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An Organizational Value Chain Model of Cost Control and Corporate Governance[1]

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Abstract: Integrating agency theory and asymmetric information theory, this study conceptually developed an organizational value chain model of cost control and corporate governance in order to reflect the sheer importance that corporate governance can effectively influence costs. In the proposed organizational value chain model, however, the relationship between cost control and corporate governance was conceptualized. In fact, the model discusses why it is important to uphold the shareholders' interests and minimize the destructive events that usually occur in corporate cultures. This study argues that corporate governance must help retain the best interests of all the internal and external stakeholders and safeguard organizational resources from misuse, abuse or practice of self-interests of the managers.It also argues that since protecting an organization's interest requires protecting the interests of all stakeholders, cost control by that organization should be well guided by the corporate governance principles in ways thatprovide strongest safeguard of interests of all those stakeholders. Thus, a sound corporate governance policy requires adopting such standards and mechanisms that would maximize stakeholders' financial and non-financial interests. This study concludes that cost control and corporate governance must operate in intellectual ways in order to improve efficiencies and foster capabilities of the organization and to protect simultaneously the interests of all stakeholders.

Key words: Organizational value chain · Cost control · Corporate governance · Stakeholders' interest

INTRODUCTION

Cost appears to be a crucial or central element of business that tells what a business is all about. Cost of doing business probably would have been the most primeval economic psychology and realism of human civilizations, probably since the early era of 'evolution of money' that began to serve as the medium of exchange. Historically, businesses experienced with survival or failure, growth or recession, transition, development, prosperity, sustainable competence or economic disaster based on how they had driven costs in relation to revenue. Revenue itself is used to be highly influenced by the cost of doing business. Primarily, liquidity, profitability and solvency seem to be the key accounting elements that usually say aloud about the future economic status of a company and reach to the point of understanding as whether the business would meet the

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expectations of its owners or stockholders. The key element of stockholders' expectations from corporations is to earn significant amount of profit or net income thereby increasing their wealth steadily in the longer run. Traditionally, most of the global business organizations worked upon this key issue to satisfy their owners and habitually set up the top priorities to please the owners by way of engaging their total efforts to cut costs and improve revenues. Paradoxically, cutting costs and improving revenues would not work in hundreds of circumstances and the business leaders who failed to achieve their profit goals may well have realized. A business organization works in a vast environment and the entire environment contains certain meaningful clusters, such as community, society, local area, domestic territory, regional locations or global boundary. A business must recognize and value all these clusters and their inhabitants who are potential stakeholders. Placing owners with absolute priorities seems to be a great oversight, because this psychology most likely plunges the management in many instances to take certain unrealistic actions that eventually destroy owners' interests. Owners obviously should be placed as "top-priority stakeholders" who deserve to receive expected return on investment which does not necessarily mean to hurt the interests of other stakeholders. Hurting the interests of other stakeholders virtually undermine the status of the owners as unsatisfied stakeholders may begin disassociating with the firm in achieving its corporate goals resulting in the loss of sustainable competence. Brooks (2002) argued "*It has become evident that a company cannot reach its full potential and may even perish, if it loses the support of one of a select set of its stakeholders known as primary stakeholders*".

Many examples say that some companies aggressively took cost cutting measures by reducing employee welfare costs and internal supplies, constrained employees' travel costs, entertainment costs or refreshment costs and slowed down the process of promotion in higher ranks. Results showed that the intrinsic objectives of such cost cutting measures became failed while the organizations faced lower employee productivity, poor morale and high rate of employee turnover costs. Some companies illegally and unethically inflated their corporate earnings in their corporate accounting statements and disclosures and provided restatements to please the investors or owners, such as, Enron. They finally lost the public image and their businesses had eventually been doomed to exist. Accounting rules enforceable in almost all countries stress the need for a company to disclose its financial information in conformity with the generally accepted accounting principles (GAAP) or conceptual procedures and the information must be based on a 'true and fair view'. Placing owners or investors on top priority based on false or improper reporting in the accounting statements and corporate disclosures is, therefore, a financial and accounting crime.

In the wake of catastrophic news of financial scandals, investors' confidence got terribly hurt around the globe, stakeholders suffered and businesses came under fire. Think tanks, professionals and leaders began to readdress issues on how confidence-building measures could be developed to heal up the sufferings of the stakeholders and fortunately the issues of 'corporate governance' rouse to the vanguard in the global agenda. Most cited development has been the creation of Sarbanes OxleyAct enacted by the United States Congress. The Act, in one significant aspect, provides adequate provisions of how the directors of the board can be accountable to oversee management actions. An independent risk consulting firm, namely Protiviti conducted a survey on firms' pursuance to the provisions of Sarbanes-Oxley Act in 2003 in the United States and reported that "*….executives and directors also are taking actions that are resulting in major changes in corporate governance activities throughout their organizations….the Act and other regulatory developments are impacting everything from board composition to the roles of external and internal auditors*" (Protiviti, 2003).

The purpose of this paper is not to enrich readers with how corporations install governance, rather it benchmarks a basic rule that firms' decision-making process must be absolutely legal, ethical and socially acceptable. This study draws multidisciplinary conjectures to reflect the sheer importance of "governance" –a symbolic "medicine" likely to control costs and substantially reduce risk factors. An organizational value chain model has been suggested (Figure 1) linking costs and corporate governance in outright important areas. We draw certain traditional practices of firms that must be changed in new economic reality. Overall, we believe that leaders and managers would benefit from the discussions in terms of certain theoretical developments.

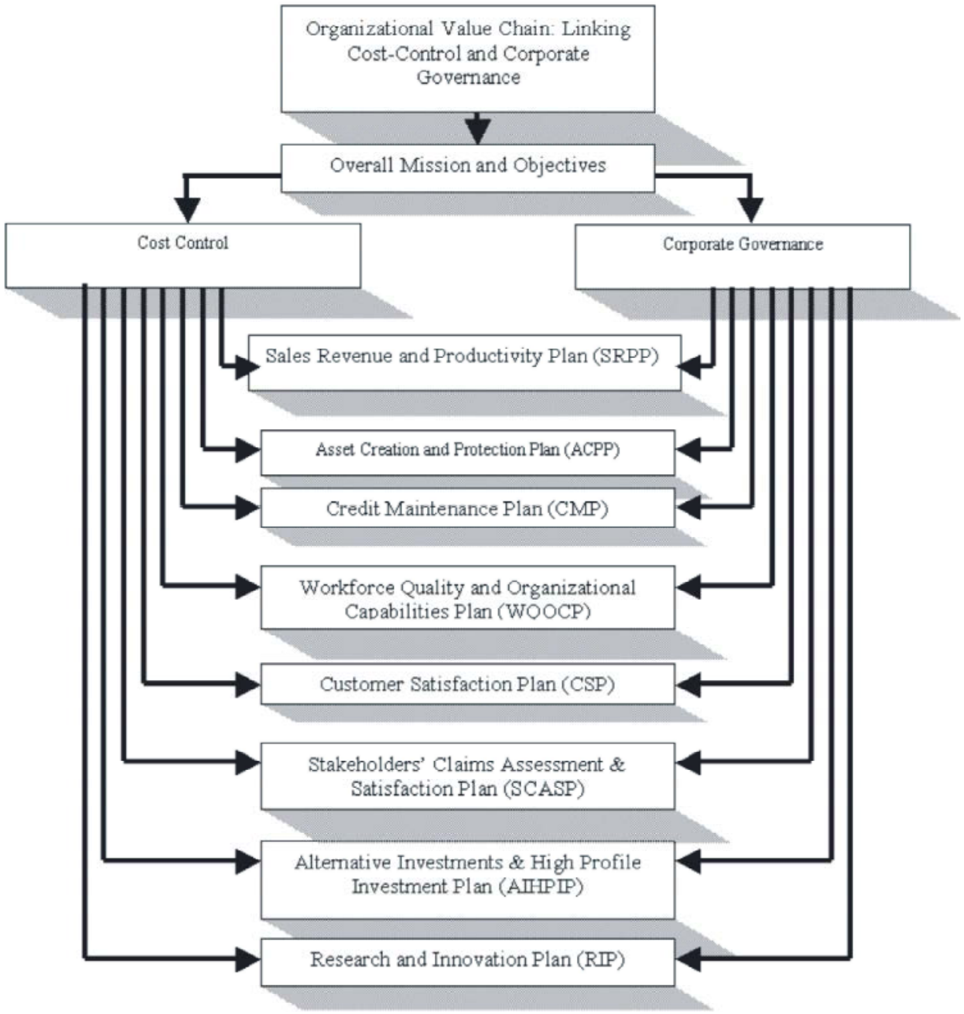

Fig. 1: Organizational value chain model linking cost control and corporate governance.

Why Corporate Governance?: In today's world, corporate governance can be rated as a life-saving corporate medicine to cure all evil intentions of bad people or perpetrators by way of establishing a cohesive corporate culture where senses of law and ethics would logistically work without compromise and where there would be no rooms for truing a firm into a devil's workshop. Jin (2003) states, *"Agency Theory and Asymmetric Information Theory underpin the inherent costs involved in a capitalistic environment where investors provide the money, management controls its usage and regulators keep watch over this relationship"*. A firm can face devastating cost consequences from several major reasons that may lead to a dangerous threat placing the firm in utterly completed position to survive. For example: leadership failure or violation of corporate norms and practices. "If a firm violates the norm or fairness, stakeholders may attempt to interfere with the company's activities, sometimes by providing unflattering information about the company to other stakeholders, which ultimately raises the cost of doing business" (Schuler & Cording, 2006). Business must be expected to have excellent leaderships, social norms and practices, everlasting "greater good" orientation for greater community and society. Failure in leaderships or unexpected unethical steps may potentially ruin the faiths of stakeholders. However, history shows these happenings were apparent in the past. To prevent or protect a firm and its innocent stakeholders, logic says there is no alternative to sound governance. When a firm designs its socially acceptable corporate behavior, we know it as "corporate governance". Again, it seems like a community medicine (vaccine) to prevent firms from incurable commercial diseases.

Investors' Confidence Scandals and Corporate Governance: There were some recent and remarkable turns of events where the globe saw deceitful motives of some admired corporation executives toward inflating net income without the cogent accounting evidences that crippled the global investors into a shadow of doubts and mistrusts. Arthur Andersen's unprofessional accounting practice with Enron raises a question on the integrity and independence of an audit firm. As a result, once a highly admired accounting profession enjoyed its reliability, faith and utmost good trusts had recently faced unwarranted criticisms and the widespread reliability on the profession had been questioned. As a possible safeguard, the field of corporate governance emerged with forceful intensity and with a spirit to galvanize support a custodial and preventive system, which has been thought to be a compelling agenda of many corporations to stay ethical and legal. In reality, corporations must solicit the fact that "*to be ethical and legal*" is supposed to be the only way; firms should behave in its corporate attitude in ensuring trust and confidence of the stakeholders and the public at large(Raquib, 2003).

Potential Consequences of Lack of Corporate Governance: In the past, due to lack of good governance propelled with executive negligence, oversights, perpetrated frauds and/or intentional conspiracies, many companies faced monotonous performance, heightened business crises, inevitable closures or forced bankruptcy. As a result, profitability, liquidity and solvency became treacherously constrained to operate business leading to failure or complete collapse in paying creditors' and other stakeholders' obligations. Trapped companies which had been referred by the whistleblowers to the public or to the doors of justice eventually escalated legal costs both for the subject corporations and their alleged executives and employees. Had these companies practiced strong governance even with sizable administration and maintenance costs – failure costs and legal costs could not have been so escalated that eventually brought the scenario of the firms' unexpected demise. Therefore, "cost" plays an important role that must be exercised with the vigilant concept of "corporate governance". A well-governed and transparent corporation can easily avail public confidence and you believe it or not, "public confidence" seems to be a business magic that may even create overflow of corporate revenues surpassing the shareholders' wealth expectations. Alternatively, even with best-designed corporate governance, failure in strategic management perspectives, such as one could be thought of the inability to understand triangle relations of "cost-revenue-governance" could bring just opposite results or trembling performance. Therefore, management must prioritize the strategic business initiatives, giving outstanding conceptualizations and practices of cost and corporate governance just they seem like two sides of the same coin. If cost and governance go in most appropriate ways, revenue generation, profit creation or wealth maximization would all take place in befitting manners provided intellectual business strategies must be superlative in nature and must have competing power over other corporations within the same industrial structure.

Governance on Resources, Project Monitoring, Core Values and Financial Performance: While using sound corporate governance, top management must oversee the uses of each penny in the right, ethical and legal manner. All financial projects must be under periodic monitoring system whereby the project leaders must fill out prescribed reporting forms to show how they have used the corporate money, what amount and for what purpose the money has been used. If any fund used in any new purpose outside the scope of previous approval or policy guidelines, the project leader is responsible to disclose the facts in detail so that the management can update with post-facto approvals over such actions. Any operational failure of such guidelines should be immediately solved by the management within the legal and ethical premise and cases depending on their nature, intensity and severity must be reported to the board promptly for assistance. In addition, the Board must be informed periodically about management's performance on control of financial and economic resources. These areas of financial compliance must be thoroughly prescribed in a well written 'corporate governance' policy guideline. When a new corporation drafts its corporate governance guideline, it must have to brainstorm on capstone issues and core values such as, social, ethical, legal, religious, national values and international practices.

Technical Dimensions of "Cost" Vs. "Performance Issues": If leaders of an organization believe that they could vividly narrow down cost expenditures by cutting bonus or employee welfare and entertainment costs that virtually mean to dissect the coronary arteries from the heart. A medical practitioner could be able to describe what humanly disastrous effect would go into effect if coronary arteries of a heart malfunction or in plain language, the patient would most likely die without surgical interventions. To retain the motivation or productivity of the employees, it is suggestible to find out unproductive cost elements or non-value-added costs to be cut down and to keep eyes open as how, in other ways, employee welfare costs could be increased to generate extraordinary performance. Employees' increased performance would not only enhance asset base and better financial soundness, but also strengthen corporation capabilities. Employee performance also depends on certain other kinds of strategic initiatives, such as (1) training; (2) team building; (3) empowerment; (4) job enrichments or promotions etc. In these elements, cost will be increased, no doubt about that, however, would turn the employees into better performers on the job leading to an excellent transition into a sustainable competence.

Preventing the Distortion of Social Responsibility: Citing the growing concept of social responsibilities, one of the strongest goals of modern corporations should be to protect employees from all unforeseen business circumstances provided they follow good governance and corporate policies. If an individual becomes sick or physically unwell, you cannot tell the person that "you should die because you are sick" rather you would take every possible efforts to bring the patient under medical attention. Likewise as a corporation leader, you should not tell the employees that "your jobs are no longer required as our corporation becomes sick", rather you would take hard-core strategies to cure the sickness of your corporation and motivate the employees to work hard even in worse scenarios. An old Indian proverb says: "good judgment comes from experience and experience comes from bad judgments". Every corporation leaders should delicately search for risk and crisis management's strategic initiatives and update those strategies with changes so that the business never faces any sullying trouble that could force them to cut employees' jobs. Employees can be termed as "fuel or energy" of a corporation and the supply of energy should be uninterrupted to retain a healthy and prosperous company life. Leaders are said to be leaders as they lead and obviously they should retain superlative leadership qualities as catalysts for changes According to Smith (1998), "*Changing the management is not something done only at crisis and then the system goes back to a business as usual mode of operation. Changing the management is a constant requirement*". We term 'best-performer corporation' leader as charismatic leader as the individual may have led the corporation in a way that brought the contentment of all stakeholders even we know that credible jobs of the employees could have elevated the stunning growth although leader's input would have served as vital tonic. Smith (1998) writes, "*Leaders at the top of our organizations need to be involved in a continual process of reflection to fuel the insights which lead them to understand how they have to change to foster change in their organizations*".

Implanting Sources of Alternatives: Crucial Necessity of Competitiveness: Corporations could open alternative investment options, substitute products and services lines and exposures of derivative financial markets to check and balance a potential loss scenario as Smith (1998) writes, "*Abundant customers and adequate products and services can cover up a wide variety of problems*". A merger or acquisition decision at the terrible times may be one of the prestigious options without hearting the interests of the employees. Leaders should not allow their corporations to embrace a financial disaster or severely lackluster performance and upon initial symptoms of bad scenarios, alternative thinking and knowledge exercise are prominent choices. Quick or perhaps agile decision making criteria based on prefixed strategic initiatives may serve good results and steadily enhance the company performance.

Owners or stockholders always anticipate that their investment in business would ensure expected increase of resources and they feel to be happier if the organization outperforms and makes significant recourses and/or profits. Their expectation is legally valid and ethically justifiable as they fueled their own funds into the business with the aspirations of profit. However, overwhelming concentrations by the managers on their (owners') expectations sometimes derail the managers to take several alternatives or mutually exclusive actions such as, illegal, unjustifiable, unfair and may be most of the times, actions contrary to the stakeholders or public interests.

Opportunities and Threats Vs. Management Morality – Essence of Cost Control: Let us compare business opportunities with the "resources of the oceans". Everything in this world relates to two concepts: 'Good' and 'Bad'. As a natural creation, ocean symbolizes vast resources or opportunities and aspirations for human civilizations. This is absolutely good side of oceanic opportunities. Odd (bad) side of the ocean is the power of killing and destructions by many natural disasters, such as cyclone, hurricane, tornado or Tsunami (underneath earthquake of the ocean). Business opportunities seem to have these qualities, i.e., 'Good' and 'Bad' (even devastating). That's the reason why strategic management identified SWOT analysis (Strengths, Weaknesses, Opportunities and Threats). Navigating a business is just like holding a traumatic risk to face odd realities if the leaders and managers exercise any or bundle of action(s) contrary to public or social interests. "*Good" and "bad" are produced jointly, but bad is often…technologically, economically or socially invisible and, consequently, neglected in public discourse and decision making"* (Boyce, 2000; Fischer & Kerton, 1975; Walker, 1989). Evidences suggest that many companies faced crucial realities or even total collapses because of their several anti-corporate actions sometime propelled with self-interests, group interests, inactions, oversights and exaggerated actions favoring one or two stakeholders depriving others such as WorldCom, Enron etc. Investors virtually lost their confidence on admirable companies once which enjoyed worldwide reputation. Corporate governance appears to be a 'shield-guard' for protecting and preventing corporate law-breaking practices resulting in significant cost savings. Corporate law breaking appears to be an emerging crisis in all over the world. Collapse of some U.S. companies infiltrates pressures by the stakeholder and forced the government to take stern actions on financial manipulators. New laws had been enacted such as, Sarbanes-Oxley Act in which, in one of the significant aspects, the US Congress had passed guidelines for the Board of Directors to maintain strict governance and monitoring on the company operations.

"Good" and "Bad" Realities as a Focus Rather than "Cost-Benefit Analysis": Out of the two sides 'Good and Bad', it is inherent for all leaders and managers to turn business decisions being more focused on "good and bad" realities than on "cost-benefit analysis". The term "good" means the impending decision is qualitative, stakeholder-friendly and cost-effective and based on legal and ethical principles and doctrine of perceivable equality, fairness, reliability and justice. The term "bad" means lack of any quality as have been described above. Leaders and managers should adhere to two common 'rules of thumb'—a "good" decision can be taken even if the subject is not included in the company policies, rather a new policy could be driven upon taking a "good" decision. On the other hand, a "bad" decision cannot be taken even if somehow the policies of the corporation support such a decision, rather upon rejecting the "bad" decision, the existing policy should be corrected or modified. Again the old Indian proverb is applicable here which says: "good judgment comes from experience and experience comes from bad judgments". Of course, every decision will follow cost-benefit analysis in order for a better business proposition or projection, however, the anticipation of the future in terms of "good and bad" realities and results should be attached with a great deal of stakeholders' common interests. This is the way to build public confidence on a firm's operation that lead to prosperity, achievements, success and performance. This idea could have been supported by Wikipedia (2013) as *"primarily though, corporate governance is the mechanism via which individuals are more motivated to align their actual behaviors with the overall corporate good (maximum aggregate value generated by the organization and shared fairly amongst all participants)".* In fact, every time or at every second of our lives, we are turning the present into the past. A troublesome corporation's leader should think that their past mistakes could have been the outcomes of their bad judgments that given them well experience or lessons which could further be used to make good judgments in order to turn their visions into proactive realities and recovery for a sustainable future.

Cost Control, Corporate Governance and Value Chain: Decreasing employee-related costs may be a significant and important cost-control drive for an organization. The question is 'how'? A single employee seems to be a value engine that is entrusted to add value to its performance. An employee's inner perception, personal evaluation and psychology with regard to the organization's efforts directed to him or her on improving the quality of lifestyles may increase or decrease his or her motivation to work. If the employee finds that the organization is open-minded, broad-hearted and extremely caring for him or her in terms of their welfare efforts and the organization has accelerated spending on enhancing their quality of lifestyles, the employee would feel even more caring to return. Such individual motivation when turns into an organizational collective spirit, it enlarges the total productivity and as a result, it may not be unlikely to make super profit or unanticipated revenue earnings. We must realize that value cannot be gained without using value or value cannot be earned without spending value. Value chain can be created by appropriate usage of values. Reiterating the concept of accounting area, expense is needed to spend to create assets (through the revenue) and even liability is needed to create assets. Many organizations spoiled millions of dollars in continuing efforts of their R&D while faced repeated failures in research initiatives. However, while they finally invented a spectacular product as a result of their continuous efforts they could even have made billions of dollars in their corporate earnings. Corporate governance would look into every task being accomplished by the corporate members and evaluate whether such actions are in compliance with laws, regulations and established ethical standards.

Business Failure and the Essence of Corporate Governance: There may be millions of reasons why a business might embrace an ultimate failure. Some key reasons are: economic downturn, shortened product-life-cycles, heightened competition, technological advancements by the competitors, credit failures, leadership failures, etc. However, the most cited norm of business failures probably has been concerned with very narrow approach on cost control and/or lack of corporate governance. Controlling cost does not necessarily mean to cut costs or reduce costs, rather in greater term, increasing significant costs in areas that signal potential incoming revenues leading to expected performance. A business needs truthful actions in all aspects to grow a reasonable belief among the stakeholders, which in turn, develop a common consensus of trust and confidence leading to establish a solid business reputation. Trusts could bring money, wealth, financial and economic soundness. When a company proves its efficiency by providing exceptional product or service as compared with similar competitors, it gains trust of the customers and builds wealth of revenues. When a company slightly reduces the quality of its product by way of cost-cutting initiatives, it losses the trust and confidence of the customers and as a result their profit drops abnormally. When a company reports low earnings unethically to evade taxes, it could gain a slight financial benefit by paying lower tax amount apparently, however, lose enormous opportunities of investments while investors feel poor motivation to invest money while they see the firm's profit downfall. When an employer does not establish a permanent income maintenance plan for its employees and workers, it losses the internal confidence and motivation while have to face inevitable employee turnover costs. When an employer assigns hard jobs to its employees without appropriate trainings (even with high income and welfare environment), it losses employee's confidence and has to face programs failure. When an employer encourages mechanistic attitude and does not prefer usual communication, employees feel lack of their freedom and as a result, it loses productivity and has to embrace lackluster performance.

Corporate governance is a management process or device of internal control. Such control should be set in accordance with certain norms that are best suited to the organization's objectives. It protects the organizations from untoward intervention by the directors, selfish attitudes of managers to channel resources for their own or private interests and/or forbid owners and managers from taking undue advantages from business performance. Corporate governance helps to retain the best interest of the business and safeguard organizational resources from misuse, abuse or practice of self-interests. Cost control can be well guided by the corporate governance principles in ways that may provide strongest safeguard for investors' or owners' capital with the assurance to obtain return on their investments. The strength of corporate governance depends on various factors, such as (1) management philosophy; (2) organizational vision; (3) organizational missions and objectives; (4) strategic planning; (5) business patterns and compositions; (6) relationship patterns with the stakeholders; (6) technology choices; (7) information and communication systems; (8) accounting systems, internal control of initiating financial transactions, accounting record-keeping process; and (9) the policies of corporate financial reporting. Information used in such activities or plans must be truthful, unbiased, relevant, reliable, comparable, useful and transparent. Protecting an organization's interest requires to protect interest of all stakeholders, no matter how smaller a stakeholder is. Obviously, the investors or owners and creditors are on top priority in the list of all stakeholders, as their claims to business assets appear to be significantly large. A sound corporate governance policy requires adopting such standards and mechanisms that would provide maximally acceptable assurance that under all circumstances, all stakeholders will be fairly and equitably treated to best serve their direct or indirect financial and also non-financial interests. The policy must guarantee to provide hundred percent truthful, relevant, reliable and useful data or information in their accounting reports and corporate disclosure so that a pure picture of the company's financial and economic position can be reflected. Reliability and transparency can make a corporate governance principle truly effective. Although the interests of the shareholders of a company may be different in nature and varieties of different stakeholders have different degrees of financial and non-financial interests, it is best practice to treat all stakeholders equitably and to give appropriate values to their interests. This may be a best-perceived way in which an organization can operate its entire functions to build up a solid trust, reliability, sincerity and respects which in turn, would mobilize their own resources and enable them to attract significant amount of revenues, human capital and organizational capabilities. Adams (2001) states, *"an increasing amount of attention is being paid to identifying drivers of corporate performance. There is a parallel demand for greater amounts of non-financial information to be disclosed in the annual reports and accounts"*. Kaplan & Atkinson (1998) write, *"Ideally, the financial accounting model should have expanded to incorporate the valuation of the company's intangible and intellectual assets, such as high quality products and services, motivated and skilled employees, responsive and predictable internal processes and satisfied and loyal customers"*. A sound corporate governance framework should therefore, include the details of non-financial information and their reporting norms in the corporate financial reporting of the companies.

Now a question may arise that in a distressed financial condition, how a business organization would be able to satisfy its overall stakeholders' interests without going for a potential bankruptcy petition. A financially distressed condition means 'strategic myopia' that the organization usually fails to overcome. Suppose that an airline industry may have failed to satisfy its creditors significantly and has a condition of a potential bankruptcy. This situation may have arisen due to high competitive pressures (sales drops) and subsequent failure to keep organizational capabilities. Suppose the company may have laid-off hundreds of employees from its workforce composition and even though, it could not have altered its situation. Before the crisis began to grow, the company may have had a very standard corporate governance policy and once truly had enjoyed customers' appreciation. In reality, their corporate governance on cost control had been turned into a massive failure as they may not have exercised appropriate financial or economic risk or crisis management techniques and may not have properly monitored or measured the business trends and problems with affirmative actions. From the inception of a profit-seeking business, the management must secure considerable financial products into solid investments, like guaranteed perpetuities or governmental bonds, fixed deposits and high-profile portfolio investments that could serve great purposes to resolve temporary crises. To check and balance a potential crisis situation, an organization should have to keep alternative physical investment lines of businesses to quickly shift substantial resources to produce revenues. Credit Maintenance Plan (CMP) could be added to the cost control strategies in order to safeguard the organizational interests. Assets Creation and Protection Plan (ACPP) can be another strategic tool to match up with costs and liabilities. An organization may even balance its liability exposures by building solid organizational capabilities with a strongest workforce. HRD must introduce a comparatively attractive Workforce Quality and Organizational Capabilities Plan (WQOCP). Many empirical studies suggest that human capital seems to be extremely important in the context of building organizational capabilities, which could be an unending force to combat the symptoms of financial crises. Generally, on a psychological standpoint, an employee always calculates his or her own financial interests to estimate his or her probable return or work output to an organization. If the employees find the workplace truly caring for them or even for their families in terms of financial and fringe benefits and diversified welfare plans, the subject employees would not hesitate to devote his life to accomplish organizational objectives or even outperform on the job to produce superior performance.

The Organizational Value-chain Model: Linking Cost Control and Corporate Governance: We developed an "Organizational Value Chain Model" linking cost control and corporate governance in a sophisticated conceptual articulation (Figure 1).

Academicians, researchers and international bodies (such as OECD) initiated efforts to construct a framework of corporate governance keeping in mind that their efforts would be capable to uphold the shareholders' interests and minimize the destructive events that were previously occurredin corporate cultures. Therefore, it seems logical to give a harder flavor to the meaning of 'governance' and hence, governance could mean 'restrictive control', 'fiduciary control', 'obligatory' or 'mandatory control', or 'strict regulations'. The rules that prevail in corporate governance regulations must have to be strictly adhered and followed and failure to do so would provide no remedy, rather penalties and punishments for the violators. Corporate governance therefore, redefines the organizational culture reflecting certain things that appear to be serious in nature which could hurt the shareholders' value or eventually lead to diminish the public image, reputation and hard-earned achievements of the business.

Corporate governance stays alive with a strong voice that "which you made (corporate culture), it is your accountability to keep it, retain it, protect it and prevent it from ill-driven attitudes and behaviors".

Strategic Cost Control Techniques (Qualitative Characteristics): Strategic cost control means to increase or decrease costs not merely cost cutting initiatives. Some cost-cutting actions may have diverse effects on organizational productivity and performance resulting in higher aggregate costs to embrace. Reducing employee welfare costs or internal supplies costs may have disastrous effects on employee motivation and hence the productivity suffers and employee turnover costs increase. Reduced productivity and employee turnover costs further diminish the revenue potential affecting negatively on income and retained earnings and shareholders suffer from decreasing wealth. Finally, the chain affects may hit the share price and the objective of wealth maximization may have been swept under the carpet. 'Creditworthiness' is a strategic device for cost control. Building a solid creditworthiness appears to be a strategic cost cutting measure (on-time credit liquidations trim down external payments) and it needs all efforts to satisfy creditors over the years by administering smooth repayment schedules to pay off the dues of the creditors on time. A strong creditworthiness helps organizations to mitigate cash shortages or satisfy emergency investment financing needs even at a distressed economic condition. Earning trusts may substantially reduce costs as the prudent and profitable investments bring enormous revenues by the usage of strong human capabilities.

Smooth revenue generation needs two basic elements: (1) market-driven attitudes and (2) dedicated employees who turn the aggregate scenarios into success and heightened performance. 'Market-driven attitude' means to care the customers who pay cost to purchase and supply revenues that serve as the *'nervous center'* of an organization. Customer satisfaction is the key to drive business into money-machine. Customers are watchdogs and they used to oversee who pays premier attention to their ever-growing needs and changing desires, tastes and fashion criteria. In addition to extending lucrative credit facilities, some giant departmental and discount stores run alternative customer satisfaction plans around the year even by spending thousands of dollars to distribute gifts, gift coupons, extra discounts on merchandises, free insurance coverage, free car service to a certain limit, free car-wash services, etc. These plans attract huge customers to visit their stores and the stores gain mammoth capacity to raise its sales level to an unprecedented level. Increase in sales volume mobilizes plentiful cash besides enormous credit sales. Further, credit sales increase cash while customers pay off their dues around the year. Acceptance of credit cards by the merchandising stores is beneficial to both the merchandisers and the credit card companies or banks. Merchandisers have the assurance to get their prices quickly from the credit card companies, while the loyal customers maintain their credit standing with the credit card companies and extend their efforts to promptly pay off the dues in order to avoid higher interest on monthly cycles.

Cost control strategies are such that even at a higher product or service costs, a company may substantially reduce costs by way of adding value. Now the question is who creates the value? In fact, all stakeholders add value provided the concerned business holds a strong psychology of equity and fairness in treating its stakeholders. This means to respect the loyalty while treating the stakeholders by way of extending justice and providing adequate direct and/or indirect financial considerations on time that the organization owes to them. Treating the stakeholders rightly enables the stakeholders to support the business in all aspects (giving respects can bring respects and mutual respects produce wealth). Following are certain tips for an organization to include in its corporate governance principles in order to satisfy its stakeholders:

Shareholders or Owners' Value: An organization must keep and maintain its fiduciary accountability to its owners or shareholders and to guarantee them that the owners would earn their expected financial interests in each financial period both in the form of residual value (dividend) and maximized wealth (retained earnings). Owners are 'head-starters' of a business who contributes the initial capital or equity and the firm's duties to them are sorts of fiduciary in nature. Shareholders' wealth constructs the business and when a firm devotes to enhance their wealth, it makes the business wealthy. Respecting this fiduciary duty accelerates the interests of other stakeholders too. While other stakeholders get their appropriate values from a business, they would be more steadfast and careful in expanding shareholders' wealth which also benefits them to a great extent. This scenario may be termed as '*convergence criteria*' in creating value.

Executives, Employees or Operatives: An organization organizes thousands or even millions of activities to execute its functions in order to add value for earning profit and creating wealth. Executives, employees or operatives are the key activity-drivers. They hold direct financial interests in doing their jobs or to produce expected level of performance. Since the labor market is highly competitive and skilled manpower is ostensibly scarce, an organization should launch and maintain sound income maintenance plan providing lucrative salaries and fringe benefits to its executives and employees. Concurrent with prestigious income opportunities, diversified 'employee welfare programs' may potentially encourage executives and employees to sustain their staying with the organization. Failure to give appropriate attention to this special group of internal stakeholders may create unending crises whereas accomplishing credible jobs may be a far-reaching goal. Employee welfare does not necessarily mean as adopting an Employee Assistance Program (EAP) or an Employee Wellness Program (EWP), rather formulating an enterprise-wide culture in which employees are being treated as truly 'social-capital' and their participation has no alternative to ensure performance. Mass-scale employee welfare gives them human value, respects, esteem, honor and dignity as well as the opportunities of professional enrichments and advancements. Beside these extremely important issues, an organization may accelerate its employee motivation and loyalty if it empowers its employees to independently undertake their jobs with the sense of accuracy and responsibility within a broad framework of corporate governance. Workgroups, team management or participative managements are some ways of teaming up spirits leading to excel in organizational performance.

Customers or Consumers: Every profit-seeking business's key focus is driven on its customers or consumers who can be treated as 'life-blood' of an organization. Customers pay their prices to an organization in exchange of products or services. That price is the focal point in order to survive, sustain or gain sustainable competence or market power. In today's era, customers are highly mobile, promptly shifting and prudently intelligent as they have significant choices, alternatives, preferences and variable buying capacities based on their income ranges and social status. The major causes of their attitudinal changes in modern era are: (1) transformation of cultures and societies; (changes of values, norms and hyper-norms; (3) technological advancements; (4) thriving competition, (5) regional trade integration; and (6) expansion of cross-border global businesses.Emblematically, corporate actions to the organizational customers in the current millennium can be compared with a gas-balloon, if you hold the rope firmly; it would slowly dance around you and will be within your range of control, if you leave it for a moment, it will be flying in the sky and moving to a mysterious destination that you never can be able to find it again. Therefore, in modern days, firms must think in each day and rethink in following days as how to satisfy its customers and to securely keep them within its network. Acquisition of new customers and retention of old customers must be maintained through the formulation of a 'customer-relationship management' (CRM). Apparently the old customers' attitude very often focuses on firms' additional strategies to satisfy them and yet they consider shifting if they do not see the firms' responsiveness to their expected level of satisfaction. Relentless accessibility to the target customers and their value-enriching plans may affix additional and/or even superior value to a firm's business that might be penetrating financially and invigorating economically. Increasing customer-satisfaction related costs have been proven to be an excellent cost control device as many firms enjoy the fruits of amazing revenues and net income. Shaw (1999) writes:"*in every decade, a new discipline has emerged which will rescue companies from tumbling profits and guarantee soaring returns. In the 1960s it was marketing and in the 1970s internal communications. In the 1980s, quality surfaced triumphantly but each of these approaches can present a trap door as well as opportunity. In the 1990s businesses have decided--under the weight of consultant pressure--to become customer focused*".

Creditors: After the shareholders, second most important investor group is creditors who fuel financial and debt-capacity to a firm. Creditors need to know to whom they would potentially channel their resources and they require solid guarantee that they would get their money back with expected return on their investments (interests). A firm must be sensitive to the creditors' financial interests and must build trust and confidence over the accounting periods. This requires certain strategies: (1) accept credits to the perceived level of payment ability on time; (2) manage a constructive repayment schedule and (3) arrange payments before the deadlines. To obtain credits, a firm must retain the credibility of enough cash turn out by way of receiving customers' payments. Credit customers should be dealt with prudently and vigilantly so that the customers may pay the bulk of accounts and notes receivables on time (customers' payables). In greater meaning, an organization must operate a sound credit management to draw good attention of its own creditors. Excess and uncontrollable bad-debt expense may jeopardize the anticipated cash flow of a company and as a consequence, its creditors may back down in their responses and therefore the creditworthiness may certainly be threatened. Creditors must be treated fairly on ethical and legal jurisdictions and payments of their dues on time might produce interminable and sustainable opportunities in future. Paying debts on time even that exhibits higher cost to control might produce value in the longer run. Contrary to this will create estrangement and obtaining credit might pose a difficult challenge.

Suppliers: Suppliers are short-run creditors to a firm while every merchandiser or even a service-oriented firm buys significant amount of products, supplies or inventory items for doing business or for internal uses. Orders for such supplies must be in line with necessities and in accordance with current demand to avoid inventory-locking and inventory-holding costs. To adjust this scenario, a company must expand its sales and again, satisfaction of their customers for its products or services are the keys to increase sales. Increasing sales enables the company to have enough cash liquidity to pay off the suppliers' short-term debts. Debt capacity is a qualitative characteristic and it leads to gain trust from both the suppliers and long-term creditors. Suppliers should be given equal and fair treatment in settling their current dues on time. *Corporate financial governance* could appropriately ensure the financial interests of this very special group of stakeholders.

Government: By rights and privileges vested in laws or country regulations, a government is an important stakeholder to claim a fractional portion of assets from firms in the form of taxes. Firms should recognize the government's contributions to the businesses and industries, trades and commerce, communities and societies or a country. Taxes are mandatory; however, paying higher taxes means to have higher income that could eventually build good business reputation, public image and social acceptance. Fixing strategy to lower the taxes payable would therefore constitute a foolish act. A broad role of corporate governance should be to pay due attention to social responsibility and one of the significant social opportunities is to pay appropriate taxes honestly and genuinely to its government(s). It needs truthful, relevant and reliable corporate financial reporting and related disclosures over the years. An organization may set a corporate governance strategy to pay higher, even double or triple taxes from year to year keeping in view the broad social responsibility toward a patriotic or national image. This strategy would force the business to source out enhanced revenues through a balanced view of cost control strategies. Further, publicly admired companies' need little efforts to acquire customers as the customers spontaneously respond to such honored and dignified companies. Prince (1996) wrote: *"by donating to a charity, a company is able to project a society-friendly image and by donating to a political party a company may believe that it is better placed to have its voice heard"*. Usually a government needs plentiful resources to finance public overhead expenditures and such expenditures may considerably benefit the taxpaying organizations too. Many organizations try to minimize their tax amounts and use their efforts to aid political lobbying forcing the government to minimize or deregulate taxes. In fact, tax money is the greatest resource for a government to run and for an economy to operate. Enlarged tax exposures enable a government to gain financial and economic capabilities, which in turn, highly beneficial to the businesses to avail newer opportunities, government facilities, improved infrastructures and significant amount of capital. Citizens of developed countries pay very high rates of taxes and the governments are economically and financially powerful to provide public benefits and sophisticated infrastructures along with significant magnitudes of financial and economic opportunities. Private businesses especially in the developing countries must recognize the fact that the national interest is above their business interests to strengthen its government's power to integrate the economic growth. Such growth and continuous developments would make their businesses stronger than ever and in the longer run, it may enable them to enjoy global business power.

Practical Sequence of Cost Control: Maintaining appropriate sequence to pay costs is a device for strategic cost control.Payne(1998) listed seven steps to food cost control and sequenced in order as the following: (1) ordering; (2) receiving; (3) storing; (4) issuing; (5) preparation; (6) cooking and (7) serving. Each sequence involves some sub-group of activities that must have to be completed before moving to the next sequence. Such as, (as Payne, 1998 wrote), *"the first step is to order right. Having detailed recipes, designing purchasing specifications, doing comparative shopping based on those specifications and comparing quality, price and service etc."*Missed sequence may pose a great threat to accomplish jobs and the inherent objective of cost control may be tarnished in a costly manner. A widely spoken joke sounds good to learn at this stage. Once a mom observes her tiny son in an off-mood attitude and tries to gear up his motivation by saying: "Derek, anyone can do any job if he tries on and on". Derek replies instantly, "Mom I pulled everything from the dad's toothpaste tube, could you please insert them back to the tube". Mom realized it was rather better to buy another one!

Role of Cost Control and Corporate Governance in the Market Uncertainties: It is an organization's natural characteristic to have an inexorable fear of market uncertainties, stock market optical illusions, anomalies and speculative bubbles. Markets are tremendously uncertain in terms of eco-potential risk exposures. No matter what, a publicly praised company does not have much trouble even at a situation of serious nature of market uncertainties. An ideal company which maintained appropriate cost control strategies (both increase and decrease cost-principles), established and followed up a solid corporate governance framework, reported ethically all of its financial disclosures, met creditors' obligations on time, paid appropriate exposures of taxes to its governments, pleased its customers by product or service sophistications and employee capabilities and logically satisfied all stakeholders by business morale and ethical considerations may likely attract the attention of the markets.Such companies may be financially fractured at an extreme economic and financial uncertainty and speculative bubbles, however, never can economically be broken down.

There are thousands of ways to build a solid structure of asset-base and to protect those resources from market hazards, financial perils, economic uncertainties or undue or abnormal market penetrations. Assets are economic properties that provide both utility and economic value. All assets can be converted into cash in different degrees of time and how easily we could convert an asset into cash without sacrificing its expected value identifies its degrees of liquidity. Liquid assets after cash are mostly financial securities or 'paper money', which could easily be bought and sold in the market, such as shares. In addition, debt securities, such as bonds and other guaranteed publicly held securities are available to get unconditional assurance to obtain pre-specified market returns. A company must have to save adequate money after meeting its obligations and keep those resources in such guaranteed securities that even at a worse economic situation they could convert those into cash in order to meet their current and long term obligations. Such access to guaranteed portfolio assets could help businesses to sustain in cases of temporary market problems or credit problems. Leaders are those articulated and intelligent people who know how to keep their positions steady in turbulent condition and how to foster abrupt changes without hurting the firm's resources and people. Leaders must be ready for all consequences both pleasurable or devastating or damaging. In all situations, a charismatic leader exploits exceptional opportunities, removes fear among employees, juggles with threats, energizes people and finds solutions to the problems. In Alexander's (1998) writing: "*Expect change, chaos and uncertainty when making decisions. Flexibility and speed are required to capture opportunities*".

Some companies' dream of making extra-ordinary profits in a short run and invest heavily in high-class portfolio investment weighing on speculative shares to gain abrupt resources. They are obviously high risk takers, often gain some expectations truly, however, their short run gains may turn into long term pains, while they find that they were being caught in an optical illusion and market anomalies that could have been penetrated by some shrewd stock market players. Corporate governance could direct these issues for an ideal organization who feels sensible in credible investments that could provide risk-free returns.

Stock market bubbles and gambling are similar kinds in nature and the risk or odd sides could finish an investor's entire strength. Kuttner (1998) wrote: *"financial markets are both the epitome and the bane of the laissez-faire ideal. They are as frictionless as you please and thus prone to speculative ruin".* An ideal organization is market-responsive, not a gambling-responsive venture and its customer-sensitivity and loyalty to stakeholders may potentially enable them to be a market leader even without exercising investments in high-risk portfolio investments.

CONCLUSIONS

Good corporate governance underpins market confidence, integrity and efficiency and hence promotes economic growth and financial stability (Kirkpatrick, 2004). In today's world, corporate governance stands as a robust management philosophy, which intends to provide admirable intellectual ascendancy of doing business. The intrinsic objective is to ensure that all future actions of an organization and its people will be based on principles of equity, fairness, justice, transparency, ubiquitous accountability, integrity and objectivity in order to satisfy its stakeholders.Interminable responsiveness to stakeholders' individual and collective interests being in line with the adherence to strict ethical and legal principles and corporate core values is the essence of corporate governance. A business must move in the right directions with a solid corporate philosophy that everything it needs to accomplish be based on welfare objectives. To achieve a status of mass public acceptance and to draw significant public image in order to create a rapport building exercise leading to establishing a far-cited endeavor is a strategic goal of corporate governance concept. Its features are well nurtured, purposefully designed to turn a business into ongoing success and performance resulting in creating indissoluble corporate capabilities. Certain special aspects and natures of cost behavior that demands both increase and decrease of costs in order to enhance business value and as a result it seems possible to satisfy all the stakeholders provided corporate governance principle work in all situations. Cost control and corporate governance must operate in intellectual ways to improve efficiencies and foster organizational capabilities.

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