

**M.COM.- FIRST YEAR**  
**(II SEMESTER)**

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**CORPORATE LAW &**  
**GOVERNANCE**

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**UNIT – IV : CORPORATE**  
**GOVERNANCE I**

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# Corporate Governance – A Conceptual Analysis

# Introduction to CG

- Corporate governance is how a corporation is administered or controlled.
- Corporate Governance is a set of processes ,customs ,policies ,laws & instructions affecting the way a corporations is directed ,administrated or controlled.
- The participants in the process include employees and suppliers ,partners, customers , government and professional organization regulators ,and the communities in which the organization has a presence.

# Definition of Corporate Governance

**Sir Adrian Cadbury** ; "Corporate Governance is concerned with holding the balance between economic & social goals and between individual and communal goals. The CG framework is there to encourage the efficient use of resources and equally to require stewardship of those resources. The aim is to align as nearly as possible the interest of individuals, corporations and society."

**Gabriele O'Donovan**; CG is an internal system encompassing policies ,processes & people which serves the needs of shareholders & management activities, by directing & controlling management activities with good business savvy objectivity, accountability & integrity.

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# Definition of Corporate Governance

## **In other words ;**

CG may be defined as a set of systems, processes and principles which ensures that a company is governed in the best interest of all the stakeholders.

It is the system by which the companies are directed and controlled. It is about promoting corporate fairness, transparency and accountability.

**In other words, 'good corporate governance' is simply 'good business'. It ensures:**

- **Adequate disclosures and effective decision making to achieve corporate objectives.**
- **Transparency in business transaction.**
- **Statutory and Legal Compliances**
- **Protection of shareholder interests**
- **Commitment of values and ethical conduct of business**

# Diagram



# Objectives of Corporate Governance

1. To build an environment of trust and confidence among those having competing and conflicting interest.
2. To enhance shareholders value and protect interest of other stake holders.
3. To have system and procedure.

## Advantages

Text Book page 159.

# REFERENCES

1. Pearson (A C Fernando)
2. O C E D Principles of corporate governance.
3. V K Pandey and Rajeev Prabhakar “Corporate Governance”.
4. Taxman Book