

Code of corporate governance, pakistan essay sample



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Corporate Governance is essential to be followed in any country and economy for its economic welfare. In Pakistan, Security and exchange commission of Pakistan is the core authority to assure the implication of corporate governance. The SECP issued the code of corporate governance which has been revised in 2012. This code includes all the details of the corporate governance practices to be followed in Pakistan.

On having a study of this code, Following were the points as seen also in the Anglo-American Model of BOD. * The BOD is bound to have one board, so the board structure is unitary structure. * The board includes both the executive and non-executive members, in which executives are most favorably one third of total members. * The chairman of the board is preferred to be a non-executive. * At least one member of the board must be independent member. The number of independent directors is preferred to be one-third of the board. * "Independent director" means a director who is not connected or does not have any other relationship, whether pecuniary or otherwise, with the listed company, its associated companies, subsidiaries, holding company or directors. * There is a dominance of rights and interests of Shareholders over the other stakeholders. This can be clearly seen from the code and its objective as in several statements, where the shareholders are referred but no other stakeholder is nominated. * There is a provision to have Two committees in the board, i. Audit Committee

ii. Human Resource and Remuneration committee

The members of these committees are to be disclosed in each Annual General Meeting and annual reports.

Along with the characteristics of Anglo-American Structure, we can also see some of the characteristics from European-Continental Model. * The rights of the stakeholders other than shareholders i. e. managers, subsidiaries, financiers and others also supported and protected at CG code of SECP. * A relation and respect is to be assured towards management, Customers, Debtors, Creditors and other stakeholders. * Some of the points in the code also suggest that it is more towards ownership concentration. * The code of corporate governance in Pakistan is its leverage towards innovation and competition. (Significant plans and decisions, such as corporate restructuring, business expansion and discontinuance of operations, shall be outlined along with future prospects, risks and uncertainties surrounding the listed company).

The above study can be brought to a conclusion that the corporate governance in Pakistan is an Adapted policy. Some of its characteristics are adapted from Anglo-American Model whereas there are some from European-Continental Model also. Irrespective of where these characteristics belong, I will conclude this all at a point that the code of corporate governance of Pakistan is excellently according to the economic, political and social environment of the country.