EFFICIENCY OF PROCESSES UNDER CORPORATE GOVERNANCE

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What Is Corporate Governance

- A body corporate
- Various definitions
- System by which a body corporate is managed
    a. Connotes working together of various laws, rules, policies, guidelines and practices
    b. Suggests an orderly arrangement, structure, controls

Core Guiding Principles

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- Transparency – structural and operational
- Accountability
- Fairness
- Social responsibility
- Compliance
- Disclosure
- Integrity etc.

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Elements of effective corporate governance

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a. Composition of the board
   - Size
   - Diversity
   - Independence
   - Gender
b. Limitation on powers of directors
c. Communication between management and the board and vice versa

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d. Organization of meetings
e. Leadership
f. Education of directors- duties, liabilities
g. Enforcement of directives

Equitable treatment of shareholders important

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- Directors have a duty to act in the best interest of the company as a whole including shareholders
- Shareholders of the same class must be treated equally
- Statutory requirement for notices, circulars and reports to be sent to all members

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- All shareholders have one vote on a show of hands and one vote per share on a poll
- Statutory provisions on shareholder protection
- Minority is as important as the majority
- If majority will not sue to rectify an irregularity the minority can
- Buy-out provision- s.220 of the Companies Act 2019, Act 992

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Disclosure and transparency may harm competitive position?

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- May rather enhance confidence
- What is required by law is to be disclosed
- Ensures compliance
- Absence of disclosure can lead to scandals

How do you implement an effective corporate governance system?

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- Experienced and well-informed board
- A clear understanding of the differences between the respective roles of the Managing Director and Chairperson
- Effective communication between the board and management and between management and officers
- Effective board committees

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- Preparation of directors for every board meeting
- Mutual respect and trust between the board and management
- Giving necessary tools to the directors
- Training of directors
- Effective supervision at all levels
- Transparency

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Most significant rewards of good corporate governance. What can poor governance do?

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- Investor confidence
- Retention of talent due to fairness, transparency
- Enhancement of business reputation
- Business success and efficiency
- Improvement in financial success
- Poor corporate governance?

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- Reputational risk
- High staff turnover
- Potential losses and possible bankruptcy

Who are the key players?

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- Shareholders in general meeting
- The board of directors
- Audit committee etc.
- Managing director
- Company secretary
- Other officers

What is the role of the wider public and policymakers as gatekeepers of corporate governance?

- They influence decision making in the company
- Directors must now have regard to the
  i. impact of the operations of the company on the community and the environment
  ii. The likely consequence of any decision in the long term
- The larger society has expectations
- Corporate governance is no longer a matter for only the boardroom.

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Thank you…

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