https://doi.org/10.61308/BXER4671

Theoretical aspects of corporate governance and the value it creates for agribusiness companies

Filip Pero Elenov
Thakia University – Stara Zagora
E-mail: filipelenov@yahoo.com

Citation: Elenov, P. F. (2026). Theoretical aspects of corporate governance and the value it creates for agribusiness companies. *Bulgarian Journal of Agricultural Economics and Management, 71*(2), 3-13.

Abstract: This paper examines the theoretical aspects of corporate governance and its role in creating value in agribusiness. The emphasis is placed on the functions of boards of directors as a key mechanism for strategic management, control, and monitoring in agribusiness enterprises. The analysis examines the main concepts of corporate governance, including its characteristics, structure, and interaction between shareholders, management, and the board of directors. The role of internal and external control mechanisms is examined, as well as the influence of the institutional environment on the effectiveness of management practices. Special attention is paid to the agribusiness sector, where corporate governance is key to ensuring sustainable development, financial stability, and increasing investor confidence. It is emphasized that effective boards of directors contribute to better strategic planning, risk reduction, and shareholder value enhancement. The paper is based on an analysis of existing scientific literature and uses a descriptive and comparative approach. The results show that corporate governance is a significant factor in the long-term competitiveness and sustainability of agribusiness companies.

Keywords: corporate governance; agribusiness; board of directors; value; sustainable development; strategic management

INTRODUCTION

Research on corporate governance has increased dramatically over the past two decades. Corporate governance has attracted a great deal of interest in the legislation of certain countries, in the functioning of corporations, and in case law. Constant changes in the environment, such as the clash with competition and changes in government policies and regulations, are followed by an appropriate response from corporations.

Intensive research on corporate governance in agribusiness has shown the complexity and responsibility of ensuring food security, caused by poor financial performance, controversial discussions in the largest corporations, and frequent confrontations of directors in corporate bankruptcies. Corporate governance in agribusiness creates multiple benefits for shareholders (protection from abuse), companies (better decision-making), regulators and supervisors (financial stability), as well as for markets and the economy (increased economic growth). In the agricultural sector, within companies, the board evaluates management and its performance, but there are also external entities that monitor the work of managers, such as auditors, analysts, banking institutions, credit rating agencies, and legal representatives. In corporate governance in the agricultural sector, the highest authority is held by shareholders, who elect representatives (directors), who in turn delegate decisions to managers. As in any country, corporations also have a specific separation of powers according to certain governance rules. In one part, corporations strive for democracy and give little power to managers but more to shareholders, while in the other part, a greater "dictatorship" is characteristic, in which managers are difficult to replace and shareholders have less power and fewer rights.

The introduction of best practices in corporate governance by corporations does not guarantee sustainable development in the agricultural sector. Many other factors dictate the success of the corporation in the agribusinesses in which it operates. Well-functioning legal and judicial systems are necessary to improve financial markets, secure external financing, property rights must be clearly defined and enforced, and the work of the company and managers-transparency and disclosure of information.

The main responsibility of boards in corporations is related to the company's strategy, continuity, evaluation of financial statements, and evaluation of the performance of the CEO and management team.

During economic expansions, cash reserves increase, for which boards of directors make strategic decisions on how to allocate the funds: whether to pay cash to shareholders through dividends, whether to increase the corporation's cash reserves, or allocate them for investments in the agricultural sector. Corporate governance requires strategic planning for the development of companies. Corporations with a good strategy attract great attention from investors who invest their capital, the risk of bankruptcy is lower, and the competitive advantage of these companies is greater.

The issue of corporate governance in joint stock companies in Macedonia became relevant in the last decade of the last century. The main reason for this is the fact that with the completion of the privatization process of social and to some extent state-owned enterprises in the agricultural sector, challenges emerged in regulating the relations established within the enterprises themselves, as well as the relations between agricultural enterprises and the wider community.

The introduction of corporate governance means nothing more than standardization of processes, procedures, and behavior in agricultural joint-stock companies, which is based on the principles of responsibility, transparency, and control in decision-making, reporting on the status and control in decision-making.

Within the modern agrarian environment in Macedonia, reputation is a particularly important factor. Although these are intangible elements, the reputation and image of the company represent a very important part of its overall value. Therefore, it is considered that companies that respect the rights of shareholders and creditors and ensure financial transparency are actually committed to protecting the interests of investors. Such companies enjoy greater trust and reputation among the public and contribute to sustainable development in the sector.

The purpose of the study is to examine the role of corporate governance, and in particular of boards of directors, in the strategic management process of agricultural enterprises, as well as the impact of this process on sustainable development, corporate social responsibility and value creation.

MATERIAL AND METHODS

The research is theoretical in nature and is based on an analysis of secondary sources. In the part of secondary sources, data obtained from published scientific books and articles was used. The following scientific methods were used: descriptive and comparative analysis and publicly available publications of a theoretical nature. Through them, an attempt is made to obtain answers to questions related to the following aspects: the role of the board of directors and its committees in strategic planning in joint-stock companies of the agrarian sector in Macedonia; external and internal factors that lead to greater participation of the board of directors in strategic planning; direct and indirect effects of the participation of the boards of directors in strategic planning on organizational results and the increase in shareholder value in joint-stock companies; and the role of the board of directors through strategic planning in corporate social responsibility and sustainability of joint-stock companies in the Republic of North Macedonia.

RESULTS AND DISCUSSION

1. Theoretical foundations of corporate governance definitions

The term "corporate governance" began to be used intensively during the economic and political changes brought about by the countries of the Organization for Economic Co-operation and Development (OECD) in the mid-1980s. (L'Huillier, 2014). Today, the term "corporate governance" has acquired a broad meaning. Its structure determines the distribution of responsibilities and rights among the various participants in the corporation, such as managers, the board of directors, shareholders, and all interested parties. That is, corporate governance can be defined as accountability, transparency, and distribution of power within an organization (OECD, 2000).

Different authors give different definitions of corporate governance. However, there is no single definition of corporate governance, as the literature analyzes and studies it from different aspects. Thus, Zingales (1998) defines corporate governance as a set of processes of ownership distribution and capital structure, various management and incentive schemes, acquisitions, board of directors, pressure from institutional investors, competitive product markets, competition in the labor market, organizational structure, etc. While according to Gillan and Starks (1998), corporate governance is a system of laws, rules, and factors that control the activities of a company, Fisher (2011) states that corporate governance is a set of customs, processes, laws, and policies that influence the way a company is managed, controlled, and operated.

The corporate governance structure determines the distribution of rights and responsibilities among the various stakeholders in the corporation, such as the board, managers, shareholders, customers, employees, and others; it also determines the rules and procedures for making decisions regarding business affairs (Mudashir et al., 2014). From here arises the structure through which the goals of companies are determined, as well as the means to achieve them. According to Shleiefer and Vishny (1997), one of the goals of corporate governance is return on investment. To achieve this, a clear separation is needed between those who provide capital and those who manage it. Each group must know their responsibilities according to the company's operating principles. While Magdi and Nadereh (2002) emphasize that corporate governance aims to demonstrate that a company's operations are sound and that investors are receiving a fair return. According to them, corporate governance is a set of mechanisms by which outside investors are protected from expropriation by insiders, who represent management, family interests, and governments. Definitions vary, but the basis of corporate governance mainly refers to the internal and external, i.e., internal or external, management of companies. Internal management of companies consists of a board of directors, managers, shareholders, employees, suppliers, and customers. External management consists of political influence, laws, regulations, and the overall market in which the company operates. The very complexity of the concept of corporate governance focuses on values such as transparency, responsibility, fairness, and accountability.

2. Characteristics of corporate governance

Corporate governance encompasses various processes, systems, controls, responsibilities, and decision-making processes for the success of any organization. The field itself has been of heightened interest in the last decade due to various significant corporate misunderstandings, bankruptcies, and unethical business practices. Corporate governance in simple terms means the extent to which companies operate in an open and honest manner (Michelberger, 2016). The basic essence of corporate governance is to promote transparency and accountability and meet the fair expectations of all stakeholders (Agrawal and Chadha, 2005). The purpose of corporate governance is to promote the efficient use of resources. The three key components of corporate governance are shareholders, the board of directors, and management.

Corporate governance emerges in modern agribusiness corporations due to the separation of management and ownership control in agribusiness enterprises. Most often, the interests of shareholders are in conflict with the interests of managers. For this reason, problems arise re-

lated to the management and orientation of the different interests of the company's stakeholders (Khan, 2011). Through the corporate governance system, companies are managed and controlled. Boards of directors are responsible for the management of companies, while the role of shareholders in governance is to appoint directors and auditors and to ensure that an appropriate governance structure is in place (L'Huillier, 2014). The relationship between the board and management should be characterized by transparency towards shareholders and fairness towards other stakeholders (Al-Faki, 2006). It is known that corporate governance and value creation go hand in hand. For this reason, corporate governance is considered key to achieving positive financial results (Michelberger, 2016). Effective corporate governance reduces the "control rights" of shareholders and creditors over a company's managers and increases the likelihood that managers will invest in positive projects to increase the company's value (Shleifer and Vishny, 1997).

3. Organizational complexity and corporate management systems in agribusiness

In the scientific literature, organizational complexity refers to the division of functions between different departments and units within an organization. That is, it represents the division of labor among company members by establishing different tasks and positions. Organizational complexity in agribusiness represents the level of differentiation and specialization within an organization in terms of profession, task, access to information, and technology (Thompson, 1967).

Organizational complexity depends on the governance structure of the organization, which is influenced by various factors and conditions, i.e., variables that shape the organizational characteristics to which companies must adapt (Espejo and Frezatti, 2008). The quest to understand how these variables affect agribusiness has led to contingency theory, which is based on the assumption that environmental conditions cause transformations in organizational structure. According to this theory, there is no single structure that applies to all agricultural companies, as each has different contingencies that influences organizational characteristics and behavior (Donaldson, 2007). According to some researchers, as an organization grows and develops, it becomes more complex, and thus its structure changes (Andreatta et al., 2009; Adebayo et al., 2014). But agricultural businesses are becoming increasingly complex, also due to the dynamic environment with rapid changes to which companies must adapt (Kledt et al., 2016). In other words, the complexity of the organization, in addition to depending on its internal dynamics, also largely depends on the external market and other external factors (Chenhall, 2007).

Organizational complexity is expressed by the organization itself through the way it interacts and manages, as well as by the turbulence in the market environment (Ponchirolli, 2007). Companies can be complex in terms of different dimensions. According to Coles et al. (2008), agricultural companies with a larger number of operating segments, higher revenues, and greater dependence on third-party capital can be characterized as complex companies in the sector. While according to Lin and Lee (2008), a company becomes complex when its operational activities increase. For this reason, the organizational hierarchy of companies becomes more complex. But also, organizational complexity is high when a company is more diversified in the agricultural sector, because it creates products applicable to different markets and industries, not only in agribusiness, which differ in many operational aspects.

In the available scientific literature, there is a large number of empirical studies where certain characteristics of agricultural enterprises are compared and determined by organizational complexity, such as diversification of business activities in agriculture, internationality, company strategy, scale, etc. (Linand and Lee, 2008; Ferreira et al., 2011; Chenhall and Langfield-Smith, 2007). The division of organizational complexity in terms of these characteristics can be organizational and operational. Organizational complexity refers to the aspects that are necessary for the company to establish itself in the market of ag-

ricultural products and/or raw materials, while operational complexity is related to the resources and processes that are essential and valid for the development of the company's activities (da Silva Carpes et al., 2018). Recently, organizational complexity has been considered a new paradigm in management science because it represents a new approach to the analysis and treatment of factors and phenomena that occur in agricultural organizations. It also represents a framework for the creation of corporate governance systems. The corporate governance system is one of the most important components of any modern company in agribusiness, which directly includes the functions of financial and logistical management. The system is based on the principles of transparency, impartiality, efficiency, timeliness, completeness, and accuracy of information at all levels of management. At the same time, its implementation provides full economic functionality, control over business activity, and a solid foundation for optimal solutions at all levels of management in the long term (Shuklev, 2011). According to Shuklev et al. (2008), the corporate governance system establishes the following elements in the company:

• A clear organizational structure with precisely defined rights and obligations of the members of the supervisory and management bodies and other employees in agricultural enterprises;

• An effective procedure for identifying, measuring, monitoring, and controlling the risks to which the company is exposed;

• Effective internal control mechanisms, which include, among other things, detailed administrative and accounting procedures;

• Transparency in activities towards all stakeholders in accordance with the regulatory framework and business policy;

• Supervision and control system.

The organizational complexity of agricultural enterprises depends on the applied corporate governance system. According to the way of implementing the control and supervision of the company, there are two corporate governance systems. These are a single-tier management system and a two-tier management system applicable to agricultural enterprises.

4. Roles and functions of boards of directors in corporate governance in agribusiness

Corporate governance deals with the functioning of the board of directors, i.e., its structure, styles, processes, relationships, roles, activities, etc. The board members are appointed by the company's shareholders, who determine the company's overall policy in agribusiness. The board of directors appoints permanent directors, managing directors, and executive directors, who are approved by the shareholders. The board is the link between the people who provide capital (shareholders) and the people who use that capital to create value (managers). The main role of the board is to oversee the management of the company on behalf of the shareholders (Jan and Sangmi, 2016).

The fiduciary duty to shareholders and the responsibility for providing strategic direction and monitoring of the agricultural enterprise make the board the most important unit in corporate governance in agribusiness. For corporate governance to function effectively, several dimensions need to be considered, including the role and responsibilities of the board, the composition of the board, the governance process, and the relationships between board members, the CEO, and the chairman (Jan and Sangmi, 2016). It is important to note, however, that the roles and responsibilities of the board vary depending on the nature and scope of the agricultural sector and the applicable laws in a given country. In many countries, shareholders have a dominant role in appointing the board of directors. Shareholders trust that the appointed boards and senior managers will act in their best interests. Senior managers are responsible for directing, planning, and controlling the work and taking necessary corrective action. They must manage agricultural risk, have appropriate control systems in place, provide accurate information, and act ethically. Shareholders trust the board's decisions to oversee the actions and governance of senior managers (Zerban and Madani, 2017).

There is a wealth of research in the academic literature on the board and its importance in corporate governance in agribusiness. Traditionally,

research on corporate boards has focused on the relationships between board structure and firm value, management direction, and investment and financing decisions.

Other research shows that board size and its independence from corporate governance play a key role (Gillan, 2006). Regardless of the aspect studied, the board has a number of functions in corporate governance. According to Deli and Gillan (2000), the board is a mechanism for driving the company forward and is primarily responsible for overseeing management activities and achieving appropriate returns for shareholders. Its main function is to avoid conflicts of interest and competition within the company. The board is empowered to oversee risk management factors and systems to ensure compliance with their impact on the company, such as taxes, competition, ethics, labor, equal opportunities, and health and safety in agricultural production. In addition to shareholders, the company's board is also responsible for contacts with all other stakeholders, such as employees, suppliers, customers, and the local community. Donaire (2019) also groups the functions and roles of the board in modern corporate governance in agribusiness. According to it:

• The board is responsible for setting the corporate governance framework, which means the overall management and strategic direction of the organization in the agricultural sector. Its role is to ensure responsible business activity in agricultural business relations, which includes coordinating all activities of the organization, as well as establishing a company management system and fixed rules of conduct.

• The board is the engine that drives the organization and creates plans for the future of the company. For this reason, the importance of the board in corporate governance is to monitor performance and develop strategies to improve the company's performance in the agricultural sector.

• The board is responsible for monitoring and evaluating management in terms of whether the company's objectives are being followed, i.e., whether activities are aimed at achieving sustainable development goals. The organization's resources and activities must be implemented in accordance with planned strategies so as not to expose it to unnecessary risks.

• Boards face a number of challenges in the sector. For this reason, their composition requires members with a wide range of skills, knowledge, and experience. The aim when selecting board members is to create a combination of people who complement each other and represent a team. On the other hand, when selecting a new board member, it is necessary to take into account the skills, knowledge in the agricultural business, qualities, and experience required to manage the organization.

• To better manage the most important areas, the board creates management committees. The work of the committee divides the work of the board in terms of management tasks. They are smaller groups focused on a specific issue.

• One of the most important functions of the board is strategic planning. Management guides the company and proposes a strategy, but the board must develop and approve it. An important part of developing and implementing a strategy is distinguishing the roles of the board and management. The distinction is made according to the nature of the organization, its current state, its size, its people, etc. The goal is to create teamwork through a strong and highly skilled executive team that can help shape the essence of the strategic direction for consideration and approval by the board.

• Boards make very important decisions, many of which are confidential or sensitive in nature. For this reason, it is necessary to create a tool for coordinating decision-making. Creating coherence is done by analyzing the composition of the board and creating a secure platform for their mutual communication, collaboration, and development.

The structural framework of corporate governance aims to provide strategic leadership of the company by the boards, which is a dynamic responsibility to the shareholders. That is, the board is responsible for creating skills and experience for efficient management of the company (Gibbon et al., 2017). Boards have different roles in

organizations. They plan the strategic directions and carry out consultations and observations but are also disciplinarily accountable to the shareholders. The board also supervises the process of appointing directors and evaluates their actions. According to Adams et al. (2010), assessment can be considered to have two components, one is monitoring what top management is doing, and the other is determining the internal capability of top management. The monitoring of managerial activities, in part, can be considered as part of the board's obligation to be cautious against managerial activity. However, it is difficult for the board to be able to directly detect poor management performance. For this reason, the board can indirectly protect itself from abuse by selecting external auditors and controlling accounting practices.

The structural framework of corporate governance in agribusiness aims to ensure strategic leadership of the company in the sector by boards, which represents dynamic accountability to shareholders. That is, the board is responsible for creating the skills and experience to effectively manage the company (Gibbon et al., 2017). Boards have various roles in agricultural enterprises. They plan strategic directions and provide advice and oversight but also have disciplinary responsibility to shareholders. The board also oversees the process of appointing directors and evaluates their performance. According to Adams et al. (2010), the assessment can be seen as having two components: one is monitoring what senior management is doing, and the other is determining the internal capacity of senior management. Monitoring management activities, in part, can be seen as part of the board's duty to be vigilant against management misconduct. However, it is difficult for the board to directly detect management misconduct. For this reason, the board can indirectly protect itself from abuse by selecting external auditors and overseeing accounting practices.

Under the UK Corporate Governance Code (Corporate Governance Code, 2016), the board must ensure that the company, both financially and humanly, is working to achieve its objectives in the agricultural business. Company boards must demonstrate two very important elements of fiduciary duty. These are care and loyalty. The duty of care requires that board members be fully informed about the company's activities. The duty of loyalty is based on the effective implementation of principles such as fair treatment of shareholders and policies for the remuneration of key directors and board members (OECD, 2000). It is important to note that over the years the role of the board has changed – from passive to more active in supervising and disciplining managers while also monitoring their actions. This active approach has contributed to greater efficiency in corporate governance (Adams et al., 2010). The active function of the board has contributed to the formation of various committees as a means of channeling the functions of the board into expert groups. These committees focus on specific issues in the company (Zerban and Madani, 2017).

5. Board leadership and the value it creates for agribusiness companies

According to the general theory, boards are involved in various tasks to align management with the interests of the company's shareholders. On the other hand, the board's contribution to value creation has a much longer history in terms of coordinating and controlling managers. Boards contribute to the creation of value for the company on behalf of the company and management by providing various services, knowledge, and skills (Pfeffer and Salancik, 1978; Gabrielsson et al., 2007). Theory and practice in agriculture show that boards can have different focuses on their external and internal actions. There are basically six main tasks of the board. From an external perspective, these include performance control, internal control, and decision control. From an internal perspective, they include team building, consultation, and strategic leadership. It is with these different groups of board tasks that an overview of the range of tasks that have been found to contribute to value creation in agricultural enterprises is given (Kaufman and Englander, 2005; Gabrielsson et al., 2007).

Michael Porter's "value chain" (Porter, 1985) describes the value chain of activities in an or-

ganization and links it to a competitive analysis of its strengths and weaknesses. This analysis creates a picture of the activities and factors that create the value of the company. Building on Michael Porter's "value chain", the authors Huse and Gabrielsson (2012) create a "value chain" of the board through leadership and value creation for the company. According to their "value chain," the board creates value for the company in terms of board activities, board members, the board as a team, board chairmanship, and board charter.

6. Activities of the management board

Boards are not directly involved in most activities, but they are the creators of the foundations through which activities are directed, from which it can be concluded that they contribute to the value chain in agribusiness. However, in modern companies, boards are part of many activities that are value creators for the companies, such as: inbound logistics (networking, lobbying and legitimacy); innovation (strategic participation); resource allocation (control of decisions); operations (advice); implementation (internal control) and outbound logistics and distribution (control of production) (Huse and Gabrielsson, 2012). Through the board's activities from the perspective of the value chain, it is concluded that the board can perform several activities simultaneously and all activities can contribute to the creation of value for the company (Huse et al., 2009). However, the activities in which boards are involved vary considerably depending on the type of company. In other words, board activities depend primarily on the life cycle of the company, the size of the company, the ownership structure, the agribusiness, and the market environment. But they also depend on national, geographical, and cultural differences (Huse and Gabrielsson, 2012).

7. Members of the management board

The creation of value in agribusiness according to board members is analyzed from the perspective of their diversity, taking into account the individual characteristics of each member. This refers to their background, competence, and personal characteristics (Johnson et al., 1996). When creating a board with different members, different competencies or abilities are needed, as they contribute to value creation from different aspects (Huse, 2007). These include:

- Social and relational competence;
- Market and company-specific competence;
- Analytical and decision-making competence;
- General and functionally oriented competence;
- Process-oriented competence and experience on the board;
- Integrative and negotiation competence.

Most of these competencies are dynamic and complementary in creating value for the company in the sector (Zhang et al., 2009). Social and relational competence includes the ability of board members to build relationships with internal and external people (Borch and Huse, 1993; George et al., 2001). Market and company-specific competence represents the ability of board members to acquire knowledge to develop the company's core activities and its technologies. That is, the development of the company's products and services, but also the improvement of relations with customers, suppliers, and the market in general. Here, the emphasis is also on the board's ability to identify the weaknesses of the company and the weaknesses of the company's products and services. As well as on identifying the strengths of suppliers, customers, and competition in agricultural production (Zahra et al., 2009). Analytical and decision-making competences include the board's ability to make independent and timely decisions. While general and functional competences represent the board's ability to transfer knowledge in the fields of finance, accounting, law, marketing, human resources, organizational behavior, design, etc. (Forbes and Milliken, 1999; Gabrielsson and Winlund, 2000). Process-oriented competence refers to the knowledge and skills of board members to lead the board as a team (Gabrielsson et al., 2007). While integrative and negotiation competence refers to the board's ability to balance different perspectives and relationships between different stakeholders. That is,

the board's dynamic ability to create productive teams that will enable the creation of value for the company by its different stakeholders (Huse and Rindova, 2001).

8. The board as a team

One of the key issues for board leadership is how to work as a team and leverage the knowledge and skills of different members to create value for the company. That is, one of the main goals of board leadership is to create a board in which members work together as a cohesive team (Gabrielsson et al., 2007). According to Huse et al. (2012), positive board dynamics are created through teamwork, but the success of the team depends on the correct individual distribution, and negative influences in the team depend on the individual culture of the board members. In principle, a team is created when some individual abilities (talents, skills, and visions) are used to contribute to the success of the company, i.e., to the creation of value. As far as the board is concerned, the board members and their competencies should complement each other. Working on the board as a team contributes to greater productivity in their work, in contrast to what each board member can achieve individually.

One of the functions of the board is to know and collaborate with the different teams to manage the company and coordinate corporate activities. For this reason, the board is considered a critical coordinating body. Its main task is to represent and mediate between all stakeholders in agribusiness who create value, take risks, and possess strategic information that is relevant to the company's activities in the agricultural production sector. At the same time, they define their expertise and knowledge and use them for the purposes of the company's strategic planning (Kaufmann and Englander, 2005). Among other things, this requires the participation of board members, who should express the interests of the company with their knowledge and improve consistency and coherence in decision-making and their control (Huse et al., 2009). In the scientific literature, six dimensions are known for promoting a team culture on the board in creating value for the company. These are cohesion, creativity, cognitive conflicts, openness and generosity, criticality, and commitment (Huse, 2007; Gabrielsson et al., 2007).

• Cohesion refers to whether board members are attracted to and mutually motivated by each other and influences their ability to continue working together. Board members tend to have higher levels of satisfaction in cohesive cultures than in situations where there is little or no cohesion. Board members who are attracted to each other are more likely to value participating in joint meetings and place a higher priority on being part of the board.

• Creativity on the board means that the board as a team develops creative proposals, as well as creative solutions to various topics and problems. Solutions that may not be so creative can also contribute to the understanding, thinking, and imagination of others, thus triggering creativity.

• Cognitive conflicts refer to task-oriented situations where there is a difference of opinion among board members. Suggestions and solutions from one side are not understood and accepted directly by the other. A value-creating team culture is characterized by how such cognitive conflicts are used in disputes to find new and better solutions. Cognitive conflicts are valued and used to apply knowledge and skills.

• Board members should be open with each other. This can lead to greater informality and encourage the free flow of information within the board. Open interaction between board members encourages giving advice based on personal knowledge, sharing ideas and reflections, and admitting mistakes.

• Criticality refers to the critical attitude of board members. That is, board members should be encouraged to find their own information and carefully review the information provided by the CEO. The key issue is that board members have the integrity to be independent in their decision-making and are allowed to ask challenging and reasonable questions.

• Board members must be engaged in collaborative preparation and value-creating efforts. In other words, board members must be engaged in

participating in collaborative meetings and collaborative discussions and debates. Without active engagement from all board members, the board will not achieve its full potential.

CONCLUSION

Corporate governance is a fundamental element of the modern structure of agribusiness organizations, defining the framework for the distribution of rights, responsibilities, and control between shareholders, management, and boards of directors. In a dynamic and competitive market environment, its role becomes even more significant for achieving sustainable development and creating long-term value. The analysis shows that effective boards of directors are of key importance for the strategic management of agricultural enterprises. They not only exercise control over management but also actively participate in the processes of strategic planning, risk management, and assessment of organizational performance. In agribusiness, corporate governance contributes to increasing transparency, improving decision-making, and strengthening trust between all stakeholders. In addition, it supports more efficient use of resources and creates conditions for higher competitiveness of companies.

In conclusion, it can be summarized that corporate governance is not just a control tool but a strategic mechanism for value creation that has a significant impact on the sustainable development of the agricultural sector. The role of boards of directors remains central to achieving a balance between the interests of shareholders, management, and society as a whole.

REFERENCES

Adams, R. B., Hermalin, B. E., & Weisbach, M. S. (2010). The role of boards of directors in corporate governance: A conceptual framework and survey. *Journal of economic literature*, *48*(1), 58-107.

Adebayo, M., Ibrahim, A. B., Yusuf, B., & Omah, I. (2014). Good corporate governance and organisational performance: An empirical analysis. *International Journal of Humanities and Social Science*, *4*(7), 170-178.

Agrawal, A., & Chadha, S. (2005). Corporate governance and accounting scandals. *The Journal of Law and Economics*, *48*(2), 371-406.

Al-Faki, M. (2006). Transparency and corporate governance for capital market development in Africa: The Nigerian case study. *Securities Market Journal*, *4*, 9-28.

Andreatta, E., Fernandes, A. M., Santos, M. V., Mussarelli, C., Marques, M. C., & Oliveira, C. A. F. D. (2009). Composition, functional properties and sensory characteristics of Mozzarella cheese manufactured from different somatic cell counts in milk. *Brazilian Archives of Biology and Technology*, *52*(5), 1235-1242.

Borch, O. J., & Huse, M. (1993). Informal strategic networks and the board of directors. *Entrepreneurship theory and practice*, *18*(1), 23-36.

Chenhall, R. H., & Langfield-Smith, K. (2007). Multiple perspectives of performance measures. *European management journal*, *25*(4), 266-282. https://doi.org/10.1016/j.emj.2007.06.001

da Silva Carpes, A. M., & Roberto da Cunha, P. (2018). Mecanismos de Governança Corporativa nos Diferentes Ciclos de Vida de Cooperativas Agropecuárias do Sul do Brasil. *Revista Contabilidade, Gestão e Governança*, *21*(1), 80-99.

Ferreira, D., Ferreira, M. A., & Raposo, C. C. (2011). Board structure and price informativeness. *Journal of Financial economics*, *99*(3), 523-545.

Forbes, D. P., & Milliken, F. J. (1999). Cognition and corporate governance: Understanding boards of directors as strategic decision-making groups. *Academy of management review*, *24*(3), 489-505.

Gabrielsson, J., & Winlund, H. (2000). Boards of directors in small and medium-sized industrial firms: examining the effects of the board's working style on board task performance. *Entrepreneurship & Regional Development*, *12*(4), 311-330.

Gabrielsson, J., Huse, M., & Minichilli, A. (2007). Understanding the leadership role of the board chairperson through a team production approach. *International journal of leadership studies*, *3*(1), 21-39.

George, G., Robley Wood Jr, D., & Khan, R. (2001). Networking strategy of boards: Implications for small and medium-sized enterprises. *Entrepreneurship & Regional Development*, *13*(3), 269-285.

Gibbon, N., Peel, G., Garston, C., & Bridget, S. (2016). Corporate governance and directors' duties in the UK (England and Wales): Overview.

Gillan, S. L, Starks, L. T. (2006). Corporate governance, corporate ownership, and the role of institutional investors: a global perspective. Journal of Applied Finance 13 (2), 4-22.

Gillan, S., Starks, L. (1998). A survey of shareholder activism: motivation and empirical evidence. Contemporary Finance Digest 2, 10-34.

Huse, M. (2007). *Boards, governance and value creation: The human side of corporate governance*. Cambridge University Press.

Huse, M., & Rindova, V. P. (2001). Stakeholders' expectations of board roles: The case of subsidiary boards. *Journal of management and Governance*, *5*(2), 153-178.

Huse, M., & Søland, A. I. (2009). *Styreledelse: Styret som team og prosessorientert styrearbeid*. Fagbokforlaget.

Huse, M., Gabrielsson, J. & Minichilli, A. (2012). How boards contribute to value creation, in M. Huse (ed.). The value creating board: Corporate governance and organizational behavior. London: Routledge.

Huse, M., Gabrielsson, J., & Minichilli, A. (2007). Knowledge and accountability: Outside directors' contribution in the corporate value chain. *Board members and management consulting: Redefining boundaries: Special volume in research in management consulting series*.

Jan, S., & Sangmi, M. (2016). The Role of Boards of Directors in Corporate Governance. Imperial Journal of Interdisciplinary Research, 2(5), 707-715.

Johnson, J. L., Daily, C. M., & Ellstrand, A. E. (1996). Boards of directors: A review and research agenda. *Journal of management*, *22*(3), 409-438.

Kaufman, A., & Englander, E. (2005). A team production model of corporate governance. *Academy of Management Perspectives*, *19*(3), 9-22.

Khan, R. A. G., Khan, F. A., & Khan, M. A. (2011). Impact of training and development on organizational performance. *Global journal of management and business research*, *11*(7), 63-68.

Kledt, F., Evers, P., & Benson, D. (2016). Organizational complexity. In T. Havar-Simonovich, T., & D. Simonovich. (Vol. 1 pp. 95-116). Contemporary Theory and Practice of Organizations, Part I: Understanding the Organization. Stuttgart: Verlag.

L'Huillier, B. (2014). What does "corporate governance" actually mean?. *Corporate Governance*, *14*(3), 300-319. https://doi.org/10.1108/CG-10-2012-0073.

Lin, T. T., & Lee, Y. C. (2008). Organizational characteristics, board size and corporate performance. *Journal of Global business management*, *4*(2), 338-347.

Magdi, R. & Nadareh, R. (2002). Corporate governance: A framework for implementation. Britain World Group Journal, 20, 123-132.

Michelberger, K. (2016). Corporate governance effects on firm performance: A literature review. *Regional formation and development studies*, *20*(3), 84-95.

Nacional de Pós-GraduaçãoemPesquisa e Administração. Rio de Janeiro, RJ, Brasil, 32.

OECD. (2000). Principles of Corporate Governance. Paris: OECD. http://www.oecd.org/corporate/principles-corporate-governance.htm Accessed 2019/12/13.

Ponchirolli, O. (2007). A theory of complexity e as organizations. Diálogo Educacional, 7(22), 81-100.

Porter, M. E. (1985) Competitive advantage, New York: Free Press.

Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *The journal of finance*, *52*(2), 737-783.

Shuklev, B. (2011). Corporate Governance. Faculty of Economics, Skopje.

Shuklev, B., Drakulovski, L., Koevski, G. (2008). Corporate Governance, Faculty of Economics, Skopje.

Thompson, J. D. (1967). Organizations in action: social science bases of administrative theory. New York: McGraw-Hill.

Zahra, S. A., Filatotchev, I., & Wright, M. (2009). How do threshold firms sustain corporate entrepreneurship? The role of boards and absorptive capacity. *Journal of business venturing*, *24*(3), 248-260.

Zerban Mohamed, A., & Abdullateef Madani, A. M. (2017). Corporate Governance and Board of Directors Responsibility in Appointing Senior Managers: A Case in Saudi Arabia. International Journal of Business and Management, 13, 183-189. https://doi.org/10.5539/ijbm.v13n1p183.

Zhang, P., Voordeckers, W., Gabrielsson, J. & Huse, M. (2009) From boards as value assemblers to value creators: Integrating static and dynamic perspectives on board information. In S. Young (ed.), Current issues in corporate governance: A management perspective, Melbourne: Tilde University Press.

Zingales, L. (1998). Corporate Governance. In Newman, P., Ed. The New Palgrave Dictionary of Economics and the Law, Palgrave Macmillan, London. References - Scientific Research Publishing. [online] Available at: https://www.scirp.org/(S(351jmbntvnsjt1aadkposzje))/reference/ReferencesPapers.aspx?ReferenceID=1792701 [Accessed 13 Dec. 2019].

Постъпила – **22 април 2026 г.;** *Одобрена* – **12 май 2026 г.;** *Публикувана* – **юни 2026 г.**