

## **P1 – CORPORATE GOVERNANCE, RISKS & ETHICS**

### **A) Corporate Governance (CG):**

#### **Why CG?**

Globalization (Parity of treatment for local and foreign investors and characteristics of individual cultures)

High profile corporate scandals, failures and general dissatisfaction with financial reporting standards

#### **Definitions of CG:**

CG is a system by which companies are directed and controlled in the interest of shareholders and other stakeholders: Cadbury Report (1992).

CG is a set of relationships between directors, shareholders and other stakeholders. It also provides the structure through which the objectives of the company are set and determined and also provides the means of achieving those objectives and monitoring performance: OECD.

#### **Business Case/Benefits of CG: (FOCUS-IS-BAGS)**

- F - Framework for pursuing organizational strategies
- O - Operation of appropriate and adequate control system with risk management
- C - Confidence and trust of shareholders
- U - Underpins capital market confidence
- S - Safeguards companies' assets and shareholders' interests
- I - Increase in management accountability
- S - Sustainable wealth creation
- B - Better management leads to better financial performance
- A - Attraction for institutional investors
- G - Governance dividend (Benefit of increase in share price that shareholders receives from good CG)
- S - Socially responsible dividend (Benefit of increase in revenue and share price that company receives from customers and investors)

#### **Purpose and Objective of CG:**

##### **In Private Sector:**

**Purpose:** Monitor those parties within a company who control resource owned by shareholders.

**Objective:** Contribute to improved corporate performance and accountability in creating long-term shareholder value.

##### **In Public & Not-For-Profit Sector:**

Purpose and objective within these organizations varies and is complex. Such organizations are often appraised according to the "Value-for-money" that they generate. A detail discussion is made later in this chapter.

#### **What is Value-for-money?**

Value-for-money may be defined as performance of an activity to simultaneously achieve three E's i.e. Economy, Efficiency and Effectiveness. In literal meaning, maximizing benefits for the lowest costs.



---

[DOWNLOAD](#)



---

8ca7aef5cf

---

[book as a gift meaning](#)  
[best texas hold em book](#)  
[srimad bhagavad gita in telugu pdf free download](#)  
[how to print like a book in word 2007](#)  
[good books to read in spanish](#)  
[beauty parlour course book in telugu](#)  
[half price books highland park](#)  
[book of mormon name tag](#)  
[strand book stall in mumbai](#)  
[cissp for dummies 4th edition pdf free download](#)