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Comparative Performance of the Principles of Corporate Governance to Protect Shareholders' Rights in Iran and Other Countries

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***ABSTRACT* —** With the advent of economic developments and industrial companies in the world, the phenomenon of the separation of ownership from management was introduced. This phenomenon is due to the inherent differences between the owner and manager of the utility function that creates a conflict of interest. Representation theory first by Berl and means (1932), Spence and Zikasr (1971), Ross (1973), Stiglitz (1974), Bimen (1975) and Jensen and Mackling (1978) introduced and described. In theory the representative director of the company and shareholders as owners are considered.
KEYWORD: *Comparative, principles, economic developments, Representation*

Introduction

Human beings so gradually learned the value of the undertaking. They found that the Combination of labor and resources can be more than able to stand alone, to do the work and Earn more interest. Accordingly, the human desire to work in partnership with others to Achieving a common goal, the practical realization will bring growth and social development. Appearance Large corporations and small enterprises Tdadksyry investor, who rise as Professional managers was the late work. Thus, gradually, the idea of the separation of ownership from management One of the most important events that appear to be the early twentieth century. Consequence The evolution of monetary and financial market development and increasing prosperity and giving them a social role Accounting and auditing profession and the wider economy in the process of accountability to owners and managers
The other stakeholders. Following the collapse of corporate changes over the last century and the early New millennium and the rapid expansion of large-scale privatization programs at national, regional The town has been the subject of corporate governance and accountability more seriously.

Classification systems of corporate governance

Inter-organizational systems (interfaces) Inter-organizational a system of corporate governance is a system where a state-owned listed companies and controlling shareholders are few. They may be family members of the founder (founders) or a small group of shareholders, such as banks, Credit, other companies or the government. Inter-organizational systems due to the close relationship between the company and major shareholders are commonly called relational systems. There are problems within the corporate governance model. However, due to the proximity between owners and managers, fewer agency problems occur (since these two are the same), but another serious problem arises. Due to poor separation of ownership and management control in many countries (eg the founding family ownership) is abuse of power. Minority shareholders may not be aware of the company's operations. There is little transparency and possible misuse of funds Examples of adverse currents in the system.

External systems:

In these systems, corporations are owned by shareholders, external monitoring by directors or shareholders who own the company and have no role in choosing directors influential. This situation leads to the separation of ownership from control (management) is. As seen in representation theory, the problem here is that the shareholder is imposed large costs. Although the external systems, companies are controlled directly by the managers, but are indirectly controlled by external users. The members are financial institutions and private equity. In America and Great Britain, external systems are characterized by institutional investors, corporate managers have a significant impact on. It is said that institutional investors, has a majority and thereby will affect the company's management and shareholders of the target company will tend to benefit.

Elements of corporate governance

Four pillars of corporate governance. These pillars are: fairness, transparency, accountability. This element is defined as follows: Fairness: equal treatment and fairness with all stakeholders (big or small). Transparency: Transparency of information and its availability (financial compensation, board structure, and ...). Disclaimer: The quantity and quality and devolution of responsibilities must be clear, Answer: Any of accepting responsibility and accountability should be associated with.

Undoubtedly, the Islamic banking system, another element is added which is in accordance with Shari's law. As a result, the five pillars of corporate governance should be listed in order to achieve the desired goals.

History of Corporate Governance

Discussion of corporate governance in the nineties in America, Britain and Canada in response to the problems caused by the inefficiency of large firms, the board and the first accounts of the principles of corporate governance England, "GM" America and "D." Canada was developed

History of Corporate Governance

These principles were initially considered only the rights of shareholders, while in later years the attitude towards all stakeholders of a company's corporate governance, including the workforce, society, and the creditors were paid. In the early twenty-first century and the dissolution of large companies such as "Enron" and "WorldCom" In America, the principles of corporate governance as a factor in preventing the collapse of these companies will pay more attention.

Islam and corporate governance

Corporate governance principles, everything is new and alien to Islam. Islamic finance, the crowning achievement of the centuries, Islamic civilization has grown. Although Islamic economics mainly plays the role of conventional economics, but the enforcement of the fundamental differences between them. In fact, the basic features of the economy, a society, balanced, fair, honest and ethical rules of that value leads to objectivity. Islamic business ethics and commitment to social norms is always described as being based on moral and ethical framework of the law. The Caliph (2003) Islamic economics as a divine, moral, humane and mild and moderate described. Therefore, exploitation of any kind is prohibited in Islamic trade system and profit must be based on principles of moral law. Principles of corporate governance from the Islamic perspective on studies that can be performed by different people, as follows:

- Principles of Business,
- Business Ethics,
- Decision-making,
- Disclosure and transparency
- Arithmetic bookkeeping and record the final (definitive)

Corporate Governance in Bahrain

Principles of corporate governance corporate governance principles of the Kingdom of Bahrain from the Bahrain Economic Cooperation and Development and the stakeholder consultation that has been developed in consultation with international experience. The committee began its work in 2006 and after two years, corporate governance principles and related regulations were drafted. In May 2008, the rules were made public and will receive feedback from the business community. Over a year was spent examining the attitudes and principles were finalized in 2009.

The development of corporate governance regulations in Bahrain, according to established principles of corporate governance best practice experiences available and to provide a safe environment for the investors and other firms.

Corporate governance regulations in Bahrain, the supplement companies. These regulations will replace the Companies Act, but also helps run better and have more control over the company. It also helps to assess compliance with laws and regulations and to ensure fair disclosure of information takes place under those laws.

Already, the company has forced many of the corporate governance rules. Including meetings of the board and the shareholders, board and executive functions, and provisions relating to equity as "a shares, one vote" has certain rules. In some cases goes beyond the Companies Act. For example, we can suggest that the CEO is chairman of the board and must be at least 50 percent of the members of the board member.

that any deviation from it would have to be amended to explain. This principle has been considered by many other countries as well.

Bahrain has 8 corporate governance laws principles that form the pillars of good corporate governance. Transparency and disclosure of information infrastructure are the basics. Corporate disclosure is critical for the efficient performance monitoring. Supervising the implementation of these principles will be done by the following persons:

- The board,
- Shareholders,
- Ministry of Industry and Trade
- The Central Bank of Bahrain
- Bahrain Stock Exchange,
- Justice of Bahrain,
- Specialized firms such as accountants, lawyers, and investment advisors.

Corporate governance in Iran

Corporate governance in Iran

It seems that the Securities and Exchange Organization in 1379 a special report for the first time, the issue of corporate governance is discussed. The National Convention, "the capital markets, the economic engine of Iran", organized by the University The issue at the conference "Financial Reporting and leading change" and "Corporate Governance and Internal Audit System" respectively, 8 and 9 December 1383 and 30 November and one in December 1384 by the Institute of Chartered Accountants secret conferences in central Iran. These regulations set out in Clause 2 of Article 22 and the definition of the duties of the board, shareholders, disclosure and accountability and audit. The regulations regarding the ownership structure and capital market conditions and attitudes of the Trade Act have been configured with internal systems (relational) governance, business compatible. This publication is a valuable effort to review and revise the bylaws to note that in some cases it may play a role in the development of capital markets. The current ownership structure of public limited companies in Iran are the words 'dominance' within the application. Major shareholders of public companies in Iran through public and evident. Even given the current trends seem to be privatized in the near future the situation will not change. They stock a large public companies in recent years (mainly through exchange) is vested in the people, the government is directly or indirectly So far we can conclude that the representation (at least from this perspective) is pale in the Iranian public companies. The general policies of the Islamic Republic of Iran on the element of "justice" is emphasized. Given the pivotal justice rules and policies of the various approaches to corporate governance system, the theory is more consistent. According to the aforementioned two features, namely dominance and relative distance from the objective, it seems appropriate corporate governance systems for Iran's economic environment, the broader view of corporate governance requires. Although the concept strong emphasis is placed on the formulation of rules and regulations, but unfortunately in doing so has not been addressed. Thus, our proposed orientation-related provisions of the Corporate Governance compliance stakeholders CLS has more rights, but the rights of shareholders is still considerable. Another thing that is important, appropriate special features in different parts of the industry. For example, in the banking industry of the next issues of corporate governance, a form of capital (resources) to monitor the amount of exercise they do not match. In other words, despite the low share of equity in financing activities compared to bank depositors, the main control of the shareholders. Escrow references to sources of shareholders, depositors high interest in the position, which is the main supplier database resource is located and why it is an important issue of corporate governance in the banking industry. Efforts of organizations such as the Basel regulatory guidance in this regard is noteworthy. However, due to the existing legal gaps in developing countries, including Iran, to develop a coherent set of rules on corporate governance is necessary. Key Principles of Corporate Governance for the purpose of an Iranian economic environment is proposed as follows:

A - Accountability and Accountability
B - Value creation and efficient use of resources
C - Timely and transparent reporting
D - Fairness with all stakeholders
E - the role of social and civic participation, including the role of moral obligations and social values while respecting the interests of shareholders as the main stakeholder classes.

Conclusions

Development and implementation of corporate governance principles is critical for improving the performance of firms and the banking system is considered. The primary responsibility of supervising the banking system, the central bank has been assigned the responsibility. The role of regulation starts to monitoring performance and compliance with the rules and regulations made by banks leads. Since the distance surveillance in some cases may not lead to the desired result, the monitoring person should also act as a complementary observation distance. To monitor the presence, the Central Bank inspectors may periodically send to the bank and ask them to measure the degree of compliance with banking laws and regulations. However, a better approach would be that people are constantly deployed in banks and financial institutions and credit performance and credit bank or financial institution must be monitored. The structure of corporate governance in banks or financial institutions and credit arm would be good to do this.In fact, the self-monitoring system or self controller. the banks (and in general, all firms) is connected to the CEO and the board of the Reserve Bank ensured that the flow takes place correctly and be sure that the supervision of the Central Bank The well done.

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