

CORPORATE GOVERNANCE STILL SEEN AS A COST RATHER THAN A GENERATOR OF VALUE

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Regardless of a company's size, activity or shareholder structure, it is foolhardy to think a company can successfully prosper without focussing on corporate governance issues.

Corporate governance is generating an increasing amount of work for law firms, but it is still considered a cost by many businesses rather than being seen as a matter that helps to create value in companies, says José Costa Pinto, managing partner of Costa Pinto Advogados in Lisbon. "Corporate governance-related workflow in Portugal has increased due to changes in the legal frameworks applicable to the financial and insurance sectors, along with an increase in external investment and the introduction of the corporate governance code in January 2018," he explains.

Creating value

However, while there has been a significant increase in awareness regarding the value of corporate governance over the last few years, efforts to implement "good corporate governance" structures, mechanisms and practices are still perceived as a cost and a burden by many companies, says Costa Pinto.

He adds: "There is a lack of perception that good corporate governance is key for the creation of value and sustainable growth." Costa Pinto continues: "Regardless of the company's size, age, corporate purpose, activity or shareholder structure, it is somehow foolhardy nowadays to think that a company can successfully prosper without a special focus on corporate governance issues."

Multidisciplinary field

Meanwhile, for law firms advising clients on corporate governance issues, the biggest challenge is to guarantee that the lawyers involved are suitably informed about any relevant issues related to the matter in hand and are kept up-to-date on developments. "Considering that corporate governance is a multidisciplinary field of practice, it is crucial for companies to engage people with different areas of knowledge and different backgrounds in general meetings," says Costa Pinto.