Corporate governance and their importance

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Abstract: The aim of this study was to investigate the relationship between corporate governance mechanisms and performance of the Board and other stakeholders. Standards of corporate governance, including institutional shareholders, major shareholders, directors and board members of non-mandated quality financial information and performance measures are net income growth. The Board is a group of people who are legally responsible for the governance of the organization. In fact, besides corporate governance and shareholder rights owners is they should be as low as profits increase. This paper examines the relationship between corporate governance mechanisms and the quality of accounting earnings Expected that appropriate corporate governance mechanisms, while preventing the financial reporting process and prevent it from reducing the quality of financial reports. In the present study accruals quality, persistence and ability to predict earnings as a measure of earnings quality and the duality of responsibility and duty towards non-member Board of Directors and the number of meetings have been studied as indicators of corporate governance. Findings suggest that the greater the number of outside directors on the board and increase the stability and predictability of earnings is However, the separation of responsibilities between the CEO and the Chairman of each quality (stability and predictability) of the correlation does not exist. The research results showed no significant relationship between accruals quality as a measure of profitability, the mechanisms of corporate governance is.

Key words: Corporate; Governance; Predictability; Stability

1. Introduction

Since the available evidence suggests that corporate governance is one of the most common expressions in terms of global trade has become in the new millennium. Major companies such as Enron and WorldCom bankruptcies in America in recent years, outstanding attention to the role of corporate governance principles and attention to learn about prevention of the occurrence of such decay that has attracted the Professional associations and universities throughout the world-wide interest in this show.

Although the corporate form and the separation of ownership from management globally by the end of the nineteenth century and the beginning of the twentieth century. And rules for corporate governance existed until the 1990s, Subject to current corporate governance in the 1990s in England, America and Canada in response to issues rose about the effectiveness of the corporate board. Concepts and principles of corporate governance and reporting Kadby in England, America and Reporting Regulation D of the Board of General Motors Canada was formed companies. Later, with the expansion of international investment institutions such as the World Bank, the Organization for Economic Cooperation and Development and others active in this field and have published various articles.

Corporate governance or corporate governance or corporate governance, according to the definition provided by the procedures and processes by which organizations are directed and controlled. Corporate governance structure, distribution of rights and responsibilities among the various actors - such as the board, managers, shareholders, and other stakeholders - identifies and lays down rules and procedures for decision-making.

The issue of corporate governance principles for Economic Cooperation and Development (OECD) six fundamental principles of corporate governance include: Foundations ensure an effective corporate governance framework; Rights of shareholders and key ownership functions; fair treatment of shareholders, role of stakeholders in Rahbryshkty; Disclosure and transparency, and board responsibilities.

Definition of corporate governance Corporate governance and, to a group of processes, customs, policies, laws and institutions can be said that the terms of office of a company, directing or controlling influence. In addition, corporate governance, stakeholder relationships and goals on which the company is managed. The main beneficiaries of management, shareholders and board of directors. Other stakeholders include suppliers of goods, teller, customers, banks and creditors, legislators, the media and society in general.

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Long-term confidence among companies and foreign suppliers of capital creates. Kargardan managers who are new to banking practices and ideas, strategic thinking to improve business.

2. Overseeing the company's future global risks are reasonable

By dividing the decision-making process, relying on their senior managers and liability limits. The importance of corporate governance Gzartvsh economies are market economies in Central and Eastern Europe and the countries to achieve some impending Europe Union has reinforced the view. Corporate governance is essential for the transition process, economic reconstruction and development of the socialist countries.

Shleifer and Vishny (1997) argued that effective corporate governance and capital market through a legal framework developed or created by concentrated ownership. The analysis by Pystvr and others (2000), with more emphasis on the efficiency and effectiveness of legal institutions and external financing, was developed economies in transition. Effective corporate governance is a fundamental factor in the process of rebuilding economies in transition.

This system will accommodate and regulate conflicts of interest and reduce opportunistic and fraudulent behavior improves corporate performance.

Improve the quality of information available to participants in the capital market and facilitate access to foreign capital. All transition economies, many improvements have been developed within the framework of corporate governance and compliance with the OECD principles as optional or mandatory moved (Hshy, 2003).

In this section, according to a survey Hshy (2003) In Albania, Bulgaria, Czech, Lithuania, Macedonia, Poland, Romania, Russia and Slovenia has done some important aspects of corporate governance in transition economies is examined.

3. The reasons for the importance of corporate governance

Some reasons why corporate governance as follows:
-Vast movement of privatization globally
-Growth of private savings
-Promote allocative efficiency savings promotion of high-yielding investments
-Remove unnecessary regulation and integration of capital markets

4. Result

Corporate governance structure of the Board as a member of the company’s most important is filed. Must be able to separate the good from the rule of law and rights do mediate very important factor in a company’s development processes and consequently the stability of society. The result is a set of corporate governance principles and practices, and policies and regulations that apply to the administration method affect a company. The importance of corporate governance in plain language, it is vital that the collective wisdom of the organization is required. Corporate governance actors in the management and board of directors are shareholders.

Governing Board to oversee the activities of the organization’s overall objectives, strategies and policies that apply to state programs and policies, monitoring performance senior executives enough to the organization resources, assure and the exercise laws, regulations, behalf of the Organization stakeholders outside the organization and responsibilities of the Board shall be in the following can be named.

Decisions about the purpose and function of the organization, to maintain organization, manager of executive support and monitor the performance of the organization and governance of the organization under the laws Avbrnamh effective planning, adequate and effective management of resources. Plans and oversees the organization’s programs and services; Promoting public accountability to the organization;

As a function of their performance evaluation of the Board of Appeal of the Supreme Council Shareholders in recent years by giving greater freedom to the Board, seeking to strengthen its role as a representative of the company’s shareholders. This practice led to a close partnership with the Board and management. With the increased responsibilities of the Board, its members involved in all aspects of strategic positive. In recent years the expectations of the people on the board attention and earn their loyalty is emphasize.

Research shows that the establishment of appropriate corporate governance mechanisms to attract and increase the efficiency of resource allocation and operational rights of stakeholders for sustainable growth by investing the trust of investors.

Officials and policy makers should establish an appropriate legal basis and monitor secure environment for economic activity and provide investment.

So it can be Using capacity In order to develop a framework and strategy for corporate governance appropriate regulatory framework to promote transparency, efficiency and corporate governance in order to develop appropriate Promoting regulatory transparency increase the efficiency and coherence of the Board Steps to pursue the company’s objectives and emphasis on shareholder rights.
Finally, we suggest a framework and guidelines for the use of capacities in the field of corporate governance on firm performance enhancing protection of the rights of shareholders provided.

References


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