



“Corporate Governance and Directorship” Tuesday, 4th November 2008

Corporate governance is the set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled.

An important theme of corporate governance is to ensure accountability in an organisation through mechanisms that try to reduce or eliminate the principal-agent problem. Some of the key issues and areas that need to be addressed while dealing with corporate governance are the human capital challenge, macroeconomic stability and environmental sustainability.

Impact of Corporate Governance: The positive effect of good corporate governance on different stakeholders is ultimately a strengthened economy. Hence good corporate governance is a tool for socio-economic development. After the East Asian economic bubble collapsed in the late 20th century, the World Bank's president warned those countries that for sustainable development, corporate governance has to be good. The economic health of a nation depends substantially on how sound and ethical businesses are and depend on the quality of board directors