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EDITORIAL

This special issue of the Journal of Management and Organization focusing upon corporate governance offers valuable insights into key issues that define the discipline, researched and understood in a wide variety of contexts. As Peter Galvin proposed in the editorial relaunching the journal, "it is possible to ask the big questions and to develop universal theory, but for every big idea, there is a need for testing, refinement, understanding the limits of proposed theory and refinement of the theory – all of which may take place through context specific research … an alternative perspective through which to view a phenomenon may actually provide the catalyst to address big questions in a manner that had not previously been conceptualised" (2014: 4). Furthermore the contributions to the special issue are critical, informed and original in their analysis and objectives.

'Dangerous frontiers of corporate governance' considers the evolution of corporate governance, highlighting the different eras of governance, the dominant theoretical and practical paradigms, the reformulation of paradigms and counter paradigms. Two alternative and sharply contrasting theorisations, one collective and collaborative (Berle and Means), the other individualistic and contractual (agency theory) are focused upon. The explanatory potential of Blair and Stout's team production theory is elaborated. The potential for reform of corporate purpose, corporate governance and directors' duties is examined. The impact of the intensification of the financialisation of corporations is analysed, with the increased emphasis upon short termism. The origins of the global financial crisis in shareholder value orientations and the continuing reverberations of the crisis are explored. Finally, the imperative of the advance of sustainable enterprise is argued, and the critical changes are necessitated in corporate purpose and directors' duties.

'Board independence and firm performance in Southern Europe: A contextual and contingency approach' tests the proposition that the optimal board design for performance depends upon contingency and context. The relationship between the board and the owners in family businesses is critical. The author assesses whether the optimal level of board monitoring and independence is lower for family-owned businesses relative to other businesses, owing to lower net agency costs and higher goal alignment between owners and managers in publicly traded family companies. The essential premise is that the benefits and costs of board independence vary across firms, depending on family involvement, and thus the governance mechanisms should differ between these types of firms. Analysis of the empirical links between board independence and performance, based upon agency theory, have postulated that more independence is always the solution for better corporate governance.

The author suggests that board independence is limited in its effect on firm performance and that stewardship-based corporate structures may result in higher performance. This is a significant argument as although the data is based on Southern Europe where legal protection of minority shareholders is low, ownership concentration is high, and a significant number of firms are owned and controlled by family groups, this pattern of ownership and control is far more prevalent across the world than the ideal Anglo-American conception of widely dispersed ownership. Yet, the majority of international corporate governance codes stress the importance of independent directors and boards. The results of the empirical survey show that because agency problems and goal alignment vary depending on context, corporate solutions should also be different. Board independence (as a proxy for board monitoring) should be gauged according to the benefits and costs of board monitoring in each context. The reforms related to boards of directors being discussed in Southern European countries may be heavily influenced by those introduced in the United States and the United Kingdom for widely held firms without recognising that the separation of ownership and control is not an issue in the Southern European context (or in most economies), except in a very small number of companies.

'Top executive pay in the Spanish banking system' examines the weaknesses in corporate governance in the finance sector, and the effectiveness of executive incentive systems to ensure executives make decisions consistent with shareholders interests, and to achieve long-term sustainability of performance. The European Commission has suggested that inappropriate compensation systems have affected the long-term viability of financial institutions. Variable pay schemes were expected to align executive interests with shareholders, but have become increasingly complex and sometimes to have led to excessive remuneration and manipulation.

Recent academic studies have examined whether flawed compensation structures in financial firms contributed to the global financial crisis. In Spain the banking system has been on the brink of collapse following the financial crisis, and government intervention and nationalisation has occurred, yet executives walked away with large compensation packages. The survey analysis calls into question the existing use of executive incentives to align executives with shareholder interests, and indicates there may have been some executive manipulation of the incentive system in their own interests. The conclusion calls for more robust monitoring of executive incentive systems by regulators and boards of directors.

'Different strokes: IPO risk factors, investor valuation, and firm survival' examines the process of initial public offerings and the assessment by investors of the risk involved. The Securities and Exchange Commission mandates that the risks pertaining to the firm's survival and performance must be included in the prospectus. Investors often base their decisions on the information provided in the prospectus, which includes risks associated with past financial performance, ownership details, firm products, and resources. The risks associated with high-tech firms undergoing an IPO are especially high as these firms not only have limited histories, but also typically have short technology and product cycles, and must rapidly institute defensible market positions in highly competitive markets. Internal risks (management risks, operational risks, technical risks) appear to have little impact on investors as they believe after vetting that top managers will successfully manage such risks, however, investors are wary about external risks to the firm (market risks, legal risks, and government regulations risks). The study shows that there are both internal and external risks that are positively associated with the probability of firm failure, and both sets of risks require close attention by both investors and entrepreneurs.

'Does privatisation drive innovation? Business model innovation through stakeholder viewpoints – the case of Sydney Airport ten years post-privatisation' concerns business models and the impact of privatisation on airport innovation and performance from stakeholder views. Privatisation of an airport generates a radical change in the overall business model for airport owners and the various stakeholders involved in the operation of the airport. Hence, the author suggests a privatised airport may usefully re-orientate its dominant business model to meet the demands of stakeholders. Sydney Airport in particular was chosen for this study as it was the largest and most controversial privatisation of an Australian airport, with ongoing contention over its commercial orientation. The performance measurement and business model changes at Sydney Airport 10 years following privatisation are explored in this study. The findings support the business model of key stakeholder interdependence in value-adding activities. While stakeholders have been involved in consultative approaches to terminal redesigns, or other airport projects, the study concludes that it is shareholders and the airport operators who have benefited most from the privatisation. The research provides a model for identifying agents of value creation and capture in complex system innovations.

'The value of outside director experience to firm strategies: Evidence from joint ventures' examines the direct linkage between director experience and strategic performance, presenting evidence of the value outside director experience has for a firm's strategic engagements. The board considers the range of earlier research: alongside investigations that employ easily measured agency-based attributes such

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as board independence, size, tenure, and age, there is a growing body of research on how directors' experience, knowledge, and skills help shape firm profitability. Based on resource-dependence theory, this school of thought highlights the various types of capital directors might bring to the company. This study addresses a research gap by assessing the direct linkage between director experience and the strategic performance of firms involved in joint venture engagements. As existing literature on the direct assessment of the linkage between director experience and associated strategic outcomes remains sparse, this study represents an important step towards better understanding the performance effect of board experience by providing solid evidence from the context of joint ventures, an event in which the the board's resource dependence role is prominent.

In the final contribution, 'To sell or not to sell; that is the question? stakeholders' supremacy in the New Zealand electricity industry' the controversial process of privatisation is considered. The New Zealand electricity industry is not new to change. However, a decision by the New Zealand government to implement a Mixed-Ownership Model of privatisation resulted in opposition. Stakeholders reacted and the powerful Maori stakeholder group had the potential to stop the sale of state assets. This case study examines how different stakeholders have responded to the future of the New Zealand electricity industry that remains uncertain.

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