



Corporate Governance Mechanisms and Shareholder Activism: Implications for Stakeholder Protection

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Abstract

Stakeholders are individuals, groups, or organizations that have an interest or are affected by the activities and decisions of a company. They play a vital role in shaping the direction and success of the organization. Stakeholders can be both internal and external to the company and may have diverse interests and expectations.

Effective stakeholder management involves understanding and balancing the interests and expectations of different stakeholders. It requires engaging with stakeholders, seeking their input, addressing their concerns, and considering their perspectives in decision-making processes. By recognizing and addressing the needs of stakeholders, companies can build trust, enhance their reputation, and create value for all parties involved.

Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. It encompasses the relationships between the various stakeholders of a company, including shareholders, management, employees, customers, and the broader community. Effective corporate governance is crucial for ensuring transparency, accountability, and responsible decision-making within organizations.

One of the key elements of Corporate Governance is the board of directors. The board serves as the governing body of the company, responsible for overseeing its strategic direction, monitoring management performance, and protecting the interests of shareholders. The board's composition should include a diverse group of individuals with relevant expertise and experience, capable of providing independent oversight and guidance to management.

In summary, Corporate Governance is crucial for organizations as it promotes transparency, accountability, risk management, ethical behavior, long-term performance, which gives protection to its Stakeholders. It establishes a framework that enables companies to operate in a responsible and sustainable manner, ultimately contributing to their success and value creation.