## Contents

	Acknowledgements	1X
	Foreword by Professor John Birds	xi
	Abbreviations	xiii
	Table of cases	xv
	Table of statutes	xix
In	troduction	1
	Background of the research	1
	Objectives of the research	4
	The structure of the book	5
PΑ	RT I	
Tł	ne basis of shareholder primacy in the UK	7
1	Corporate governance: Concepts and mechanisms	9
	Genesis of corporate governance	9
	Significance of the corporate objective debate	13
	Essential elements of corporate governance frameworks	15
	The UK shareholder-oriented corporate governance mechanism	36
2	The corporate objective mapped in theories and	
	legal practices I - shareholder primacy through	
	the economic lens	50
	Why theoretical analysis on corporate maximands	50
	Shareholder primacy as a viable corporate objective	54
	The rationale of shareholder value maximisation through	
	the economic prism	58
	The extent of stakeholder consideration under	
	shareholder primacy	74
	Concluding remarks	79

## vi Contents

3	The corporate objective mapped in theories and legal practices II – the feasibility of the UK moving		
	towards the stakeholder end	81	
	Attacks on shareholder primacy from the "stakeholder cluster"	81	
	Legal support for the predominance of shareholder primacy	01	
	in the UK	89	
	Responses to the stakeholder approach in		
	the company law reform	101	
	Concluding remarks	103	
PA	RT II		
Fo	rces driving UK corporate governance		
re	forms - A critical view of EU actions towards		
a ł	a harmonised corporate governance framework		
4	The force of EU harmonisation action and its effect		
	in transforming UK shareholder-oriented corporate		
	governance practice	107	
	An overview of European harmonisation	109	
	Contesting the legitimacy of EU corporate governance		
	harmonisation: Motivations underlying convergence	112	
	Practical feasibility of European corporate		
	governance harmonisation	120	
	Contesting the feasibility of European corporate governance		
	harmonisation from a theoretical perspective – path		
	dependence and complementarity	136	
	The European landscape after the crisis	140	
	Concluding remarks	142	
PA	RT III		
Re	cent UK changes in UK company law and corporate		
	vernance: Movement towards the continental		
sta	stakeholder direction?		
5	Recent changes in UK company law		
	and corporate governance	147	
	Changes in the legal field: Enlightened shareholder		
	value (ESV) in the 2006 company law regime and		
	its implications for stakeholder enhancement	150	

		Contents	vii
	Changes in the corporate governance field: Responsible investment in the UK		167
			16/
	Concluding remarks: The effect of ESV and SRI in stakeholder	r	
	consideration – anything new to offer to the established		100
	shareholder oriented regime?		180
PA	RT IV		
Fu	ture directions: Further enhancement of shareholder		
value in the UK			183
6	Exploring the rationale of shareholder primacy in		
	the UK - the path dependence perspective		185
	Path dependence and complementarity factors contributing		
	to systematic persistence in corporate governance		185
	Path dependence effects in UK corporate governance: Factors	S	
	contributing to the continuance of shareholder primacy		192
	Path dependence attributes: The rationale of shareholder		
	primacy in the UK		199
7	The way forward in the wake of the crisis		201
	Unfolding the financial crisis – relevant facts		202
	Destabilising corporate governance elements contributing		
	to the crisis		204
	The corporate objective envisaged in the aftermath of the crist	is	214
	Concluding remarks		223
	Conclusion		225
	Overall remarks		225
	Further implications for corporate governance development		228
	Potential directions for future research		230
	Index		233