CORPORATE GOVERNANCE

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INTRODUCTION

Corporate governance recognises the importance of ethics and social responsibility in the management of a business. According to Wolfensohn the president of World Bank defines corporate governance as “ Corporate governance is about promoting corporate fairness, transparency and accountability”.

The following are the nature of corporate governance:

- It is based on the principle that business is accountable to it’s stake holders for it’s actions
- Highlights the importance of ethics and social responsibility
- Framework of rules and regulations

- Set of processes, practices, policies, and laws affecting the way a business is directed, managed or controlled
- Considers shareholders as the true owners
- Commitment to values and ethical business conduct
- Distinction between personal and corporate funds
- Defines relationship between company’s management, it’s board of directors, shareholders and other stakeholders
- Set right goals, right paths, right decisions, right actions to ensure honesty and fairness in business operations

DIFFERENCE BETWEEN GOVERNANCE AND MANAGEMENT

GOVERNANCE	MANAGEMENT
1) System by which companies are directed and controlled	Focuses on the implementation of the government system
2) Concerned with the structure and process associated with the management, decision making and control	Ensure that the process of decision making and control are strictly pursued
3) Concerned with how an organisation is managed	Concerned with day to day operation of the concern
4) Approving policy and goals	Ensuring that the policies are implemented and the goals are achieved
5) The Board Of Directors is responsible for governance	Managers are responsible

OBJECTIVES OF GOOD GOVERNANCE :

- Monitoring the performance
- Conformance
- Inculcates moral values
- Ensure fairness in operations
- Equitable treatment of shareholders
- Safeguard the interest of the investors
- Fair treatment of workforce
- Strong internal control and discipline
- Good relations
- Transparency and disclosure

THANK YOU