

# THE ORGANIZATIONAL FUNCTION OF GOVERNANCE: DEVELOPMENT, PROBLEMS, AND POSSIBLE CHANGES

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*The relationship between the organizational functions of governance and management is one of the most crucial for the effectiveness of the corporation. Different countries have developed different ways of organizing the governing function in order to protect the interests of the owners, while leaving managers enough freedom to take managerial decisions and actions. Many symptoms show a decrease in the role of governance and of owners. Authors discuss reasons for that decline and suggest solutions to bring back the power of owners. In this article the author defines governance and management and their relationship, compares problems of the two basic models of governance and summarizes the solutions. He discusses the improvements of the present models of governance, and then speculates on possible future developments in two directions: stakeholders governance and self-governance.*

## 1. INTRODUCTION

Through the history of mankind, we can trace the endeavours of people to be efficient and effective in order to increase the probability and the quality of survival. For the same reason, enterprises have been established as basic units of economic activities. First, by instinct and then by logic, it has been found that enterprises, although not being perfect, assure the desired economic results in the best possible way. Due to the same reason, enterprises have changed and different types have been developed.

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The socio-economic system forces enterprises to behave in a rational way. It seems that the ownership-based (marketing) system, where enterprises face competition and follow the principle of profitability, assures the most effective behaviour of enterprises and, through this, social welfare. The effectiveness of enterprises depends on decision-making and on the execution of decisions. With the development of economy, the decisions within companies became most important, above all, the decisions on the enterprise as a whole. These decisions are made by owners themselves to protect their own interests. Through time, decisions on the enterprise became very complex. The number of owners has been increasing. Owners-shareholders have started to employ professionals called managers to manage their companies. The once unified function of governance (and management) has been divided into two organizational functions: **governance**, making decisions to protect owners' interests, and **management**, coordinating business activities in a most efficient way while striving to attain goals and execute policies set by governance. The problem which arose appeared to be the following: if managers are given too much autonomy, they can utilize their knowledge and experience to its full extent. However, there exists a potential danger of not acting in favour of the owners. In contrast, if managers are controlled too tightly by owners or their representatives, they can not fully utilize their knowledge and experience. The question faced then becomes the following: **how to achieve the best possible managerial decisions while protecting the interests of the owners.**

Different solutions have been found in different countries and different enterprises. Basically, two sets of answers to the above question have been developed throughout history: Anglo-American and German. Much discussion on the governance-management issue nowadays shows the importance of this **most crucial relationship for the success and development of companies.** Most of the discussion is on the decision-making issues, which mainly results in suggestions to improve the present system. Less discussion is held on the **socio-economic part of the governance-management relationship**, which could explain more profound changes due to the changing socio-economic environment.

It is my intention to discuss the mentioned relationship, above all, the governance side of the relationship. There will be more emphasis on a comparison between two different models of governance and on socio-economic issues, and I will speculate about future development. It is my purpose to add clarification to the governance-management relationship and to look for possible directions of future development.

The fact is that governance has not been much discussed in the past. As Cadbury (Cadbury, 1999, p. 12) points out looking at trends in corporate governance, “only a few years ago a conference of this kind would have been inconceivable; there would have been neither providers of papers nor participants”. According to him, the emergence of global markets and pressure for board accountability and performance are the driving forces behind today’s worldwide interest in governance. Agreeing with his statement, still, in my opinion, the main reason for the interest in governance is due to the cognition of the decreasing role of owners. The question of whether to bring back the power to owners or to admit that the concept of ownership has changed and search for new ways of governance can be raised. For that reason, it is important to discuss the socio-economic basis of governance and not only the technical and process side of it.

## **2. DEVELOPMENT AND THE DEFINITION OF GOVERNANCE AND MANAGEMENT**

It is quite useful for the understanding of complex subjects to simplify them by looking only at those characteristics that are connected to the purpose of the study. That is the way a good theory approaches the practice and explains phenomena of the subject in a clear way, making a good theory the best practice.

At the beginning of their development, most subjects are quite simple. Their basic goals and relationships can be seen clearly. Then, subjects become more complex. It becomes very difficult to explain different phenomena. The symptoms are seen, but reasons to explain them are forgotten and have to be rediscovered. To understand today’s state, it is useful to purposefully simplify and learn from history. However, we have to be aware of qualitative changes as we transform the findings from simple situations to more complex ones. We can also learn by comparing different solutions existing at the same time in order to find out what is common to all solutions and by trying to observe the differences and understand and explain reasons for them.

Let us recall that a conscious working process consists of three phases: thinking ahead upon the desired result and the process of achieving it, or **planning; executing** the planned, or execution; and establishing the will for execution according to plan, or **controlling**. The planning and controlling phases ensure the rationality of the (execution) process, whereas the execution phase results in a product or service. Let us assume that the described process is conducted by an individual. He or she produces a product using his or her tools

or equipment. The individual works with his own means of production by planning, executing, and controlling. Decisions are governed by efficiency due to scarce resources and unlimited needs.

By increasing business, the individual might employ more workers. By being the owner of the means of production, he or she has the right to decide upon property. However, the owner does not influence the property by working himself. He or she governs and manages the work of others. The once united function is now split into the governing-managerial function and execution of the work. For economic and other reasons, companies are growing. The coordination of more and more employees is becoming more complex. It has to be conducted by professionals, by managers. The other factor that complicates owners' decisions is the increasing number of owners. **Three basic organizational functions develop within today's corporation: governance, management, and execution.**

**Governance** is the organizational function (Lipovec, 1987, p. 52)

- a) which is determined by the individual socio-economic system,
- b) which is the source of authority in the enterprise,
- c) which develops dynamically in the process of determining goals, policy and other important decisions,
- d) to represent, to preserve and to develop the interests of the owners.

The first and the last part of the above definition is **the socio-economic part** and explains that enterprise is influenced by a socio-economic system. By following the system, enterprises maintain the system. The relationship between governance and economy is dual. The second part is **the organizational part** of the definition. It explains that, because of ownership, governance is the ultimate power and source of legal positional power or authority within the enterprise. This relationship is also two sided. The employees accept this authority. The third part of the definition **determines the process of governance**, saying that important decisions start within the function of governance and continue in the managerial process.

The same author defines **management** as an organizational function (Lipovec, 1987, p. 137)

- a) which enables - because of the technical division of labor - divided operations to remain part of the unified business process,
- b) which receives its duties and authority from governance as its executive and confidential body, and

- c) which executes its duties through others by the process of planning (business and organization), actuating (organization), and controlling (business and organization).

The first part of the definition is purely **technical**. The second part is **socio-economic**, showing the relationship between governance and management. The third part (which I adapted) explains **the managerial process**.

Most of the decisions on the enterprise are initiated by the governing function and are continued by the managerial function. It is reasonable to talk about a **uniform governing-managerial process**. For the practical reason, above all, to settle the responsibility of governance on one side and of management on the other, it is necessary to somehow **determine the demarcation line between both functions**. I would like to emphasize that the problem of the distinction between governance and management lies basically in the nature of the (once uniform) governing-managerial process. The demarcation line is formally determined either by law and/or by the owners and other stakeholders, most often by both. It can be understood from the definition of governance and of management that demarcation is usually explained in a socio-economic, organizational and decision-making sense.

### 3. COMPARISON BETWEEN THE ANGLO-AMERICAN AND GERMAN SYSTEMS OF GOVERNANCE

#### 3.1. A brief comparison between both systems of governance

As I have already mentioned, different countries have developed different systems or models of the governing function within enterprises. The differences between the Anglo-American and German system are frequently discussed. Among other reasons, the difference is due to history. According to Potthof (Potthof, 1996, pp. 257-258), banks played an important role in the German economy at the beginning of the 19<sup>th</sup> century. They looked for good investments but were not much interested in managing enterprises. They simply tried to transform the short run assets into long run ones and to **supervise the business results but not to manage enterprises**. In contrast, in England, and above all in the US, capital was scarce. Risk-taking individuals, and not bankers were interested in profits. They did not only supervise, but **they also managed companies**. Their role of directing companies was more active than in Germany where it was limited to a supervising function only. In the US, the governing and managerial roles have been much more often conducted jointly by the same persons, thus treated by many authors as one function.

One of the consequences of the different development (and different culture) is that in the US, the roles of different bodies are decided upon at a higher degree by owners themselves, whereas in Germany, they are more or less determined by law. For that reason, managers are more responsible to owners in the US and more to the law in Germany. However, there are more differences between both systems. Let us discuss only some of them.

In the Anglo-American model, there are two governing bodies: the shareholders' meeting and the Board of Directors. In the German model, there are three governing bodies: the shareholders' assembly, the supervisory board (Aufsichtsrat) and the managerial board (Vorstand). The shareholders' meeting and assembly are rarely emphasized, or sometimes not even mentioned due to their formal and less important role. Governance in the Anglo-American model is conducted entirely by the Board of Directors (one tier system). In the German model, governance is conducted by two bodies: the supervisory and the managerial boards. In the two tier or dual system, the supervision and the direction are assigned to two separate bodies. The managerial board, however, is not only a governing body but also the highest managerial body. The board of directors also probably conducts some managerial role.

Let us have a brief look at the decisions made by the mentioned bodies. According to Goold (Goold, 1996, pp. 572-575), the possible duties of governance in the Anglo-American system are:

- reviewing business level strategies,
- reviewing the corporate level strategy,
- providing specialist advice,
- reviewing the decision process,
- providing a sounding board or a second opinion,
- changing corporate management.

Parker (Parker, 1990, pp. 35-43), as discussing the role of chairman of the board defines the basic roles of the board as corporate governance and direction, whereas the role of executive management is strategy development and implementation. Governance and direction include setting the strategy, style and standards.

Pound (Pound, 1995, pp. 89-98) identifies the essential governance role as selecting, monitoring, evaluating, and sometimes removing managers.

O'Neal and Thomas (O'Neal, Thomas, 1996, p. 314) determine the three basic functions of the Board:

- advising and counseling top management,
- monitoring and controlling top management,
- corporate strategy.

Mintzberg (Mintzberg, 1983, pp. 67-95) emphasizes the difference between functions of the board in law and in practice. As the control roles in practice, he pointed out, the Board is selecting the chief executive officer, exercising direct control during periods of crisis and reviewing managerial decisions and performance. The author also added service roles.

From the above opinions and from opinions of other authors, it can be clearly seen that they all agree as to the **supervisory function of governance**. However, we have to make a distinction between control of business results as a consequence of decisions and control of decisions themselves. Control of decisions themselves means that major managerial decisions have to be at least approved by the Board. In this case, the Board directs, advises, counsels and even proposes major decisions. It is our conclusion that most authors agree that the role of the Board of Directors lies in controlling the business results and in controlling (accepting, influencing) major decisions. This second part of the Board's involvement is not so clear. E.g. many authors discuss the role of boards in strategic planning. Many of them discuss three possible ways of involvement (Zahra, 1990, pp. 109-117). First, the board has nothing to do with strategic planning. Second, the board makes suggestions and approves the strategic plan. Third, the board is fully involved in strategic planning and accepts the plan.

The following properties of the German model of governance and management are characteristic today (Potthof, 1996, p. 256):

- "Vorstand" as the managerial body is held responsible for running business affairs;
- "Vorstand" is a collective, collegial body. The chairman has no right to make individual decisions;
- "Aufsichtsrat" acts as a supervisory board having only the supervisory function. It is allowed to conduct some other tasks according to its discretion;
- "Aufsichtsrat" can hire and fire "Vorstand",
- "Aufsichtsrat" can name different committees;
- "Aufsichtsrat" is informed through management;
- Representatives of workers are also members of the supervisory board. Managers are not allowed to be members of the supervisory board.

Let us put our conclusion in a simplified manner. By the term governance (which, we emphasize again, can be very difficult to separate from the managerial process), the supervision of business results, the direction of the most important decisions (which can be regarded as strategic decisions), and the confirmation of these decisions can be understood. Although there is some flexibility and there are some exceptions, we can argue that in the Anglo-American system, all mentioned decisions are taken by Boards of Directors. In the German model, only the supervision of business results is made by the supervisory board, whereas the other decisions are taken by a managerial board. Due to that distinction, the other differences between the two systems can be easily interpreted.

The membership in Boards of Directors is two-fold: executive, or “inside” and non-executive, or “outside” directors. In the German supervisory board, managers cannot be members. In the Anglo-American system, the influence of owners through direction is higher. However, the supervision is not quite clear and very difficult to be established as independent. In the German system, the supervisory part can be stronger and more clear-cut. The role and responsibility of the Board of Directors is more important than in the case of “Aufsichtsrat”. In the German system, governance is settled mainly by law. In the Anglo-American system, the role of the Board prevails. In the German model, the supervisory board can act through the appointment and dismissal of the “Vorstand” only. In Anglo-American system, it can also act by influencing major decisions. **We can conclude that both systems are logical and in harmony within themselves despite the fact that they are different.**

### 3.2. Major problems in governance

Most authors are quite sceptical as to the role of boards. Drucker (Drucker, 1974, p. 728), discussing legal and other aspects of boards in different countries, came to the conclusion that they differ in everything except one issue: **“They do not function”**. He continues: “The decline of the board is a universal phenomenon of this century. Perhaps nothing shows it as clearly as that the board, which, in law, is the governing organ of a corporation, was always the last group to hear of trouble in the great business catastrophes of this century.” In his essay on “The Bored Board” (Drucker, 1981, pp. 107-110), “the Board has become an impotent ceremonial and legal fiction. It certainly does not conduct the affairs of the enterprise”. Bavley (Bavley, 1986, pp. 20-26) quotes several different authors and empirical studies coming to the conclusion that **“Boards of directors are surprisingly unimportant”, “most companies have turned boards into non-boards”, and “board meetings rarely go beyond**

**trivia**” and similar conclusions. Mintzberg (Mintzberg, 1983, p.78), after pointing out that **boards do not perform well**, concluded that “when a board does indeed have control, its real power amounts to the capacity to dismiss and appoint the chief executive officer”.

The above quotations and plenty of others confirm more or less unanimously not only that governing bodies are not functioning properly, but also that the main problem lies in the very small power of governance (shareholders and their representatives) to influence decisions of the enterprise. Reasons for such a situation can be seen from suggestions proposed by authors to improve the governance. Most authors agree that managers (CEOs) are taking over the role of the board due to the following reasons:

- ❑ the role of the chairman of the board and the role of the CEO are often integrated into one person which additionally decreases the role of outside directors;
- ❑ non executive directors are really selected by the chairman of the board;
- ❑ non executive directors devote very little time to handling company affairs and are unable or unwilling to play a more active role.

#### **4. SUGGESTIONS FOR IMPROVEMENTS OF GOVERNANCE**

Before continuing our discussion, I have to clarify what I understand by stakeholders’ participation in corporate governance. Wheeler and Sillanpaa (Wheeler, Sillanpaa, 1998, pp. 201-210), like the other authors, define stakeholders as individuals or (social) units which both influence and are influenced by the corporation. Authors often distinguish three groups of stakeholders. Customers, suppliers, banks and similar entities are regarded as one group. The second group consists of society and its representatives, like the state. The third group consists of employees. Their participation in governance means that they are taking major strategic decisions together with owners, supervising managerial decisions and participating in decisions on profit sharing.

As a major reason for the involvement of stakeholders in governance, the authors discuss the increasing need for connection and cooperation between enterprises. The advocates of stakeholders’ participation quote the German (and/or Japanese) system of governance in which the stakeholders participate directly or indirectly through membership in governing bodies in governing decisions. They discuss their involvement in the preparation of strategies (e. g. Scholes, Cluterback, 1998, pp. 227-238); their role in the process of adding value (e. g. Freeman, Liedtka, 1997, pp. 286-296) and their role and

involvement in similar situations. Opponents of governance by stakeholders do agree with most of the statements on the importance of tight connections with stakeholders, but think that it can be achieved through managerial coordination and connections.

Their arguments against involvement of stakeholders in the governance of enterprises are of an economic and organizational nature.

For economic science, there is little doubt that in a society based on the ownership, governance is conducted by owners. Lipovec (Lipovec, 1987, pp. 40-41) describes the social economy as composed of many subjects-enterprises. The bearer of the decisions within enterprises is determined by the socio-economic system. He endeavours to fulfil his own interests by governing his property. In such a (capitalistic) system based on ownership of production means, at least the governance is conducted by owners or their representatives. It is in their interest to achieve profit based on the invested assets. Anything else might undermine the basis of the system.

Easterbrook and Fischel (Easterbrook, Fischel, 1991, pp. 195-200) argue that only owners have the right to govern. All the other stakeholders are paid for their endeavours (by getting salaries, interests, products, payments, etc.). The shareholders - the only remaining party - are the sole risk-takers. By maximizing profits they also increase the value of the corporation. Above all, because of risk-taking, they have the right to make governing decisions. Again, not all authors agree. Plender (Plender, 1998, pp. 211-217) argues that today's institutional owners, because of their broad portfolio of investments, do not take more risk than other stakeholders.

Organizational arguments against stakeholders' governance are discussed by Argenti (Argenti, 1997, pp. 442-445). He maintains that the group of shareholders is homogeneous, each share being of the same value. It is quite obvious what they expect from investments. Third, the decision-making process is clear, following the principle of profitability. Managers can follow only the requirements of one stakeholder. Last but not least, the problem of assigning shares of profit to different stakeholders would be very difficult. Let us add that the accounting system, information and decision systems are developed for shareholders' governance.

We can see that most authors agree about the increasing need of devoting more concern to different stakeholders. Processes of outsourcing, networking

and development of virtual organization, strategic alliances, clusters, and similar forms of integration are symptoms of great changes. Throughout history, enterprises met on the market, guided by the invisible hand (and visible economic policy). Effectiveness has been achieved through the social division of labour. Economists and economic science have studied these relationships among enterprises. The technical division of labour took place within enterprises. Through organizational processes and relationships between individuals and groups, which are studied by organizational science, efficiency and effectiveness are achieved. With the outsourcing process, the social division of labour increases. However, we can not say that market relationships of the old type continue. The competitive market forces are at least partially replaced by partnerships, agreements, and trust. The newly established relationships of a higher order are of an organizational nature, similar to those within corporations.

The question of what these changes will bring to governance arises. There is no doubt that integration between units will be tighter and there will be more coordination in the short run and in the long run. I believe that this coordination will be a mutual one and not enforced by a supreme authority. The coordination within networks and among them has been made possible by the development of communication technology. I also think that the increased amount of relationships can be handled by management and I can see little reason to increase the role of stakeholders in governance. However, there might be, for other reasons, more “interlocked” ownership and directorates, more acquisitions and mergers, more cases of one company owning the other, or the opposite. Still, in these cases, governance will be based on ownership.

In my opinion, the present involvement of employees as stakeholders in the German model will continue. I doubt that within the present concept of ownership the governing role of other stakeholders will develop. That might be the case if the role of ownership will change. However, in such a case, the system of stakeholders’ governance might become too complex and stakeholders’ involvement can be achieved in a more simple way by governance of employees, of collectives (in the name of society).

#### **4.3. Governance by employees or self-governance**

There are numerous signs that the concept of ownership is changing. The ownership of production means is not important for the survival of people. Some authors, including Handy (Handy, 1997, pp. 26-28), argue that **definitions of ownership** (including ownership of corporations) **are not**

**appropriate any more.** They are "...an affront to natural justice because it gives inadequate recognition to the people who work in the corporation, and who are, increasingly, its principal assets."

Until this point, I have intentionally not made a distinction between employees and other stakeholders. As we can see from various articles, authors discuss the direct involvement of employees and much less or not at all of other stakeholders in the governance. Blair (Blair, 1998, pp. 195-200) comes to the conclusion that due to socio-economic development, shareholders are no longer the only investors in corporations. The employees, above all, those who have developed some specific knowledge or skills connected to the enterprise, are a kind of investor, too. She explains with the example that owners invest in a new machine. Employees develop specific software. There should be a **long-term relationship** established. The added value of the enterprise is the sum of both investments. Blair does not see any need to make the distinction. However, other authors, e.g. Easterbrook and Fischel (Easterbrook, Fischel, 1998, pp. 195-200), suggest that all stakeholders' services can be bought and only residual claimants-shareholders should govern. It is also possible, though, that software owners rent the hardware and govern the corporation. Why should owners of hardware not get some interest and software owners get a salary and they both could take risks and then divide the surplus?

Let us go a step further. Already in 1932, Berle and Mean (quoted by Clarke, 1998, pp. 182-194) argue that "the control of the great corporations should develop into a purely neutral technocracy, balancing a variety of claims by various groups in the community and assigning to each a portion of the income stream on the basis of public policy rather than private cupidity." Grant (Grant, 1997, pp. 450-454) says that "if knowledge is the pre-eminent productive resource and most knowledge is created by and stored within individuals, then employees are the primary stakeholders". Different stakeholders or beneficiaries (Argenti, 1993, pp. 214-215) will govern for the social, moral good.

In quite a different connection, Duncan and coauthors (Duncan, et al., 1988, pp. 16-21), quoting Geneen, argue that in the measure of effectiveness of the enterprise, which is characteristic for each socio-economic system, the most scarce resource is in the denominator of the fraction. The goal of the scarce resource is in the numerator of that fraction. In the past industrial society the scarce production factor was the capital. To attract capital, a corporation has to make a profit. Profitability was the main goal of the corporation. However, Duncan and coauthors say that nowadays, in the postindustrial society, if it is to

be qualitatively different from the industrial one, corporations are supposed to follow a new measure of effectiveness. The critical production factor is becoming knowledge. People are the only bearers of creativity and innovation; nowadays they both are important for success. If profit attracted capital, is it the income or value-added attracting the knowledge?

From the above quotations, we can conclude that ownership and its role is changing. That is in line with the accepted opinion that we are entering a new era of post-industrial society. The publicly held corporations have outlived their usefulness and are being eclipsed. According to Jensen (Jensen, 1989, pp. 61-74), new organizations owned by large institutions and financed more by public debts than equity are emerging. Jensen argues that "these corporations are resolving the central weakness of the public corporation - the conflict between owners and managers over the control and use of corporate resources..." It is not my intention to elaborate more on the issues connected with institutional owners. My purpose was just to illustrate another example regarding the revolutionary changes going on within corporations and their governance.

Let us speculate (let us have a vision), that there exists only one institutional owner - society. Hence, companies have to behave in a socially responsible manner. Companies are parts of networks; relationships among them are based on trust, too. Loans or equity are given to enterprises at certain "interests". The society can not govern the companies. Collectives-employees govern the enterprises in the name of society to increase the income of the firm (after their social responsibility is fulfilled). Management conducts the coordination in favour of the collective and of the society. Employees-"citizens" are highly motivated, not by salaries and wages which are becoming hygienic factors, but by self-fulfillment and being useful to others, to the society. They themselves govern the company in the name of society and at the same time they execute part of the coordinated labor. Why should there not be, in line with all the other changes going on, also a change in governance? Should we not crown all our talks on empowerment, self-management, knowledge-based management, self-development motivation, social responsibility, and ethics, with **self-governance**?

If all the other changes are mere cosmetics, the cosmetic changes in governance will take place. If there are, as we are convinced, revolutionary changes going on, what will happen to governance: will it be conducted by many stakeholders, or by employees themselves in the name of society, or will a third solution prevail?

## 5. CONCLUSION

With the development of the economy and of corporations, the problem of the decreasing role of owners becomes obvious. In a society based on ownership of production means, this change is quite an important issue of concern. The reasons for the decreasing role of owners might be in the natural conflict between managers and governance or deeper, in the very change of the substance of ownership.

There are at least three possible speculations about the future development of governance. The first one, which seems to be the most reasonable, at least from the short run perspective, and discussed by most authors, is the cosmetic or perhaps evolutionary changing of governance: **bringing back the power to owners**. Owners themselves or through their representatives govern their property.

The second possible future is to bring **stakeholders** to play the same role as owners which might become quite complex. In this case, **the concept of ownership is remaining the same, but the governing role is changing**. The enterprises would be interwoven through relationships of governance to form a network of governance.

The third speculation is that we neglect today's role of ownership and, instead of profitability, follow social responsibility and ethics. Society hands over the corporation to **the governance of employees** which in turn pays a (competitive, agreed) reasonable "contribution" to society. As the only remaining claimant, the employees will be motivated to increase the income. In this case, the meaning of ownership is changing and the governance remains with the (new) "owners", governing in the name and for society.

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## **ORGANIZACIJSKA FUNKCIJA VLASNIČKOG UPRAVLJANJA: RAZVOJ, PROBLEMI I MOGUĆA UNAPREĐENJA**

### **Sažetak**

Odnos između organizacijske funkcije vlasničkog upravljanja i managementa je jedan od ključnih čimbenika učinkovitosti korporacije. U različitim su se zemljama razvili različiti načini organiziranja vlasničkog upravljanja, s ciljem zaštite vlasničkih interesa, a da bi se istovremeno managerima ostavila dovoljan sloboda odlučivanja i akcije. Mnogi simptomi ukazuju na smanjenje značaja uloge vlasnika i vlasničkog upravljanja. Stoga se razmatraju razlozi tog smanjenja i predlažu moguća rješenja za vraćanje moći vlasnicima. U okviru rada se definiraju vlasničko upravljanje i management, kao i njihov međusobni odnos, uspoređuju problemi dva temeljna modela vlasničkog upravljanja i ukratko predstavljaju moguća rješenja ovog pitanja. Nadalje se razmatraju mogućnosti poboljšanja prezentiranih modela vlasničkog upravljanja, te predviđa njegov daljnji razvoj u jednom od dva smjera: prema vlasničkom upravljanju od strane zainteresiranih za poduzeće ili vlasničkom upravljanju od strane zaposlenih.