

## Corporate Governance

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### Abstract

The concept of corporate governance is in the context of business language use a synonymous term for the english term management. Management and corporate governance can be regarded as a function. In this sense corporate governance are activities that are provided by leaders in all areas of the company (Human Resources, Procurement, sales, management, financing, etc.). For this purpose they use management methods that have been developed by scientists and foundations that deal with the training of executives (staff development). Establishment of policies, and continuous monitoring of their proper implementation, by the members of the governing body of an organization.

**Keywords:** Management; Coporate governance; Business; Company; leadership

### Basic Concepts of Corporate Governance

A company introduces a complex system made up of members, objectives and activities. The members in this system are in hierarchical and social relationship. Furthermore, this complex system seeks to achieve objectives which are set semi-autonomous. Also companies are active in the productive creation of services in an open transfer your system boundaries [1]. The leadership in a company includes all functional management responsibilities, and actions for target-oriented implementation, control and development of structures and processes (systems) [2]. Thus, there is a management of all tasks and actions [3,4] for a “target-oriented steering, design and development of a company [4].”

### Theories of Corporate Governance

There are a variety of different theoretical explanations for the “existence, the leadership and the nature of business” [5,6]. These theories are based on experience, observations, or knowledge transfers. You can explain relationships, support the entrepreneurial orientation and help with troubleshooting. However, there is no universal or general theory, as companies and individual sciences continue to evolve [7].

### System of Corporate Governance

The tasks and actions of corporate management after its kind in two areas, management levels and functions, divided. The management levels differentiate on the importance of leadership roles differentiate into the following levels: The normative, strategic and operational [8,9]. Together these levels form a complex hierarchical system, where the higher-ranking levels to provide a framework for the lower levels, so that they can subsequently be concretized and implemented. The second area, the management functions. The objectives of corporate governance are achieved with various management positions, consisting of personnel, planning, control and organization. For the fulfillment of which information is required, which must be present in the right quantity, quality and at the right time [10,11].

Without this information, which are generated by the Information Management, Corporate Governance is not feasible [12,13]. Also the implementation process divided in a continuously repeating cycle which is divided into decision control, execution and control. This process is the presentation of the problem elimination of corporate governance. Objectives of corporate governance are the steering, development and design that should further develop a company in the

future and navigate it successfully, and make. The navigation defined objectives and control results in the company. The design, however, is the condition of the steering, as it ensures the ability to act [14]. They used to build the distribution systems. In contrast is the development of assurance, adaptability and has direct influence on the steering. From the management levels and functions of corporate governance arises out as shown in Figure 1, a complex, integrated system [15], which is matched both horizontally and vertically to each other [16,17]. The flow of information linking the functions and levels together (Figure 1) [18].

Corporate governance is supported by features that align a company focused on certain objectives, such as cost-effectiveness or quality [19,20]. Among the most important of these support functions

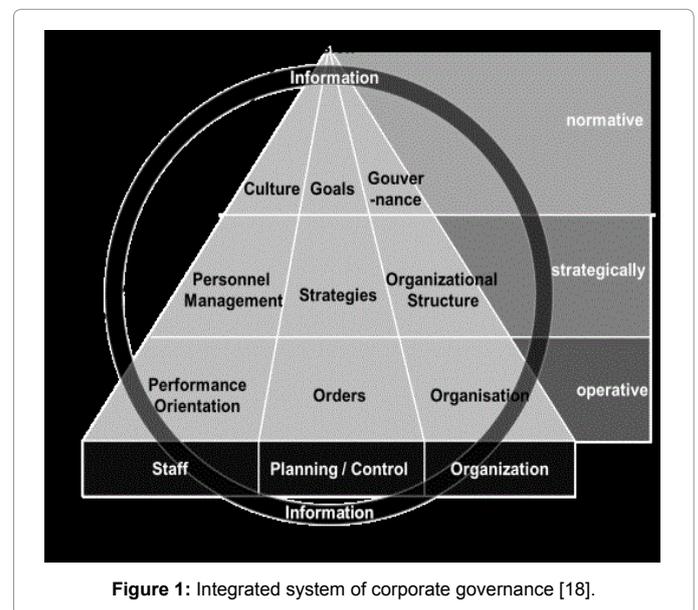


Figure 1: Integrated system of corporate governance [18].

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Received September 02, 2015; Accepted October 17, 2015; Published October 25, 2015

Citation: EI Kohli D (2015) Corporate Governance. J Entrepren Organiz Manag 4: 154. doi:10.4172/2169-026X.1000154

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include: marketing, quality management, controlling, and information and innovation management. The corporate management is for the management responsibilities and the totality of a company responsible. It also requires regular modification and coordination of the system and processes [20].

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