Risks of noncompliance in corporate governance

Business, Management

Risks of Noncompliance in Corporate Governance Corporate governance employed by McBride Company uses all the methods used to protect the various investments that the company has made and the interests from its financiers. The issues of non-compliance involves a more description of the companies infrastructure from the way the company is directed, administered and directed to the manner in which the company the hierarchical levels are arrange. If McBride Company fails to comply with the various compliance methods, several risks will be associated with the company. This will involve the company’s governance strategy and the company’s governance structure. However, there are certain advantages that are associated with compliance as they appear on my recommendations. Compliance plays a great role as a whole in the manner in which a company approaches issues that surrounds it. Compliance enables the company to achieve and develop a clear and consistent means of communication that encompasses all levels in the organisation. The purpose of the communication process is to outline the standards expected by the company wherein compliance is integrated. The manner in which the compliance objective is integrated enables the company to ensure visible standards whereby there are on-going and embedded (Castro, 2000). McBride Company has experienced the daunting task in the last few years that involves areas of security and privacy. There are several legislations which companies have to comply with in order to avoid being at loggerheads with the government. For instance, federal and state requirements usually require a company to maintain and implement extensive assessments of the business practices. The benefit associated with this noble idea is that the company will have a cost advantage in that they will not keep on be pacifist with the government when they do not comply. This will save the costs that would have resulted from legal penalties, fines, and levies from the government. Moreover, McBride Company will benefit from a stronger business focus, which results from acquisition and implementation of security controls. This is because there is an increasing trend from the consumers of McBride services who have expressed great and growing concern involving the security of their personal information. It is evident that the companies, which increase the security through compliance, gain a higher competitive advantage than other companies do. The cost result of competitive advantage is that the company will benefit from the increase in consumer confidence of their products thus increasing the sales of their products (Gillian, 2006). Furthermore, compliance ensures that the company that integrates compliance related key performances, improves on the overall company’s performance. This makes the company efficient in conducting its duties therefore, gaining not only the competitive advantage, but also the gaining the economies of scale. Compliance also ensures that the company benefits from formulating a team-based approach where compliance is seen as a combined effort. Moreover, McBride will benefit from through augmenting the superiority of business operations. Various repercussions are usually associated with non-compliance. They involve low cost savings. This is because the company will spend more money in fighting the effects of non-compliance with the set standards from the government and other mandated bodies. Such cost incurred will be paying fines and penalties in legal tarsals. In addition, more time and money will be spend in this legal processes than in making and implementing decisions which are beneficial to the company. The legal process is slow and expensive, which makes the company to save less and spend more on these processes. Another consequence is that the company will face an uphill task kin access to innovative technology. This is because a company, which does not comply with the set guidelines, will find it difficult in attracting skilled labor, which develops this innovative technology. Moreover, the company will not make a good leap from its investments. The company will also face the loss of shareholder confidence from non-compliance alongside difficulties in raising capital (Aguilera, & Cuervo-Cazulla, 2004). One of the best ways that McBride Company can use to mitigate its risk is using committees. These committees should be formed through the company’s corporate governance structure. One way that the company can use these committees is through benchmarking from other companies that have been in that previous situation. Companies such as Wal-Mart, General Motors, and Pfizer have been in these previous situations and amalgamated this technique to discover how successful committees operate. This measure will help McBride company to hypothesis appraisal committees that can help to duck noncompliance risks, while also accounting for compliance costs (Anand, 2005). Another strategy is that McBride Company can form a corporate culture in the company. There is no existing corporate culture at McBride Company now. Culture is very important to the company in that it enables the company to have a foundation or a basement that set guidelines on employees on the values and expectations, which govern the operations of the company. The reason for high noncompliance is the lack of knowledge and understanding from employees on the advantages and disadvantages of compliance and noncompliance. If McBride Company uses committees, they will help the company in forming a corporate structure which the employees of the company will follow henceforth (Wieland, 2005). Lastly, McBride Company should use committees to form fair treatment of employees in the Company. This will ensure the ongoing survival of McBride Financial Services. The committees formed will enable the company determine whether the employees and the board are eligible to run the company. In conclusion, there are various advantages and consequences of compliance and non-compliance. the benefits of compliance includes cost savings, time savings and improved data quality, access to innovative technology and making good leap while the disadvantages include fines and penalties, and the lack of the ability of the company to attract highly qualified labor. 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