Introduction

Corporate Governance

The definition of corporate governance most widely used is "the system by which companies are directed and controlled" (Cadbury Committee, 1992). More specifically it is the framework by which the various stakeholder interests are balanced.

Stakeholders

A person, group or organization that has interest or concern in an organization. Stakeholders can affect or be affected by the organization's actions, objectives and policies. Some examples of key stakeholders are creditors, directors, employees, government and its agencies, owners (shareholders), suppliers, unions, and the community from which the business draws its resources.

Five Golden Rules

I. Ethics – a clearly ethical basis to the business
II. Congruence of goals – appropriate goals, arrived at through the creation of a suitable stakeholder decision – making model
III. Strategic management – an effective strategy process which incorporates stakeholder value
IV. Organization – an organization suitably structured to effect good corporate governance
V. Reporting – reporting systems structured to provide transparency and accountability
About the Authors

Nigel is a Chartered Accountant, who trained with Peat Marwick Mitchell (KPMG). He has a wide-ranging career history, including as a sales executive with IBM, Group Chief Accountant for a publicly-listed company (UK), finance director of a venture capital organisation, and 14 years with PA Consulting Group, finishing as a director of the Strategy Practice.

As a consultant, including more than 20 years as an independent, he regularly works with boards on corporate governance, good boardroom practice and strategy. His experience covers a wide range of organisations from the very large to small-medium sized companies, including BP Chemicals, Agip Coal, United Assurance, Wolf Olins and Co-operative Retail Services.

Arthur has lived in France and Spain (where he currently resides). He has a broad international outlook, speaking 6 languages, and a passion for cross-cultural co-operation and development, both personal and organisational. This led him to set up Tangley International Ltd, of which Applied Corporate Governance is a trading name, which has been involved in training and development for over 16 years.

He played a major role in setting up a local newspaper, subsequently contributing regular features as deputy editor, and co-authored (with Nigel) Real-World Corporate Governance, a programme for profit-enhancing stewardship (FT Pitman, 1998). Around the same time, he worked with Nigel on consultancy projects, including corporate strategy studies, business appraisals and market research.