CORPORATE GOVERNANCE, OWNERSHIP AND SUSTAINABILITY

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Abstract

The main finding of this article is that sustainability and the broader concept of social responsibility imply a change in the spirit of governance, which promotes the so-called 'de facto convergence' between the different corporate governance systems existing all over the world. Substantial corporate governance convergence suggests that different countries may have different companies' ownership structure, rules and institutions but the corporate boards may still be able to perform common goals, with attention to similar key performance indicators, such as ensuring fair disclosure or accountability. Companies that perform better with regard to the triple bottom line can increase shareholder value contributing, at the same time, to the sustainable development of the societies in which they operate.

Keywords: Corporate Governance Systems, Ownership Structure, Sustainability, Corporate Social Responsibility (CSR), Corporate Governance Convergence

1. INTRODUCTION

One of the most striking difference between countries' corporate governance systems is about the firms' ownership and control (OECD, 1999). According to the degree of ownership and control, corporate governance systems can be distinguished in outsider systems (characterised by wide dispersed ownership) and insider systems (characterised by concentrated ownership).

All over the world, shareholders have always had a significant role in the attribution of the mandate of corporate governance. In fact, the general shareholder meeting is often the only body responsible for the election and the removal of board members. Even with worker participation (as in Austria, Denmark, Germany, Luxembourg and Sweden, where employees of companies of a certain size have the right to elect some members of the supervisory board), it generally tends to intervene significantly in the conferment of the mandate of governance bodies. This has contributed to the affirmation of the shareholder view, which has long dominated the orientation of corporate governance emphasising the shareholders' interests and the economic performance.

In the past, the choices of corporate governance have therefore favoured profit maximisation (Berle and Means, 1932; Friedman, 1962; Jensen and Meckling, 1976), with a clear focus on the consent by shareholders. Such behaviour was particularly evident in outsider systems, but dominated the majority of companies in industrialised countries.

In fact, for listed companies, a governance approach oriented to shareholders implied important differences about management activities in outsider and insider systems. This situation was connected to the diverse degree of separation between ownership and management and to the consequent implications in terms of market and control value.

In the outsider systems, the high dispersion of share capital tied the corporate success with the maximization of the short-term profit, with the aim to guarantee positive judgments by the market in regard to the actions of managers, these last characterized by a high level of independence. In this context, shareholders appreciated the governance effectiveness referring to their expectations of short-term remuneration and their approval conditioned the board members' appointment and the shares' market value.

Vice versa, in the insider systems the high capital's concentration and the frequent engagement in management by majority shareholders, who was often executives directors, caused governance activity oriented to the maximization of the value creation over time. In fact, the majority shareholders' behaviour deeply influenced corporate governance because of their lasting participation in ownership determined the preponderance of goals oriented to the maximization of economic performance in the long-term (OECD, 1999; Salvioni and Gennari, 2014).

Governance practices vary not only across countries but also across firms and their spirit of governance. Today, boards are expected to accept corporate social responsibility (CSR) and sustainability as business drivers shifting their attention from profit to the "triple bottom line" (Salvioni, 2003; King, 2008; McDonnell and King, 2013; Salvioni and Astori, 2013; Salvioni, Astori and Cassano, 2014), which encompasses profit, people and planet. It is an approach based on a modern interpretation of the links between the long-term success of enterprise and the equitable balance of all stakeholders' interests (including those of shareholders, employees, creditors, customers, suppliers and local communities). We think this approach is intended to apply to whatever company ownership and board structure, helping to effectively reduce the differences between outsider and insider systems of corporate governance.

The latest arise of new concepts referring to sustainability, social responsibility and stakeholder relation management (Steurer et al., 2005; Salvioni and Astori 2013) is inducing a new approach about the role of companies in society, with clear consequences in terms of strategic guidance and performance.

Corporate sustainability does not mean that the creation of value and the adequate remuneration for shareholders are less important; vice versa, the interdependence among stakeholder relation management, economic and socio-environmental responsibility, results (economic and not economic ones), capability to obtain consents and resources is opportunely emphasized.

A governance approach directed to the enhancement of value creation for shareholders over time, by means of opportunities' exploitation and economic, social and environmental risk management, is gaining ground (Esty and Winston 2008; Brochet et al., 2012; Salvioni and Astori 2013).

A sustainable company is clearly aware of its own responsibilities towards shareholders and other stakeholders and it adopts governance methods and tools with the aim to improve its economic, social and ecological performances. This is an approach based on a wide concept of responsibility and on a modern interpretation of the link between the long-lasting company's success and fair settlement of all stakeholders' interests (Salvioni 2003; Salvioni and Bosetti 2006; G20/OECD 2015).

In global markets the need of corporate governance improvement is spreading, according to these objectives:

- to favour the convergence in governance systems for dealing with the fall of time and space barriers in the information and capital circulation;
- to appreciate the links among economic, competitive and socio-environmental management variables;
- to develop strategies and accountability tools with the aim to favour stakeholder engagement and to improve the transparency about global performances.

These are phenomena strictly connected, implying a greater attention towards principles and values that lead internal and external relations and innovation in processes for a systematic, coordinated, effective and efficient sustainable development.

In particular, the statement and the diffusion of responsible governance principles favour a global convergence in the governance tendencies towards value creation and growth in the long-term. This condition removes a substantial divergence factor between insider and outsider corporate governance systems and it represents a prerequisite for a better capitals' circulation and for the crossing of speculative investment logics, which are often characterized by a high shareholders' turnover.

CSR and sustainability require good corporate governance, grounded on stakeholder engagement, high ethical standards, fairness, transparency and accountability. All these principles are related with boards more externally focused and determine a governance approach directed to the growth of sustainable value over time. Worldwide this focus by boards has increasingly shifted to excellence every corporate governance systems.

The main finding of this paper is that sustainability and the broader concept of social responsibility imply a change in the spirit of governance, which promotes the so-called de facto convergence between the different systems of corporate governance existing all over the word. This spirit is inextricably linked to the culture and performance of an organisation, and it implies a stronger focus on the principles and values that dominate internal and external relations, the innovation of the internal processes for the behavioural orientation and the enhancement of transparency requirements and multidimensionality of responsibilities, objectives and results.

In this sense, the orientation towards sustainability promotes the substantial convergence of the different systems of corporate governance. Substantial corporate governance convergence suggests that different countries may have different ownership structure of the companies, rules and institutions but the corporate boards may still be able to perform the same functions, with attention to the same key performances indicators such as ensuring fair disclosure or accountability.

2. SUSTAINABILITY, OWNERSHIP AND CORPORATE GOVERNANCE SYSTEMS

Sustainability is a long-term vision that characterizes the socially responsible companies (Carroll, 1999; Dahlsrud, 2008; European Commission 2011). In fact, Corporate Social Responsibility (CSR), basing on a concept of global corporate responsibility referred to all governance dimensions (legal, economic, social and environmental), is oriented to the maximisation of value for all relevant stakeholders in the long-term. This approach implies the balance of the interests of all who contribute to the current and future company's success by means of a sustainable value creation that satisfies both the shareholder and other stakeholder (Rajan and Zingales, 1998). Socially irresponsible companies are subject to legal sanctions and other punishments; this situation compromises not only the economic aspects, but also the companies' reputation and image and, consequently, the stock market value and the attractiveness for future investors.

In turn, the link between CSR and corporate governance has been extensively studied: well-designed corporate governance systems would align managers' incentives with those of stakeholders, according with the triple bottom line approach (Elkington, 2006). Hence, firms with effective corporate governance should place a greater emphasis on the maximization of sustainable value in the long-term (Jo and Harjoto, 2012).

Several studies investigate the possible links between corporate governance structure and CSR decisions (Oh et al., 2011); this firstly depends on the way owners can affect corporate decision-making processes nominating the members of the board of directors, according to agency theory (Jensen and Meckling, 1976; Fama and Jensen, 1983). In fact, the board is the focal point for a company's sustainable approach considering that the awareness of sustainability's principles and the adoption of responsible behaviours towards stakeholders tend to influence the corporate governance activities. In this context: 'The board is not only accountable to the company and its shareholders but also has a duty to act in their best interests. In addition, boards are expected to take due regard of, and deal fairly with, other stakeholder interests including those of employees, creditors, customers, suppliers and local communities. Observance of environmental and social standards is relevant in this context.' (G20/OECD, 2015).

Hence, the differences in companies' ownership structure should have a significant impact on corporate governance by means of the appointment of board of directors and the control procedures on management activity.

Concentrated and stable ownership characterizes insider systems of corporate governance. The majority shareholders (not rarely corresponding to founder families) are involved in the management, often holding the role of executive directors, and they are able to influence corporate governance and decision-making processes. This situation is caused by the less development of financial markets, together with a cultural heritage little inclined towards both the opening of corporate capital to market and the presence of outside directors in the boards. Furthermore, this circumstance implies the risk of the preponderance of major shareholders' interests if rules and tools for minority shareholders' protection are not provided. In insider systems (notably Continental Europe and Japan) the mandate of corporate governance is generally multiyear (Salvioni, 2008; Yermack, 2010) and this situation favours the longer-term investment horizon (James, 1999; Salvioni and Gennari, 2014).

Vice versa, in outsider systems, typical of Anglo-Saxon countries, large listed companies with very fragmented and diffused ownership (public companies) and characterized by the separation between ownership and management dominate. When the capital markets function efficiently, thanks to fair and transparent communications, the markets themselves control the administrative activity of companies. In fact, the approval or disapproval for the work of boards is reflected in a change in share values, resulting from the dynamics of shares' demand and supply, and in the turnover of board members (who typically have a one-year mandate). In the outsider systems, the high dispersion of share capital risks to tie the corporate success with the maximization of the short-term profit. A sprinkled shareholding tends to have expectations of short-term remuneration, conditioning the board members' appointment and the shares' market value.

So, the real point for the development and realization of a CSR approach is the board of directors, as expression of the ownership structure. In fact, the board defines and implements corporate strategy balancing the interests of key stakeholders (Mason and Simmons, 2014; Wang and Dewhirst, 1992; OECD, 2004; Kakabadse and Kakabadse, 2007). Furthermore, the board's commitment in CSR matters is crucial for the creation of a sustainability culture in the entire organization. Evidence suggests that what really influences company's approach towards CSR matters is not the criteria in the board's composition (e.g. inside or outside managers) but the substantial commitment of the board in the sustainability principles (Ricart et al., 2005; Spitzeck, 2009; Ayuso and Argandona, 2009; Jo and Harjoto, 2015).

Therefore, sustainable companies' boards, because of the combined consideration of economic and socio-environmental dimensions in corporate goals definition, tend to overtake the traditional division related to the differences in ownership structure drawing towards a gradual convergence between outsider and insider corporate governance systems.

3. SUSTAINABILITY AND CONVERGENCE IN CORPORATE GOVERNANCE SYSTEMS

Corporate approach towards the creation of sustainable value is a source of global competitive advantage nurturing a gradual path of convergence in corporate governance systems. According to several scholars (Carati and Tournai, 2000; La Porta et al., 2000; Mallin, 2002; Aguilera and Jackson, 2003; Gilson, 2004; Khanna et al., 2006; Yoshikawa and Rasheed, 2009; Lazarides and Drimpetas, 2010) this path mainly depends on the globalisation phenomena, both in the financial and products markets, and it can be observed according to these dimensions: convergence in form or de jure and convergence in function or de facto.

Convergence in form or de jure refers to convergence of rules at international level. In fact, the growing wish of both investors and issuers to operate in international capital markets requires some degree of acceptance of common values and standards (e.g. OECD Principles on Corporate Governance, UN Global Compact Principles, EU Papers). These shared and market-driven standards about good governance condition, on one hand, national legislators and, on the other hand, the practices voluntary adopted by companies to adequately compete on global markets.

In addition, the globalization of products markets influence corporate governance: when competition intensifies, companies increase awareness that more effective and efficient governance is essential to maintain success. This might include the way stakeholders interact with the firm and connected stakeholders' engagement, the balance between the owners' remuneration and the R&D investments, the board's capacity to take decisions in a context characterized by time-based competition and so on. These good practices are sometimes officialised, as the model for stakeholder engagement (IFC, 2007).

Convergence in function or de facto refers to corporate behaviours and consists in the replication of the same corporate practices abstract from corporate governance systems' characteristics. Specifically, the search for competitive advantage in global markets leads companies to emulate successful competitors, with the aim of attracting the best financial and human resources in a context characterized by a lack of the same. This situation gives rise to hybrid behavioural responses that are in part driven by the institutional pressures and partly by the result of free strategic choices for the satisfaction of different stakeholders' categories.

The two dimensions of convergence influence each other: de jure convergence tends to make some companies' behaviours uniform stimulating de facto convergence; de facto convergence can stimulate de jure one when, for example, legislative void or gap exists and companies autonomously adopt existing best practices to deal with competitive pressure (Gilson, 2004).

In our opinion the corporate approach towards CSR and sustainability matters is a factor that favors first of all de facto convergence and consequently that can be a driver for de jure convergence.

According with Yoshikawa and Rasheed (2009) 'If there is divergence in the socially accepted objectives of the firms across countries, it is entirely possible that the ideal corporate governance structure may also be different across countries'. Similarly, if companies are led by the same objectives of sustainable value creation in the long-term, a gradual convergence in corporate governance structure that is independent from the corporate ownership characteristics cannot be excluded.

An intense debate about the strengths and weaknesses of insider and outsider systems has characterized the studies about convergence, wondering which system could be the best. It is important to underline that the corporate governance systems derive from financial markets' characteristics and ownership structure. These factors are scarcely changeable in the short term, although globalization of markets and information.

Actually corporate governance systems are the results of cumulative processes, which create regulatory and cultural substratum, influencing contingent attempts of adaptation to different models (the so-called path dependence) (North, 1990; Bebchuk and Roe, 1999). Hence, it is not possible that the better corporate governance practices are implemented in each environment with the predicted results (Puchniak, 2007). Indeed, countries seem to be characterized by situation of multiple optima in which the corporate governance best practices are accepted and executed respecting the existing bounds (Khanna et al., 2006).

In this context, the emerging factor of convergence can be the fair implementation of responsibility and commitment principles. Irrespective of prevailing characteristics of national stock markets, corporate ownership structures and existing governance systems, the adoption of sustainability and the broader concept of social responsibility establish convergence and comparability of governance and related companies' performance.

4. THE ANALYSIS

To go in depth the previous considerations we done a qualitative analysis on companies those governance is worldwide identified as strong oriented to sustainability. We first compared them in terms of corporate governance ownership and structure and then we searched for their sustainable commitment and engagement for long-term value creation for stakeholders' interests.

Companies analyzed are extracted by the Global100 Index, which collects the most sustainable corporations all over the world on the base of a cluster of variables referred to different aspects of corporate global responsibility (www.corporateknights.com). The analysis concerns companies included in the Index for five consecutive years (from 2011 to 2015) because of, in our opinion, this time space reflects a continuous commitment in CSR matters. Companies that respect this criterion are twenty (eleven belonging to insider systems and nine belonging to outsider corporate governance systems).

The following Tables show the companies 'major shareholders high lightening the level of ownership's concentration or dispersion.

As we can see, in insider systems (Table 1) the market capitalization is included between around 2 billion dollars and around 154 billion dollars; five companies have a capitalization under 10 billion dollars and the average market cap is about 32 billion dollars. In outsider systems the market capitalization is between 14 and 134 billion dollars; the average level of market cap is about 44 billion dollars and this difference with insider systems can be explained by the greater development of financial markets. The analysis on these data and the important gap between the smallest and the biggest companies let us to say that the sustainability approach is not a prerogative only for big corporations.

The development of financial markets and cultural factors are the causes of the ownership characteristics. Table 1 highlights a relevant role of founder families which hold shares' percentage from 14% (Bollorè in Vivendi) to 40% and more: Kwek Family in City Developments (37.40%); Persson Family in H&M (37.69%); Cunha Seabra, Leal and Passos Families in Natura Cosmeticos (49.49%).

A common characteristic to founder families is that family's members often hold top management positions: families' members are present in administrative (City Developments, H&M, Natura Cosmeticos) or in control (Vivendi) corporate governance bodies (Colarossi et al., 2008). This can entail two consequences (Giovannini, 2010): the easier alignment of family and business interests; the risk that family members, holding the top positions, should exclude more capable and talented outsiders. Regarding this last issue, some Authors consider the engagement of family members as a positive situation for company's success because of their service attitude (Devis et al., 1997) and their role for the creation of a shared corporate culture (Anderson and Reeb, 2003).

This situation confirms that the founder families' engagement in CSR can be coherent with the value creation for relevant stakeholder in addition to the families themselves. So, taking City Developments (a company in Singapore) as example, we are not completely in agreement with hypotesys that, in Asian countries in particular, managers tied to the founding families tend to adopt policies that benefit the families at the expense of other stakeholders (Claessen et al., 2000; Chang, 2003; Oh et al., 2011).

Differently from the insider systems, the major shareholders in outsider systems (Table 2) don't exceed the 13% of shares and they are exclusively represented by large funds and investment companies (Table 2). There are not companies owned by families, but big corporations with sprinkled capital prevail.

Table 1. Market capitalization and major shareholders: companies belonging to insider systems

Company	***Market Cap (Bil USD)****	***Major shareholders (shares ≥3%) §***	
Adidas	19.7	Fidelity Management & Research Co. Capital Research & Management Co. Southeastern Asset Management, Inc. Adidas AG Groupe Bruxelles Lambert SA	3.27% 3.02% 3.01% 3.00% 3.00%
City Developments	4.5	Kwek Family Aberdeen Asset Management Ltd.	37.40% 11.80%
H&M	58.9	Stefan Persson and family Lottie Tham and family Alecta pensionsförsäkring	37.69% 5.32% 4.09%
Kesko	3.5	Skandinaviska Enskilda Banken AB Nordea Bank Finland Plc K-retailers´ Association Vähittäiskaupan Takaus Oy Kruunuvuoren Satama Oy	12.90% 11.00% 3.84% 3.49% 3.44%
Koninklijke Philip electronics	23.6	Dodge & Cox Southeastern Asset Management, Inc.	3.31% 3.25%
Natura Cosmeticos	3.6	Antonio Luiz da Cunha Seabra Leal Family Estate of Anizio E Pinotti Lazard Asset Management LLC First State Investment Management (UK) Ltd. Pedro Luiz Barreiros Passos Comgest SA	23.10% 22.00% 5.44% 4.93% 4.55% 4.39% 3.14%
Neste Oil	7.7	Government of Finland	50.10%
Novo Nordisk	153.9	Novo Nordisk Fonden Capital Research & Management Co.	7.94% 7.80%
Statoil	43.4	Government of Norway Folketrygdfondet	67.00% 3.50%
Storebrand	1.7	Folketrygdfondet Franklin Mutual Advisers LLC Nordea Investment Management AB (Norway) Keskinäinen Eläkevakuutusyhtiö Ilmarinen	9.58% 4.46% 3.41% 3.07%
Vivendi	29.3	Group Bollorè Caisse Des Dépôts & Consignations Vivendi SA Employees Stock Ownership Plan	14.4% 3.41% 3.07%

** http://www.morningstar.com/. Data extracted on 15/12/15.*
§ http://www.4-traders.com/; http://investors.morningstar.com/ownership. Data extracted on 15/12/15.

Tables 1 and 2 show that the large and institutional investors (governments, banks, insurance companies, mutual funds etc.) have a significant percentage of equity. According to some Authors (Teoh and Shiu, 1990; Sethi, 2005; Ho et al., 2011) the situation of the companies analysed suggests that the effect of institutional ownership on CSR is positive. In fact, institutional investors offer services characterized by significant information asymmetry in front of their clients (Siegel and Vitaliano, 2007): investing in socially responsible businesses and sustaining companies' CSR is the first way by which the institutional investor can signal to potential clients its engagement in CSR and so, it can differentiate its services from the competitors' ones. Furthermore, the institutional investors, having a significant percentage of equity, are often unable to easy divest their share without significantly lowering the stock price (Ho et al., 2011). So, this situation tends to induce a long-term engagement in business favouring the overtaking of a short-term vision. A study by Eccles et al. (2011) confirms that sustainable organizations attract long-term rather than transient investors.

In conclusion we can affirm that owner families and institutional investors, although with different reasons, when possess a significant percentage of share tend to give to decision-making processes a long-term sustainable approach in favour of ample stakeholders' categories. This situation represents a first point of convergence between insider and outsider systems.

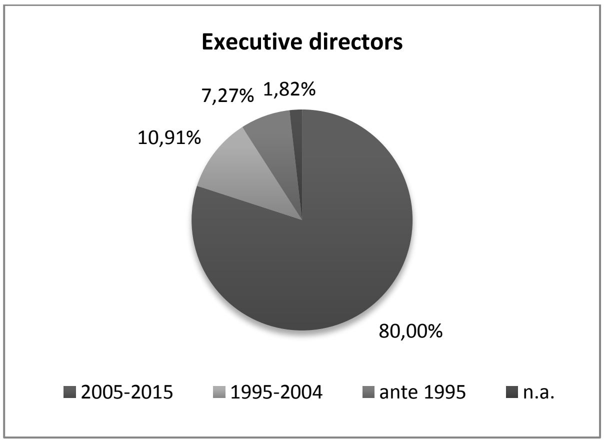
Table 2. Market capitalization and major shareholders: companies belonging to outsider systems

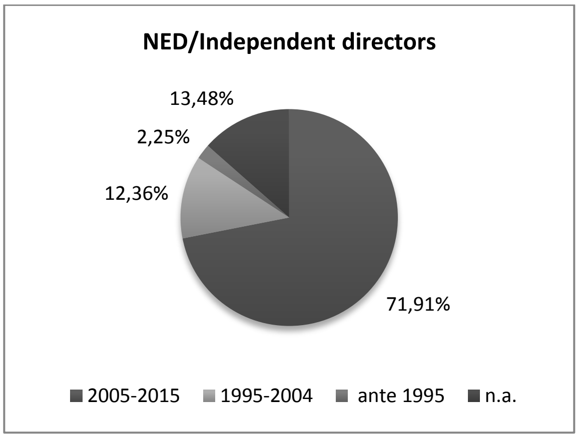
Company	*Market Cap (Bil USD)**	*Major shareholders (shares ≥3%) §*	
Agilent Technologies	13.9	T. Rowe Price Associates, Inc Fidelity Management & Research Co The Vanguard Group, Inc. BlackRock Fund Advisors SSgA Funds Management, Inc. Wellington Management Co. LLP Putnam Investment Management LLC	9.97% 5.93% 5.81% 4.22% 3.95% 3.38% 3.22%
BG Group	49.0	BlackRock Investment Management (UK) Ltd. Norges Bank Legal & General Investment Management Ltd.	4.12% 3.73% 3.10%
Centrica	16.0	Schroder Investment Management Ltd. Newton Investment Management Ltd. Invesco Asset Management Ltd. Aberdeen Asset Managers Ltd.	5.72% 5.29% 4.96% 4.81%
Enbridge	28.7	Kayne Anderson Capital Advisors LP Enbridge Energy Partners LP Energy Income Partners LLC Royal Bank Of Canada Capital World Investors Advisory Research, Inc. Salient Capital Advisors LLC Eagle Global Advisors LLC Caisse De Depot Et Placement Du Quebec Neuberger Berman LLC VA CollegeAmerica WA Mutual 529B	12.7% 11.0% 9.59% 9.01% 7.99% 6.91% 5.11% 4.18% 3.60% 3.30% 3.08%
Prologis	22.5	The Vanguard Group, Inc. BlackRock Fund Advisors SSgA Funds Management, Inc Invesco Advisers, Inc. APG Asset Management US, Inc. JPMorgan Investment Management, Inc.	13.0% 6.62% 5.60% 4.36% 3.25% 3.03%
Sun Life Financial	19.1	Royal Bank Of Canada TD Asset Management, Inc 1832 Asset Management LP	7.00% 4.11% 3.83%
Suncor Energy	37.3	Royal Bank Of Canada Capital Research & Management Co. RBC Fidelity Management and Research Company	4.18% 3.54% 3.15%
Unilever	133.1	-	0.00%
Westpac Banking	77.4	-	0.00%

** http://www.morningstar.com/. Data extracted on 15/12/15.*
§ http://www.4-traders.com/; http://investors.morningstar.com/ownership. Data extracted on 15/12/15.

The following Figures show the length of top managers' presence in corporate governance bodies: the reconfirmation of mandate expresses the satisfaction, which extends in a medium-long term period, by shareholders for company's performances. We have considered the first year of nomination in the present role for each board member; the time intervals are ten years long from 2015 back (2015-2005; 2004-1995; ante 1995) as to include at least two mandates in insider systems (characterized by longer expire term than the annual one typical of outsider systems).

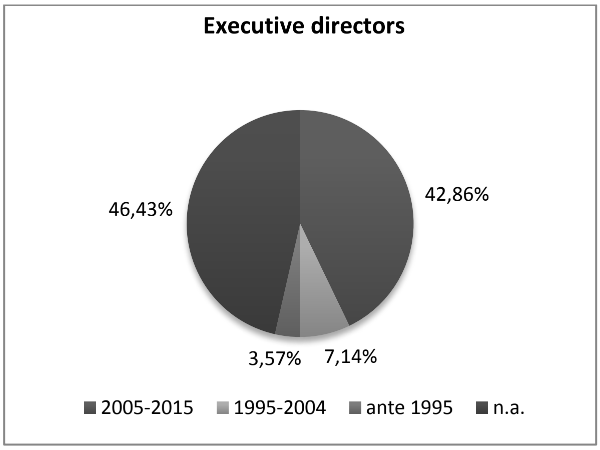
Figures 1 and 2. First nomination of board members, insider systems companies

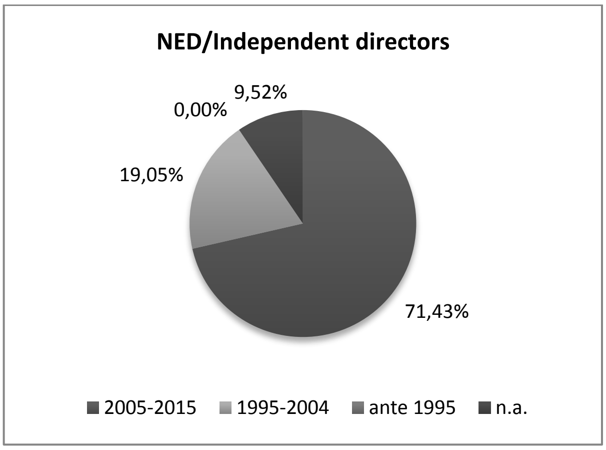




In insider systems companies, in average, executive directors represent the 38.19% on total board members, while non-executive (NED) and non-executive independent directors represent the 61.81%. Figures 1 and 2 show that the majority of board members has been elected for the first time in the last ten years, but there is also a significant percentage of directors with an older mandate. In particular, we can notice a 7.27% of executive directors nominated for the first time twenty or more years ago (a member of founder family is executive director in City Development from 1969). Generally, the older members are part of founder families and this situation explains their role as executive directors.

Figures 3 and 4. First nomination of board members, outsider systems companies





In outsider systems companies the 25.00% on total board members is represented by executive directors, while the 75.00% by non-executive and non-executive independent directors. Many dates about the first engagement as executive directors are not available and this circumstance limits our considerations. In any case, we can notice, as in insider systems companies, a large presence of directors appointed in the last ten years while the situation changes with reference to directors nominated in the period 1995-2004. In fact, looking at 1995-2004 first designation, in insider systems there is a similar percentage of executive and NED/independent members, whereas in outsider systems companies the percentage of NED/independent is about three times higher than the executive directors' percentage. We can interpret these data as an additional form of control on executive members' activity: the stable presence of non-executive and independent directors guarantees the continuity of corporate choices, even if executives' turnover. The presence of executive directors appointed more than twenty years ago is very limited (3.57%), according to the outsider systems financial markets' characteristics and the consequent fragmented ownership.

In conclusion, we can affirm that in spite of the typical differences in corporate governance, due to the historical, cultural and economic characteristics of insider and outsider systems, the sustainable companies show something in common as the presence of stable investors and a long-term part of board members.

After the analysis about the corporate governance differences of companies observed, we wanted to have a confirmation on their engagement in long-term value creation analysing the companies' information available on their websites (visions, missions, corporate governance reports, sustainability reports, integrated reports, etc.). In fact, the long-term perspective means that the ultimate goal of an organization is the sustainability (Schaefer, 2004; Porter and Kramer, 2006; Mostovicz et al., 2009) with impacts on corporate objectives and strategies.

Both for insider and outsider corporate governance systems, all the companies declare a long-term business orientation; this refers to the crossing of divergence in time orientation about economic results that traditionally have characterized insider (oriented to long-term) from outsider systems (oriented to short-term). The aim of these companies is to create value satisfying equally ample stakeholders groups. Furthermore, these companies emphasize the systematic commitment of the board in sustainability goals, believing that a sustainability-oriented board can be the fulcrum to ensure the CSR matters are integrated into corporate objectives and business operations.

Although the limits of our research – connected to the unavailability of some data and the awareness that the announcement declared by companies could not correspond with the effective companies' (irresponsible) behaviours – we think that the change in business orientation towards sustainability should produce corporate conducts, inspired by the long-term value creation, that are not substantially affected by the rules characterizing different countries. This situation tends to stimulate a functional convergence worldwide.

5. EMERGING ISSUES

The diffusion of the principles of sustainability and a broader concept of responsibility have, undoubtedly, promoted a review of the relevant companies' performances, creating significant preconditions of operational convergence between insider and outsider corporate governance systems. In fact, in successful companies, corporate governance is characterized by a widening scope of the goals, having to take an interest in the entire network of internal and external relations, according to an approach based on the exchange of information and the optimisation of behaviour in relation to the stakeholders' expectations.

Regardless of the nature of stock markets and the concentration of ownership, socially responsible companies have therefore amended their strategic guidance, giving importance to the creation of sustainable value as a condition for growth and development in the medium-long term.

Historical, cultural and economic differences between insider and outsider systems exist and companies we have analysed reflect these differences in term of ownership structure, according to the stock markets' characteristics. Nevertheless, the same companies give us the confirmation that their sustainability approach is based on long-term business orientation in both insider and outsider systems. Furthermore, this approach seems to be sustained by shareholders (founder families or large investors) more interested to the long-term development of companies' business and value creation than to their short-term profits. This means that the major factor of divergence between insider and outsider corporate governance systems attenuates, because of the different time orientation in the results statement, conditioning objectives, strategies and operational activities.

We should, however, consider that globalisation – together with the gradual reduction of differences between spatial differences, cultures, information systems, traditions and institutions - tends to require greater uniformity in the corporate governance approaches worldwide. In addition, the lowering of barriers among markets and the capitals' flow has increased the alternatives for investors and the belief that the orientation to value creation in the long-run may be a significant factor in reducing investment risk.

An area of increasing importance for corporate governance, closely related to corporate strategy, is the oversight of company's risk management. Regardless of the existing corporate governance structure, the change in business orientation towards sustainability virtually shifts every corporate governance system to excellence, ensuring greater stability of the board members and improving the company's risk profile.

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