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Dasgupta, A. pp.209-217

Impact of corporate governance on financial performance of select I.T. firms in India

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DOI: https://doi.org/10.19275/RSEPCONFERENCES169

Abstract

In this work an attempt is made to study the impact of corporate governance on the financial performance of Indian I.T. firms. The purposive sampling method is adopted while choosing the firms that are listed in Bombay Stock Exchange (BSE) for data collection thereby selecting top 53 I.T. companies of BSE ranked on the basis of market capitalization within a time frame of 2010-2014. A governance score card is created, from data in annual reports of the companies, having 6 sub indices (Board of Directors sub index, Audit committee sub index, Shareholders grievance committee sub index, Remuneration committee sub index, Nomination committee sub index and Disclosure sub index) wherein scores are assigned in binary system. The data (scores) were analyzed using panel data regression analysis to identify the factors that affect firm value with the sub indices scores as the predictors and ROA i.e. return on asset and Tobin's Q as the independent variables. Pearson correlation revealed a significant positive relation between CG and ROA but a significant inverse relation between CG and Tobin's Q. Hypothesis were tested by using Fixed Effect Model and results reveal a positive relation between ROA and CG with statistically significant positive relation between audit committee, nomination committee, remuneration committee and disclosure practices. On the other side Tobin's Q fails to establish any significant relation with CG practices.

Keywords: governance, firm value, CG Score, ROI

Jel Codes: M21

1. Introduction

Corporate failures in the USA such as Enron and WorldCom and the financial crisis in several countries around the world have led to an increasing call to the legal and regulatory reforms. These corporate scams have acted as catalyst for bringing changes in legislations and gave birth to the concept of Corporate Governance (CG). Corporate Governance refers to the code of conduct by which the companies are governed directed and controlled.

As the firms are getting involved in cross border financial operations there has been an increasing demand for disclosures and communication of financial events to the investors. Lenders want to make sure that their resources are being efficiently utilized as opposed to being wasted and abused for borrowers' personal benefits. When investing in a firm the owners of the fund delegate to the managers the mandate to undertake all the decisions of managing and investing the funds and thereby create value and increase performance. Investors always want the mangers to work for the fulfillment of the organizational objectives rather than preferring in increasing their personal wealth. In order to mitigate this agency costs and prevent such situations Corporate Governance has become the call for the day. In other words with the size of the firms increasing and the role of financial intermediaries and institutional investors growing, decisions about mobilizing capital are now one step removed from the principal/owner. At the same time, the opening up and liberalization of financial and real markets have broadened investment choices and made decisions about the allocation of capital more complex. These developments have made monitoring the use of capital more complex in certain ways, enhancing the need for good Corporate Governance.

The amended Clause 49 of the Listing Agreement is a big step in incorporating CG norms among the listed companies. Market experts believe that there should be scope for flexibility through amendments as per new business economic trends. It is important that regulations should not be obsolete. They have to keep pace and take into account the emerging trends and take care of interest of investors, shareholders vis-a-vis stakeholders. If all of them feel safe and feel the regulations are in their favour it would lead to more investment and this in turn would lead towards more economic development at a faster pace. So it is quite understood that there is or may be some linkage between enforcement of Corporate Governance principles and firm value or firm's financial performance.

Several imperial studies have been conducted to identify the relationship between Corporate Governance and firms' performance vis-a-vis value. Some studies (Bhagat et Black 2000, Boyd, 1995) show a positive relation with performance and governance while other (Eisenberg et al 1998) have reported a negative relationship. According to some other studies there is no relationship between performance and governance. The literature review made on the above mentioned notion, however, reflects a mixed observation.

2. Literature Review

T. Velnampy (2013) , investigated with the data of a sample of 28 manufacturing companies for the period of 2007-2011 in Srilanka. The result in this paper "Corporate Governance and Firm Performance: A Study of Sri Lankan Manufacturing Companies" echoed the same views of the work of Nicholson and Geoff that the determinants of Corporate Governance and Firm Performance are not correlated to the accounting based measure of performance of the organizations. Board Committee, Board Size, Board meeting, Board structure including executive directors, independent non executive directors and non executive directors were taken as the determinants of Corporate Governance and ROE and ROA i.e. accounting based performance measures were used as the measure of firm performance in the study. The regression model showed that Corporate Governance did not affect the companies' ROE and ROA.

Palanisamy (2012) attempted to study the impact of Corporate Governance in the determination of firm value in the manufacturing firms in India. He did a purposive sampling of 1732 firms for the period of 2001-2010 from BSE of which nearly 60% of the firms were manufacturing and remaining 40% were non-manufacturing. The Multiple Regression Analysis (MRA) results indicated that the firm value was significantly affected by the Corporate Governance variables (Board Size, Board Composition and Multiple class of shares) and also the mean values of the manufacturing firms and non-manufacturing firms reveals an interesting fact that a significant difference exits between the manufacturing and non-manufacturing firms in the Corporate Governance factors.

Jayati Sarkar, Subrata Sarkar and Kaustav Sen (2012) in their paper constructed a Corporate Governance Index for 500 large listed companies in Indian Corporate Sector. They used Board of Director, Ownership Structure, Audit Committee and External Auditor as the index construction parameters and constructed the index for 6 years from 2003-2008. They examined the relation between the constructed Corporate Governance indices and the market performance of the companies and found a strong association between the two. It was one of the first attempts of Corporate Governance index construction for a wide range of companies over a wide time span. The empirical analysis showed "good governance" practices are rewarded by the market which provides an added incentive to companies to carry out governance reforms. It provides an impetus to regulators as well as to push for further reforms…..companies with better Corporate governance structures appear to earn substantially higher rates of return in the market.

Bhagat and Bolton (2009) studied the relation of governance and firm performance by considering 5 measures of Corporate Governance during 1998-2007 and separated the sample as pre 2002 and post 2002 periods for studying the impact of SOX regulations in 2002. They found a shift in the relationship between Board independence and firm performance after 2002 and documented a negative relationship prior 2002. After the enactment of SOX 2002 they found a positive relation between Board Independence and operational performance and also found a positive correlation between stronger manager entrenchment and firm performance.

Manuel Ammann, David Oesch and Markas .M. Schmid (2009) contributed to the empirical literature on firm level Corporate Governance and valuation effect on Corporate Governance in an international context. They constructed governance indices based on a set of 64 governance attributes and investigated the valuation effects in an international sample covering 22 developed countries around the world over the period from 2002- 2007. They aggregated 64 governance attributes to governance indices firstly by additive process based on previous works and then used Principal Component Analysis (PCA) to extract governance indices from 64 attributes. Their results indicate that better Corporate Governance practices are reflected in statistically, economically and significantly higher market values. Based on the results they inferred that "from the company's perspective, Corporate Governance should be understood as an opportunity rather than an obligation and a pure cost factor"

Black, Jang and Kim (2006) conducted a research with the Korean firms and it appeared that better Corporate Governance practices does not predict higher firm profitability. According to them the relation between governance and performance is casual due to the presence of reverse causation and omitted variable bias. They opined that a study that omits economic variables which predicts both governance and share prices could wrongly conclude that governance directly predicts share price.

Lawrence. D. Brown and Marcus. L. Caylor (2004) created a broad measure of 51 factors encompassing eight Corporate Governance categories and related the thus arrived Gov Score with operating performance, valuation and shareholder payout for 2327 firms as of February 1, 2003. Their study resulted that better governed firms are relatively more profitable, more valuable and payout more cash to their shareholders.

Nicholson, Gavin J and Kiel, Geoff C (2003) in their paper "Board Composition and Corporate Governance: How the Australian experience inform contrasting theories of Corporate Governance" examined the relationship between board demographics and corporate performance in Australia's 348 largest publicly listed companies. They found a positive correlation between board size and firm value. They also found a positive relation between proportion of inside directors and the market based measure of firm performance but not for accounting based measure. In fact another interesting conclusion got its support from their previous work in 2001 that "it is not the matter of agency theory, stewardship theory or resource dependence theory. Rather each theory has a contribution to make to the governance debate."

Robert. D. Arnott and Clifford S. Asness (2003) found that firms with relatively smaller dividend payouts have relatively low earning growth. i.e. their findings echoed the notion that earnings are retained for empire building rather than for engaging in positive net value projects which also suggested in a way that better governed firms payout more cash to shareholders.

Bernard Black (2002) examined the relationship of Corporate Governance behavior and market value of sample 21 Russian firms. Though the result was tentative because of the small sample size yet it suggested that Corporate Governance behavior has a powerful effect on market value of firms in a country where legal and cultural constraints on corporate behavior are weak. According to the research firms can greatly improve their share values and thus reduce their cost of raising equity capital through a determined effort to improve their Corporate Governance practices.

Baek, Kang and Park (2001) examined the importance of Corporate Governance measures in determining firm value during Korean financial crisis in 1997. They found the existence of systematic evidence that firm value is related to several key indicators of Corporate Governance and differences in governance practices at firm level play an important role in determining value in a crisis.

3. Data & Methodology

3.1. Research Gap

The literatures reviewed represent the researches done in the past based on rules and regulations prior to amendments till 2010 and in nations USA, UK etc. But as per the information displayed in the website of National Foundation of Corporate Governance (NFCG), a very little research has been done in Indian context and specially in the IT sector, which contributed about 8% in the Indian GDP in 2013 and generated 95.2 billion U.S. dollars of revenue in 2012-2013.(statistics portal, www.statista.com).

Hence, this study has been taken up to identify and analyze the impact of compliance of Corporate Governance parameters on Indian I.T. firms' value.

3.2. Objectives

This is an empirical study on whether better Corporate Governance leads to higher financial performance of Indian IT firms. It also investigates on which Corporate Governance parameters contribute most to the higher performance and also to design a Corporate Governance Index (CGI).

The study will also attempt to shed off the biases which cause to change the I.T. firms' performance due to operational efficiencies and will only consider the firms' financial performance resulting from implementation of Corporate Governance rules.

Precisely the objectives of the study –

1) To prepare a Corporate Governance scorecard compare the Corporate Governance scores and performances of the Good Governed firms and the Poorly Governed firms.
2) To identify if there are any relationship between firm performance and Corporate Governance scores as derived from the Corporate Governance scorecard.
3) To identify the impact of the underlying parameter/ parameters (i.e. *compliances relating to Audit Committee, Board of Directors, Nomination and Remuneration Committees, Shareholders Grievance Committees and Disclosure Practices*) on financial performance of the firms.

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4) To find out whether this revelation can lead to an optimum mix or an effective working model of Corporate Governance for enhancing firm value.

3.3. Data collection and sampling

Purposive sampling technique is used for data collection thereby selecting top performing 53 major I.T. Companies of BSE ranked on basis of market capitalization**.** As per the latest report issued by NASSCOM, five Indian I.T. Companies, which have been most consistent in their performance over the sampling period of 5 years are taken as standard or benchmark companies against whom the remaining Indian I.T. companies are ranked. To achieve the objectives secondary data i.e. data from Annual Reports of select companies were collected. The data representing the period of 2010-11 to 20014-15 were extracted from company's annual reports for analysis.

3.4. Index Construction

A Corporate Governance Index is prepared for the sample companies. For constructing the index, information about 6 most important corporate governance mechanisms namely Board of Directors, Board Committees (i.e. Remuneration Committee, Shareholders Grievance Committee and Nomination Committee), Audit Committee and Disclosure practices are extracted from the annual reports and has been considered to capture the overall state of governance mechanism and for constructing the CG Index scorecard.

3.5. Measures of Financial Performance

In this paper ROA and Tobin's Q are taken as a measure of financial performance of firms. ROA is an indicator of how profitable a company is, relative to it's total assets and may be considered as a proxy for the efficiency of the management in using its assets to generate earnings in other words it is a proxy to firm's financial and operating performance. Researchers have employed Tobin's Q to measure the discount in market values resulting from expropriation (Morck et al., 1988, La Porta et al., 2002). It is constructed as the market value of assets divided by the replacement cost of assets.

3.6. Methodology

At first CG Scorecard is prepared and the CG Scores and performances of the firms are compared. Secondly, the Gov score is correlated with ROA and Tobin's Q using Pearson correlation. Since this research undertakes to examine the relationship between independent and dependant variables, and since the data is a time series cross section data a panel data regression analysis was employed, allowing flexibility in modeling differences in behavior across firms and time, as the tool for hypothesis testing. The regression model is utilized to test the impact of the determinants of corporate governance (i.e. Board of Directors Sub Index, Audit Committee Sub Index, Shareholders Grievance Committee Sub Index, Nomination Committee Sub Index, Remuneration Committee Sub Index and Disclosure Practices Sub Index) on Financial performance i.e. ROA and Tobin's Q. Equation 1 and 2 shows the variables included in each model.

$$\text{Tobin's Q}_{it} = \alpha_i + \beta_1 BDSI_{it} + \beta_2 ACSI_{it} + \beta_3 SGSI_{it} + \beta_4 RCSI_{it} + \beta_5 NCSI_{it} + \beta_6 DPSI_{it} + \varepsilon_{it} \quad \text{(eq 1)}$$

$$ROA_{it} = \alpha_i + \beta_1 BDSI_{it} + \beta_2 ACSI_{it} + \beta_3 SGSI_{it} + \beta_4 RCSI_{it} + \beta_5 NCSI_{it} + \beta_6 DPSI_{it} + \varepsilon_{it} \quad \text{(eq 2)}$$

The firm effect α_i is taken to be constant over time t and specific to the firm cross-sectional unit i.

Where,

ROA = return on asset,

BDSI = board of director sub index

ACSI = audit committee sub index

SGSI = shareholder grievance committee

RCSI – remuneration committee sub index

NCSI = nomination committee sub index

DPSI = disclosure practices sub index

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4. Results & Interpretation

4.1. Analysis of CG scorecard

On analysis of the CG scorecard it is observed –

First 11 companies scored ≥ 85 and labeled as Good Governed firms.

35 companies scored ≥ 75 < 85 and labeled as Average Governed firms.

Last 7 companies scored < 75 and labeled as Poorly Governed firms.

In order to achieve the first objective of this research the means of CG Scores of the Good Governed and the Poorly Governed firms are compared. In the Group Statistics table it is observed that the mean for the Good Governed firms ranked as 1 is 86.6764 while the mean of the Poorly Governed Firms ranked as 2 is 69.7757. To test the statistical significance a t- test for equality of means is conducted. The p value is far less than 0.05 and hence the null hypothesis stating that there is no significant difference in means of the CG scores of the Good Governed and the Poorly Governed companies is rejected. Thus the mean CG scores of the Good Governed and Poorly Governed firms are different.

In the next table the mean ROA of the Good Governed firms is 10.80 while that of the Poorly Governed firms are (–) 11.3643 suggesting a difference in the mean of the financial performance of the 2 class of firms. To test the statistical significance a t test for equality of means is conducted with ROA as the dependent variable. The p value is far less than 0.05 and hence the null hypothesis that ‘ there is no significant difference between the financial performance of the ‘Good Governed’ firms and ‘Poorly Governed’ firms is rejected and it is inferred that the mean ROA of the GG firms and PG firms are different. This indicates that the CG Score and the financial performance of the ‘Good Governed’ firms are much higher than the ‘Poorly Governed’ firms.

4.2. Descriptive Analysis

The descriptive when analyzed showed average value of Tobin’s Q increased from 0.0842 in 2010 to 0.1218 in 2014. However the mean ROA decreased from 0.77 to 0.07 from 2010 to 2014. The mean CG Score increased from 0.09 to 0.8 from 2010 to 2014 indicating a general increased awareness on importance of CG. The minimum CG Score is 0.45 while the maximum CG Score is 1.00 indicating that the CGI is adequately selected to reach a sufficiently wide distribution.

4.3. Correlation

In order to achieve the second objective of this research a Pearson Correlation was conducted to test the relation between the CG score and ROA and Tobin’s Q of the selected firms. The correlation between CG score and ROA is positively significant with a p value less than 0.05 (0.001) which reveals that CG score is significantly positively correlated with ROA i.e. an increase in CG score would lead to an increase in the ROA of a company. Whereas the correlation results between the CG Score and Tobin’s Q shows a negative correlation between CG Score and Tobin’s Q.

4.4. Panel Regression Analysis

The study endeavors or attempts to analyze the effect of Board of Directors, Audit Committee, Shareholders Grievance committee, Nomination committee remuneration committee and disclosure practices sub indices on Return on Assets and Tobin’s Q simultaneously. The values of the sub indices are taken from the Corporate Governance Scorecard prepared. It considers data of top performing 53 IT Companies for 5 years from 2010 to 2014 involving 2128 data points. Since the study involves analysis of effects of some independent variables on a dependant variable regression analysis is taken as the tool, and also as the data is a time series cross section data a panel data regression analysis was employed allowing flexibility in modeling differences in behavior across firms and time. By combining data in two dimensions, panel data gives more data variation, less collinearity and more degrees of freedom. Moreover as the study involves the analysis of dynamics of change across time panel data is better suited than any other tests. Equation 1 and 2 shows the variables included in each model.

$$\text{Tobin's } Q_{it} = \alpha_i + \beta_1 BDSI_{it} + \beta_2 ACSI_{it} + \beta_3 SGSI_{it} + \beta_4 RCSI_{it} + \beta_5 NCSI_{it} + \beta_6 DPSI_{it} + \varepsilon_{it} \text{ (eq 1)}$$

$$ROA_{it} = \alpha_i + \beta_1 BDSI_{it} + \beta_2 ACSI_{it} + \beta_3 SGSI_{it} + \beta_4 RCSI_{it} + \beta_5 NCSI_{it} + \beta_6 DPSI_{it} + \varepsilon_{it} \text{ (eq 2)}$$

Table I shows the results of fixed effect model of panel regression with Tobin's Q as the dependant variable.

Variables	Beta Coefficients	t	P>|t|
BDSI_DV	-0.2390992**	-1.95	0.053
ACSI_DV	-0.1809333	-1.47	0.144
SGCSI_DV	0.0238998	0.62	0.538
RCSI_DV	0.0385141	0.78	0.436
NCSI_DV	0.0049705	0.28	0.782
DPSI_DV	0.2817484	1.6	0.112
CONS	0.126692	0.7	0.486

The R^2 represents the amount of variation in the dependent variable that can be explained by the changes in the independent variables. R^2 is 0.0488 i.e. 5% (approx). It means that the independent variables when taken as a group account for nearly 5% of variance of the dependent variable i.e. Tobin's Q. Or in other words about 5% of the variance in Tobin's Q is explained by the model i.e. when the independent variables are taken as a group then they predict Tobin's Q significantly. The p value is 0.1084 indicating that the regression model is not significant. That means that the predictors are not able to account for a significant amount of variance in the ROA. The BDSI has a significant negative impact on any change in Tobin's Q i.e. any change in the Board of Directors sub index rules will have a negative impact on Tobin's Q. This indicates that the investors are very sensitive over any changes in the Board of Directors and rewards negatively on it. Other predictors though have positive impact on Tobin's Q but failed to have any statistical significant impact on Tobin's Q. The beta coefficient of Disclosure Practices in the table is 0.28174 i.e. the disclosure practices accounts for 28% of change in Tobin's Q though the results is statistically insignificant.

Table II shows the fixed effect model of panel regression with ROA as dependant variable and analyses the effects of BDSI, ACSI, SGCSI, NCSI, RCSI and DPSI on ROA.

Variables	Beta Coefficients	t	P>|t|
BDSI_DV	0.1618316	0.81	0.419
ACSI_DV	0.9008422**	4.49	0
SGCSI_DV	0.0361214	0.57	0.568
RCSI_DV	0.1743356**	2.17	0.031
NCSI_DV	0.0204397	0.7	0.484
DPSI_DV	0.5987185**	2.08	0.038
CONS	0.3829222	1.3	0.196

The R^2 represents the amount of variation in the dependent variable that can be explained by the changes in the independent variables. R^2 is 0.1221 i.e. 12.21%. It means that the independent variables when taken as a group account for nearly 12.21% of variance of the dependent variable i.e. ROA. Or in other words about 12.21% of the variance in ROA is explained by the model i.e. when the independent variables are taken as a group then they predict ROA significantly. The p value is less than 0.05 this means that the regression model is significant. That means that the predictors are able to account for a significant amount of variance in the ROA. In other words the regression model is statistically significant. Though all the variables have a positive impact on ROA but ACSI, RCSI and DPSI have a statistically significant impact on ROA. The Audit Committee Sub Index accounts for nearly 90% statistically significant change in ROA and the Disclosure Practice Sub index accounts for nearly 59.87% statistically significant changes in the ROA whereas the Remuneration Committee Sub Index accounts for 17.43% statistically significant changes in the ROA. This indicates that the market rewards companies that have robust control mechanisms and transparent disclosure policies.

5. Conclusion & Recommendation:

5.1. Conclusion

In this study a Corporate Governance Index is constructed based on 6 major components namely Board of Directors, Audit Committee, Remuneration Committee, Shareholders' Grievance Committee, Nomination Committee and Disclosure Practices. For each of the governance components several important attributes were identified for constructing the sub-indices as well as the Corporate Governance Index card. A broad Corporate Governance Index is build and the association between Corporate Governance and its components and financial performance of firms i.e. ROA and Tobin's Q is examined.

The regression results show a significant positive impact of the Audit Committee Sub Index, Remuneration Committee Sub Index and Disclosure Practices Sub Index on the ROA of the companies. Companies with higher values of the Corporate Governance Index earn higher economically meaningful returns in the market. This should provide an added incentive for companies to undertake the various governance reforms even if doing so requires the allocation of additional resources. The significant positive relation also implies that prospective investors perceive a well governed company as less risky and are willing to lend capital at lower cost. The results also provide strong evidence of strengthening of the relation between the Corporate Governance Index and financial performance.

A survey carried out by McKinsey and Company, in conjunction with Institutional Investor Inc., found that investors pursuing a growth strategy did not worry about corporate governance, whilst investors who pursued a value strategy and invested in under-valued or stable companies were willing to pay for good governance (Agrawal et al., 1996). These investors hold the belief that a company with good governance will perform better over time and/or that good governance can reduce risk and attract further investment (Agrawal et al., 1996). Good corporate governance can, apparently, serve as a tool for attracting certain types of investors as well as influencing what will be paid for stock; the average premium which investors are willing to pay for good governance being between 11 and 16 per cent (Agrawal et al., 1996). The results of this empirical research supports this view and infers that Corporate Governance do have a significant positive impact on the financial performance of the selected Indian IT firms enlisted in BSE.

5.2. Recommendations:

The year wise descriptive of the variables are showing an increasing trend of the general corporate governance level over the years, which should provide encouraging news to the regulators about the success of the already instituted governance reforms as well as those that are slated in the years to come yet there are few recommendations which the regulators can include.

There should not be any readymade or one size fits all model for cg. The rules should be different for different industries based on the type of services provided and the type of stakeholders' expectation. IT industry is dealing with are sophisticated customers and situated thousands of miles away from India. The customer sitting miles away and planning to give a large mission-critical job to an IT company in India would like to make sure that the company is well placed to execute this task. This does not only mean that the company should have technical capabilities but also that it should have robust corporate governance practices. IT industry in India derives most of its export revenues from three sources – custom application development, application maintenance and BPO services. The BPO services are even more mission-critical for the customers of Indian IT industry because there we are managing client's business processes. for the client, he wants to ensure that these processes are run by companies that have high ethical standards, value sets and governance systems in place. IT industry in India employs close to 2.2 million people directly, and with a multiplier effect of 3.6 times, it generates indirect employment of about 8 million jobs. It, thus, have about 10.2 million employees linked to this industry. More importantly, the workforce in the industry is entirely of highly qualified knowledge workers who are sensitive to the issues of corporate governance. Attracting and retaining good-quality workforce requires these companies to project an image of being highly professional and ethical companies. IT industry has the unique shareholding structure. Most of the IT companies in India have significant holdings (16-20% on an average) from foreign institutional investors and many of them also have their customers as their shareholders. There is always a pressure from these shareholder groups that the company adheres to the best practices of corporate governance. So it is assumed that the clients and investors of this industry would make a more informed investment decision than investors of other industries. Hence disclosure or transparency is a key factor for it industry. Moreover the results reveal that Audit sub index has a coefficient of 0.900 which is quite strong signifying the importance of accountability, control and transparency among the stakeholders for making investment decisions and also a more accountable board, high control mechanism of audit committee and a transparent disclosure policy can make the company perform better financially.

For having a strong control mechanism it is recommended that the audit committee should consist of all independent directors as members to have unbiased or impartial decisions. Secondly, all the members must be financial experts so that all the members can analyze on the financial statements and give expert comments on the financial decisions. Thirdly the presence of the external auditor firm should be made mandatory. Moreover for having a more accountable BoD, it is recommended that 50% of the members must be independent directors irrespective of the Chairman being executive or non executive. The Board should emphasize on safeguarding the minority shareholders interest. Mandatory Governance rating by rating agencies is also recommended, which would encourage the companies to follow the CG norms in letter and spirit to attract more investment. The regulators may also think of having a more robust vigil mechanism for the Whistle Blowers so that the frauds or corruption are detected early and incidents like Satyam are not repeated.

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