From the President's Desk

Process, laws or rules by which businesses are regulated are called corporate governance. It means the internal and external factors that affect the company's stakeholders, including customers, shareholders, government officials, suppliers and management. Keeping the company's mission and vision in mind the top management decides the framework for corporate governance.

Corporate level governance is concerned with the practices and procedures for a company to run smoothly. Corporate governance framework may vary from organization to organization but there are few key elements that all organizations follow. The elements are:

- Transparency throughout the whole company about policies and procedures,
- Commitment of the board of directors to ensure fairness, accountability and diversity,
- A set of code of conduct throughout the whole organization,
- Communication between management and all the other stakeholders of the company,
- Awareness among all the stakeholders about their rights.

Corporate governance has received its due attention because of some high profile scandals around the world. Few of the scandals were so severe there were several acts created to prevent another one like those. Sarbanes-Oxley Act, Gramm-Leach-Bliley Act these are some of the acts.

Corporate governance represents an intellectual endeavor as much as it stands for an institutional framework. Around the turn of the millennium, another contemporary development was shaping the understanding of this concept – namely, a growing interest in 'governance' in general. Governance, without the corporate modifier, is the exercise of power for the common good. It connotes numerous issues, including the rule of law, absence of corruption, and protection of property rights – often subsumed under the title 'good institutions' or simply 'institutions.'

9 Positive Impacts of Corporate Governance in Companies

- A good corporate governance system,
- Ensures that the management of a company considers the best interests of everyone,
- Helps companies deliver long-term corporate success and economic growth,
- Maintains the confidence of investors and as consequence companies raise capital efficiently and effectively,
- Has a positive impact on the price of shares as it improves the trust in the market,
- Improves control over management and information systems,
- Gives guidance to the owners and managers about what are the goals strategy of the company,
- Minimizes wastages, corruption, risks, and mismanagement,
- Helps to create a strong brand reputation.

Corporate governance is traditionally thought of as the way in which enterprises are directed and controlled. More recently, corporate governance has been defined as the framework of rules and procedures by which the decisions in an enterprise are made, and how the controllers and held accountable for them. The term, 'enterprise' refers to all types of associations, companies, trusts and other hybrid entities that provide a product or service (Enterprise). Corporate governance is therefore a broad umbrella concept, extending to all relationships between the Enterprise, its stake holders, its suppliers, its customers and its employees.

The importance of corporate governance in today's progressive and aggressive business environment cannot be denied. Corporate governance allows companies to put their positive traits firmly on display. With these intentions made visible to all, companies are more likely to be held accountable for their behavior and actions — and thus more willing to distance themselves from duplicity.

Businesses today are held to incredibly high standards by investors and customers alike; being honest and open about process and operations counts for a great deal. Both shareholders and consumers want to see companies operating with integrity and transparency. Governance frameworks exist to ensure that a company remains in compliance and operates within legal boundaries. This means that any governance framework must take into account the local regulations wherever the organization has entities located. The governance framework then dictates the governance operating model appropriate to the aims of the organization.

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