Essay on corporate governance

[Business](#), [Company](#)

A corporation is a specific mechanism formed to allow several parties to contribute expertise, labour and capital for their own mutual benefit. Investors and shareholders do profit participation in the company but do not take responsibility for the company's operations. The management's role is to run the company but is not held responsible for providing the capital. There is a board of directors in any company, and it plays the role of approving all decisions that might influence the long-run and short-run performance of the company. Therefore for a corporation to run smoothly, these three departments, the top management, the shareholder and the board of directors must work together. Therefore, corporate governance can be described as the relationship between these three groups in running and deciding the performance and direction of a corporation.

Social responsibility and ethics in strategic management

A corporation, be it private or public, has an extra responsibility to the society apart from making a profit. The four major responsibilities that any business firm should consider are: economic responsibilities, where the organization's management, have a duty to produce services and goods that are of good value to the society. This facilitates payment of shareholders and creditors of the firm. There are legal responsibilities defined by the government in laws that the management of a corporation is expected to abide by. For example, business firms promote and hire people basing on their credentials. Ethical responsibilities of a corporation's management are to accept, follow and obey behaviour and beliefs in the society on interest. Lastly, the discretionary responsibilities that are voluntary obligations a company assumes. These may include providing day care centres, training the un-employed in the society and philanthropic contributions.