Methods For Improving Performances In Corporate Governace In Financial Markets For Stakeholders Interest .

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Abstract

This article will address methods of optimization of corporate governance in the financial markets in the interest of stakeholders in the context of corporate governance , financial markets intensified concern for the protection of all stakeholders. Financials in the markets is necessary to improve performance measurement tools in order to reflect the results of an economic entity and consistency with the requirements of various stakeholders. This article aims to identify the condition's proper functioning of the entity-relationship stakeholders, identifying the most appropriate alternative options, communication between stakeholders with different specializations and risk assessment.

Keywords: Corporate Governance Stakeholders, Performance, Models of Governance, Efficiency Effectiveness
JEL Classification : G.32; G.39; M.41

1. Introduction

Corporate governance is a concept that encompasses a wide range of activities rules, processes and procedures designed to ensure optimum use of resources and company strategies so that its objectives are achieved. Concept of 'corporate governance' were made numerous studies, including reports by groups of specialists representing universities major- institutions, stock exchanges, banks, governments etc. The appearance of this concept until now, many definitions have been proposed, all referring to the organization of the relationship between shareholders and managers within a company or a new stability of various factors power .În regarding the definition of corporate governance in the literature, there is no universally accepted definition, therefore I will present the most important definitions that are trying to bring numerous clarifications terminology:

Governance is the system by which companies are directed and controlled;

Corporate governance is a factor of competitiveness, performance and sustainable value growth businesses;

Corporate governance involves a set of relationships between an entity's Board of Directors, shareholders and other stakeholders;

Corporate governance is widely acknowledged as essential for establishing an attractive investment climate, characterized by the existence of firms competitive and efficient financial markets;

Reviewing stakeholder definitions in the literature showed that there is no universally accepted definition, but most authors define this noţiune.Diferenţa similar in definition derives from how it is regarded organization: open or closed system geared towards people and on task. In the bibliography area can be recognized various taxonomies. Thus, anyone who has a stake in the work of an organization (shareholders, employees, suppliers, customers, potential investors, potential competitors, tax authorities, government institutions, etc) can be considered stakeholders.

The entity identifies its stakeholders, conducting and prioritizing them according to their interest in the organization, knowing that some stakeholders are very influential (financiers, banks or even political environment) but there may be stakeholders with a potential influence environment but with a very high interest to the organization. In such circumstances it shall develop a strategy for behavior opposite them in a matrix analysis is important to establish that the combination of influence and interest.

Another aspect of prioritizing stakeholders is on setting goals stakeholders - whether they belong to the organization, their goals are similar to those of the organization and if not part of it, should be convey the idea that the organization does what stakeholders want or take into account what they wish and here enters the application provisions referred to in subsection stakeholder engagement. Entities more interested in their relationships with stakeholders are and their socio-demographic profile and treats the basic principle of stakeholder theory as any organization should be directed to the benefit of all "the stakeholders".

At the same time, identifying stakeholders is an important task of the entity seeking adequate answers to questions about who the agents profit or loss due to what is happening in the organization, they gain or they lose stakeholders from implementing solutions chosen entity management, time effects due to decisions made on their impact on stakeholders solution. The organization is in a dependent relationship with stakeholders, but this relationship differs according to the importance of each activity entity. A condition for the success of any action is transparent and honest communication with all those directly affected by the company's shares.

2 Literature review

A study at Harvard in the 90s by renowned researchers (Caulkin, et al 1994,p56.) showed that companies take into account the interests of all stakeholders have economic performance superior to that prioritizes explicitly interest shareholders. Studies over time by researchers from prestigious universities in terms of managing stakeholder indicate a direct relationship between this approach and increased economic performance. Thus, (Harrison, J et al ,2010,p58) talks about improving economic performance and sustainability of the company in those who have paid increased attention to relations with its stakeholders or other categories of stakeholders from outside the establishment by networking and realistic approach to all the problems is faced a particular entity in carrying out its primary objective.

English origin word "stakeholder" is formed by adding two words with different meanings, namely "stake" which is understood as stake, importance or significance and "holder" means the person holding that. Thus, stakeholder is a person who relied on action / activity and has an incentive to complete it in a certain way. In the specialized terminology, the term "stakeholder" or "stakeholders" can be approached from several perspectives: from the point of view of individuals as such, but can also refer to legal entities that are interested in conducting a trial namely, requiring it to have the desired final result (which has staked).

The concept of stakeholder was first brought to public attention in 1984 through the work of Freeman: "Strategic Management: A Stakeholder approach". The stakeholders defined as "any group or individual who is or may be affected by an entity's objectives." Hence the translation of literature local "stakeholders".

actually believes this definition of stakeholder as a redefinition of the term organization such as this and how it should be. However, (Friedman, 2006,ch 2) demonstrates that the organization itself should be regarded as a stakeholder group, the purpose of this entity is managing the interests, needs, opinions and points view.

(Freeman 2004 ,p.38-48) keeps using its precursors defined in a manner slightly changed: "the group vital to the survival and success of the organization." This definition is entirely oriented organization, which is why academia preferred definition of Freeman.(Friedman et al , 2006, ch 2) 4 states that this definition is more balanced and presents both an approach in a broader sense to the Stanford Research Institute. Another aspect which is chosen is that the phrase "that affects or is affected by" appear to include individuals from outside the company and certain groups can be considered safe to be stakeholders of an organization with the company to consider them as such. Even the "father of the concept of stakeholder" definition has changed over time. One of the latest definitions given by(Freeman 2004 , p.38) defines stakeholders as "the group that is vital survival and success entity" .(Armstrong, C et al ,2010,p.179) provides a comprehensive definition of the concept analyzed namely "Stakeholders are represented by a group of people or individuals who have an interest in the welfare of the company and / or are influenced by objectives, operations or activities of the organization or conduct of its members. "

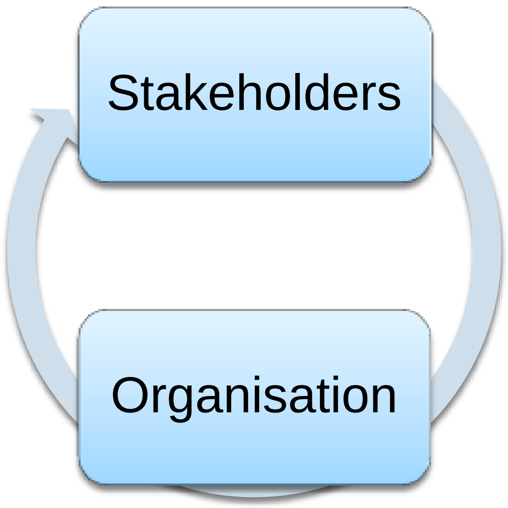
3. Optimization of corporate governance performance in stakeholder interests

Our research aims to present some common elements such as the demarcation of stakeholders from the rest of the company, highlighting the qualities they hold in the organization, influence and relations of mutual interest between them and the entity.

The thorough analysis of conceptual determination presents a common course, thus all considerations are directed towards strategic roles within the entity.

Upon examination of the link between the entity and the roles of actors that influence, we can say that there is a relationship of codependency between the two, as shown in Figure 1.

Figure 1 The relationship of interdependence of stakeholders – entity



Source: own processing on the basis of literature

One of the conditions proper functioning of the relationship entity-stakeholder is the existence of a program of involvement of stakeholders in the organization, by releasing information that will be provided, identifying the most appropriate alternative options, communication between stakeholders with different specializations, evaluation risk assessment of possible social impacts of the alternatives chosen scenarios in policy decisions that are necessary to explore how it could carry out in the future and thus to predict what plans and policies might apply to the expected changes, analysis alternative options etc. All this must be made known to stakeholders, which will contribute to transparency in the management and success of the organization's activity to the benefit of both parties: the entity on the one hand and stakeholders on the other.

4. Stakeholders and decision making

The decision making process has often been stated and validated in most areas. In essence, the decision and knowledge of best practice is a form of accumulated information that can only be learned through experience (Cheng, Q., et al , 2005 ,p.441). Decisions success requires more than good judgment. Once adopted, the decision must be implemented effectively so that its effect can be obtained in such a manner as to complementing and translate into fact the original problem. However, it should be noted that a decision quality could be affected (hijacked) inadequate implementation. (Mellah, K et al , 2003, p.183) as appears from the above, on the applicability of stakeholders in manufacturing of assemblies and subassemblies aviation stakeholder behavior seems to follow predictable patterns.

The literature mentions that stakeholders fall into two categories: primary and secondary. Primary stakeholders are those who can directly affect the outcome of decisions. They "have to be managed" so that through the decision process to be able to reach interested goals. Parts side are generally individuals or groups of people who are indirectly affected by decisions made but may have an important stake in decision making. If these categories of stakeholders are not properly represented, manager can-not decider achieve its purpose. (Harrison, J,2010,p.58) .In further analysis will be presented internal stakeholders working within a firm and their relationship to interconnectivity with other actors. Their decisions are often taken at different levels. (Bhaduri, A et al, 1990 , p.375) noted that there are three main levels of management in any organization: strategic, tactical and operational.

To determine the importance of economic and non-economic actors, it was developed following research hypothesis for key internal and external stakeholders (Caulkin, S ,1994,p.54):

H1: The decision making process is influenced by the ability of investors to raise funds, the investment income and cash from investing activities.

H2: investment banking are influenced by interest expense and interest income.

H3: customer relevance is determined by the quantity of finished products sold, advances to customers and manufacturing cost of products sold.

H4: Employee Effectiveness is determined by the number of full-time employees and related expenses.

H5: Shareholders' equity are influenced by developments in net assets, shares and administrative expenses and gross dividends.

After determining clear goals, it was observed that the best approach in the evaluation model is by using linear regression for each type of stakeholder considered relevant in decision making, was established by an equation linear, shown below:

Table 1 Regression model on the types of stakeholders

No.	Type of stakeholder	Regression mode	Variables
1.	Shareholders	SHREQT = ω1 x EQT + ω2 x AdmEX + ω3 x STK + ω4 x GrDVD + ε_i	SHREQT EQT i AdmEX STK GrDVD εi
2.	Banks	BNKInf = ω_1 x INTPyd + ω_2 x INTErn + ε_i	BNKInf INTPyd INTErn εi
3.	Customers	CSTRlv = α_0 + α_1 x MchOrd + α_2 x CSTAdv + α_3 x RevCst +ε_i	CSTRlv MCHPrd CSTAdv REVCst ε_i
4.	Employees	EMPW = φ_1 x WrkFT+ φ_2 x WrkEX +ε_i	EMPW WrkFT WrkEX εi
5.	Investors	InvPr = β_1 x InvK + β_2 x InvRet + β_3 x InvRem + ε_i	InvPr InvK InvRet InvRem ε_i

Source: own processing

Research on decision making for financial investments were made for the first time in the early 70s with investors focusing on behavior related to information processing and selecting appropriate strategy (Glaser et al,2009,v64).

As expected, further research Gases its applicability in investment exploring the causes difficulties such as addiction or financial intermediaries of public information (Clarkson et al 2006 ,p.82). Under these conditions, they were analyzed capitalized funds, investment income and compensation on the profitability of total invested capital.

For the most part, immediately applicable criteria for assessing the best choice in the decisions of customers are: cost, reliability, quality and service offered (Aaltonen, K.2008,v.26). Returning to the available data, it was decided to prioritize customer orders received advances and product quality.(Geziene 2013,ch 1) considers investment in human capital to be a very important f regional development, since it stimulates economic growth and regional competitiveness.

Shareholders are known to use the opportunistic tactics to obtain subjective results and achieve personal and professional goals (Martkowski, 2004 ,p.183). In these circumstances, the main focus was put on administrative expenditure, shares of gross dividend Shareholder and handling.

Table 2 Regression Statistics

	H1	H2	H3	H4	H5
Multiple R	0,94	0,81	0,89	0,95	0,99
R Square	0,88	0,66	0,80	0,90	0,99
Adjusted R Square	0,85	0,65	0,79	0,88	0,8
Standard Error	53.502,45	17.334,82	6.487,72	10.046,38	19.164,72
Observaţions	42	89	95	62	79

Source: own processing

Table 2 presents regression statistics, namely the explanatory power of the model (measured by adjusted R2). Analyzing the overall accuracy of the linear regression models, we see the relationship between the variables set extremely tight. In addition, we can say that the relationship of trust between the variables is shown in equation stakeholders.

However, the second hypothesis, we note that R2 has a value of 0.66, which implies that only 66% of the variation of endogenous (BNKInf) is influenced by independent variables. This is explained by the multiple role that a bank plays in the business. In this particular sector, we conclude that banks do not have significant influence in the decision making process of internal stakeholders, if we follow the two variables mentioned. A solution to adjust the low correlation utility is to change the type of regression or inclusion of new independent variables.

5. Conclusions

Analyzing the proposed regressions early research, it was concluded that confirm the hypothesis stated. Thus, as regards the first category of stakeholders, it appears appropriate choice of independent variables to demonstrate influences on decision-making. Stakeholder analysis of the external environment of the entity is established that: investors and clients identify cohesion between influencing factors and the dependent variable.

Stakeholder decision-making process is a topic frequently discussed and researched in literature today. Its importance is equally noticeable due to the degree of implementation of the results found. For this reason, we chose determining and studying a number of factors influencing the decision making process of internal and external stakeholders.

After establishing the main objectives was confined space that is centered investigational five of the twelve categories of stakeholders identified in the literature. Evaluation of data retrieved from the database Thomson Reuters and the need for uniformity and utilization analysis, imposed the formulation of linear equations.

If when investors assess funds raised was through the results and direct effects thereof, for banks, all type of investors, was chosen pursuit exclusive stage of the sale price and the purchase price interest received and paid dividends by entities analyzed. It was found, however, that the choice was less suitable due to reaching the threshold of 60% of the link between influencers and decision making result.

The most important of them is analyzed external stakeholders, in terms of this paper customers. The analysis performed influencing factors we assessed more from a customer perspective entity. Thus it was chosen assessing the ability to meet the need of purchase. The reasoning used was as follows: to ensure a constant customer beach, finished goods and sold in addition to covering critical need for institutional (breaking even) and the entity's ability to maintain asset quality needs of customers to high standards.

Using the same reasoning and applying it to the internal stakeholders, we AFIM that employees are the lifeblood of any entity in the sector thanks to active participation in the production process. Due to the scarcity value of customers' quality of decision analysis was restricted, taking into account only the number of full-time employees and wage expenses.

This study is making a minor contribution to the enrichment of literature new insights into the factors that influence decision-making. It can also serve as a guide for improving the activity of an entity directed to different types of stakeholders.

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