

Identifying Issues of Corporate Governance and the Effect on Organizational Performance

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Abstract : Every now and then we hear of companies closing down their operations due to unethical practices like an overstatement of company's balance sheet, concealing company's debt, embezzlement of company's fund, declaring false profit and so on. This has led to the liquidation of companies and the loss of investments of shareholders as well as the interest of other stakeholders. As a result of these ugly trends, there is need to put in place a formidable mechanism that will ensure that business activities are conducted in a healthy manner. It should also promote good ethics as well as ensure that the interest of stakeholders and the objectives of any organization is achieved within the confines of the law; wherein law exists to provide criminal penalties for falsification of documents and for conducting other irregularities. Based on the foregoing, it becomes imperative to ensure that steps are taken to stop this menace and face the challenges ahead. This calls for the practice of good governance. The purpose of this study is to identify various components of corporate governance and determine the impact of it on the performance of established organizations. A survey method with the use of questionnaire was applied in collecting data useful for this study which were later analyzed using correlation co-efficiency statistical tools in generating finding, making a conclusion, and necessary recommendation. From the research conducted, it was discovered that there are systems within organizations apart from regulatory agencies that ensure effective control of activities, promote accountability, and operational efficiency. However, some members of organizations fail to explore the usage of corporate governance and impact negatively of an organization's performance. In conclusion, good corporate governance will not be achieved unless there is openness, honesty, transparency, accountability, and fairness.

Keywords : corporate governance, formidable mechanism, company's balance sheet, stakeholders

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