Chapter IV
REVIEW OF LITERATURE

4.1. Introduction:

Good Governance in any establishment is being always the subject matter for researchers and. Great researchers at global level put lot of hard work and efforts to build up strong database of literature. Being a researcher it is always important to review and refer relevant books, journals, committee reports, government policies, etc. This helps for understanding the historical data, work carried out in the past, government approach and typical barriers faced by researchers while conducting research of the subject.

The key source of the published data has been internet as most of the online libraries become single window to get maximum data published at global level. This data is generally available in the PDF protected file format (in-order to protect the interest of the owner of data). Another benefit of online data is easy accessibility to government policies, guidelines, approaches taken from time to time. Access to the material/report published by autonomous bodies which are working as certified authorities for security standards, quality standards, people & process management standards, and Governance & Risk management framework auditors. These are useful sources for any researcher to build up insight in the subject.

India has historical evidences that the Corporate Governance was deeply penetrated in the Indian culture nevertheless there is less research as compare to the research is carried out in European countries. These principles are equally important to meet the requirements of model Corporate Governance, the Governor of the state & Committee Members to send routine reports related to decision they have made during the proceedings of ‘General Courts’ of all subscribers of establishment, reverting (with required details) to the general meetings of stakeholders on same day. (European Settlements, C S Srinivasachari, in The History and Culture of
The golden words of Kautilya have close significance with the concept and intension of the Corporate Governance, as he cleared reprimand to his King that King should be happy when citizens are happy and wellbeing of citizen is wellbeing of the King. Apart from great epic ‘Arthashastra’ there are three more epics in vaidic/ Indian cultural heritage which provides similar message of good governance (which is termed as Corporate Governance):-

1. **Rig Veda**

2. **The Dharam Shastras**

3. **Mahabharatha**

The Mahabharata communicate the key message to top most person of the state, that is top most person in the administration should lead by example, should demonstrate highest level of the ethical behavior in the due course of administration. In the modern corporate arena CEO/ MD of the establishment serves in the similar capacity, hence recommendations made at Mahabharata should be absorb as part of Corporate Governance. It is also mentioned in the Mahabharata that King should also ensure that key official of his administrative regime are also well conversant with these ethical and core values. In the modern corporate world it is useful to ensure that CEO/ MD/ Chairman/ President of any corporation has adopted these behaviors and also ensuring that the key officials of the establishment are adequately absorb these ethics and values while performing their day to day business activities.

Comparative study of these epics will provide clear and comprehensive understanding on the requirements of the good governance in any establishment. While reviewing existing literature published on Corporate Governance it will be inappropriate if historical practices, procedures and guidelines are not considered.

### 4.1.1. Models of Corporate Governance:
There are different schools of thoughts with respect to the model of Corporate Governance, One Layer and double Layer, One Layer Mode – This model is also known as shareholder’s model, as shareholders has utmost and primarily empowered to appoint the board of Directors to have strong representation. It was most prominently adapted by Canada, Turkey, United States of America and United Kingdom. The members of board appointed by shareholders to perform key activities such as (a) Designing approach of the organisation (b) Managing and monitoring overall activities/ functions of the organisation (c) upholding utmost accountability and transparency towards stakeholders of the organisation.

4.1.1.1 Managing Agency of Corporate Governance:

Managing agency was originated where both Agent and Agency terms used in similar context i.e. w.r.t. managing corporations which have executed agreement with the respective joint stock company. The Managing Agency model emerged to suffice the requirement of providing capital immediately and to expand the available small capital to maximum business enterprises. This model is more useful tool for the management of corporation in case where credit systems are under installation. Post independence in India these agencies are under dictated control of specific families as the agencies are establish as foundation of respective families. In the model profit is generated due to scenarios such as war, inflation, stocking (e.g. created scarcities), etc. Managing Agency model does not allows shareholders to exercise their right to monitor the commercial and operational activities (including appoint of key officials such as Board of Directors) of the establishment. Hence this model was failed in terms of generating dividends for the shareholders and attracting new investors in the era of industrialisation.

4.1.1.2 Business House Model of Corporate Governance:

Post-independence in India the government has decided to invest in the selected corporations to speed up the industrialisation and intervening in the operations of the corporations to monitor commercial and business activities closely. In the model government has identified the sectors which has potential to grow and wherein investors also may like to pore their funds.
4.1.1.3 Anglo-Saxon Model of Corporate Governance:

Though majority of big corporations such as Tata and Birla grew up under the Business House Model there was heavy set back during 1980s, as result of decreased proportion foreign exchange funds and outflow of Indian currency, and heavy business loss by public sector copies (wherein government has invested money). To overcome this scenario government of India has approached to World Bank. World Bank has grated local with condition precedent of exhaustive restructuring in the public sectors (including foreign investments). Additional receipt of loan from International Monitory Funds (IMF) leads to economic liberalisation in India. The key take away of the model were emergence of good corporate controls, transparency in terms of exhaustive disclosure by management/ Board of the corporation, submissive institutional shareholders with short term bearing to clutch the even-handedness. This model is also known as Anglo American Model.

Figure 4.1

Standard American Corporate Governance structure


4.1.1.4 Indian and South Asian Model of Corporate Governance:

Based on the research conducted in Asia following characteristics of Indian and South Asian Corporate Governance model were identified -
a) Majority of the cases promoter of the Company were Shareholders of the Company;

b) Second largest scenario wherein Chief Executive Officer of the Company is promoter;

c) Securities Exchange Board of India (government agency and controlling authorities for these kinds of issues) has introduced new regulatory requirements to protect interests of the investors and shareholders of the company.
Figure No. 4.2
Indian and South Asian Model of Corporate Governance

Source: Adapted from Indian Model of Corporate Governance as Given by Fernando, p. 56
4.1.1.5 German Model of Corporate Governance:

This Corporate Governance model was introduced to accommodate most of the requirements set out by the banking sector in Germany, which were in the business of corporate funding. This model was also known as Corporate Governance model which is banking industry centric. This may be the key factor as to why not German stock market groomed as compared to other stock markets. This model recommends two-tier board structures wherein first Board supervise the activities/decisions of the Management Board-

![Diagram](image)

The two-level board enables upper level to control the key activities of lower level precisely related to issuing stakes, monitoring financial transactions and maintaining transparency, appointment of Management board, etc.

Audit committee is at the apex position in this Corporate Governance model, wherein it controls overall activities of both the Boards and act as watch dog. The primary function of the Management Board is to run the operations of the company. Key decision for the organisation made with the consensus between General Committee which is representative of shareholders and labour representative.
4.1.1.6 Japanese model of Corporate Governance

In the Japanese model of Corporate Governance is focused on two tier management system i.e. Board of Directors and Representative Directors. The role of Board of Directors is wider as compare to the role of Representative Directors. The key objective of Representative Directors is to act as representative of Board members and monitor the closely the day to day business activities of the company, while Board of Directors has overarching, monitoring and overseeing the activities of the Representative Directors. In the model shareholders committee has topmost position and the committee has final and absolute authority to make decisions for appointment, removal and restructuring the board structure. The Shareholders’ Committee has authority to pass on the instructions to auditors to alter, modify and amend the existing board structure. Another feature of this governance mode was majority power of decision making vested to shareholders rather the bankers and labour unions.
4.1.1.7 Open Enterprise Model of Corporate Governance:

This model was based on the core corporate values such as transparency and integrity. Establishments expected to share corporation related information with its stakeholders except otherwise it related to the security of the corporation and/or sensitive information disclosure of which may lead to adverse competitive impact. This model depicts high level of ethical behaviour (including maintaining integrity towards stakeholders) for the corporations. The model suggest four key objectives for the corporations which includes (1) gaining confidence of the stakeholders via maintain utmost level of transparency (2) demonstrating highest ethical and values based behaviour by board members and senior management (3) building strong relationship between corporations and stakeholders by publishing
the required information in the public domain (4) maintaining top level integrity and accountability is the last but most important recommendation of this model.

4.1.1.8 The four Ps model of Corporate Governance:
This model is based on the four most important Ps which determines the success of failure of Corporate Governance in any corporations. These Ps are:-

(i) People - Having right set or peoples in any organisation is very important determinant of Corporate Governance, this includes Shareholders, auditors, Board of Directors, Chief Executive officer (CEO), Chief Finance officer(CFO), Company Secretary (CS)/ Chief compliance Officer, Chief Operations Officers (COO), etc. It is important to have adequately experience and qualified people associated with any corporations while implementing good governance.

(ii) Principles - Though corporation has right set of people to perform their duties accurately, it is important they should perform their duties with highest degree of ethics, integrity, morality and maintaining sense of social responsibility. Hence it is important for every establishment to have internal code of conduct to monitor corporate behaviours/ day to day business activities and to ensure that business objective is not achieved on the account of ethics and morality.

(iii) Process - In-order to ensure People working with the organisation are acting accordance with the set Principals of the organisation, it is important to have right Process to monitor their behaviours, in-case of failure to act accordance with the Principles of the organisation, with the help of set process immediate remedial action could be initiated.

(iv) Practices - While both the terms Process and Practices are used as substitute to each other, there is difference between the two terms as
earlier is documented process is more related to documentation while later related with the work culture/ work environment.

Figure No. 4.6

4.1.1.9 **Hybrid Model of Corporate Governance:**

This model has no special or distinct feature as this model is consolidations of few models discussed above. The researchers of Corporate Governance has categorically mentioned that, whenever any establishment or corporation implement combination of two or more models then it is considered as the Hybrid Model of Corporate Governance. This model is also emerged as bundling of best practices adopted from various countries, wherein different practices are being followed.
4.1.1.10 **Convergence Model of Corporate Governance:**

The Corporate Governance models are varied from country to country considering the laws, regulations and economic conditions of that respective country. The Convergence model is customised form of the existing model in the different format.

4.1.1.11 **Path Dependence Model of Corporate Governance:**

The title of this model itself suggest the nature and characteristics, that any model which is subject to modification and alteration based on the diplomatic conditions, state policies, cultural background and financial conditions.

4.2. **Role of Board of Directors in Corporation:**

Board of Directors has been examined by various researchers in their research and it was concluded that the Board members are expected to act as monitor the overall functions of the organization and advice on various issues. The Business Roundtable and the American Law Institute (*Robert A. G. Monks and Nell Minow 2011, p. 172*) has noted similar observation during their research. The Board of Directors of US and European companies also act as advisor. The dual structure of board i.e. Management Board and Supervisory Board is also commonly observed in most of the countries. The board performing dual role of monitoring and advising is being always crucial topic for the discussion. Both the role in nature tribute each other because board can directly recommend management it they observe any risk or adverse situation.

*Banjamin E. Hermalin and Michel S. Weisbach (1998)* noted during the study that where board is acting in advisory capability along with Chief Executive Officer then appointment of CEO’s successor may become issue as there may be chances of conflict of interest, though this is part of responsibilities of board to work on the succession planning of CEO.
4.3. **Corporations and its Shareholders:**

Shareholders are considered as real owner of the establishment as they invest their money in the form equity. The majority investment in any corporation is made by the shareholders hence it is duty of corporation to ensure risk management in the organization and distribute rewards and bonuses to shareholders on time. Since shareholders run the show with maximum risk, it is obligation of fund managers of the establishment ensure maximum growth of the funds and investments.

*Christopher A. Bartlett and Sumantra Ghoshal (2002)* countered this school of thought saying that agency theory is successful tool of corporate governance as there is class of shareholders who prefers to invest for the shorter term and thereby it reduces the risk for shareholders as they always has a hard option to exit their investments. Corporations are in continuous process of making improvisations to governance structure and base line agency theory.

4.4. **Directors obligations:**

*The Cadbury Committee Report (1992)* designated the obligations of board of Directors. Board was laconically terminology, (a) to design company’s business strategy (b) briefing to the leadership of company (c) monitory closely business activities of the company (d) maintaining utmost level of transparency with shareholders of the. In the recent past, the Commonwealth Association for Corporate Governance expressed some additional obligations for the board which includes following obligations:

2.4.1. Appointing board members who are adequately qualified, sensible and having potential to contribute in the growth of the company.
2.4.2. Ensuring that newly appointed Director has gone through the sensitization program and accommodative of the upcoming requirements of good governance.

2.4.3. Ensuring that Directors are capable enough to make appropriate decisions, while acting as Director.

2.4.4. Ensuring that the company is compliance with the applicable statutory and regulatory requirements.

**Kumar Managalam Birla committee report** (the committee constituted by the SEBI on Corporate Governance under the Chairmanship of Mr. Kumar Managalam Birla, January, 2000) the committee has provided report broadly recommending that the board to exercise in a way to provide transparent environment, establish control environment, and demonstrating accountability to the stakeholders of the company and management should be independently capable of taking appropriate business decisions for the company.

**The (Ganguly) Committee Report** of the Consultative Group of Directors of Banks / Financial Institutions, 2002, stated that for the public company there should be two separate positions and two separately deployed individuals respectively for as Chairman and Managing Director of the company.

**The Company’s (Amendment) Bill, 2003**, Based on the recommendations made by Naresh Chandra Committee on Corporate Audit and Governance, 2003, landmark amendments were made during 2003, one of the key amendment was appointment of minimum seven Directors incase public company having minimum paid up capital and free reserves of Rs.50.00 million or a turnover of
Rs.500. the maximum number of Directors for public company were restricted up to total fifteen.

4.5. **Resisting Shareholders :**

There are few states (excluding US and UK) wherein Public Companies has only one shareholder who has strong control/hold on the decision making of the corporation and there are chances that the decision is made without considering impacting factors. Proper distribution of controlling is essential for the good governance. Hence it was recommended to have multiple shareholders instead of having single stakeholders.

4.6. **Corporate Governance – International and Indian Perspectives**

**Business Today, 1998**

Business today group conducted industry survey of Indian family business houses. Following are key highlight of the survey:

(i) It was revealed during survey that there are certain Indian companies which promote good governance in the establishment.

(ii) Similarly there are list of organizations wherein level of governance is very low. These organizations were reluctant to improve the corporate governance in their organizations. These organizations did participate in various discussions forums at national level; however they are not open to implement these practices in their originations.

(iii) The level of understanding between management and board members was very low.
(iv) There are companies which has majority Directors from the family, such companies are not considered choice of employers by employees.

(v) Employees working in family owned companies are fees that there will not be or will be limited individual growth.

(vi) It was also proved by survey that family owned business are continuously fail maintain transparency in the business.

(vii) Study of the research concluded that there is highest altitude of stability in family business as compare to other organizations.

(viii) The conclusion was drawn that family owned organizations are less ethical as compare to other organizations.

(ix) Indian family owned establishments are not so open to implement best practices to promote good governance in the organizations.

N R Narayan Murthy, 1999
In this research paper study has shown new environmental context, “corporate governance is no longer a luxury but a necessity”. There is a gap between principle and practice of corporate governance. It also provides enough examples of inadequate corporate governance; there are few examples of good corporate governance as well. Reasons for inadequate are discussed such as feudal mind-set, manifold regulations, lack of concern for society, a sense of insecurity, and greed. Corporate Governance and Legal function contributes to strengthening the governance and providing resilience to the organization. Recommendation is also make to bridge the gap. In-addition to this other Key Issues in corporate governance is also discussed.

Vinish Kathuria and Shridhar Dash, 1999
This research paper is about Corporate Financial Performance of Indian companies working in eighteen different sectors. The comparative analysis was carried out based
on the configuration/structure of board. It was revealed during study that more size of board leads to more profitability whereas frequent addition to board members may not be very effective, as each member will limit contribution/dedication. Hence it is important if board size is large then there is continuous sensitization in-terms of performance of Directors, rights and obligations of each Director.

**Jayati Sarkar and Subrata Sarkar, 2000**

In this research paper author has provided new dimension of Corporate Governance in Indian context (i.e. having large number of shareholders will facilitate monitoring the business activities of the company) after completion of the study. Author countered the line of thinking; chunk of shareholding by board members enhances good governances in the establishment. There is also discussion about institutional funding or institutional investments contribution in the Corporate Governance. The importance of foreign investment to scale up the ethical standards of the organization was also disused by the author. Finally it was concluded that in the growing countries like India, role of shareholder is most important as to establishing good governance in the origination.

**Robert M. Bushman and Abbie. J. Smith, 2001**

Authors discussed throughout research article on the key objective of the Corporate Governance in their study. There is more discussion in the accountability of board members and importance of maintaining transparency to shareholders and investors. These are the key factors to demonstrate the ethical behavior in the day to day business activities. Authors also discussed about the providing evidences to the shareholders w.r.t. company financials and related party transactions.

**D G Prasuna, 2001**

In this research paper is about the school of thought wherein business and ethics are often thought of as odd bedfellows whose co-existence is as impossible as putting two swords in one sheath. However, this study has proved that the different notion. For example, in developed economic countries like USA the market trends forced by
investor activism and require institutional investors have obliged Corporate to adopt the corporate governance practices. Organizations in USA thus have realized that good governance would benefit them in terms of accessibility to funds and also increased shareholder value. After Indian economy opened up and Indian companies started businesses, which are increasingly becoming global, they too have realized that governance, sheerness and better revelation is an undisputable recipe for attainment of corporate objective and sustainability. The as a best example of these practices Infosys case has been discussed, which built a brand that is well recognized for its ethical practices. But then that path is obviously difficult and does not allow for quick gains that appeal most people on to path of little morals.

**R. M. Srivastava, 2002**

This book has discussed new patterns of managing challenges in corporate enterprises, including a separate chapter on (i) strategies of Mergers and Acquisitions (ii) highlights strategy execution and implementation factors (iii) emphasizes organizational culture and its relevance in organizational effectiveness dynamically changing policies, strategies, business models, structure and practices of corporate enterprises in India and abroad in an interesting and encouraging fashion. The concepts are structured around the decision making process with suitable examples to enlighten students and managers with practices and techniques of making business strategies in today’s competitive environment. This book includes 13 real-life Indian cases to provide an instrumental occasion to us to apply our theoretical knowledge to solve business problems by analyzing strategic issues of respective organization.

**Marco Pagano, Ailsa A. Roell and Josef Zechner, 2002**

There is discussion in this research paper on the importance of Corporate Governance during research in the light of expanding investors, enhancing stock liquidities, exploring opportunities to generate the capital, expanding customer base, etc. It was observed that corporations not making corporate disclosures are not able to achieve corporate objectives (of expansion), because it provides less comfort to stakeholders.
During study authors also acknowledge the importance of compliance with the applicable laws, rules and government policies made therein from time to time.

Elizabeth Roberts Webb, 2003
There is detailed discussion in this research paper about Corporate Social Responsibility (CSR) which is now mandatory legislative requirement in many countries, while there are establishment wherein awareness on the subject needs to spread out. In her study author has selected three hundred and ninety four establishments which has imparted CSR in the corporate goal and three hundred and ninety four establishments which has not yet imparted CSR in the corporate goal. The source of database was Domini Social Index (DSI) prepared for the year of 2001. Author has used various statistical methods to analyze the data collected from various establishments. During research it was revealed that the firms are having diversity of board members such independent Directors, Female Directors and Chief Executive Officer of the company is Chairman of the Board, such originations considered CSR in corporate agenda. It was also revealed that despite being statutory and regulatory requirements of Corporate Governance the awareness about effective implementation is relatively low.

Jayesh Kumar, 2003
In this research paper there is discussion around two key aspects of Voluntary Earnings Disclosure one is importance Voluntary Earnings Disclosure and second is willing of Voluntary Earnings Disclosure (VED) in this research article. While VED turned as important factor from Corporate Governance perspective there is less motivation within corporate about Voluntary Earnings Disclosure. Author has also evaluated the growth of organizations which accepted Voluntary Earnings Disclosure practice. There are establishments which have incorporated VED as part of their quarterly report which is publicly released. Certain firm also imparted VED in routine financial reporting. The VED reporting system also helps bridging the gap between
shareholders and organization as it is considered as one of the important initiative towards corporate governance. Proactive VED also lead to measure the stock positions and it may help with surprise increase stock growth. Other researchers conducted on the subject provide that the improved governance standard will additionally motivate investors.

**Scott Lynn Scarborough, 2003**

In this research paper there is detailed examination of practices adapted by companies listed to New York Stock Exchange, NASDAQ, and the American Stock Exchange. Author has considered various key issues such as knowledge of Board of Directors, Independence of Board and additional efforts taken by corporations to establish good governance. For the study author has selected originations which are having in-house Corporate Secretaries. To test the Hypothesis various statistical methods (such as regression) were used. Study also concluded that continuous efforts by board to improve degree of governance, supports for the improvisation of performance of the establishment.

**Amit K Vyas, 2004**

Author has conducted research to analyze the correlation between the firm’s performance and corporate governance. Though study is conducted in Malaysia it can be considered as useful guidelines for the companies operating other Asian country. During study author also examines that corporations having good governance will also contribute in the nation’s development as such corporations are always tend to build and develop infrastructure. For the study purpose 120 Malaysian companies (listed to respective stock exchange) were considered. The study was conduct during crucial economic movement in South Asian countries. Author has adopted various statistical methods to analyze the data collected from various organizations. It was also revealed during research that the role of Chief Executive Officer in the organization is also important to implement Corporate Governance in the
establishment. Firm's financial growth is also aligned to the good governance and best practices adopted by the establishments. The role of Chief Executive Officer is also important as he/she may strongly influence the board members to maintain highest level of transparency, accountability and social responsibility.

**John R Graham et.al. 2004**
Authors conducted research to understand the economic implications of corporate financial reporting. Data was collected from 401 leaders working in various financial institutions. For the purpose of research authors considered the corporations listed to NASDAQ and New York Stock Exchange. Research was conducted during financial year 2003-2004. During research it was revealed that there are certain corporations disclosing risk associated with the respective stocks while are certain corporations avoiding voluntary disclosure with fear of setting up the culture (which may become difficult to maintain in future).

**Khanna and Palepu, 2004**
Authors critically examined in this research paper about the importance of Corporate Governance in Information Technology industry, as most of the Information Technology industries generate huge foreign trade and thereby contribute to national treasury via receiving foreign exchange. Authors also assess the impact of globalization Indian product and available talent in the market. For the study purpose authors considered leading Information Technology industries such as Infosys Technologies Limited.

**Daniel F Oriesek, 2004**
In this research paper study was carried out to understand various structures of organizations and impact of the structure on organizational enhancement. The data was collected from Chief Executive Officers of the companies having active operations in United States. The data was collected for the period of 2001 and 2002. It was concluded by author that continuous revision of management framework and
formation of various committees will the impact on status of the corporation and advancement of the establishment.

**Silke Machold, Ajit Kumar Vasudevan, 2004**

It was discussed by authors in the research paper that the emergence of the Corporate Governance is essential considering sustainable industrial development. In changing global economic spectrum it is key determinant for the foreign investors before investing funds in any corporation. Authors have also correlated the requirements of Corporate Governance with financial predicament faced during 1997 in the Asian countries. Like many other researchers, authors also spotted the similar issue of weak governance structure in Asian countries. There is also discussion on having strong and robust corporate governance structure and risk management mechanism. Author also studied about the initiatives taken by government of India to establish Corporate Governance in Indian industry. It was also revealed by the author that Indian government has designed/ recommended governance structure based on the Anglo-American governance framework. Also there are finding of the research which indicates that the ‘Business House Model’ was accepted to design ownership structure in the establishments.

**Eliezer M Fich, 2005**

For this research paper study was conducted to understand whether Outside Directors’/ Independent Directors’ performance is better than in-house/ internal Directors. Author has conducted data from the United States based Fortune 1000 companies. To analyze the data various statistical methods were used. It was observed after research that Chief executive Officer of the top performing companies preferred to be appointed as independent Directors, on the other hand there are Chief Executive Officers will also become outsider Director in a company which performing well. Most common reason/ rational quoted for offer/ acceptance of Directorship to outsider is to enhance performance of the organization.
**Kim Heldman, 2005**

This book portrait several challenges around Risk Management for Project Manager’s also spotlight on Change Management and Planning. This book is a concise, brief book that gets right to the point in presenting risk scenarios called from real time experiences. The author has also elaborated need of the PMP certification for tomorrows Project Manager. Project Managers should be well equipped in terms of the governance structure and risk management module adapted by the organization.

**Kimber et al., 2005**

Authors performed comparative research study of Corporate Governance in Australia, China, India and Singapore in the research paper. The revealed that the most of the firms are under control of either government or specific family. It was further revealed that this position is suitable to protect the interests of small investors and shareholders. The rationale behind carrying out study in the selected countries was linguistic, social, cultural, etc. diversity. The government companies having majority shareholding ensures compliance with the applicable guidelines to protect interest of shareholders. These companies have periodical review of the internal controls systems to manage surprise risk events and provide resilience to business as usual/ routine business activities/ operations of the firm.

**Maria Anderson, 2005**

Author has studied the corporate disclosures by listed companies, having operations in Sweden in this research paper. For the purpose of study author has reviewed annual reports of the listed establishments. Author has considered agency theory for the research and selected two variables. To analyze collected data various statistical methods were used. Corporate disclosure shall be made by the organizations which has foreign investments in their organizations. The decision of establishment to adapt this best practice is dependent on the approach taken by respective holding company.
Michel Crouhy, Dan Galai, and Robert Mark, 2005
The authors discussed in this research paper about risk management into corporate with examples that are either expected or unexpected, along with the supplication that the project manager must listen to his intuitive character for risk. They take you down the many boulevards of the risk management community as they evaluate risk according to eight various categories—including market or credit risks, risk of reputation, and business or strategic risks. There is less importance in this book on the mathematical side of risk management, which satisfies many who don't want to be misperceived by numbers.

Parvinder Arora and Ashwani Kumar Bhalla, 2005
In this research paper author conducted study in India to understand the level of Corporate Governance in Indian Housing Finance Companies (HFCs). It was observed during research that there is a desperate requirement for improvement of governance structure in the current corporate governance in HFCs. This is one of the root causes for failure to gain confidence of stakeholders. For the research purpose samples collected from top five HFCs operating in India. Key areas of analysis were:
(i) Company's viewpoint on Corporate Governance

(ii) Board Structure

(iii) Constitution of committees and sub-committees

(iv) Initiatives taken for demonstrating transparency and accountability
**Pitabas Mohanty, 2005**

In this research paper research was carried out to understand that the relationship between Institutional Investors and Corporate Governance. Author has collected data from the non-finance establishments. To analyze the correlation financial performance and institutional stake, author has used various statistical methods, such as simple OLS regression, simultaneous equation, etc. during research it was observed that the companies having stable and good governance receives more investment as compare to establishment which are not having stable/ good governance. From an institutional Investors perspective one of the parameter for selection of establishment (for investment) is level of good governance or steps taken to establish Corporate Governance. Corporate Governance ultimately also supports improvisation of financial performance of corporation. Corporate Governance is also considered as key determinant for the money lending agencies, because Corporate Governance additional element for comfort building to the money lending agencies.

**Ram Kumar Kakani et.al, 2005**

The purpose of the research paper was to understand financial performance of the establishments (post-independence). It was concluded from the research that corporate accountability and demonstrating transparency in terms of reporting system helps to improve the financial performance of the company. It also provides additional comfort to the stakeholders and investors of the company. Authors collected data for the research from five hundred and sixty six listed companies (to BSE/ NSE). Various statistical methods were used to analyze the data.

**Anil Gupta and Ajit P Nair, 2006**

As per research paper the research is conducted in this to evaluate the current reporting system and reporting structure in the Indian companies listed to BSE. It was revealed from the study that there is need to improve the current corporate reporting system because corporations are doing mandatory disclosure accordance with the applicable provisions of Corporate Governance, Clause 49 of Listing Agreement and as per the guidelines provided by SEBI from time to time. The data is
collected from annual reports and database available at CMIE. Authors used various statistical methods to analyze the available data and to draw the conclusion form the research.

**Neeraj Bhargava, 2006**

Author has studied importance of Corporate Governance while working as Chief Executive Officer in the on Indian large business process outsourcing establishment, which is presented via this research paper. He is promoter of good governance in the establishments because he himself introduced various best practices in Indian entity. Author believes that implementation of these best practices has support business for further more growth, in-terms to revenue and in-terms of gaining confidence of clients. Implementation of best practices accepted at global level provides comfort to international business partners. Author also agreed the fact that implementation of good governance and best practices is subject matter of heavy cost; nevertheless this helps business to grow in long term and provide resilience to business. From employee retention perspective it is also important that employee should feel that they are treated as asset and not as liability.

**Christian Leuz, Karl V. Lins, Francis E. Warnock, 2006**

It was discussed by authors in this research paper that in most of the investors from United States are more willing to invest the funds in the establishments wherein Corporate Governance is established. Investors are not so keen to evaluate the opportunities of investing in the establishments which are fail to demonstrate the good governance. Authors has collected 4411 samples and considered 29 booming stock markets for the purpose of the study. The organizations which have identified ownership structure are more investor friendly than the firms which have yet to identify the ownership about governance. It was identified that the level of governance in any foreign establishment is also depending on the legislative norms of that respective country/ state and government policies published in relation to that. It also concluded that the requirement/ prerequisite of good governance are result of the
issues encountered by the investors. The authors argue that information problems faced by foreign investors play an important role in this result. Authors further highlighted that the investments in the corporations which has sole focus of profit making are not the preferred option for foreign investors.

**Jensen and Ruback, 2006**

This research paper provides overview on weak management team or board members who are not ready to step down will be demonstrated as road block for the implementation of good governance in the establishment. During research author also emphasized that the Agency theory required strong relationship between managers of the firm (agent) and shareholders. The structure of referred in the agency theory has strong implications to present corporate structure as well. The conceptual framework is found relevant even today. While author also agreed that along with good governance, there are several other factors which also determine the stock positions in the market. Few of these determinants are applicable laws of land, government policies, social engineering, etc. There is also discussion around implementation of good governance will also be contributing to development of the firm, hence corporations are required to depict a picture of transparent and accountable firm as far as appoint of Directors, removal of Directors, maintaining accounts of the company, remuneration to Directors and senior management of the establishment.

**Rajesh Chakrabarti, 2006**

In this research paper author has discussed in this research paper about the exploitation of shareholders in Indian companies and correlated it with the exploitation happens in the Anglo-Saxon model. In the typical Anglo-Saxon model exploitation is committed by the management of company, whereas in Indian context it is shareholders vs. shareholders. In Indian companies there is class of shareholders who possesses dominating number of share in the company to drive the conclusion in the meeting, which ultimately ruled out the rights of the small shareholders. The
effective implementation of good governance in the Indian companies is not possible without strong intervention by the appropriate Indian Regulatory authority.

**A.V. Vedpuriswar, 2007**

The Book has discussion around the risks business enterprises face – and how best to manage them in today's rapidly growing world, every business enterprise is constantly challenged variety of risks arising out of evolving technology, changing customer expectation, new competitive market conditions, inconstant interest of the organization and currency variation, etc. Companies which are unable to effectively manage the risks they face can suddenly loss in their competitive advantage, or even go bankrupt. And size is no guarantee against either. There are two examples of huge companies are discussed who were going under were the energy giant, Enron, and the famous retailer, Kmart. Which was result of corporations all over the world started recognizing the importance of enterprise risk management (ERM). Historically, risk management has been looked at as something for finance professionals to deal with. This book highlights that ERM is, in fact, best handled as a calculated alignment with an assimilated rather than a disorganized, functional approach. This book both pinpoints the important risks faced by business organizations and provides a framework for anticipating and dealing with them in a systematic and coordinated way.

**Berresford and Robin, 2007**

Author has discussed in this research paper about the governance approach taken by the new generation of management/ organizations. The importance of transactional transparency, corporate accountability and professional ethics has strongly emerged as need to motivate international investors and gain confidence of domestic stakeholders. Considering political un-stabilization and economic liberalization, it is important to decentralize the power. There is also discussion on having independent
Director on the Board of company to provide unbiased opinion/ uphold the interest of shareholders and investors.

L.C Gupta, 2007
There is detailed discussion in book about author who has carried out comparative study of three top automobile companies have strong presence in Indian market. There is increasing competition between these industries to achieve highest level of Corporate Governance. These top three companies are:-
(i) Hero Honda Limited
(ii) Maruti Udyog Limited
(iii) Escort Limited

Author has also spotted certain instances wherein these organizations fail to comply with the clause 49 of listing agreement. Analytical study conducted to review annual reports for financial year 2004 – 2005 to identify the variation of compliances from clause 49 of listing agreement. Author has concluded that these organizations have established good governance in their organizations. The study also revealed that these establishments promote governance via transparency, fairness and accountability towards shareholders of the company.

Nicholson & Kiel, 2007
There is discussion on the relevance of efficiencies of Board of Directors and performance of the organization in this research paper. Authors analyzed the Single Governance Theory to understand the contribution of Directors in the growth of the company; it was further identified during study that the ineffective board members would not be able to lead the organization for achieving corporate goal. It is important that board members should possess required experience, expertise and exposure about subject matter.
Vibha Mahajan, 2007
Vibha Mahajan reviewed different impacting factors of Corporate Governance in this research paper. Author conducted the study specifically for the listed Indian companies; it was revealed during the study that compliance with applicable laws, regulations (e.g. Securities Exchange Board of India), and government policies made therein is crucial impacting factor on the Corporate Governance. Author has discussed another important aspect i.e. internal code of conduct in the company, the code of conduct of the company should be aligned to principles of natural justice, professional ethics, business integrity, etc. This will enable organization to demonstrate the corporate transparency and management accountability.

Abhishek Agrawal, 2008
Author has carried put his research to conduct analytical study between shareholder theory, stakeholder theory and stewardship theory. There is critical examination of all three patterns of the corporate governance theories. Author has also spotted the key elements available in other theories of corporate governance such as engineering control, cybernetics, political science. Research concluded the effectiveness all three theories which precisely reveals that the Stewardship theory of Corporate Governance will take precedence over stakeholder theory of corporate governance and shareholders theory of corporate governance. Stewardship theory of Corporate Governance is guidelines for doing things in better way and communicates the message of continuous improvements.

Annie Mills, 2008
Author has discussed in the book about financial institution related compliance to non-technical professionals. There is detailed discussion around importance of compliance department in each organization (which shall perform statutory, regulatory and other compliances on ongoing basis). High level overview of the activities; performed by Senior Compliance Officer, at Standard Bank in London.
Anthony Tarantino, 2008

The book has portrait role of Governance Control, Risk management and Compliances in the organization. There is discussion around essentials of Compliance framework in the multinational organization. The book has also provided overview on compliances under various internationals laws and regulations applicable to financial institutions. Also the book overviews on technology based compliance framework, international guidelines on compliance management, best industry practices. Automated Risk Management and Compliance framework will reduce human intervention in the compliance process and strengthen governance.

C.L. Bansal, 2008

In the book namely Boardroom Practices in India, author has considered 100 leaders from Indian corporate world and analyzed the configuration, performance and symphony of the board members. Author also discussed on the traditional style of management in Indian companies/establishments. During study it was revealed that most of the family owned/centric boards are migrating towards the formal and systematic board structure, wherein representation of independent Director is also considered. Though there were several findings identified during research, following are key findings:

- Appointment and recognitions of board of Director as key officer of the corporation;

- Key decision in any organization shall be made only by the board of Directors of the Company;

- Most of Corporate leaders confirmed that they have adapted the best practices including masterpiece and configuration of Board from the developed countries;
• It was also identified during research that dissimilar stockholding mold differs in the range of 100 to 1,00,000. However there was general observation that the majority of the stockholding remains with institutional investors;

• During research author also examines that it was not important that a Director holds Directorship in how many origination but it was more important that total value of asset hold by each Directors in respective organizations and how many Directors are there who are holding such asset;

• For the growth of any establishment it is very important that leaders of the origination should possess required expertise, exposure and experience in the relevant field. It was revealed during study that most of Directors are having adequate experience in the respective field. The broader range of experience is between 16 years to 40 years. There is class of Directors who has spend long time in the same establishment wherein they have substantial understanding on the cultural and operational framework of the organization;

• It was further observed that the most of the organizations are having Board of Directors who is from similar business background; they do not prefer having diverse experience on the board;

• Lastly author has identified that symphony of the boards was inclined towards non-executive structure.

**Dewan S.M, 2008**

Author has highlighted in his research that the mandatory implementation statutory and regulatory program in USA based establishments is now become inherent part of the corporation strategy. The corporate were left with the limited choice to monitor malfeasance and misfeasance in the establishments. Author also emphasized that between internal codes of conduct will minimize corporate liability and there will be
less probabilities as far as punishments or damages for non-compliance with the standard code of conduct. This is become mandatory requirement under state as well as central legislative requirements. All these requirements are recommended for all the establishments while these are treated as mandatory requirements for the publicly listed establishments. Corporation violating any of the norms stated therein or failure to introduce in-house code of conducts will be adjudicated by the Securities and Exchange Commission. Author was with a view that the institutionalization this kind of acquiescence will further create predicament in the establishments. Author has also communicated concern around the exchanging the substance of governance and ethics with mere introduction of the code of conduct. There is case study of Citi Bank which contradictory proved as failure of mandatory implementation of in-house code of conduct as, Citi Bank is leading financial institution having operations across the world but still not able to assess 100% ethical behaviors in the establishment.

Dr. K. M. Bhattacharya, 2008
This book has focused on the vital areas like Principles of Risk Management, Risk Management Policies, Risk Management Techniques/Instruments, Risk Management Structure, and implementation of Risk Management Policies by Banks, Opportunities, challenges and difficulties of implementation. This book also shelters all the important risk areas namely Credit Risk, Market Risk (Covering, Liquidity Risk, Interest Rate Risk, Foreign Exchange Risk and Commodity Price/Equity Price Risk), Solvency Risk, Operational Risk including Technology Risk and Risk Aggregation & Capital Allocation (Otherwise Known as Enterprise Wide Risk Management). There is detailed discussion on solvency risk which covers the concepts like The Rate of Risk Adjusted Capital Adequacy (CRAR), Risk Based Economic Capital, RAROC, and Risk Rating Risk Based Pricing. Author has also critically examined Risk Based Supervision and Risk Focused Internal Audit of Banks in India which has already
been tossed in certain selected banks. The book has provided the latest RBI Guidelines on all these subjects.

**J.C. Gaa, S.M. Khalid Nainar, Mohamed Shehata, 2008**

There is detailed discussion in the research paper about the commercial and code of conduct effect on the market position. Investors and shareholders are always interested for poring funds in the establishments which have governance focus approach and not mere aspirant to gain profitability. Author has concluded on the determinant facture of investor, i.e. economic strategies and value based economic strategies. It also proves the level of awareness about Corporate Governance amongst stakeholders. Research also evidences the attitude of the stakeholder, profit is key objective but compliance is primary objective of shareholders. Stakeholders also motivate the establishments to demonstrate transparency, accountability and social responsibility of the establishment, as no stakeholder wishes to invest in a establishment which is not legally compliant.

**K. C. Mishra, 2008**

There is detailed discussion in this research article around various patterns of Corporate Governance. One of the important patter recommends presence of non-executive Directors on the board, this patter provides minimum two third of total number of member shall be non-executive Directors. Senior Management of the establishment can monitor the activities of the board. Another problem was discussed wherein same directors seat as member of board on too many organizations. This ultimately defeats that purpose of having non-executive Directors on the Board as they are not able to provide required attention any originations. There are certain legislative requirements/compliances which requires board to prove that the decision is made in accordance with the statutory requirements of the country:

1. Dissimilarities/ variation in the business activities

2. Amalgamations and modernization
3. Acquisition of companies

4. Buy back of shares

The Corporate Governance framework is structured to support both maintain ethical/value based business standards and increasing business profits. The recent scandals in corporate world proved that current statutory and regulatory compliances are not adequate to ensure effective controls for monitoring Corporate Governance in the establishments. It was concluded during research that the government officials working on such assignments are not appropriately exposed to such scenarios. Hence there is need to enhance awareness around Corporate Governance in Indian industries.

**Olufemi Amao & Kenneth Amaeshi, 2008**

Authors conducted research on the importance of shareholders activism and authors also strongly condemned that in the absence of adequate active participation of shareholders in the decision making of the establishment implementation of Corporate Governance is difficult. The study also supplements the principals laid down under Cadbury Nigeria Plc, which has demonstrated positively the requirements of Shareholders activism in the establishments and potential development opportunities. This research also recommended that the modification to existing code of conduct and strengthening the governance structure via adapting latest information and communications technologies. Authors also identified that there is strong requirements to design framework to outline corporate social responsibility. The research is useful to understand importance of the Shareholder Activism.

**Pitabas Mohanty, 2008**

Author outlines the principal in this research paper, which says that public companies in developed nations are considerably follows distant ownership blueprint. There are
certain countries wherein ownership of the establishment remains with the shareholders or investors of the company while there are also few illustrations quoted wherein the ownership of the establishment is isolated with individual or with particular group of people (instead of shareholders). Author has also discussed scenarios wherein the majority voting powers and quantum of shares are allocated to specific group in-order to ensure stability of decision making. It was strongly recommended by the author that there should be foreign stake holding in the firm, which will open avenues in the foreign market. Study conducted by authors proves the decentralization of voting powers and having diversified culture (in-terms of shareholding) will allow organization to establish good governance and expand the business outside the territorial limits.

**Rammomohan Rao TVS, 2008**

Mr. Rammomohan Rao TVS in his research article has studied the interconnectivity of Corporate Governance and Control Mechanism with the performance of organization. He has carried out the study in Indian Context, following are key findings of his research:

- Author has identified issues in the managing agency system in the context of continuously increasing corrupt practices in Indian Corporate sector.

- Family owned/ dominated business wherein promoter is from the same family, they expect huge profit in a short span of tenure.

- It was also disclosed after research that most of the small shareholders do not consider risk associated with the investment, neither they are bothered about level of governance maintained by the company.

- Small shareholders are more focused small term gain their interest in the origination is limited for average profit.
• Due to changes made to applicable laws, regulatory requirements and because of government policies in the preceding decade, companies started appointed efficient member on board, mandatory corporate disclosures, transparency and accountability by senior management of the company.

• Further author has also identified that researchers should come forward to study the related topics in detailed.

• Academician should impart Corporate Governance as mandatory subjects for professionals who are willing to associate with corporations.

**S. C. Das, 2008**

Study was carried out by author to analyze the current governance framework. There were legislative measures were laid down in India. These legislative norms were provided under Companies Act, 1956 (via amendments) and Securities Exchange Board of India guidelines. Companies Act requires that establishments should uphold the Corporate Governance guidelines while Securities Exchange Board of India requires listed companies to ensure compliance with the Clause 49 of listing agreement. Author has considered Indian Textile, Synthetics and Petrochemical industries. The representative samples were collected from the group companies of Reliance Industries Limited. Author also analyzed degree of corporate governance in the industry.

**Tarun Khanna and Palepu Krishna, 2008**

Authors has discussed in their research paper on the effects of concentrated ownership in Indian Information Technology industry. After evolution of industrialization there was increasing demand of expansion of information technology based automation in all the industries. India being global IT hub it was important to
invite foreign investors to setup their establishments in India, this lead to
decentralization and diversification of board structure in IT industry. Concentrated
ownership was also recommended by the law makers by enacting applicable laws and
government policies on the subject. Author has disused there are different set of
ownership patters exists in the world for specific industry and concentrated ownership
is one of the important patter. It was also further discussed that to achieve the
sustainable growth it is important for each corporation to implement the suitable
model of ownership.

**Turke, Ralf-Eckhard, 2008**
Author has discussed in his book about systemic framework on governance research,
holistic view on social context of governance, case study on the governance of
German public administration and a substantiation of fashionable perceptions. The
structure which enables user to view social contexts comprehensively while at the
same time foreseeing a rich picture of what leverages the execution of social purposes
beyond the boxes of the professional regulations: social framework can be assessed,
strengths and weaknesses identified. Ultimately, the required structures can be
customizing to bring into line the forces for a joint execution of purposes.
Conventional fixed pyramids can be organized into vibrant social organisms capable
of developing and adapting continuously according to the opportunities and
challenges faced.

**John J. Hampton, 2009**
This book has enlightened on Enterprise Risk Management via case studies of
esteemed establishments such as Home Depot, Airbus, Boeing and Nokia. Also
overviews on the strategies to survive during economic conflicts, use of effective risk
mitigation mechanisms. The further book provides clear strategies such as
recognizing both internal and external exposures, understanding important concepts
such as risk mapping and risk identification, recognizing the weaknesses of current ERM systems, alignment of risk opportunities with their organization’s business model and sustaining in line with Sarbanes-Oxley compliance. Author has introduced few innovative models such as hierarchical risk structures, alignment of risks with the business model, creation of a central risk function, and the role of an ERM knowledge warehouse.

N. Balasubramanian, 2010
There is detailed discussion in this book around high-profile and infamous corporate scams in recent years which have pushed corporate governance to the Centre stage in media, management academia and corporate world, raising questions on the credibility of corporations worldwide-their reputation, professed values, projected performances and commitment to the protection of shareholders’ interests. Book overviews that the Corporate Governance and Stewardship addresses the dire need for a critical scrutiny and urgent reform of corporate governance models and practices, the author’s has vast industry and academic experience, particularly of his board-level responsibilities and pioneering role in designing and teaching courses in corporate governance.

Peggy M. Jackson, 2010
This book is entirely dedicated to Reputational Risk Management, important aspects of Reputational Risk Management and its contribution to overall risk management of the organization. A result in the vanishing of few industries from the market is impact of 2008 financial debacle. The focus here is on crisis management and that’s a good thing to know about, and Governance Control function to guide senior management to send communication across the organization to highlight the importance of the corporate governance. Author has also recommended reputational Risk Management Framework which is useful for effective Governance Control function.
H.R. Machiraju, 2010

This book has elaborated role of Corporate Governance to ensure smooth transactions between board, management and shareholders. The scenario of US based corporate has been discussed wherein role of numerous internal committees will be formed, who shall be conducting internal audits to protect shareholders interest also such committees shall be acting as watch dogs on Board. There is recommendation w.r.t. Constitution and fictionalization of these internal committees, models and systems of Corporate Governance, endeavors suggested for reform in UK and USA which are market driven systems, central role of board in Corporate Governance, the anchors of Corporate Governance and board Committees.

Walter V. "Bud" Haslett Jr., 2010

Key message of this book is incident occurred in the past should be a directive for future conduct. The book is also providing guidance on (i) the evolution of risk management, (ii) derivatives, alternative investments for the CFA Institute and (iii) overview of the last 20 years of risk management and guidelines on managing risk and derivatives in an increasingly compliance environment. The book also highlights the backup mechanism for the changing financial world. Banks should align their policies, business goals and work culture with the recent changes; also it is important to have capable people and resources at the Governance Control and Legal function, which should be efficient to guide the organization on the emerging operations, financial, regulatory and legal risks.

M. Sakthivel Murugan, 2011

This book has pictured the Corporate Governance against the atmosphere of globalization which has become an insignificant and arduous to take for existence as well as for seizing the opportunities. Good Corporate Governance forms a set of core ethics that need to be implemented in the existing business module of respective Organization. There is comparison between statutory/ regulatory compliances and internal policy governance. There are recommendations for Governance Control and
Legal function to carry on periodical review of Governance Policies and Procedures to avoid any surprises.

Shanti Suresh, 2012
This book made exhaustive effort to elaborate the concepts of corporate governance, details the assessments from cross-sections of people citing the definitions for corporate governance. There is chapter which brings out the consequences of corporate governance debating and validating the need for companies to follow good governance and role on internal Risk Management and Legal team. This is monitored sensibly by summary of the classical predominant in India, with proportional models prevalent across the nations. The literature review briefly brings out the practical research studies that have found strong relation between good governance and good financial performance. There is sincere attempt to design a statistical model to validate the hypothesis that good governance leads to good financial performance. This book is also addressing the needs of the practitioners, management students and researchers who seek knowledge on conceptual and practical information on the corporate governance practices.

P. Henry Mueller and William W. Sihler, 2012
This research paper has provided approach of the Risk Management Association, a Philadelphia-based risk management industry group in the financial services industry. Mueller has discussed about the credit policy manual which practiced at a major bank in 1974 and framework on credit risk. Establishments should have efficient in-house Governance Control and Legal team to establish risk framework. Sihler, has coauthored this thought in this book with supplementary thought on financial management. Author has strongly condemned that the “banks to implement credit policies that will minimize risk”. Book has provided a blueprint for moving forward after the financial crisis, which has stimulated financial institutions to reexamine how to apportion the risk. Organizations can demonstrate the good governance which will provide comfort to investors.
The book provides a comprehensive/exhaustive introduction to the Understanding, Evaluating and Implementing Effective Risk Management of commercial and business risk. The author has enlightened the fundamentals of risk management and correlation with ISO standards, which shall be implemented on ground by internal Governance Control and Legal team. Live examples from Public and Private sectors are discussed to examine the key components of risk management and its application. There are examples to determine its advantages to organizations in the public and private Companies. This book also touches the emerging Governance Risk and Compliance (GRC) arrangements and wide use of the bow-tie method to illustrate risk management.
4.7. Structure / Combination of Board

Xie et al., 2003

The authors have discussed various features of Board of Directors and Audit Committee with special reference to enhancing the profit of the establishment in the research article. They have considered 282 establishments based in United States to examine the profit making strategies of these establishments. The Hypothesis of their research was corporations who have Independent Directors on their Board their profit making strategies are less aggressive as compare to corporations who has no presence of Independent Director on their board. Authors concluded the importance of having Independent Director on board rather than having all the members Executive Directors.

Peter Klein, Daniel Shapiro and Jeffrey Young, 2002

An authors has critically examined in their research paper about the structure of a Board and assesses contribution of audit committee. During research author has observed the mismanagement of discretionary accruals even in the presence of Independent Director in the corporation. The conclusion was drawn based on the structure of audit committee and limited role of Independent Director, Independent Director is usually member of audit committee but audit committee is sub-committee of the board, hence it is most likely that there may be an influence of Executive Directors.

Peasnell et al., 2005

Author critically examine that the role of outside director (who is not employee of the corporations) w.r.t. increasing profit. Establishments having more number of independent Directors are earning less profit during financial year, while establishments having more Executive Directors are earning profit more than threshold level. The research has proved that the profit earning below threshold was
increasingly observed post recommendations made by Cadbury Committee. It was further observed that firms wherein no Independent Director is present, managers making working accrual of profit to create an picture for investor that the profit is not falling below threshold level.

**Osma, 2008**

In the research paper author studied the manipulation of accounts in the companies based in United Kingdom; they have examined 3438 Companies-years. It was concluded during research that the companies having Independent Director has better controls in-terms of the mal practices and mismanagements of accounts and accruals. Author has made strong recommendation to appoint Independent Director in the establishment to protect interest of the investors and shareholders.

**Park and Shin, 2004**

There was researched to understand whether outsider director reduce the discretionary accruals. Author considered 539 corporation-years and to assess the problem modified Jones model was used. It was concluded post research that there is no diminution in the discretionary accruals where Independent Director is appointed on the board, whereas such Independent Director should neither be part of financial intermediary nor be shareholder of the corporation.

**Flora F. Niu, 2006**

Author has discussed in research paper on various best practices adopted by the Canadian corporations such as disclosure of interests by Directors, having more accountability towards shareholders, publishing the financial reports of the corporations to depict the transparency. Author also discussed the issue related to manipulated accruals and adverse impact on the long term growth of the establishment. There was further discussion on the Corporate Governance guidelines and SOX.
**Benkel, et al, 2006**

Author has discussed in the research article about the importance of proportionate representation of independent Directors and Executive Directors on the audit committee. It was concluded during research that the higher number of Independent Directors on the board and on audit committee will accelerate the pace of good governance in the organization because association of Independent Directors will reduce level of earning management. The study was conducted in Australia and author has considered 666 firm-years for the research.

**Abdul Rahman and Ali, 2006**

There is discussion in this research paper about which author has conducted research in Asian countries to understand the level of Corporate Governance and areas of improvement. There is also discussion about having Independent Director on the board from earning management behaviors perspectives. The research was conducted in Malaysia to analyze the relationship between audit committee and constricting earning management. Research concluded that there is inconsequentiality between the board independence and earning management.

**Jaggi, et al. 2009**

Author carried out research to understand whether appointment of Independent Director in family owned business is effective in-terms of monitoring and same has been discussion in the research paper. Research was conducted in the Hong Kong, and research concluded that appointment of Independent Directors in the family owned establishment also proved useful and additional recommendations were made to have more participation of Independent Directors in the family owned businesses to ensure effective monitoring of the business activities and having control/ check on the board members.

**Dimitropoulos and Asteriou, 2010**

Author has discussed in the research paper about the finding of earning management in the European establishments. The adverse conclusion was drawn by the researcher
that the independence of board has negative impact on the earning management system. Author has also suggested improving the level of current governance standard in the establishments. Researcher has considered 97 non-financial institutions for research and modified Jones model was used. The selected establishments were listed to Athens Stock Exchange in Greece.

4.8. **Size of Board:**

**Yu, 2008**

Author has examined in the research paper that the basis difference between having large size of board and having smaller size of board. It was concluded that there are more chances of dominance by management on the smaller size of board as compare to larger size of a board will get dominated by the management or stockholders. Large size of board also reduces dependency of members in terms of attendance to the meeting to complete required quorum. The larger size of board also provides opportunity to get diversity in terms of knowledge, experience and expertise.

**Alonso et al. 2000**

In the research paper authors highlighted that large size of board demonstrates the more confidence in their decision, strong coordination between members and effective communication to shareholders. Authors conducted study of ten different countries and collected data for single financial, while there could be some challenges in terms of consistent message by authors as data collected from different jurisdictions and each jurisdiction may have different laws, rules, regulations, government polices and cultural diversities.

**Kao and Chen, 2004**

Authors discussed in their research paper, that the large size of board is related to a higher extent of earning management. Authors collected data from Taiwan and analyzed it to understand the key features of having large size of board and what the impact of smaller size of board is. Authors used modified Jones model to research on
the topic. It was also concluded that smaller size of board may not be able to control the establishments’ performance against estimated accruals.

4.9. Board Meetings

Xie et al., 2003
Author mentioned in their research article, that most of the board meeting happens rarely / few times on paper. These kinds of scenarios withdraw the opportunities of detailed discussion on the agenda item and discourages for thinking on best practices. Effectively board has less time to focus on the earning management and governance control activities of the establishment due the unavailability of time.

Alnoor Ebrahim, 2007
Author discussed in his research paper about the correlation between the frequency of board meetings and effectiveness of audit committee. The findings of research suggested that the there is significant amount of control on discretionary accruals when meetings are conducted on routine basis and audit committee also has regular discussion on the continuous improvisation strategy. Author observed that the free hand to audit committee will support the agenda of establishing good governance on the establishment.

Adams et al., 2009
There was detailed discussion in this research paper around whether frequency of the board meeting determines the level of governance in the corporation. Author has concluded based on the research that frequency of the board meeting is not the key determinant to evaluate the effectiveness of board or it does not create any impact on the pace of setting up governance in the corporation. It was also discussed by author that the directors who are deeply involved in the monitoring operations of the company may not want to conduct meetings on more frequently for the simple reason that they are closely working the agenda and need to be apprised on the same.
4.10. Self-sufficient Chairperson

Corporate Governance Combined Code, 2003

Traditionally it has been practiced under in United Kingdom that Chairman of the corporation used to be Chief Executive Officer, who is also board member, however before enforcement of Corporate Governance Combined Code, 2003, a study was conducted to analyzed the performance and level of governance in the establishments having separate Chairman. It was revealed during the study that companies having independent chairman has better governance structure in-terms of decentralization of power, which put additional control in the governance framework.

Dechow et al., 1996

Author has conducted study in the United States (US) and considered 96 US based corporations for the purpose of research. The study concluded that there are precedence wherein Securities and Exchange Commission (SEC) of USA has initiated actions against Chief Executive Officers for breaching regulatory requirements in USA. Majority of the corporations had organization structure wherein Chief Executive Officer (who is board member) acting as Chairman/ Chairperson of the company. It was recommended by author that there should e separate Chairperson/ Chairman who can act in the best of interest of shareholders, investors, creditors, bankers and corporate goal

Mixture male and female members on Board of Directors:

There is continuous discussion around providing equal opportunities to females in all the sectors. Similarly there were discussion around making more diverse structure of board and inclusion of leady members on Board. In the light of Corporate Governance it is also important to understand the advantages/ disadvantages of having female director on the board of company. Following are few studies conducted to ascertain the requirement, however nothing material observed by either researcher.
Clikeman, et al., 2001
As per the published research paper author has conducted study to understand the difference between accounts management by male colleague and female colleague. It was revealed during study that reporting system and efficiencies remains same, however there are implications from corporate governance perspective as particular gender has dominance in the organization and at the other hand there is no representation of female colleagues. Author further recommended having female representation on the board of Directors as well. Though it was not a statutory requirement but it was a move towards good governance.

Al-Hayale and Lan, 2004
In this research paper author has discussed about the earning management techniques and financial reporting. Study was conducted in Jordan and inputs received from various respondents (working at managerial capacity in the respective organization). Author did not observe any adverse or inconsistent behavior as far as earning management part was concerned. Also there was no negativity has identified from behavioral ground. The study was limited to financial reporting and earning management, however the response may differ if inputs had been sought from the respondents working as board members of the company, hence author also recommended equal opportunity and participation at board by female colleagues. However, the limitation of these two studies is that they did not examine the actual behavior that is directly related to financial reporting or earnings quality.

Krishnan and Parsons, 2008
In the research paper authors analyzed earning standards of Companies which has women Director on the board and companies without women Director. It was revealed during study that companies having women Director on board has higher earning capacity as compare to the companies are not having women Director on the board. For the purpose of study author has considered accounting data presented
during 1996 to 2000. With respect to stock return during Initial Public Offer (IPO), it was observed that the companies having maximum women as part of senior management of the company have gained more stock returns as compare to companies has less number of women as at senior management of the company. Another aspect of profitability has been observed that the companies having more females as leadership/decision makers’ team has earn more profit as compare to the companies with less number of women as part of leadership/decision makers team. They find that gender diversity forms important element of enrichment of any establishment which certainly contributes towards accelerating profitability and building brand.

Kang, et al., 2007

There is distinct discussion in this research article on earnings management practice as measured by discretionary accruals. Authors conducted research to understand interconnection of these two elements wherein gender diversity on board also matters as far as measurement of earning management is concerned. They also acknowledged the fact that concept and implications of diversity may differ from country to county as it may have impact of external factors such as legislative and economic structure, cultural diversities, different designs of capital markets and the framework of Corporate Governance. It was concluded by the authors that there is positive impact of gender diversity of board on earning management and discretionary accruals.
4.11. Independent Remuneration Committee:

There has been continuous demand of maintaining independence of remuneration committee; however there is no dedicate study/research on the topic. However there are certain researches conducted by few authors which have also provided recommendations on remuneration committee. From earning management perspective there is only research which explicitly provides overview on the requirement of CEO’s participation in the remuneration committee. Nevertheless there is no dedicated research which evaluates direct impact/requirement of independent remunerations’ committee in the any establishment, as part of good governance and to monitor earning management system. In another research Klein, I 2000, author has enlighten the negative impact incase CEO being a member of compensation committee, author carried out the study using dummy variables. Author has considered the various scenarios, such as testing of earning management via using dummy variables. Researcher has considering data for the period of 1991 to 1993, total sample size was 687, she has used data from 1991 to 199. The data was collected from United States based listed companies. There was limitation to the research; there was no correlation matrix between the board and the audit committee. One of the important variables during the study was testing remuneration committee independence in the light of independence of audit committee. Author has identified that there is positive relationship between earning management system and presence of CEO on the compensation committee of company. Therefore Klein is only researcher who has studied the independence of remuneration committee and its impact on the earning management system of the company.
4.12. Risk Management

Crouhy, Gala and Marick, 2006

Authors discussed in this book about Enterprise Risk Management (ERM) framework and analyzed the importance of effective implementation of Enterprise Risk Management framework. It revealed during the study that effective implementation of ERM is not possible without penetrating it to all the level of management of organization. Latest version of ERM requires heavy cost for implementation. ERM has international recognition because many countries consider it important element of Corporate Governance; also there are countries like United States of America which has provided legislative support for ERM process in selected industries. It was observed by authors that there are establishment who are having different risk management framework, which is name same because such risk management framework proved ineffective. ERM also provide various other features such as implementation of social security’s requirements, etc.

Carl Felsenfeld, 2007

Author discusses in the research paper about important aspects of risk management framework which prohibits money laundering. Money laundering has been a one of the root cause for the failure of corporations, one of the international banks like BCCI was collapsed due to in-efficient management of money laundering related issues. Author attempted to analyze the applicable legislative measures to handle money laundering related matters. He also reviewed the current control environment and statutory provisions with respect to this. Author has also provided exhaustive view on the internal control systems.

Daniele Nouy, 2008

There is detailed discussion in the research article on Basel Core Principles from the successful control environment perspective, uniqueness of its features, its novelty, substance and the barriers. These Principles were introduced as blueprint for
governance framework in the banking industry. These principles were comprehensive in nature and it involved many novelties, in-terms of framework. Important control recommended under the principle is credit risk management and managing supervisory powers of management. The principle requires appointing/employing right people to manage and monitor compliance framework, as this needs adequate understanding and expertise on applicable laws, rules, regulations, and government policies made thereon, etc. Author highlighted key element of the key element of the governance structure is having strong legal framework to compliment the risk management function to establish good governance.

Abel Mateus, 2010
Author has analyzed in the research paper about the implications of revised financial regulation on governance structure of the companies. He also reviewed these principles from the suitability (in current market scenario) perspective. There is also discussion about improvements made after introduction the Financial Stability Board (FSB) and Basel Committee on Banking Supervision. Further author also highlighted the barriers for effective implementation of Corporate Governance in the industry and thereafter he has recommended the suggestions to improve the governance structure.

William Allen, 2010
This paper is on the research conducted author on the recommendations of the Basel Committee on Banking Supervision. The purpose of the study is increase the capital to minimize the dependency on short term funding. Another important agenda item was transformation in the banking process. The key them of the change was establishing effective control environment in the bank so that any unforeseen situation can be handled efficiently and without disruption the core operations of the bank. Author further commented that the recommendations made by such committees can be biased because the members of the committee may be directly/ indirectly related with the any such company for which the guidelines are enacted. He also feels that the part of legislation should be replaced and withdrawn considering non-suitability of the same to present industry. Author also feels that the resolution provided by the committee is not to endeavor inconsiderately at unwarranted
liquidity, but in positioning in place Vigorous Risk Administration process.

Garvey and Swan, 1994
The research paper gives perspective on the study conducted to analyze the relationship between Corporate Governance and effective decision making by management of the company. It is important to study the decision making of administrators of the company is aligned to core principles of the organizations. Effective governance framework enables leader to drive the enterprise in the desired direction. During study it was also highlighted that any corporation without governance framework is directionless vessel in the middle of ocean.

Oliver D. Hart, 1995
The research paper is related to two basis barrier of Corporate Governance one related to conflict of interest and two failures to deal with such problem (due to cost implications). Author is with the view of implementing internal decision making matrix which should demonstrate the highest integrity towards the corporation and utmost level of transparency towards the investors, shareholders and regulators. Further author proposes the model governance framework which to be implemented in any establishment for achieving the ultimate goal of Corporate Governance.

Raghuram G Rajan and Zingales Luigi, 1998
Author has discussed in the research paper about dissimilar dimension of Corporate Governance. One of the crucial dimensions of Corporate Governance is distribution of powers, rights and obligations between leaders of the organization with appropriate proportion. In the general parlance Corporate Governance emphasis on the transparency and accountability of the senior management of the company, however distribution of powers is important topic for discussion. It was recommended that
Chairman of the company should be Chief Executive Officer and chairman should represent management/leadership and employees in the Board Meeting.

**John and Senbet, 1998**

Author analyzed in the research paper about Corporate Governance requirements from different angel. It was highlighted during study that one of the prime objectives of Corporate Governance is to protect the interest of shareholders and establishment internal controls framework. Good governance defines stakeholder term in broader sense which includes bankers, customers, suppliers, etc. author also recommended the model framework of Corporate Governance.

**Gandia & Andres, 2004**

Authors analyzed in this research article about Corporate Governance in the light of latest Information Technology (IT) environment. It was also observed that Companies implemented IT enabled communication systems have made significant progress to achieve goal of Corporate Governance. Following are key recommendations made after the study:

(i) IT enables better communication with the investors of the company.

(ii) IT enabled communication is cost effective method as compare to traditional way of communication.

(iii) This is useful to increase the engagement between shareholder and company for making decisions.

(iv) IT enabled communication certainly depicts more transparency in-terms of maintain records and reports.
**Naresh Kumar, 2007**

Author has analyzed in the research paper about interconnection between corporate Governance and globalization. It was further analyzed that relationship between increasing competition and Corporate Governance. Specifically in Indian context transparent and standardize accounting practices across the companies. Regulatory authority governing company’s affaire in India (MCA – Ministry of Corporate Affairs and SEBI - Securities and Exchange Board of India) mandated certain reporting requirements in India. Further these regulatory authorities also provide guidelines to for board members to ensure protocol for reporting and disclosure. There are guidelines w.r.t. dealing with other important stakeholders such as shareholders, creditors, bankers, investors etc. of the company.

**Anil Arora and Madan Singh, 2007**

Author analyzed in their research paper about the tendencies while establishing Corporate Governance in any establishment. The study was based on the Ranbaxy case study. It was revealed during the the decentralization of power will expedite the implementation of Corporate Governance in any establishment. It was also observed that there were separate committees to manage different area which the organization, such committees were Science Committee, management Committee, Finance Committee and Audit Committee.

**V.M. Budhiraja, 2007**

There is in-detailed discussion in this research paper around the various requirements of Corporate Governance. The author has selected companies operating in India for the research purpose. It was revealed during the study that Corporate Social Responsibility (CSR) is one of the key elements of establishing good governance in any establishments. There is further discussion around setting up accountability standards for the board members and senior management of the company. Author
also made recommendations to improve present governance framework to suitably accommodate the various requirements under globalization in the corporate sector.

K.V. Achalapathi and Rajini Devarajan, 2008

As per the research paper, authors conducted the research in Indian Information Technology (IT) industry to review the best practices adopted by the corporations such as voluntary corporate disclosure. Such best practices help achieving the highest level of governance standard in the establishment. It will further provide additional level of comfort to the foreign investors as they usually prefers investment in a clean and transparent establishment, wherein rights and obligations of directors are clearly defined and adequate access to company records (including financial records) is provided to shareholders and investors.

Conclusion:

It is clear from the above literature review that humongous research work is carried out on the Corporate Governance, which includes various nation and international books, research papers, committee reports.

The literature review has helped to understand the existing situation of Corporate Governance in Indian industries as well. Because there are many legislative measures introduced by Indian government (including SEBI guidelines, Companies Act, 1956 and various rules made thereunder, Notifications issued by Reserve Bank of India, etc.) There are various committees also formed by government to analyze the situation in the light of changing industry dynamics and to bring transparency in the financial and operational matters of the companies, motivate foreign investors.

Nevertheless there is still scope for the further research in the field of Corporate Governance as there is no research to understand the role of Governance Control and Legal function with respect to its contribution in Corporate Governance.