

Book Review:

Raval, V. (2020), *Corporate Governance. A Pragmatic Guide for Auditors, Directors, Investors and Accountants*, New York, Auerbach Publications.

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Corporate governance, defined as the system by which companies are directed and controlled, in order to protect stakeholder interests and ensure reasonable return on investments, has evolved to address the dynamics of the markets and this evolution followed different routes and reached different destinations in corporate practice, company law, and associated institutional development of corporate enterprise.

The book “Corporate Governance. A Pragmatic Guide for Auditors, Directors, Investors and Accountants”, of Professor Vasant Raval, first published in 2020, part of the Internal Audit and IT Audit Series of books that publishes leading-edge books on critical subjects facing audit executives as well as internal and IT audit practitioners, brings a clear understanding of this complex scenario.

The book, divided into four parts, that is, cornerstones, governance roles and structure, governance in action, and other topics, provides a picture of the current state of corporate governance in the USA. The book started with the foundation of governance, evaluating the reasons and the nature of corporate governance, indicating its significance and purpose, the main principles and its framework, underling why governance is an extremely relevant factor for the life of the company. This first part continues taking into consideration operational, strategic, and tactical risks linked to corporate governance and defining the main risk management approaches ending with the analysis of the ethical dimensions of corporate governance, and its code of conduct.

The second section of the book continues identifying the key players in the area, and discussing their roles. The main figures analyzed are shareholders, the board and the management, but also the government and the regulators that apply to the conduct of the company and coregulators, facilitators, and consultants as assisting those in charge of governance with their actions which contribute to the governance process. In this scenario, the stock exchange is also taken into consideration, with a dual role of facilitating transactions and listing the company stock for trading on the exchange. This part takes into consideration also the role of the Internal Auditing Function (IAF) that has the primary function of managing business’ risks and of the figure of the external auditor, as an outside, independent provider of assurance about fairness of financial results.

Subsequently section three discusses the relationship between shareholder, the board and the management, analyzing their dynamics, with a specific focus on organizational wrongdoing considered as an improper or unethical act on the part of any member or members of the organization and the explanation of the Disposition-based Fraud Model (DFM).

In the final section, the book defines the key issues in two main aspects of corporate governance, that is governance of nonpublic organizations, including nonprofit organizations, and future directions in corporate governance. When analyzing the governance of private organizations, the book makes a specific focus on family-owned businesses, as particular entities whose owners belong to a single family, highlighting the difficulties in the governance of a structure where family and business should be two separate entities, but this demarcation is not always so simple to maintain.

Finally, as future directions of corporate governance, the business environment has been taken into consideration, evaluating factors such as the global competition and the difficulties related to the different cultures in which companies want to do their business. But also, the variable of technology, seen as a disrupter of the existing mode of doing business, causing a redefinition of jobs, shift in business model, and even displacement of older competitors; cybersecurity connected with the problem of cyber-attacks that can result in loss of data, unavailability of systems and programs, and disruption of services, and the issue of integrating sustainability practices in corporate strategy.

This book is structured to be a helpful map to enter the world of corporate governance, since it merges theory and practices, thanks to the personal experience of the Author as an Auditor and board member. The book provides practical insights illustrating theory with recent cases, proving to be a great source of information for anyone that has to do with the ecosystem of corporate governance such as professional accountant, securities lawyer, economist, financial analyst, and auditors. I would strongly recommend this book as a quick guide for a greater understanding of the dynamics of corporate governance; it is easy to read and certainly approachable by figures with transversal skills to corporate governance.

Laura Bravi

Carlo Bo University of Urbino, Italy