

# [Corporate governance rules albazie law business](https://assignbuster.com/corporate-governance-rules-albazie-law-business/)

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number Prof 11 March, Comparison between corporate governance in the US and Kuwait Corporate governance is defined as a set of rules established by corporates to facilitate accountability, transparency and control framework into the corporate affairs. These are put in place to build confidence and mutual trust of the shareholders under the concept of disclosure. While most fundamental principles may be similar, corporate governance set of rules may differ from one country to another. A case of the US and Kuwait is considered in this essay.
Similarities:
In both cases a corporate is required by law to have a memorandum of association and articles of association to govern the interactions of the corporate with its shareholders and its own internal affairs respectively. When it comes to leadership, the chairman mans the board but is assisted by the executive to ensure the smooth running of the corporation. There are also non-executive members who include independent members.
The remuneration paid to the directors should be lucrative to attract only the best into the corporate but not unsustainably high (Fernando 10). Both cases agree to an open and formal way of deciding upon this as well as fixing allowances and expenses for the directors. It is also a requirement that no executive is to be involved in the decision of their salaries. A renumeration commission is usually tasked with the process of coming up with the salaries. The amount, risk of the job is put into consideration. In both cases, the chairman to the board is not the CEO to the corporate. The number of members to the board of directors is a minimum of five people.
Disclosure of crucial information regarding the corporate and its affairs is also recommended to stakeholders as well as shareholders. This creates transparency and accountability which are core principles in a corporate.
Differences:
In the US the state laws govern the corporations. This however does not compel the corporation to submitting quarterly reports on the running of the corporation as is the case with Kuwait. (Fernando 24). Whereas the two countries propose the need for an independent auditor, it is not a requirement by the law in the US. However, in the US it is proposed that the auditor should not have existing business dealings with the corporate or in a way involved in the running of the corporate.
Work cited
Fernando. Business Ethics and Corporate Governance . Masachusetts: Harvard Press, 2010. Print.