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Corporate Governance Models and the Possibility of Future Convergence

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Abstract

This study explains the main corporate governance models used in the United States of America, United Kingdom, Germany and Japan by analyzing their similarities, differences, strengths and weaknesses. In addition, the possibility of future convergence between these models is discussed. Two types of corporate governance models are used in the world: Shareholder and Stakeholder models. In this study, USA, and UK will be analyzed as an example of the shareholder model, whereas Germany and Japan will be discussed as an example of the stakeholder model. The shareholder model emphasizes the benefits of shareholders and the management dominates the decision-making procedure of the companies. The stakeholder model, on the other hand, puts more emphasis on the interests of stakeholders or capital market players such as the workers, suppliers and the public. On the convergence debate, four different arguments are identified: The first and the main one is against convergence seeing it as a distant dream because of the differences between the countries. The second argument supports and expects convergence in the near future. The third argument supports the argument of functional convergence rather than formal convergence. The fourth argument supports the combination of both shareholder and stakeholder models to get effective corporate governance practices.

This research supports the first argument which is against convergence, because looking at the differences between the countries in their economic, legal and political frameworks, it is still impossible to suggest convergence. Each country will continue to adopt its style according to its culture and also according to its differing needs.

Keywords: corporate governance, shareholder model, stakeholder model, convergence

1. Introduction

The aim of this research is to explain the main corporate governance models used in the United States, United Kingdom, Germany and Japan by analyzing their similarities, differences, strengths and weaknesses. Referring to Mintz (2006), the reason these countries have been selected is that they proved that they are the leading countries in terms of establishing effective corporate governance systems. In addition to this, the debate regarding the possibility of corporate governance models converging towards a unified corporate governance system will be analyzed.

Corporate governance simply can be described as the management and regulation of companies in line with the principles and rules in the corporate governance field and in the best interest of all the stakeholders. Norman (1993) says that corporate governance term looks to have appeared in the middle until 1970s in the USA after the emergence of Watergate scandal and the emergence of the news that main American corporations had appeared in secret political endowments in the USA and corrupt payments outside the USA.

According to O'Sullivan (2003), Corporate governance debate in the 1980s and early 1990s was all about comparisons between different domestic systems by according to their strengths and weaknesses to get favorable results for the corporations and the countries that used them, and by the late 1990s, corporate governance emerged as a highly controversial topic in all the developed economies and also in the developing ones.

Today, modern corporate governance in the capitalist economies needs to deal with different types of stakeholders – such as: shareholders, creditors, managers, employees and so on. Although these different stakeholders went along each other, sometimes some of them exploited the rights of the others. This is why different types of corporate governance have appeared to stop these exploitations and to develop efficient monitoring.

Today, each country tries to practice corporate governance in a way suited to their culture, economy, political and legal frameworks. But in general, there are two types of corporate governance used widely around the world. These are: shareholder-based, or shortly called shareholder model (also known as Anglo-Saxon, outsider or market-focused) and stakeholder-based, or shortly called stakeholder model (also known as insider or network-focused model).

The shareholder-based model is the oldest used system in the world because of the power of the USA, and the UK capital markets had in the world. The main features of this model are: (1) dispersed equity ownership with institutions having the majority of the shares, (2) shareholder interests are given the primary focus, (3) in the securities law and regulation, the minority shareholder rights are effectively protected, and (4) the serious obligation of continuous disclosure to the market" (Clarke, 2007).

In our research, the nations that we are going to discuss under the stakeholder-ship model will be Germany and Japan. In Germany, the corporate governance is known by a strong concentration ownership style; the significance of small and medium-sized corporations; a close relationship among share owners and managers and a restricted role taken by the market

(Beyer & Hassel, 2002). In Japan, corporate governance model is multilateral but it revolves around banks and a financial network. As in Germany, the Japanese corporate governance is characterized by their dependency on the banks, but in Japan there is an affiliation between the banks and the corporations. Another feature which makes the Japanese corporate governance model unique is the corporations' boards of directors which are solely comprised of inside directors.

Our second topic in the research is about the convergence debate. According to Oxford Dictionary, the word 'converge' means to come together or towards the same point (Elliott, 2007). In corporate governance context, it means merging all the governance models of countries into one model (Mathur, 2016). Regarding this debate we will analyze four different arguments about the debate:

- Arguments against convergence
- Arguments in favor of convergence
- Arguments in favor of functional convergence
- Arguments in favor of mutual/hybrid convergence.

This research supports the first argument because looking at the differences between the states, such as: the economic, legal and political frameworks, it is still impossible to suggest convergence. Each country will continue to adopt its style according to their culture and also their different needs, which is a result of country-specific factors and conditions.

This study will proceed as the following: Next section describes corporate governance and its models, then these models will be compared and in the next section the strengths and weaknesses of these models will be explained. The following sections describe the authorities, reforms, and the possibility of convergence between the models before concluding the study.

2. Corporate Governance and Its Models

Every corporation needs governing. This is the reason why corporate governance is the backbone of all corporations. Multiple researchers have analyzed corporate governance systems in multiple ways, but it was Berle and Means (1932) who defined the corporations as powerful social institutions. They believed that market economy has shaped the modern companies and this led to the development of professionals (managers) who now lead the companies (Bhasa, 2004).

According to Tricker (2015), corporate governance phrase appeared in the 1980s but it has been immediately accepted worldwide. Due to the different corporate aspects like transparency, accountability, social responsibility which corporate governance deals with, there is no single unanimous definition which is agreed upon corporate governance.

The Organization for Economic Co-operation and Development (OECD) described corporate governance as a number of collaborations among a corporation's board, and the group they

monitor, that is the management plus shareholders of the corporation and the other different groups of stakeholders (OECD, 1999, p. 11).

Park (2012) also defined corporate governance as the monitor of the resources of the firms. A corporate governance model defines who takes investment resolution in companies, which kind of investments should be decided and the way profits are shared.

2.1 Shareholder Model

The shareholder model is a system known for dispersed possession of shares and shareholders possess power to regulate management by selecting agents to the supervising boards. This system is also characterized with a division of ownership and regulation, powerful securities markets, significant disclosure rules and a clear transparency (Adungo, 2012).

This model depends largely on the capital market as a way of affecting conducts. It is also known by legal rules and control method that prefers use of the public capital markets and intended to create confidence between non-controlling investors. In those nations with shareholder model, the legal structure defines the right of shareholders to regulate the corporation and makes the board and management clearly responsible to shareholders (La Porta et al., 1997).

Independent individuals and shareholders are dominant in this model. The management is mainly accountable to the board and shareholders. It enables the mobility of investments and their use from inefficient to the profitable areas. This system is also known for having financial markets and powerful banking limitations, particularly in relation with having stocks in corporations outside the banking industry. (Ungureanu, 2012).

2.1.1 USA

According to Meier and Meier (2013), in the USA the interest of shareholders, management and directors are emphasized. The board of directors consists of a single tier system with non-executive directors selected by shareholders. Sometimes, some corporations have single tier boards with both executive and non-executive directors, while some boards have the Chief Executive Officer (CEO) working as chairman of the board and creating a Chairman/CEO duality.

In the USA, in the early 2000s, there were huge financial failures which resulted the bankruptcy of Tyco, Enron and WorldCom. This increased the questions raised on the inadequacy of the US regulations regarding corporate governance. This is why the act of Sarbanes-Oxley (SOX) was introduced to solve these problems. Specifically, SOX specified the description of independent director, with the requirement of the majority of directors becoming independent, increasing the scope of audit committee, and limiting the qualification needs for audit committee members (Meier & Meier, 2013).

The Securities and Exchange Commission (SEC) has intervened more with corporate governance related topics in the USA, providing the rules of SOX which require boards of public companies to have independent directors whose purpose is to monitor the corporations

for the benefit of shareholders (Clarke, 2007).

2.1.2 UK

UK, which with the USA developed the Anglo-American model of corporate governance is generally same with the USA but there are slight differences between them. Tricker (2015), describes UK's corporate governance as 'principles based', meaning that corporations have to inform that they have complied with the governance rules written in the codes or explain why they haven't complied with. This is why the UK's corporate governance model is known as 'comply or explain' model.

According to Meier and Meier (2013), this 'comply or explain' method allows judgements regarding multiple topics, such as the independence of outside directors. So, he argued that this system sets a good example to the significance of the relations among the company and its shareholders and not between the corporation and the regulators.

Thanks to the introduction of the Cadbury Report in 1992, UK has been a leader in the area of corporate governance and the Cadbury Code made a system for the self-control of boards in different countries. In the UK the last decade there were tens of enquiries promoting:

• Tighter control of executive remuneration;

• A more active role for institutional shareholders;

• Fuller disclosure and financial reporting;

• A bigger role for non-executive directors; and

• Free control of accountants and auditors (Taylor, 2004).

2.2 Stakeholder Model

The stakeholder model is one in which public listed companies' owners are a small number of shareholders. This system is characterized with a concentrated ownership, inadequate levels of transparency and also low disclosure standards.

The reason this model is mainly used in Europe and Japan is because of the minor role public corporations have in the economy and because of the concentrated shareholding than in the countries which use shareholder model (Adungo, 2012).

2.2.1 Germany

The stakeholder model, especially in Germany, is known for having two-tier board system (Bhasa, 2004). This system is composed of two different boards working together. These are the supervisory board which represent the employee and shareholders, and the management board which is composed of the executives of the company.

In comparison to shareholder model, employees take a major role in the stakeholder model. For example; in Germany, the employee's participation happens through with a legally mandated system of works counsel and cooperation. In Japan, most large corporations have company unions and joint commission with access to management. There is also a

managerial principle that employees are a significant company group among the stakeholders, and the management's duty is to reconcile between shareholders, employees and the rest of the stakeholders (Jacoby, 2001).

The reason why Germany gives priority to employees is the social democracy system which provides employees the security of their benefits every time conflict happens between them and the shareholders. This results the agency problems in the company to increase since these problems are not under the control of the market forces (Park, 2012).

Germany, likewise USA, and UK, took steps to improve its corporate governance system. As a result, Baums Report (2001) and Cromme Code (2002-2003) were published. The Baums Reports was a result to the globalization of financial markets that German company law was unable to adapt. This report proposed one hundred and fifty changes to be made to the German law so as it can attract foreign and domestic investors. The Cromme Code's aim was to make the German system more transparent. It presented significant statutory rules for both the management and the supervision of the public listed German corporations, which comprises of internationally and locally recognized corporate governance codes (Clarke, 2007).

2.2.2 Japan

In Japan, corporations are connected together through interlocking and supported with cross shareholdings of other companies' stakes. In these interlocked corporations, which are known as *keiretsu*, there is also a significant bank and multiple other banks or financial institutions, which own stakes in the corporations in the group. The main bank and probably some of the other institutions have representatives on the group corporations' supervisory boards. As a result, a Japanese *keiretsu* regulation is multidirectional, which means each corporation is capable of exercising some control over the corporations that control it (Gugler et al., 2004).

Corporations in Japan, however, take a different way to corporate governance. The interests of outside stakeholders (banks, customers, suppliers) are prioritized and this is not done by the boards of directors primarily. Instead, these outside stakeholders have equity positions in other corporations in which they create economic shares that give them legitimate foundations of influence (Kojima, 1997).

The Japanese boards are rather complicated. It consists of a board of directors, representative directors and auditors. Nevertheless, Japanese corporations often make an informal non-official substructure of board of directors. This forms a board of inside directors and outside members, which looks like the Anglo-American model (Weimer & Pape, 1999). In the western countries, the board is mostly elected from outside the corporation and its job is to control the management. In Japan, the board takes the role of strategic management and decision-making and it is appointed from the management who are employed by the corporation (Clarke, 2007).

3. Comparison between the Models

Table 1. Conceptual Differences among the Shareholder and the Stakeholder Models

	Shareholder model	Stakeholder model
Aim	Increase shareholder wealth	Pursue different aims of groups with different objectives
Governance framework	Management is the agency of the shareholders	Stakeholder appointed board of directors
Governance process	Control	Collaboration, cooperation and conflict resolving
Performance measurement	Shareholder value is enough to sustain investor commitment	Fair dispersion of value made to keep commitment of many stakeholders
Risk holders	Shareholders	All stakeholders

Source: (Dennehy, 2012)

The main difference between shareholder and stakeholder models had been widely discussed in corporate governance field and lies in the question for whose interest should firms be governed? To answer this question, let us look at Figure 1:

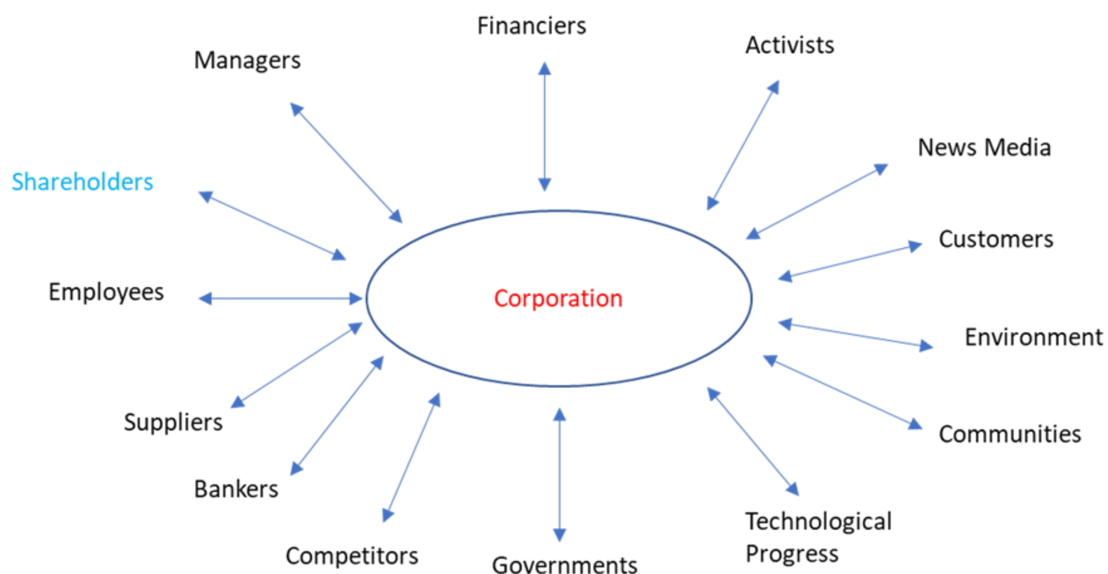

Figure 1. A Map of Different Stakeholder Groups of a Multinational Company

Source: (Nwanji & Howell, 2007)

Figure 1 shows the stakeholders of a corporation. Shareholder model focuses only a single stakeholder in this figure which are the shareholders. On the other side, stakeholder model suggests the protection of the rights of the other stakeholders is necessary. In other words, shareholder model proponents suggest that the corporation should be managed for the benefits of shareholders, whereas stakeholder model proponents promote the view of governing the corporations for the benefit of the other stakeholders too.

This difference between the models can also be seen in the corporate decision-making process of each model.

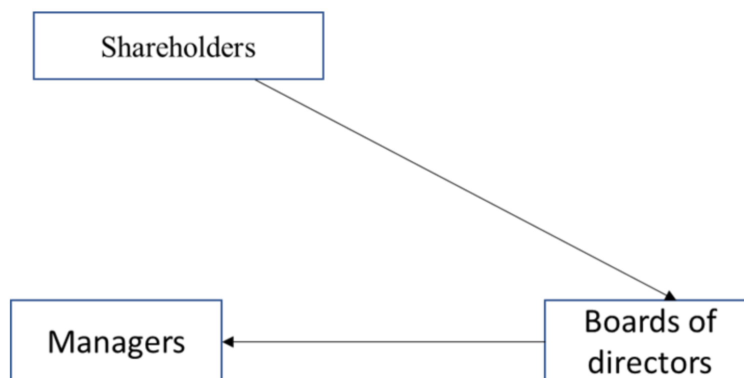

Figure 2. Decision-Making Process in the Shareholder System of Corporate Governance

Source: (Cernat, 2004)

Figure 2 shows that the shareholder system does not enable for employees to take their part in strategic management decisions.

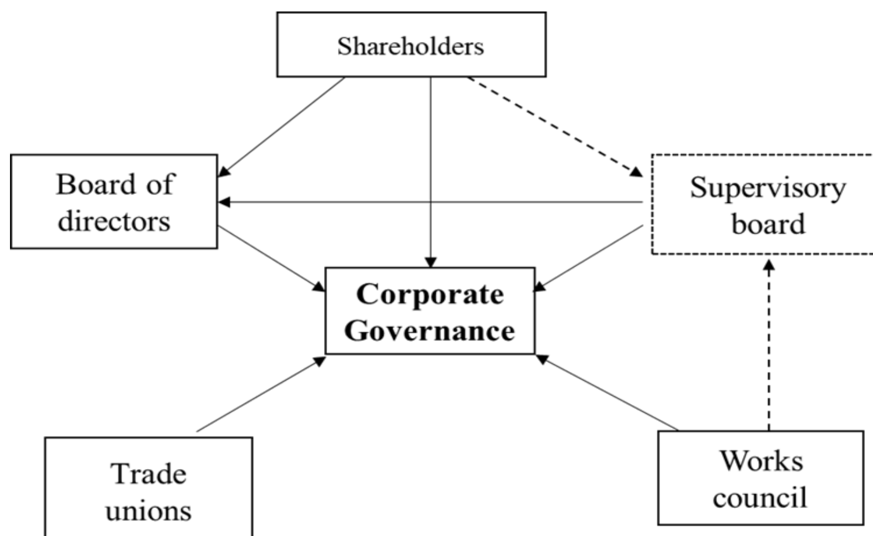

Figure 3. Decision-making Process in the Stakeholder System of Corporate Governance

Source: (Cernat, 2004)

Figure 3 Unlike the shareholder model, shows that the stakeholder model enables various ways to solve shareholder-manager agency problem and make sure that there is insider supervision.

4. Strengths and Weaknesses of the Models

Table 2. Strengths and Weaknesses of Corporate Governance Models

	Anglo-American countries	Germany	Japan
Strengths	Strong discipline	Multiple risk holder	Decrease of opportunism
	Transparency	Mutual benefit	Direct owner effect
Weaknesses	Inefficient	Slow to react	Reluctance to change

Source: (Rubach & Sebora, 1998).

According to Jeffers (2005) the shareholder model's purpose is to increase shareholders' wealth, whereas stakeholder model in Germany and Japan is known by the existence of some major stockholders, who possess blocks of shares. But both of the models have weaknesses which can be summarized as the following: the weaknesses of both of the models as the following:

1. The shareholder model narrows corporate governance to the sole interaction between shareholders and management.

2. Ignores the significance of company specific skills held by majority seniority employees.

3. It is against the innovation process since it needs a financial support which is against the policy of the pursuit of liquidity.

On the other hand, the main weakness of the stakeholder model is reasoned for their limited transparency regarding minority shareholders. Instead of transparency, he argued, opacity is feature of this model.

According to Clarke (2016), the weakness of the shareholder model is the outcome of its strength: the inherent volatility, insufficient governance policies that have sometimes caused corporate disaster and led to financial crisis. He also argued that the weakness of the stakeholder model is the result of its strength: the depth of connections that lead to the absence of flexibility in reaching new business chances in new industries.

5. Authorities of Corporate Governance

Each of the sample countries we studied in this research have authorities, public

organizations or non-governmental organizations (NGOs). In the USA for example, there is SEC which its purpose is to protect investors, pursue fairness, secure efficient markets, and enable capital formation. The rules and laws that the SEC introduced to control the securities industry in the USA came from a simple and precise concept: All investors, whether they are large institutions or private people, should have ability to access to some basic knowledge about a company before buying its shares in the stock market, and so long as they have it in their possession.

To be able to secure that, the SEC mandates public corporations to reveal noteworthy financial and the necessary knowledge to the public. This establishes a large pool of information for all investors concerned to use and decide if they want to buy that stock or sell or even hold it. Only through the stable flow of timely, complete, and exact knowledge can someone make reasonable investment decisions (SEC, 2013).

In the UK, there is the Financial Conduct Authority (FCA) which is an independent public organ supported wholly by the companies it controls, by charging them fees. FCA is accountable to the Treasury, which is accountable for the UK's financial system, and to the Parliament of the UK. FCA is the regulator for fifty-nine thousand financial services companies and financial markets. It is the prudential regulator for over eighteen-thousands of those companies. Its purpose is to make markets work well – for people, for businesses, large and small, and for the economy as a whole. As a prudential regulator, FCA regulates around one thousand five hundred banks, building societies, credit unions, insurers and main investment companies. As a prudential regulator, it has a general goal which is to increase the safety and soundness of the companies it regulates (FCA, 2019).

The strategic goal of FCA is to make sure that the related markets operate well and the operational goals are to protect consumers by securing a proper degree of security for consumers; secure financial markets by promoting and increasing the unity of the UK financial system; increase rivalry by promoting effective competition in the benefits of consumers (FCA, 2019).

In Germany and in Europe as a whole, The Federal Financial Supervisory Authority (German: Bundesanstalt für Finanzdienstleistungsaufsicht) which is known by its abbreviation (BaFin) is one of the largest financial supervisory authorities. BaFin takes an industry-suitable and risk-focused method to supervise on the basis of accepted European supervisory standards. As an integrated financial supervisor for different sectors such as banking, securities and insurance, BaFin makes sure to the stability of the largest financial market in Europe.

In Germany, before any securities or other investment products are offered to the public, a prospectus should be made. This prospectus is needed to ensure that all investors are able to get enough information before making their investment decisions. These prospectuses are checked by a public authority before being published. The reason of doing this check, among other aspects, is to check that each prospectus has the legally needed information about the issuer and about the securities or other investment product (BaFin, 2017).

In Japan, the Financial Services Agency (FSA) is the main regulatory body which is

accountable for the stability of Japan's financial system. As a financial regulator, the FSA has power over Japan's banks, insurance firms, trust companies and other financial institutions. It preserves and keeps the stability of Japan's financial system by monitoring the inspection and supervision of those institutions to make sure that they comply with Japanese and international law. The FSA also plays a role in making new financial legislation in cooperation with the Japanese government (Knowledgebase, 2018).

6. Reforms of Corporate Governance

Each one of the sample countries made reforms to their corporate governance systems. For example, the Sarbanes-Oxley Act (SOX) needs from US corporations to disclose clearly main share possession and voting rights, material predictable risk factors, material topics related with employees and other stakeholder groups, governance frameworks and policies, environmental policies, programs against corruption, and corporate ethics and codes (Luo, 2005).

According to Clarke (2007), In UK, Cadbury Report reforms set out recommendations on the regulation of corporation boards and accounting systems. Clark also listed the central recommendations of Cadbury as the following: (1) ensuring a balance of power and authority, (2) including outside directors into the boards and these directors should bring an independent judgement to the issues of the corporation including key appointments. Also, (3) the majority of these directors will be independent from management and elected through formal process.

In Japan, the reforms were responses to the calls of allowing more share options for managers, and to promote the independence of directors who advise company managers (Wade, 2002). This came as a response to those criticisms about lack of independent, outside directors on company boards (Tricker, 2015).

In Germany, recent reform related to the executive compensation, adopted an alignment of the interests of managers and shareholders, but this executive compensation needed shareholder approval which makes it different for the Anglo-American perspective. Also, in Germany recent reforms suggested independent, autonomous and active supervisory board. According to Wade (2002), these reforms in both Japan and Germany were the results of the presence of foreign direct investment which was the result of the increasing mobility of capital in the global economy.

7. Convergence in Corporate Governance

In corporate governance, convergence means increasing similarities in the governance practices of public listed companies from multiple nations (Yoshikawa & Rasheed, 2009). On the other hand, Clarke (2016) specifies convergence by saying that it shows the increasing embrace of set of institutions and practices by different countries of different governance systems. He also argued that in this convergence idea, there is a belief of the superiority of

the shareholder system and a belief that this model is the ultimate aim of corporate governance existence.

The literature revealed four different arguments of convergence which are: (1) Arguments against convergence; (2) Arguments in favor of convergence; (3) Arguments of functional convergence; and (4) Arguments of mutual/hybrid convergence.

Table 3. Arguments Regarding the Convergence Topic

Convergence arguments	Explanations	Factors	Authors argued
1. Against convergence	Argued that convergence is unlikely to occur	Legal, institutional, cultural, and political differences	Bebchuk & Roe, Surabhi Mathur, Brian I. Adungo, Mauro Guillen,
2. Supports convergence	Argued that despite variations in corporate governance, convergence is likely to occur towards shareholder models	Globalization, shareholder model being the best model,	Hansmann & Kraakman, Perotti & von Thadden, Alvaro Cuervo
3. Functional convergence	Argued that only convergence in objectives and practices will occur	International financial flows, influence of the great regional stock exchanges	John C. Coffee, Ronald J. Gilson, Thomas Clarke
4. Mutual convergence	Argued that mutual convergence occurred	Worldwide competition with an increasing number of industries, inefficiencies of governance structures	Esther Jeffers, Pieter W. Moerland, Steen Thomsen

To achieve converge of the two different models of corporate governance followed in these countries will need to arrange their systems according to the converging model and this will be hard to do at once because of the conditions which were built upon them. Bebchuk and Roe (1999) argued that the reason why countries differ, despite the all the pressures to converge can be explained by the path dependence theory. With this theory, Bebchuk and Roe suggested that countries differ with their initial conditions, that means the original

ownership frameworks of corporations decides the ownership in the future. So, as long as these differences exist, they argued, convergence is unlikely to occur.

The second argument supports the convergence of corporate governance models. This argument is first argued by Hansmann and Kraakman (2002) and even argued that already this convergence occurred. They had three reasons to justify their argument: (1) the insufficiency of other corporate governance systems, (2) the oppression of competition toward convergence, and (3) the emergence of the shareholder class.

Others, who supported this argument such as Braendle & Noll (2005), supported this argument by saying that the appearance of financial accounting rules and practices converging increased as corporations appeared to involve in cross-border actions in manufacturing and also in stock markets. International financial activities nowadays accelerated since a lot of corporations putting their equity in foreign countries.

There is another significant point that supports the process of convergence which is the improving unification of the financial markets and the persisting progress of merging and acquisitions among corporations. Third point supporting the debate for an advancing convergence is the improving significance of institutional investors. Organizations that invest by either buying or selling stocks to get benefit from it such as banks, insurance corporations, or mutual funds are called institutional investors. If investment funds increase, that means the convergence process will go further (Braendle & Noll, 2005).

The third argument argued that functional convergence (convergence in objectives and practices) is happening rather than formal convergence (convergence in legal rules and institutions). Functional convergence is likely to be the first reaction to competitive pressure since amending the existing institutions is hard and it is only predictable to the extent where a corporate governance model outperforms another model (Coffee, 1999). So, according to Gilson (2001), functional convergence in corporate governance is expected since legislative and structural amendments in formal rules or institutions looks impossible.

The final argument supported mutual or hybrid convergence. This convergence occurs when countries borrow some of other country's model and vice versa. Jeffers (2002) argued that a hybrid model will be characterized with the presence of strong minority shareholders and acquiring from both the traditional stakeholder and shareholder models.

Ponssard, Plihon, and Zarlowski (2005), argued that this hybrid model shows two different characteristics: (1) powerful minority shareholders who are able to supervise the strategic and operational decisions taken by company executives, and (2) multi-dimensional corporation goals, which are against the single goal of shareholder value maximization. The researchers listed three reasons on why they support this argument which are: (1) The Internationalization of Financial Markets; (2) The Globalization of the Strategies of companies; (3) The progressive rise of a new international regulation

On the other hand, Cernat (2004) argued that hybrid model which combined characteristics of the best model (shareholder model) with second best (stakeholder model) will be the appropriate one.

8. Conclusion

In this study, we have studied corporate governance and its importance to the corporations in the world. We also studied different corporate governance models used in the world especially in four countries: US, UK, Germany and Japan. In addition to this, we analyzed the possibility of convergence to unified corporate governance model.

Two major corporate governance models are shareholder and stakeholder models. Shareholder model (also known as outsider model) is used mainly in the Anglo-American countries such as US, UK, Australia, Canada and New Zealand. The main features of this model are: (1) dispersed ownership with large institutional owners such as mutual funds, pension funds and insurance companies; (2) shareholder interests are primarily prioritized; (3) a strong support for the protection of the minority investors; (4) relatively powerful requirement for disclosure and transparency.

On the other side, the stakeholder model (also known as insider model) is mainly used in Continental Europe and Japan. It is characterized with (1) concentrated ownership with large shareholders such as banks, companies, and families; (2) strong voting powers; (3) increasingly inter-linked cross holdings.

The possibility of convergence between these two models has been debated in the literature. In this research, we have identified four arguments about this possibility. (1) It is unlikely that corporate governance models will converge. They suggested leaving the situation like it is, meaning to let the countries use their own models. Proponents of this argument argue that it is unlikely to unify these models due to the historical, cultural and legal differences between the countries. (2) It is likely that corporate governance will converge due to the globalization. Proponents of this argument suggested that this convergence will be toward the shareholder model since this model is the best of the two models. (3) It is likely that this convergence will be just functional convergence (similarities in goals and practices) rather than formal convergence (similarities in legal rules and institutions). And finally, (4) It is likely that this convergence will be hybrid convergence meaning a mixture of both models.

This research supports the argument against convergence and the reason is the difference among the states such as the economic, legal, culture and political frameworks. So, it will still be impossible to achieve convergence unless countries change all the barriers of convergence. This unfortunately looks very difficult. The result is that each country will continue to adopt its style according to their needs.

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