least one should prove experience in accounting or auditing, for premium companies three members should be independent;

- Related party transactions should be fully disclosed, merit based, independent and protect best a company's interest; moreover, no shareholder may possess undue preferential treatment;

c. Stipulations on fair rewards and incentives practices:

- Management and board members should be remunerated transparently in a way that attracts, motivates and maintains valuable personnel by a fair rewards system; issues on the matter should be drafted and published in a remuneration policy;

- Annual reports must contain proper information on the remuneration policy and the principles behind it;

d. Value creation through investors' relations:

- Through a proper investor relations structure, companies ought to disclose the most important pieces of information both in Romanian and English so as to inform efficiently and simultaneously both local and international investors;

- Disclosure ought to be made for professional CVs of the members of the governing structures, board and committees, agenda and supporting materials, contact information for further information, corporate presentation, external auditors, forecast policy, dividend policy;

- Shareholders should be urged to participate in company meetings through live general or bilateral broadcasts and other electronic communication means;

- Companies should supply a remote or electronic meeting voting system.

To assess the compliance level to its CGC, the BSE promotes a mechanism based on the "comply-or-explain" principle, through an official statement in which publicly traded companies voluntarily disclose current, clear and accurate information on their compliance with corporate governance provisions. We consider this to be a useful and comprehensive tool for investor communication and for consolidating the trust between capital market participants. Furthermore, the supplied information is structured in a way that emphasises nonconformity and gives the opportunity to account for the exceptions or to include further development on the required criteria.

Methodology, results and discussion. The present study was developed in order to assess whether the most notable Romanian traded companies meet the acknowledged national requirements regarding corporate governance principles and structures. Henceforth, the research aim is to identify the level of compliance with the corporate governance principles of the Bucharest Stock Exchange (abbreviated BSE) as well as examining companies' transparency, openness and willingness to disseminate information on the investigated matter.

In the author's view, the most prominent traded companies are the ones listed at the premium category of the national stock market. In order to collect the data, each companies' BSE profile and own website were consulted so that official documents could be analysed to extract specific topical aspects and information, which include but are not limited to: corporate governance codes, statements of compliance with the BSE corporate governance code, ethics code or professional conduct guidelines, internal regulations regarding the explored topic, statutory documents, company charter, the most recent annual reports and financial statements (for 2016), lists of board members and their respective curriculum vitae, presentations for investors.

In this regard the attention was focused on the 24 companies that were listed at the premium traded category of the BSE, at the 1st of March 2018, because they constitute a prime example of good and sustainable practices that generate consistent growth and profits. From those 24 initially considered for the study, one was omitted, Sphera Franchise Group, because it did not disclose the full set of information needed to respond to our research primary information needs, most likely because it started trading most recently and the most recent addition to the premium segment.

Moreover, in the efforts to estimate a degree of compliance, tests particular to the scoring method were applied. In the process of constructing a company score, that constitutes a basis for comparison and overview, we assigned a total of ten points, a maximum of one point for each item considered for analysis, objectified by the fulfilment of the following preestablished criteria (encoded by the symbol α_1 - α_{10}):

α_1 . Corporate governance structures, principles and practices are defined in a corporate governance code;

α_2 . The corporate governance code is made publicly on the corporate website;

α_3 . Corporate governance structures and responsibilities of those structures are described in the company corporate governance code;

α_4 . The statement of compliance with the Bucharest Stock Exchange corporate governance code is distinctively disclosed on the company website;

α_5 . Individual level of compliance with the Bucharest Stock Exchange corporate governance code requirements;

α_6 . Corporate governance issues are addressed in the annual company report;

α7. The componence of the board of directors is disseminated;

α8. The company discloses the curriculum vitae for the board of directors' members;

α9. An ethics or professional conduct code is used and made public by the company;

α10. The company charter is disclosed publicly on the corporate website.

With the intention of constructing a comprehensive individual company score, each of the companies subjected for analysis was evaluated based on the ten considered criteria, mentioned above. Furthermore, for each criterion met, a score between 0 and 1 was allocated as follows: 0 points for those unfulfilled items, 0,50 for those partially fulfilled and 1 point for the met requirements.

Further information must be given for parameter number five, because in order to quantify the overall level of compliance of the company with the Bucharest Stock Exchange corporate governance code provisions, the statements of compliance were examined and cumulated all affirmative answers out of the 34 provisions of the code, as well as partially respected requirements, for those we assigned a halved score. The total individual scores were obtained by summing up the individual company calculated scores.

Consequently, the study constructed general function of corporate governance structures (marked $f(ts)$, where "ts" represents the total score of the company) is obtained by the following mathematical relationship and accompanying assumptions:

$$f_i(ts_i) = \frac{f(\alpha_{1i}) + f(\alpha_{2i}) + f(\alpha_{3i}) + f(\alpha_{4i}) + f(\alpha_{5i}) + f(\alpha_{6i}) + f(\alpha_{7i}) + f(\alpha_{8i}) + f(\alpha_{9i}) + f(\alpha_{10i})}{n_j} \quad (1)$$

$f_i(ts_i) = f\{(\alpha_{1i}, \alpha_{2i}, \alpha_{3i}, \alpha_{4i}, \alpha_{5i}, \alpha_{6i}, \alpha_{7i}, \alpha_{8i}, \alpha_{9i}, \alpha_{10i}) \mid 0 \leq f_i(ts_i) \leq 10\}$,
where: $\alpha_{1i}, \alpha_{2i}, \alpha_{3i}, \alpha_{4i}, \alpha_{5i}, \alpha_{6i}, \alpha_{7i}, \alpha_{8i}, \alpha_{9i}, \alpha_{10i} \in [0;1], i \in [0;23]$

Table 1. Individual criteria examination and total company scores

Item No.	BSE symbol	Company	α_1	α_2	α_3	α_4	α_5	α_6	α_7	α_8	α_9	α_{10}	Total score
1	ATB	ANTIBIOTICE S.A.	1	1	1	0	0,99	1	1	1	1	1	8,99
2	BIO	BIOFARM S.A.	1	1	0,5	1	0,54	1	1	1	0	1	8,04
3	BRD	BRD – GROUPE SOCIETE GENERALE S.A.	1	1	1	0	0,85	1	1	1	0	1	7,85
4	BRK	SSIF BRK FINANCIAL GROUP SA	0	0	1	1	0,88	1	1	1	0	0	5,88
5	BVB	BURSA DE VALORI BUCURESTI SA	1	1	1	0	1,00	1	1	1	1	1	9,00
6	COTE	COMPET SA	1	1	1	0	0,76	1	1	1	0	1	7,76
7	EL	SOCIETATEA ENERGETICA ELECTRICA S.A.	1	1	1	1	0,94	1	1	1	1	1	9,94
8	ELMA	ELECTROMAGNETICA SA	0	0	0	1	0,69	1	1	1	0	1	5,69
9	FP	FONDUL PROPRIETATEA	0	0	1	0	1,00	1	1	1	0	1	6,00
10	IMP	IMPACT DEVELOPER & CONTRACTOR S.A.	1	1	1	1	0,99	1	1	1	1	1	9,99
11	M	MEDLIFE S.A.	1	1	1	0	0,76	1	1	1	0	1	7,76
12	PBK	PATRIA BANK S.A.	1	1	1	1	0,37	1	1	1	0	1	8,37
13	SIF1	SIF BANAT CRISANA S.A.	1	1	1	1	0,94	1	1	1	1	1	9,94
14	SIF2	SIF MOLDOVA S.A.	1	1	1	1	1,00	1	1	1	1	1	10,00
15	SIF3	SIF TRANSILVANIA S.A.	1	1	1	1	0,93	1	1	1	0	1	8,93
16	SIF4	SIF MUNTENIA S.A.	1	1	1	1	0,85	1	1	1	0	1	8,85
17	SIF5	SIF OLTENIA S.A.	1	1	1	1	0,94	1	1	1	0	1	8,94
18	SNG	S.N.G.N. ROMGAZ S.A.	1	1	1	1	0,87	1	1	1	0	1	8,87
19	SNN	S.N. NUCLEARELECTRICA S.A.	1	1	1	0	0,91	1	1	1	0	1	7,91
20	SNP	OMV PETROM S.A.	0,5	0,5	1	1	0,88	1	1	1	1	1	8,88
21	TEL	C.N.T.E.E. TRANSELECTRICA	1	1	1	0	0,96	1	1	1	0	1	7,96
22	TGN	S.N.T.G.N. TRANSGAZ S.A.	1	1	1	1	0,82	1	1	1	0	1	8,82
23	TLV	BANCA TRANSILVANIA S.A.	1	1	1	1	1,00	1	1	1	0	1	9,00

Source: Author's assessments based on official public information.

Examining the plethora of publicly disclosed investor-oriented information, we assessed every preestablished individual parameter as described earlier in the methodology, for every company considered for the study. The preliminary research results were gathered in the following Table 1. Individual criteria examination and total company scores. To start with, we note that the medium score of the sample is a fairly high one 8,41 (out of the maximum of 10), which is to be expected given the fact that the sample population consists of blue-chip companies, that should be prime examples of sound practices and sustainable evolutions. Moreover, the sample median value is calculated at 8,85, which is the value that divides in two parts our ordered collection of data. From these two descriptive statistics tools, we can conclude that the vast majority of the individual company scores are high given the fact that both the arithmetical average (8,41) and median (8,85) are close in value and considerably exceed the

arithmetical half scale interval (5,00). Moreover, examining the sample mode, which is determined at 9,00, we can strongly state that the most frequent individual score is 9,00, a value that is only 1 criteria point away from the maximum on our preestablished scale. The high individual scores, substantiate an intense concern of the sample companies over the efficiency of their corporate governance system.

The minimum score (5,69 out of 10,00) was appointed to Electromagnetica SA (ELMA) because, from an investor perspective, it was fairly difficult to find disclosed information regarding corporate governance practices and structures, the company did not draft and disseminate a CG code or a similar document so as to inform shareholders on the relevant issues of the company's corporate governance structures and practices. By contrast, the highest score (10,00) was obtained by SIF Moldova SA on account of it fully satisfying each parameter considered in our methodology, without any exception.

Figure 1 (Conformity assessment with the principles of corporate governance structures within premium listed companies at BSE) renders companies by total score and allows us to visualize the overall ranking based on the total individual scores. Notably, there are no striking differences within the sample population, as the sample total score range is 4,31, obtained by subtracting the

minimum score (5,69 obtained by ELMA) from the maximum one (10 obtained by SIF2). Therefore, the assessed sample proved to be homogeneous, devoid of very large deficiencies or differences, confirming the initial premise that the premium listed companies strive to implement good corporate governance base principles and subsequent efficient practices.

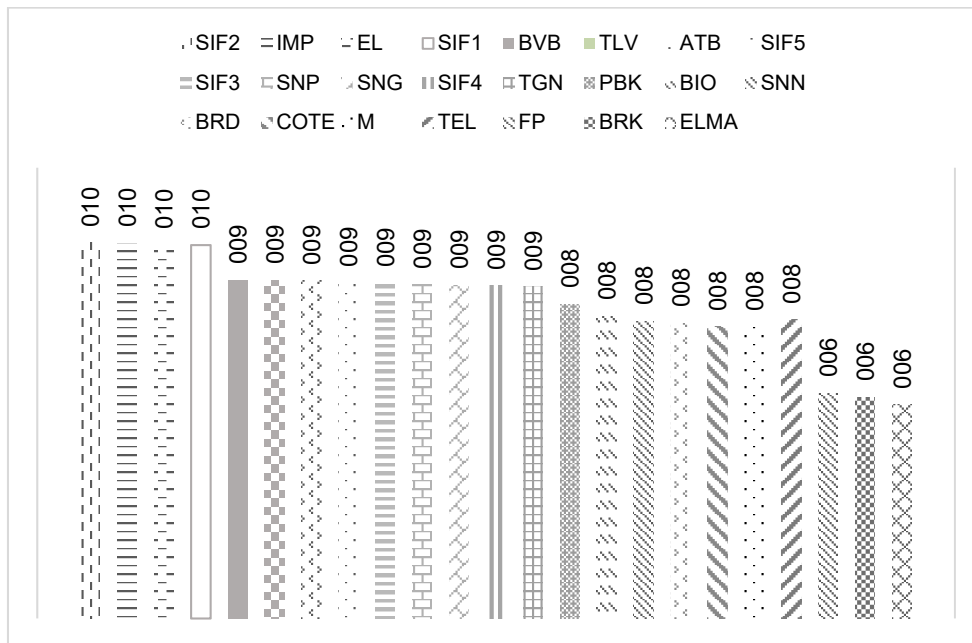


Fig. 1. Conformity assessment with the principles of corporate governance structures within premium listed companies at BSE

Source: Author's projections.

We strongly believe that corporate governance is impossible to be reduced to numerical values, so that we accompanied the quantitative assessment with a qualitative analytical one. Accordingly, given the previously argued results, the following reasoned evaluation scale was constructed accompanied by the subsequent recommendations:

- A score between [0;5] was assigned to companies with low to non-existent preoccupations regarding corporate governance principles and structures; we recommend that these companies focus, draft and enforce suitable corporate governance structures and practices regulations, as no durable business endeavour could withstand the challenging dynamic economic environment, especially nowadays when the effects of globalization cannot be avoided; in the present study, the examined population did not present results within this range;

- A score between (5;7] was appointed to companies that either are in the process of establishing proper corporate governance practices and structural needs, or entities that do not show the proper importance towards these kind of practices, lack transparency or full disclosure; we suggest that they ought to build an appropriate corporate governance structure and to seek better ways to disseminate their practices on the matter starting from the BSE CGC; only three companies in the sample obtained results between 5 and 7 (Fondul Proprietatea, SSIF BRK Financial Group SA and Electromagnetica SA), our explanation for this is that these three companies are not actively focused on attracting external investors and substantiating their trust, relying more on financial performance rather than corporate governance disclosure;

- A score between (7;8,50] was assigned to transparent, largely trusted companies that lack few elements in their current corporate governance policy (such as a formalized ethical code, all the required structures or proper membership of relevant boards and committees) or could be in the process of perfecting their corporate governance structures or guidelines; seven of examined entities in our study showed the recalled characteristics (Patria Bank S.A., Biofarm S.A., C.N.T.E.E. Transelectrica, S.N. Nuclearelectrica S.A., BRD – Groupe Societe Generale S.A., Conpet SA, MedLife S.A.); we must note that these companies are very different in their activity, operational characteristics and financial performance;

- A score between (8,50;10] was appointed to highly transparent companies, that communicate efficiently with their shareholders, that put visible and considerable efforts towards defining and enforcing their corporate governance policies, but have minor non-compliance issues such as the absence of an ethics or professional conduct code, proper structure of the council and committees regarding independence or experience; the majority of the companies in our sample (13) had individual total scores of above 8,50 as follows: SIF Moldova S.A., Impact Developer & Contractor S.A., Societatea Energetica Electrica S.A., SIF Banat Crisana S.A., Bursa de Valori Bucuresti S.A., Banca Transilvania S.A., Antibiotice S.A., SIF Oltenia S.A., SIF Transilvania S.A., OMV Petrom S.A., S.N.G.N. Romgaz S.A., SIF Muntenia S.A., S.N.T.G.N. Transgaz S.A.; these companies form an ultimately a heterogenous group because they have fundamentally different operational models and activate in various fields such as pharmaceuticals, financial intermediation, banking sector,

natural resources exploitation and real estate; the common ground in this section would be the clear and utter importance attributed through extensive efforts to accommodate the pressing issues of corporate governance principles, structures and practices.

Conclusions. We consider that there is a consensus that proper corporate governance principles and practices not only guarantee the sound development of efficient companies, but more importantly contribute to building and solidifying the confidence of individuals in companies and markets. Without trust no system can work durably and effectively. Moreover, since it involves interdependence, admittedly the essence of corporate governance issues is reduced to developing a prolific and effective interaction between interested parties for joint actions based on shared values with the ultimate goal of mutual welfare, that of the company and of the community in which it operates.

Currently we can identify clear evidence that the development and application of corporate governance codes and of scorecards imply beneficial effects in improving corporate governance practices. However, we must admit that not all good practices can be mandated and code application should be regularly monitored, reviewed and reported in order to stimulate code implementation. Furthermore, codes and regulations in this matter should be continuously reviewed and improved, with the aim of developing better practices so that to better adjust to local market pressing issues.

With regard to the Romanian companies traded on Bucharest Stock Exchange, at its premium category, generally speaking there is a large consensus and compliance with the BSE code of corporate governance, which is to be expected from high-performance listed companies. However, not all of them make a true effort to fully disclose key aspects of their activity to investors through their company websites and press releases. This occurs mostly for state owned traded companies, which underlines a lack of interest in further consolidate investors appeal given the fact that in most cases the companies administrate important natural resources and have been constantly profitable and sought-after by investors.

Generally speaking, we can firmly state the premium listed companies largely applied the principles of corporate governance structures, attaining a medium score of 8,41, from a maximum of 10 points. From the total of 23 sample companies, only 3 did not draft their own corporate governance practices into a dedicated code or similar document and one had split it into a series of separate policies relating to corporate governance issues, but without fully disclosing the matter to the public. Moreover, we determined that the disclosed corporate governance codes and internal regulations were at times only partially adapted to the particularities of the field of activity, lacking information on issues such as board members' appointment process, management payment and incentive policy, approach towards corporate social responsibility matters, conflicts of interests or transactions with interested parties.

Furthermore, the most compelling compliance evidence is that all the companies proved transparency by devoting a distinct section to addressing corporate governance issues policies, structures, accountability aspects in their annual reports. In most cases, the information provided was not superficial, on the contrary, it was lengthy, elaborate and tackled all the pressing issues on the matter. This is to be expected, of course, as trust is the foundation of a functional capital market and the willingness to communicate and disclose information are key in consolidating that trust. Moreover, the company charter is disclosed publicly on the

company website by 95,65% of the sample population (22 from 23), only one company is the exception.

In regards to the statement of compliance with the Bucharest Stock Exchange corporate governance code, although it is elaborated by every single company from the sample, it is not always distinctively disclosed on the company website, only by 65,21% of them (15 from 23). However, the statement is included in annual reports 100% of the times. We consider this to be faulty and advise for its separate disclosure, because the statement renders a comprehensive, easy and fast method to review a company's stands on corporate governance aspects and investors are highly likely to look for it.

In our view, the global and local community interested in corporate governance should focus on the following future developments: increased importance of the "comply-or-explain" model in corporate governance principles application, higher monitoring, enforcement and reporting on this matter, amendments to incorporate environment, social and governance activities, harmonizing corporate governance codes so they can be efficient across an array of diverse economic sectors, in addition to higher focus on corporate governance outcomes achieved through better guidance and assistance in implementation.

The importance of corporate governance will grow in the foreseeable future since companies strive to remain competitive on a dynamic and continuously changing market and an effective corporate governance system could be an asset for attracting human and external financial capital. Furthermore, we are of the opinion that codes and regulations can be more realistic and effective when they accommodate not only accounting views and practices, but also marketing and management perspectives, resulting in an interdisciplinary holistic approach to corporate governance theory.

Discussion. Given that trust is a basic condition of functioning capital markets and corporate governance guarantees transparency, accountability and operational integrity, the aim of this present paper is to assess the conformity of the 23 premium traded companies at the Bucharest Stock Exchange (BSE) with its corporate governance code. The results of this empirical study reveal the ongoing concerns, focus and level of importance given to corporate governance structures and principles by the most trusted and profitable traded Romanian companies. Generally, there is a large consensus and compliance with the BSE code of corporate governance, which is to be expected from high-performance listed companies. However, not all of them make a true effort to fully disclose key aspects of their activity to investors. This occurs mostly for state owned companies, which unveils a lack of interest to consolidate investors' appeal, given the fact that in most cases the companies manage important natural resources and have been constantly profitable and consequently sought-after.

We can firmly state the premium listed companies largely applied the principles of corporate governance structures, attaining a medium score of 8.41, from a maximum of 10 points in the study's constructed scoring system. The present paper also grouped the studied companies into four categories and recommendations were formulated accordingly. From the total of 23 sample companies, only 3 did not draft their own corporate governance practices into a dedicated code or similar document and one had split it into a series of separate policies relating to corporate governance issues, but without fully disclosing the matter to the public. In regards to the statement of compliance with the BSE corporate governance code, although it is elaborated by every single company from the sample, it is not always distinctively

disclosed on the company website, only by 65,21% of them (15 from 23). However, the statement is included in annual reports 100% of the times. This fact is considered to be a considerable shortcoming as the statement renders a comprehensive, easy and fast method to review a company's stands on corporate governance aspects and investors are highly likely to look for it.

Further research on the topic should aim at establishing a link between financial performance and sound corporate governance practices, as well as identifying field specific recommendations towards perfecting practices in this field, but also finding the intrinsic characteristics that differentiate prosper and deficient companies, in regards to corporate governance structures and operating or decisional procedures (board structure, multiparty involvement, frequency of board meetings, communication with stakeholders, board members' appointment process, management payment and incentive policy, corporate social responsibility approach, conflicts of interests or transactions with interested parties).

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КОРОТКИЙ ОГЛЯД СТРУКТУР КОРПОРАТИВНОГО УПРАВЛІННЯ В РАМКАХ ПРЕМІУМ-ЛІСТИНГОВИХ КОМПАНІЙ У РУМУНІЇ

Належні структури і принципи корпоративного управління направляють компанії до фінансового благополуччя і закладають основи для стійкого розвитку приватного сектора. Більше того, широко поширене визнання і зростаюча кількість фактичних даних свідчать про те, що надійні основи управління є умовою створення переваг для бізнесу, значною мірою завдяки кращому управлінню, ефективним органам адміністрування, удосконаленим процесам прийняття рішень, зниженим ризикам, підвищеній операційній ефективності та оцінюванню. З огляду на те, що довіра є основною умовою функціонування ринків капіталу, а корпоративне управління гарантує прозорість, підзвітність і операційну цілісність, мета даної статті полягає в оцінці відповідності компаній, які торгують на преміальному ринку Бухарестської фондової біржі, її кодексу корпоративного управління. Результати нашого емпіричного дослідження виявляють поточні проблеми, а також той ступінь уваги і важливості, який найбільш надійні і прибуткові румунські компанії, що торгують на біржі, приділяють структурам і принципам корпоративного управління.

Ключові слова: корпоративне управління, ринок капіталу, розкриття інформації, Румунія, БФБ.

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КРАТКИЙ ОБЗОР СТРУКТУР КОРПОРАТИВНОГО УПРАВЛЕНИЯ В РАМКАХ ПРЕМИУМ-ЛИСТИНГОВЫХ КОМПАНИЙ В РУМУНИИ

Належащие структуры и принципы корпоративного управления направляют компании к финансовому благополучию и закладывают основы для устойчивого развития частного сектора. Более того, широко распространенное признание и увеличивающееся количество фактических данных свидетельствуют о том, что надежные основы управления являются условием создания бизнеса преимуществе, в значительной степени благодаря лучшему управлению, эффективным органам администрирования, усовершенствованным процессам принятия решений, сниженным рискам, повышенной операционной эффективности и оцениванию. Учитывая, что доверие является основным условием функционирования рынков капитала, а корпоративное управление гарантирует прозрачность, подотчетность и операционную целостность, цель данной статьи состоит в оценке соответствия компаний, торгующих на премиальном рынке Бухарестской фондовой биржи, ее кодексу корпоративного управления. Результаты нашего эмпирического исследования выявляют текущие проблемы, а также ту степень внимания и важности, которую наиболее надежные и прибыльные торгующие румынские компании уделяют структурам и принципам корпоративного управления.

Ключевые слова: корпоративное управление, рынок капитала, раскрытие информации, Румыния, БФБ.

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