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Corporate Governance: A Theoretical Perspective

Dr. Sindhu Mani Bag
Assistant Professor, Department of Commerce,
Sri Venkateswara College, University of Delhi.

Abstract:

Shareholders investing their hard earning money in the firm and they have no role in management. But in reality shareholders are not separated from management, they have directly or indirectly control over management. They are electing the board of director by exercising their voting rights, and they have right to know the details information of the organization at the end of the financial year, but that is sometimes manage and provide wrong information and because of the manage of the information, shareholders not be able to reach the conclusion and be able to support or make proper policy, at the end the consequences is the failure of the organization. Even though democratically they are exercising the power of voting and electing the board of directors, then also the management manages by some specific people of the organization, that is lead to end of the organization and shareholders are the sufferer of that situation.

Key words: corporate citizenship, philanthropy, agency, political

I. INTRODUCTION:

Corporate governance is the component of organizing, coordinating and motivating to contribute to the common goal; it is basically allocation of decision making power and control within the firm. Decision making power determines rights and duties allocated to the board of director for achieving the goal. Here author mentioned that appropriate establishment of the corporate governance mechanisms results in the optimum allocation of the resources, protection