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## Preface

I am honoured to offer a few words to the preface of this book and, indeed, welcome the extensive coverage on a topic that has elicited much highlighted attention in the wake of the financial crisis.

The 5th edition comes at a timely moment. Increasingly, governments, pan-EU and international organisations, regulators and civil society at large are questioning existing corporate governance principles, their scope, precision and enforcement. As listed companies pursue international growth opportunities and shareholders become more culturally diverse, a study of the appropriateness of contemporary corporate governance in the United Kingdom, and in other jurisdictions, is to be lauded.

The worldwide financial crisis constituted a catalyst in driving corporate governance policy to prominence. The EU institutions have been active in the past five years in seeking to strengthen corporate governance, much of it focused on financial firms. There is, however, also a growing awareness of the importance of corporate governance best practice to all quoted companies, as well as to smaller companies, public interest entities and many voluntary organisations.

The book is intended as a reference work to guide practitioners in the field of corporate governance, including company secretaries, lawyers, fund managers, auditors, NEDs and other directors (actual and prospective). It is much to be hoped that the book will also assist those in business schools and other institutions who may guide practitioners through their careers. But, as the range of specialist authors of this book demonstrate, interest in corporate governance policy and principles has evolved beyond this traditional circle. A wider stakeholder interest has emerged since the financial crisis to embrace institutional shareholders and pension funds, NGOs, and regulators working domestically and internationally (including on a pan-EU basis).

Although empirical evidence does not seem to show that poor corporate governance by itself was directly responsible for the financial crisis, the lack of effective internal control mechanisms, coupled with mis-aligned remuneration packages, certainly seems significantly to have contributed to excessive risk-taking on the part of firms. A balance must be struck. Effective risk management should not necessarily be about eliminating risk-taking, a critical driving force in its own right in business and entrepreneurship. The aim of corporate governance, regardless of the sector, is, increasingly, and justifiably, dedicated to ensuring that risks are understood, managed and, when appropriate, disclosed. The proper and rigorous application of comply or explain principles has become rather more than simply a desirable ambition.