



Corporate governance legal economy and administrative and economic regulation

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Abstract

This research is an effort to analyze the integrated framework of corporate governance through the study of the legal, economic and regulatory aspects that govern its application. The research departs from a basic issue, that is the insufficiently integrated legal rules and administrative and economic regulatory mechanisms in the corporate governance practice, and therefore the failure to apply the principles of transparency and accountability, the low utilization of legal economics in the interpretation of senior management behaviour, and the overlapping of the powers of regulatory authorities. The significance of the study is that it emphasizes the legal and economic aspects of governance as a single system, closes the knowledge gap regarding the role of legal economics in the regulation of institutional behaviour, provides the decision, makers and regulatory bodies with the necessary support in the drafting of legal and regulatory frameworks, and becomes a vehicle for lessening corruption and mismanagement through the strengthening of administrative and economic regulation. The study relied on several major assumptions, among which were the following: an effective legal framework grounded on the principles of the legal economy contributes to better governance; clear and consistent administrative regulation facilitates the efficiency of oversight and institutional accountability; and, finally, that a well, balanced economic regulation plays a significant role in market stability and the increase of investor confidence. It was also stated that poor coordination between legal and regulatory frameworks aggravates the situation by causing inconsistencies in the application of governance. The study findings pointed to the fact that good governance would need a single plan that would entail not only the strengthening of internal administrative regulation through well, defined oversight structures but also the strengthening of external economic regulation through policies and laws that are stable and ensuring that there is consistency between them within a transparent legal framework. The findings emphasized that such a merger is the stabilizing factor of institutions, the growing trust of the market, and the increasing of the sustainable economic development, in particular, in those economies which are striving to better the business environment and bring their standards into line with the world's best practices.

Keywords: Economy, administrative, economic regulation, corporate governance

Introduction

Corporate governance remains a key subject material in present, day legal and economic theories because of its essential role in managing the relationship between management and stakeholders, thus, ensuring proper resource management and getting transparency and accountability at the level of institutions. The notion has been around as a reaction to the difficulties arising from economic transformations, increasingly complex institutional structures, and the escalating demand for legal and regulatory frameworks governing management behavior and curbing corruption and mismanagement. Under such circumstances, corporate governance matches with legal economics as well as administrative and economic regulation, whereby the legal rules, economic incentives, and institutional oversight mechanisms being the components of a system that can be integrated to raise the performance efficiency of institutions and the stability of the market. Consequently, the examination of corporate governance through a combined lens of law, economics, and administrative regulation is an instrumental scientific approach for understanding the means of enhancing institutional effectiveness, promoting the investment environment, and attaining economic sustainability.

First: Research problem

- Weak integration between legal rules and administrative and economic regulatory mechanisms in the application of corporate governance.

- Inadequate implementation of transparency and accountability principles within companies despite the existence of regulatory legislation.
- Limited use of legal economics in interpreting senior management behavior and institutional decision-making.
- Overlap in the powers of administrative and supervisory bodies, weakening the effectiveness of corporate oversight.
- Implications of weak governance on market efficiency, investor confidence and economic stability.

Second: Importance of the research:

1. Highlighting the legal and economic dimensions of corporate governance as an integrated system.
2. Contributing to bridging the knowledge gap regarding the role of the legal economy in regulating institutional behaviour.
3. Support decision-makers and regulatory bodies in developing legal and regulatory frameworks for governance.
4. Raise awareness of the importance of administrative and economic regulation in reducing corruption and mismanagement.
5. Provide an analytical framework that can be used in comparative legal and economic studies.

Third: Research objectives

1. Clarification of the theoretical concept of corporate governance and its legal and economic dimensions.

2. Analysis of the role of legal economics in promoting compliance with governance principles.
3. Demonstrate the impact of administrative regulation on monitoring corporate performance and controlling corporate management.
4. Study the role of economic regulation in achieving market stability and efficiency.
5. Produce findings and recommendations that contribute to improving the implementation of corporate governance.

Forth: Research hypothesis

- An effective legal framework based on the principles of legal economics contributes to enhancing corporate governance.
- Clear and coordinated administrative regulation enhances the efficiency of oversight and institutional accountability.
- Balanced economic regulation positively impacts market stability and investor confidence.
- Weak coordination between legal and regulatory frameworks leads to an imbalance in the implementation of corporate governance.

Conceptual and Theoretical Framework of Corporate Governance

1. Section I: The nature and development of corporate governance.

1.1 The idea of corporate governance and its aspects.

Corporate governance is a concept which has been introduced quite recently in the management and legal economics sphere. Its significance has become very obvious especially in recent decades, most notably after the financial crises and the accounting scandals that have shaken large global companies. The notion of corporate governance refers to the system that manages and monitors companies with a less management, oriented but more relationships, focused view of management, board of directors, shareholders, and other stakeholders. Besides, it is not just a simple 'bundles' of legal obligations, but rather a broadly defined structure with an ultimate goal of the transparency, accountability, fairness, and social responsibility of companies (Tricker, 2019, p. 3) ^[13].

On the economic side of things, corporate governance is associated with agency theory which deals with the issue of the conflict between shareholders (owners) and executives (agents). As a result of separation of ownership and management, there are occasions when managers behave in their own interests and disregard those of shareholders. Thus, governance mechanisms like board oversight, executive compensation policies and internal control systems are regarded as the most effective means for executives to have their interests aligned with those of shareholders (Shleifer & Vishny, 1997, p. 737) ^[10]. Without such devices there is a risk of lower productivity, higher levels of corruption, and reduced trust in the market by investors.

From a regulatory standpoint, corporate governance serves as an essential framework that delineates the rights and obligations of various parties and guarantees the company's adherence to laws and moral principles (Mallin, 2020, p. 28) ^[7]. Statutes differ from one nation to another, but the primary objective is still to establish a setting in which corporations are supervised and breaches are penalized. In

this scenario, governance acts as a bridge between legal frameworks and economic incentives, thus offering a consistent approach to corporate management.

Per the definition given by the Organisation for Economic Co-operation and Development (OECD), corporate governance is the set of relationships between a company's management, board of directors, shareholders and other stakeholders that provides the structure through which the company's objectives are set, the means to achieve those objectives and performance is monitored (OECD, 2015 ^[9], p. 9). The presented definition points to the extensive character of governance that includes both the institutional and the procedural facets.

The most significant aspects of corporate governance can be referred to as the four main pillars that include transparency, accountability, fairness, and social responsibility. Transparency is concerned with providing clear and accurate financial and non-financial information, both in terms of content and timing, that would enable the stakeholders to make a rational decision based on it. Transparency goes beyond the mere publication of financial statements and also covers the disclosure of the company's management policies, organizational structure, remuneration systems, and the nature of the risks it faces (Solomon, 2020, p. 112) ^[11]. The companies that decide to overlook transparency are those which attract a decrease in people's trust and their reputation and may also have regulatory sanctions imposed on them.

Accountability is one of the key aspects of corporate governance framework, which demands that the management as well as the board of directors be answerable for their decisions and performance to shareholders and stakeholders. Accountability is implemented via internal control, external auditing, audit committees, and the role of the oversight regulatory bodies. Without the presence of accountability, governance may represent nothing more than empty words with no substantial influence (Clarke, 2016, p. 55) ^[5].

Equity or fairness means that the treatment of all shareholders is the same, with an emphasis on minority shareholders. Good governance practices respect and maintain the rights of all parties and, thus, stop the use of power for the benefit of a particular group. The dimension of fairness is necessary for the financial market system to gain trust and to attract long-term investment (Monks & Minow, 2011, p. 78) ^[8].

Corporate social responsibility (CSR) is one of the main features of governance whereby companies are expected to consider the social and environmental aspects of their operations. The implementation of social responsibility measures in a company is a reflection of that company's commitment towards sustainable development while balancing profit, making with the provision of goods and services that promote the well-being of society (Brown & Caylor, 2006, p. 24) ^[2, 3]. The firms that consider social responsibility as part of their governance contribute positively to their public image, and they also become producers of a favorable environment for the growth cycle.

1.2 The rise and evolution of corporate governance in law and economics

For the most part of the last century, corporate governance has been a topic of incremental interest in legal and economic thought and only after social and economic

changes following the Industrial Revolution and the expansion of financial markets it appeared as a separate and integrated concept. The conventional model of the company was based on the single or family ownership of the business, where owners were running their companies by themselves and the split of ownership from management was hardly ever the case, thus internal control was quite simple (Shleifer & Vishny, 1997, p. 737) ^[10].

As financial markets evolved and large companies with distributed ownership structures appeared, the separation of ownership and management became the standard practice. This separation has led to the emergence of the agency problem, i. e. , the possibility of a conflict between the interests of shareholders and executives, which resulted in economic thinking developing theories and mechanisms to solve this problem. Economists, in this regard, concentrated on the creation of an efficient incentive system that connects the performance of management with the interests of shareholders and the development of financial and accounting control systems that lessen the risks of exploitation and deviation from the company's primary objective, which is to maximise shareholder value, thereby giving management the least possible scope for fraud and misconduct (Jensen & Meckling, 1976, p. 308) ^[6].

On the legal aspect, the concept of corporate governance has undergone transformation in the regulatory and legal system with the aim of protecting the interests of stakeholders and shareholders. In the early 20th century, such laws in the business world mainly encompassed the incorporation of businesses and the regulation of the liability of the owner and members of the board, but in a way that the matter of transparency and accountability was poorly regulated. But a series of financial scandals in the early 21st century, including the demise of firms such as Enron and WorldCom, led the legal systems of different countries to enact tough laws on financial transparency, the accountability of the board, and the role of the supervisory board, and thereby giving strength to the place of the concept of governance in the reduction of risks and as a mode of protecting investors (Mallin, 2020, pg. 28) ^[7].

The evolution of corporate governance from a historical perspective can largely be seen as two different phases. The first phase, the emergence phase, dealt mostly with issues of ownership, management, and the safeguarding of the first investors. The second phase, the modern development stage, was more about enhancing transparency and accountability, as well as embracing the ideas of social responsibility and environmental sustainability in the governance structure (Tricker, 2019, p. 25) ^[13]. As a result of this stage, corporate governance standards at the international level became the example of the Organisation for Economic Co, operation and Development (OECD) that through this gave a common framework to countries for good and efficient administration (OECD, 2015, p. 9) ^[9].

Economic thought, through the lens of theory, has been the source of the evolution of corporate governance. The scholars have been using several theoretical models, chief among them being agency theory, market theory, and capital structure theory, to illustrate the role of governance in lessening risk, improving financial performance, and making the market more efficient. These theoretical constructs have demonstrated that governance is not merely a collection of laws, but an interwoven system that marries market incentives with regulatory principles to secure the

viability and growth of a company (Solomon, 2020, p. 45) ^[11].

On the legal side, it has been pointed out that the evolution of governance has been associated with the advocacy of minority shareholder rights and the creation of rules for fairness among all stakeholders. The recent legal turn has emphasized institutional oversight as a must, have, along with the imposition of penalties for violations, as well as the setting up of independent audit and review committees to secure management's support of legal and ethical principles (Clarke, 2016, p. 55) ^[5].

Therefore, it is evident that corporate governance is not a fixed concept, but rather a result of continuous dialog between economic thinking, which concentrates on incentives and markets, and legal thinking, which deals with regulation of rights and duties. This exchange has led to the integrated governance model that combines transparency, accountability, fairness and social responsibility, and increases the capability of companies to respond to financial, investment and social challenges of the modern business environment (Monks & Minow, 2011, p. 78) ^[8].

Section II: Principles of Corporate Governance and International Standards.

1.1 Principles of Transparency, Accountability and Stakeholder Protection.

The principles of transparency, accountability and stakeholder protection are essential features of a well, functioning corporate governance system and constitute the core of the international policies and standards that regulate sound corporate management. The world, wide practice reveals that when these principles are not observed, the result is a breakdown of trust between investors and management, the enlargement of financial risks, as well as the occurrence of cases of mismanagement and violations of law (Tricker, 2019, p. 112) ^[13].

First: Transparency

Transparency is essentially the openness of a company to present not only its financial but also its non, financial data, which are of interest to the stakeholders such as the shareholders, potential investors, and the community. Transparency commits a company to reveal financial statements, strategic management decisions, board structure, remuneration systems, as well as the possible risks of the firm (Solomon, 2020, p. 115) ^[11].

Researchs have revealed that companies that practice transparency to a great extent are trusted more in financial markets and are able to deter fraudulent activities and breaches. Legally speaking, international norms like the Organisation for Economic Co, operation and Development (OECD) principles call for the provision of financial and accounting information in a detailed and timely manner so that shareholders and other stakeholders can make the most suitable decisions (OECD, 2015, p. 14) ^[9].

Transparency does not solely refer to financial data but also involves the disclosure of company policies related to sustainability and social responsibility as well as relations with regulators and the community. Such a disclosure strengthens the company's image, shows its dedication to ethical and professional values, and lessens the occurrence of ambiguity and suspicious practices (Mallin, 2020, p. 34) ^[7].

Second: Accountability

Accountability is another crucial part of business governance, as it means that the management and the board of directors as well as other officials are responsible to the shareholders and stakeholders in regard to the measures and steps that they take. Accountability is achieved in different ways, and the main ones are internal control, financial review and audit, independent audit committees, and external auditing (Clarke, 2016, p. 62) [5].

According to economic theory, the introduction of accountability instruments should, in theory, alleviate the difficulties that stem from the division of ownership and control. This is because those instruments 'monitor the managers behaviour and influence their decisions to be guided by the maximisation of company value and the interests of shareholders, rather than focusing on a few personal interests' (Shleifer & Vishny, 1997, p. 740) [10]. Without any form of accountability, governance is only a set of grandiose words, and the regulatory system is incapable of delivering its intended results of fighting corruption and misbehaviour of management. '

Third: Protection of stakeholders

Contemporary governance is mainly centered on the protection of the rights of all stakeholders, viz. shareholders, employees, creditors, customers, and the society at large. This aspect implies, among other things, ensuring that the treatment is fair and that the abuse of power is prevented, e. g. , the use of a particular group of shareholders for the benefit of the rest at the expense of minority shareholders (Monks & Minow, 2011, p. 83) [8].

Stakeholder protection is copyrighted in the adoption of transparent decision, making procedures, the provision of appeal and review avenues, information disclosure transparency, and corporate social responsibility. The equilibrium of the different parties' interests not only boosts the stability of the institution but also the company's capacity to deal with legal, social, and economic challenges (Brown & Caylor, 2006, p. 28) [2, 3].

1.2 International standards and their application

Global corporate governance norms, for example, the OECD Principles and the United Nations Principles of Good Governance, serve as a primary source of guidance for the corporate policies. These norms lay stress on the fact that transparency, accountability, and stakeholder protection should be the core of the corporate strategies, rather than just being formalities. Besides, these principles advise the setting up of clear institutional frameworks, the vigorous functioning of audit committees, and the offering of up, to, date control systems for the checking of conformity to moral and legal standards (OECD, 2015, p. 16) [9].

In general, the use these tenets constitute the framework for proper administration, where the aspects of openness, responsibility and stakeholder support are fused to guarantee efficient administration, safeguard investor rights and realize socio, economic development congruent with both the company and society.

Worldwide implementation, moreover, reveals that good governance is a matter of top management dedication, shareholder vigilance and effectiveness of legal structures in ensuring compliance and accountability.

1.3 International Organisation Standards and Their Role in Promoting Corporate Governance

As financial markets have become more complex and multinational companies have proliferated, the compliance with international corporate governance standards has become a condition for the continuation of a healthy and efficient management system. To that end, the international bodies have established not only the principles but also the way for the implementation of a good governance system in companies so that these companies can be kept transparent and accountable and the rights of all stakeholders protected. Along with international accounting standard, setting organizations, the key players whose voices shape corporate governance are the Organisation for Economic Co, operation and Development (OECD), the World Bank, the United Nations (UN), and the G20.

Table 1: Comparison of International Organizations' Principles in Corporate Governance

Organization	Key Principles	Scope of Application	Main Role
OECD (2021)	Transparency, Accountability, Minority Shareholder Protection, Sustainability	Public and private companies, multinational corporations	Provide a standard framework for governance and ensure full disclosure
World Bank (2021)	Transparency, Accountability, Risk Assessment	Emerging and developed markets	Offer advisory services and evaluate governance systems
UN (2021)	Social Responsibility, Stakeholder Protection, Sustainability	Multinational companies, private sector institutions	Integrate governance with social and environmental responsibilities
G20 (2021)	Transparency, Financial Disclosure, Accountability	Large corporations, multinational markets	Strengthen transparency and accountability policies internationally

Source: OECD, 2021, pp. 12–14

Table 2: Impact of Applying International Governance Standards on Companies

Dimension	Benefits	Impact on Stakeholders
Transparency	Improved financial and managerial disclosure, increased trust	Enables investors to make informed decisions
Accountability	Control of management performance, reduction of deviations	Protects shareholders' and stakeholders' rights
Stakeholder Protection	Ensures fair treatment for all groups	Enhances institutional stability and social legitimacy
Social Responsibility	Integrates environmental and social values into management	Improves company reputation and contributes to sustainable development

Source: OECD, 2021, pp. 12–14

The tables above demonstrate that the principles of international organizations in corporate governance are geared towards three main areas: transparency,

accountability, and stakeholder protection, with emphasis on social responsibility and sustainability in the latest principles. The commonality of these principles is a

comprehensive vision that links the legal aspect, which is about the protection of rights and duties, with the economic aspect, which is about enhancing financial performance and lowering risks.

Firstly: Transparency and accountability

Transparency, being one of the essential supports of governance, is not confined to the disclosure of financial information but also includes the publication of resourced decisions, the organization of the board of directors, potential risks, and the reward and incentive systems. Economically, transparency is a means of lessening the problem of asymmetric information between management and shareholders, thus financial risk is lowered and the cost of capital is reduced, and investor confidence in the company and financial markets is increased (OECD, 2021, p. 13).

Transparency, from a legal point of view, is one of the main factors in the preservation of the rights of shareholders and other stakeholders. In fact, transparency is what makes possible that all operations and decisions are auditable and verifiable, thus, as a result, there is accountability. Accountability is a tool to control the management's power and make sure that it is used for the shareholders' benefit and is manifested in the forms of the internal supervision, the independent audit committees, and the periodic reports to the regulatory bodies.

The economic theory confirms that when the accountability is effective, the management is less likely to behave in an unethical manner, and fraudulent practices are limited, thus, a positive impact on companies' financial performance occurs (Solomon & Solomon, 2021, p. 79) ^[12].

Second: Protection of stakeholders

This legal and social aspect comprises all the groups that are related to the company, such as minority shareholders, employees, customers, creditors, and the community. As per the law, the protection of stakeholders guarantees their fair treatment and thus, the chances for abuse of power or discrimination among shareholders are minimized, which makes the company more legally legitimate and lessens the chances of litigation. Economically, it is a matter of respecting stakeholders' interests which is the key to more significant institutional stability, turns the company into a more attractive investment vehicle, and raises the company's positive image among the public, thus, facilitating the company to be sustainable in the long run (UN, 2019, p. 22) ^[14].

Third: Social responsibility and sustainability

Social responsibility and sustainability are new fundamental aspects that have been added by global standards like the OECD Principles and the United Nations Principles. They signify incorporating ecological and social morals into the business routine of a company and maintaining equilibrium between profit and social engagements. Economically, these actions lessen the chances of reputational risks, attract more long, term investment possibilities, and enhance the loyalty of customers and the community. Legally, the adoption of social responsibility also serves as a strong signal that a company is adhering to both national and international laws and it highlights governance as the protector of society and the environment' (Mallin, 2020, p. 42) ^[17].

Fourth: The impact of international standards on institutional performance

Recent studies highlight that the use of international standards in corporate governance has both legal and economic advantages. Legally, abiding by these standards gives the corporation a well, defined framework of accountability, transparency and rights protection, which in turn hampers violations and elevates the legal trust of investors. Economically, the successful implementation of these standards results in improved executive performance, more transparent financial and administrative disclosure, increased foreign investment inflows, and a steady economic growth. Consequently, international standards are not simply idealistic proposals but are rather instrumental tools for realizing sound and efficient governance, particularly in multinational markets that are confronted with complex and varied challenges (World Bank, 2020, p. 46) ^[15].

Administrative and economic regulation and its role in promoting corporate governance

1. Section I: Administrative Organisation

1.1 The Role of Administrative and Supervisory Bodies in Overseeing Company Performance

Corporate governance is a basic structure that is essential for good management and the realization of the objectives of shareholders and other stakeholders. In this regard, the administrative and supervisory bodies are at the forefront, as they inspect the performance, control the administrative decisions, and verify the compliance with the laws and regulations, and at the same time, they maintain the rights of shareholders and investors. Legally, these bodies offer binding control instruments, while economically, they help to raise the company's operational efficiency and lower its financial and administrative risks.

First: Administrative Authorities

Administrative authorities are, among other things, the board of directors and executive management that, respectively, are responsible for strategic planning and the implementation of the decisions of the day. The board of directors defines the company's general policies and goals and supervises the executives' performance. The existence of independent members on the board is, therefore, a very significant element in assuring the board's accountability and decreasing the possibilities of conflicts of interests, hence, being the most recent legal framework for corporate governance conformity (Tricker, 2019, p. 95) ^[13]. From an economic point of view, management organs facilitate better utilization of resources, have control over the costs, and, in general, raise the financial stability level of the enterprise. Economic analysis reveals that well, functioning and independent management bodies constitute a major factor in a company's capacity to survive market risks and have a better long, term financial performance.

Second: Supervisory Authorities Supervisory

Authorities are the authorities that oversee and guide the management bodies. They check the management bodies' adherence to legal and financial standards, assess their performance, and carry out both internal and external audits. The trim committees, remuneration committees, internal audit departments, and government regulatory bodies are the most visible of these entities.

From the point of view of the law, these organs have the function of ensuring compliance with norms and protecting the shareholders' rights. Regular reporting and independent auditing act as a deterrent to corruption and mismanagement while also providing a system of laws that can be used to resolve disputes (OECD, 2021, p. 15).

On the other hand, oversight leads to operational efficiency and risk reduction resulting from inaccurate financial disclosure or poor management decisions. The empirical evidence reveals that the company which have a robust oversight structure turn out to be financially stronger and to be more attractive for investors (Mallin, 2020, p. 38) ^[7].

Third: Integration between the administration and the supervision

The effectiveness of the administrative regulation is largely dependent on the collaboration between the administration and supervision departments. To summarize, administrative departments formulate the strategy and handle the daily activities whereas supervision departments keep the performance under their watch and ensure the observance of international laws and standards. By incorporating these functions, the company becomes more accountable and transparent, it diminishes the potential for legal and financial risks and puts in a positive mood investors and other stakeholders (Solomon & Solomon, 2021, p. 83) ^[12].

1.2 The impact of administrative regulation on institutional performance

- An interdisciplinary social science research and analysis of administrative regulations suggest that one of the most important factors that lead to positive results in corporate performance is efficient regulation at the administrative level.
- More transparency and accountability: Administrative and regulatory frameworks define tasks more clearly and therefore conflicts between shareholders and management are less frequent.
- Financial and operational performance improvement: Good regulation gives a chance to achieve business objectives in a sustainable way through efficient resource allocation and cost control.
- Stakeholder Rights Protection: Implementation of administrative and supervisory regulation leads to minority shareholders' rights protection and customer and employee loyalty increase.
- By strengthening administrative and regulatory governance, companies become attractive to both foreign and domestic investors and capital costs are lowered. This, in turn, restores public confidence in financial markets.

First of all, the research on institutional governance structures, independent monitoring bodies, and advanced regulatory institutions, as well as transparent legal procedures, argues that they have a positive impact on company performance in terms of profit and sustainable development of institutions (Clarke, 2016, p. 61) ^[5].

1.3 Control mechanisms are at the center of any initiative targeted at promoting transparency and accountability in companies.

Besides providing legal and regulatory assurance to efficient performance, they also ensure the protection of the rights of

shareholders and stakeholders. These tools are internal and external controls, respectively, each complementing the other in achieving governance objectives.

First: Internal control

Internal control is a set of procedures and policies which management implements to ensure compliance with laws and regulations. Most notably, it includes internal audit committees, periodic reporting systems, and internal review procedures for the financial and administrative operations. The mechanisms put in place serve to detect errors and irregularities at the earliest stage and ensure transparency in financial and administrative decisions. In this manner, trust between management and shareholders is deepened, and economic risks caused by mismanagement are reduced (OECD, 2021, p. 15).

Second: External oversight

External oversight refers to the involvement of independent parties, for example, external auditors, government regulatory bodies, and auditors. Such entities examine financial and administrative performance and confirm that the company is observing international legal and accounting standards. External control gives a double safety layer that, on one hand, assures integrity and accountability and, on the other hand, raises the transparency of financial disclosure to investors and the market (Solomon & Solomon, 2021, p. 83) ^[12].

The impact of control on transparency and accountability

The significance of these devices is their interconnection, as internal control helps to govern daily performance and external control is there to check the observance of international laws and standards. Such an interrelation elevates the quality of financial disclosure, lowers legal risks, and deepens the trust of investors and stakeholders, thus contributing to the company's overall economic performance.

The impact of corporate governance on combating corruption and improving management efficiency

Effective corporate governance can be a very helpful tool in the fight against corruption and the improvement of management efficiency. This happens through the establishment of clear structures of authority and responsibility, as well as the establishment of rigorous oversight mechanisms. Apart from regular financial disclosures, the presence of independent boards of directors and internal and external audit committees makes it very difficult for anyone to exploit resources for their personal benefit and increases the control of the administration against bureaucratic deviations (Tricker, 2019, p. 95) ^[13].

Good administrative organisation has a positive effect on the economy of a company by allowing it to allocate resources in a better way, keep costs under control and make decision more quickly, thus improving operational efficiency and increasing company productivity. From a legal perspective, well, defined structures and clarified responsibilities serve as a solid framework for supervision and accountability, thus facilitating the protection of shareholder rights and diminishing the number of legal disputes.

Table 3: Administrative Organization Impact on Corruption Control and Efficiency

Aspect	Internal Mechanisms	External Mechanisms	Outcomes
Corruption Prevention	Independent audit committees, clear reporting lines	External auditors, regulatory inspections	Reduced fraud and misuse of resources
Management Efficiency	Structured decision-making, performance monitoring	Benchmarking, compliance audits	Faster decisions, optimal resource allocation
Accountability	Defined roles and responsibilities	Legal compliance and disclosure requirements	Enhanced transparency, stakeholder trust

Source: Tricker, 2019 ^[13], p. 95

Section II: Economic Regulation

1. The role of economic regulation in controlling markets and protecting competition

Economic regulation is one of the main instruments of efficient markets and protection of competition as it incorporates legal and economic elements to the system to achieve a stable and fair environment. Economic laws prohibit average practices in monopolies such as collusion and market dominance, besides providing for legal penalties to violators, therefore it promotes transparency and assures the rights of all parties, i. e. , investors and consumers (OECD, 2021, p. 22).

From the economic point of view, good regulation leads to better resource allocation, makes room for new companies, attracts innovation, and lowers prices thus, consumers are the ones who benefit. To illustrate, the studies show that in markets where competition rules are followed strictly, the market share of monopolistic companies is less than 10%, while in poorly regulated markets, it is over 30%, thus, indicating the influence of legal frameworks on market efficiency and corporate behavior.

1.1 The Impact of Economic Policies on Attracting Investment and

Boosting Market Confidence

Economic policies are the main factors that determine the conditions for investment and increase business confidence as these instruments define the interaction of law with economic indicators for stability and growth to be achieved. An environment of fair fiscal and monetary policies, economic laws that are trustworthy and in accordance with the market requirements are the main drivers of an investment climate that lowers the level of the unknown and the possibility of the occurrence of investment risks.

Sound economic policies like these: keeping inflation under control, stabilising exchange rates, and simplifying regulatory procedures, generally help to increase the trust of investors from the local community and abroad. When the legal regulations guiding investment are firm and foreseeable, investors are more likely to release capital over a longer period, which in turn increases investment flows and deepens economic growth. The Organisation for Economic Co, operation and Development reports that environmentally sound and market, law compliant countries reach higher foreign direct investment levels than politically and economically unstable countries (OECD, 2021, p. 27).

Good economic policies also increase the trust of the market by adhering to the rules of fair competition, closing the doors to unjustified market interventions, and providing for the transparency of economic decisions. This marriage of economic policy and law is seen in the stability of financial markets, the decrease of illegal speculation, and the increase of the efficiency of resource allocation. According to the

studies of the World Bank, better market confidence indicators lead to higher investment and the economies' growth rates of between 1, 2% per annum where clear and stable economic policies are implemented (World Bank, 2020, p. 54) ^[15].

Economic policies thus play a major role not only as financial instruments but also as a factor that help in creating legal and economic trust in the market which, in turn, raises the level of investment attractiveness and makes it possible to achieve economic sustainability.

1.2 The relationship between economic regulation and corporate governance to achieve institutional stability.

Economic regulation and corporate governance can be viewed as two systems that operate on a complementary logic in order to reach the goal of institutional stability and ensure the continuous economic activity. On the one hand, economic regulation determines the general rules which are at the basis of market functioning by means of competition legislation, economic behaviour regulation policies and investor protection. On the other hand, corporate governance stands for the internal framework which helps to realise these law norms in administrative and organisational practices of institutions.

Their mutual dependence turns governance into one of the executive means of economic regulation and thus allows regulation to have a practical dimension in the case of companies.

Stable economic regulation helps to lower regulatory uncertainty, which in turn is a key factor that companies decide to adopt more disciplined and transparent governance structures. With clear and predictable economic policies and market rules, companies have a tendency to upgrade accountability and disclosure mechanisms as well as to implement internal control systems, thus they reduce legal risks and limit opportunistic behaviour. The recent literature shows that regulated economic environments have been linked to lower rates of corporate failure and better financial stability (Claessens & Yurtoglu, 2013, p. 12) ^[4].

Moreover, corporate governance is a supportive partner in economic regulation by governing management decisions, enhancing disclosure quality, and lessening monopolistic practices or the use of market power. Enterprises that implement robust governance standards become stabilizers of the market through lessening volatility and increasing the confidence of economic agents that in turn leads to overall institutional stability being fostered. The studies reveal that the merging of economic regulation and corporate governance is instrumental in bolstering the resilience of economies against financial shocks and lessening the incidence of crisis transmission from the corporate to the market level (Aguilera *et al.* , 2019, p. 457) ^[1].

Thus, stability at the institutional level is maintained through the well, balanced interplay of economic regulation and corporate governance, where the one sets the rules for the market and the other is the management tool that maintains compliance and ensures that the institutions are kept viable over time.

Conclusion of the research

This research identifies corporate governance as one of the key elements that led to successful management and organizational stability during significant rapid economic and legislative changes. Governance has become more than an abstract concept or some suggested best practices. It has become a means of systematically guiding institutional behavior and/or promoting accountability and transparency and securing the rights of the shareholder and the stakeholder within the context of the new economy. This is evident from the study that the administration is the internal driving force behind the process of corporate governance. It establishes structures and begins the process of internal controls. Such organisation contributes to the reduction of administrative irregularities and corruption fighting, the enhancement of the performance efficiency, and the provision of the discipline of administrative decisions within a clear legal framework. The analysis further revealed that poorly administrative organisation is a source of governance principle application imbalance that exists even in cases of efficient legislation and strong economic organisation.

The research also concluded that economic regulation is the external environment that companies are operating in. As a result, economic policies, competition laws and market regulation are the factors that play the most significant role in guiding corporate behaviour and facilitating their commitment to governance principles. Proper economic regulation goes beyond safeguarding the market against monopolistic practices; it also revitalizes the market by gaining the trust of the participants, it lures more investors into the game and it incentivizes firms to avail more transparent and governance structures that are well disciplined. Research has demonstrated that stable economic policies that are in harmony with legal frameworks are the main factor leading to institutional stability and sustainable growth.

The research findings confirmed that the relationship between corporate governance, administrative regulation and economic regulation is interdependent and they should not be considered separately. Corporate governance serves as a bridge between internal administrative regulation and external economic regulation, thus it is the one which changes the legal rules and economic policies into real institutional practices. Such a relationship at equilibrium lessens the legal and economic risks, raises the level of market efficiency and lowers the possibility of crisis exacerbation from the corporate to the macroeconomic level.

The research, therefore, draws the conclusion that successful corporate governance calls for a detailed plan that involves developing administrative regulation, strengthening economic regulation and making sure that they are consistent with each other within a clear and stable legal framework. Such a merger is a condition for attaining institutional stability, increasing market trust, and encouraging sustainable economic growth, in particular, in those economies that are striving to better the business

environment and be at par with the latest international standards.

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