CORPORATE GOVERNANCE

For Mcom. Students

DEFINITION

Corporate governance is the combination of rules,processes or laws by which businesses are operated,regulated or controlled.

SCOPE OF CORPORATE GOVERNANCE

- Corporate Governance has a broad scope.
- Corporate Governance refers to the way a corporation is governed.It is the technique by which companies are directed and managed.
- It ensures that all shareholders fully exercise their rights and that the organization fully recognizes their rights.
- It includes both social andinstitutionalaspects

OBJECTIVES OF CORPORATE GOVERNANCE

- The main objective of corporate governance is to protect and promote the long-term interests of the shareholders.
- To create social responsibility.
- To create a transparent working system.
- To develop an efficient organization culture.
- To minimise wastage,corruption,red tapaism.

PILLARS OF CORPORATE GOVERNANCE

- Transparency of operations
- Accountability towards shareholders
- Fairness in dealing

PRINCIPLES OF CORPORATE GOVERNANCE

1.Governance Structure.

2The Structure of the Board and its Committies.

3Directors appointment procedure.

4Directors duties remuneration and performance.

5Risk Governance and Internal Control.

6Reporting with Integrity.

7Audit.

8Relations with Shareholders and other Stakeholders.

BENEFITS

- It ensures corporate success and economic growth.
- It maintains investors confidence which result to raise capital effectively and efficiently.
- It lower the capital cost.
- It minimizes wastage corruption risks and mismanagement.
- It has a positive impact on the share price.
- To achieve objectives that are in interest of the shareholders and organizations.