Hi Abel,

This is a very interesting discussion that you bring out. I love you state that the failure of corporate governance would lead to the fall of very many companies. Indeed this is true and I would like to furnish the discussion with some examples to explain how these failures came about.

Corporate governance has been practiced most of the time we are dealing with corporate companies. There are guidelines to be followed and this in essence increases on investor confidence (Broshko & Li, 2006). There are times where it works, however in East Africa we have more examples to failed corporate governance. In the fall of Mumia Sugar, Uchumi, Nakumatt, Tuskys, where the guidelines are clearly stipulated, however, there is noncompliance and the principles are ignored (Mugo, 2015). Furthermore, there is almost no punishment by law for the directors under principles based corporate governance where the law reverts back to the Companys Act.

In Uganda, the scandal ensuing the fall of Crane Bank, depicts how the guidelines are easily corrupted. The scathing reality hit after said bank won numerous awards for years (Busulwa, 2016). Was it a case of poor guidelines or poor compliance due to corruption?

On the flip side, had it been a principles based corporate governance like in the USA, there would have been charges brought and the investors would have some form of recompense for the losses (Broshko & Li, 2006).

References

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