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Book Review

Andrew Kakabadse and Nada Kakabadse (eds.), Global Boards: One Desire, Many Realities, Palgrave Macmillan, New York, 2009, 288 pp, ISBN 978-0-2302-1212-1

The current financial and economic crisis and corporate frauds of gigantic proportions such as Enron in the United States, Parmalat in Italy, and La Polar in Chile have put the role of corporate boards of directors under close scrutiny by governments, shareholders, and other members of society. It is from this perspective that the volume edited by Andrew Kakabadse and Nada Kakabadse is timely. The authors attempt to answer two research questions of extreme importance, but that have not found a definitive answer: First, what is the role of corporate boards, their purpose, and contributions to firms? And, second, do boards mean the same for all national corporate systems?

The book has a genuine goal to understand and improve the role of the board in corporate governance. The editors' main goal is to point boards' best practices by considering a diverse range of societies and systems of corporate governance in 11 chapters written by both academics and practitioners. Using the pioneering works of Myles L. Mace (*Directors: Myth and Reality*, 1971) and Jay W. Lorsch and Elizabeth MacIver (*Pawns or Potentates. The Reality of America's Corporate Boards*, 1989) as their starting point, most of the chapters included in this volume identify behavioral aspects and the role of the chairman as key elements to create an atmosphere of trust, openness, and dialogue in order to increase board effectiveness.

As often happens with edited collections, though, the quality of chapters varies widely, including a couple of great chapters, fair chapters, and some chapters that readers should just skip. In this review, I assess each chapter to highlight its strengths within the volume's aims.

In the first chapter, one of the best pieces of the volume, Abigail Levrau and Lutgart Van den Berghe apply both qualitative and quantitative research methods to a sample of Belgian companies identifying the four main aspects that contribute to the effectiveness of the boards of directors. First, they highlight the importance of a set of behavioral factors such as the trust between the board and the CEO or the critical attitude in boardroom deliberations. By following this approach they contribute by going beyond the traditional structural board measures commonly found in the literature. Second, board diversity seems to play a more important role than board independence. Third, the better the directors' knowledge of the company's particular context is, the more effective the board is. And fourth, the role of the board's chairperson is pivotal in the effectiveness of the board.

In contrast to the first chapter, the second chapter by Chris Pierce is a descriptive piece that explores the drivers of board evaluation and explains its growing importance in Australia, Canada, the UK, the USA, Spain and the Middle East. Pierce claims that board evaluation is one of the key areas for developing boards. The descriptions of a typical board evaluation process also list typical areas of board dysfunction, which a good board evaluation can identify. The chapter reviews some common reasons directors give for failing to introduce board evaluations.

Similarly, in Chapter 3, John Cottrell describes Australia's institutional environment, the role played by that country's main corporate actors and the main characteristics and challenges confronted by Australian boards. Readers interested in a literature review of the evolution of Australian corporate world might want to read this chapter. In another descriptive piece (Chapter 9), Eleanor O'Higgins, analyzes the role and contribution of the chairman of the board. Rather than centering on any particular country, the author considers the issues associated with the role of the chair and the best ways to perform this role for various board structures worldwide. It highlights a growing trend that favors the appointment of a separate independent chair.

This volume also includes six qualitative studies. In Chapter 4, Nada Kakabadse, Andrew Kakabadse, and Chen Yang pursue an exploratory qualitative study in order to identify the critical performance dimensions relevant to Chinese boards and the chairman's role. They provide an overview of the corporate boards of Chinese state-owned firms focusing on the role of the boards, their size and composition, the relationship between the chair and the CEO, the mechanisms of director nomination, and ethical issues. Chapter 5, by Elina Oseichuck, Nada Kakabadse and Andrew Kakabadse, explores the internal dynamics and conflicts of the board of directors of an oil and gas international joint venture in Kazakhstan. The authors focus on the board structure and composition, the roles and duties of directors, and how directors balance divergent issues that conflict with responsible corporate practices. This study

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highlights the implications of a weak institutional context (like the one existing in Kazakhstan), in which the requirements and demands of the joint venture partners often do not align. Similarly, Jelena Petrovic and the Kakabadses also study joint ventures for the Serbian case (Chapter 8), focusing on what makes some boards more effective than others.

In one of the best chapters (Chapter 6), Andrew Kakabadse, Nada Kakabadse, and Orhan Yavuz focus on the role and contribution of the Turkish chairman. The authors provide an overview of Turkish business conditions and the configuration of governance mechanisms to determine the role of board chairs. By contrasting the Turkish relationship-insider system to the Anglo-American shareholder-outsider system or the continental Europe stakeholder-insider system, the authors conclude that the business and relational skills of Turkish chairs and board members are extensive. Turkish firms, they argue, overly depend on one leader leaving the firms extremely vulnerable. The Kakabadses, Oleg Tsvetkov, and Orhan Uldatsov explore, in Chapter 7, the role and contribution of the non-executive directors (NEDs) of the boards of major Russian steel companies. They find that ownership concentration of the Russian corporate model and the combination of controlling shareholding and top management function has a significant effect on the NEDs' contribution to strategy. Independence of boards is also questioned, given that most NEDs have personal contacts with owners, and are recruited to enhance the firm reputation and image. In Chapter 10, Nada Kakabadse, Hong Yang and Richard Sanders explore the recruitment and evaluation mechanisms of board members employed by Chinese state-owned firms and the implications for corporate governance.

The final chapter by Malcolm MacIntosh outlines three key challenges for board members of global corporations: climate change; the relationship between economics and ecology; and the concepts of stakeholder empowerment, social networking, and systems thinking. The author ends the chapter by expressing his doubts and concerns about the capacity of boards to adapt to these modern-day challenges.

This book is primarily targeted toward academics and practitioners who already function in the fields of international management and corporate governance. It should be appealing to those interested in the aspects that can ensure the effectiveness of boards of directors in diverse corporate governance systems.

The greatest strength of this volume is the wide range of contrasting models of governance. However, the main weakness lies in the feeble sample selection processes and research methods. Overall, while this exploratory volume proposes to study the behavioral aspects of board functions, none of the chapters provide strong empirical evidence about the relationship between behavioral criteria and board effectiveness.

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