International Journal of Engineering & Technology, 7 (4.39) (2018) 750-753

International Journal of Engineering & Technology

Website: www.sciencepubco.com/index.php/IJET

Research paper

A Study on Factors Influencing the Corporate Governance Practices in Listed Companies In India.

[1]Mr.M.L.TomAntony, [2]Dr. D. Rajasekar

[1]Research Scholar, [2]Professor, St Peter`s University,Chennai 1, AMET Business School, AMET University 2
**Corresponding author Email: tomantony74@yahoo.com*

Abstract

The role of individual investors/institutional investors in the general financial advancement of the nation has expected overpowering significance as the number shareholders both individual and institutional investors wind up voluminous. The role of substantial institutional investors in observing the execution of organizational management in India, in examination with other propelled nations on the planet. The reactions therefore uncovered that their part in the governing body gatherings, in helping better management hones, profitability, proficiency and viable working of the organization has been dissatisfactory. Hence,the key objective of the study are to find out the factors influencing the corporate governance practices in listed companies in India.The sampling technique used in this study is convenience sampling .In this study , preseumed that population size is finite and unknown; the formula was applied to know the sample size, and found that the sample size is 479.The overall analysis of this study reveals that an effective board to take responsible in improve the above factors in discharge the duties imposed by the law on the directors and increases the performance of corporate governance.

Keywords: *Corporate governance, listed companies,Institutional investors*

1. Introduction

The significance of the term corporate governance is a subject of extensive open deliberation. The idea has been characterized from numerous points of view. Association for Economic Co-task and Development (OECD) has characterized corporate governance as, "methods and procedures as indicated by which an association is coordinated and controlled. The corporate governance structure determines the circulation of rights and obligations among the diverse members in the association –, for example, the board, chiefs, investors and different stakeholders – and sets out the guidelines and techniques for basic leadership." according to the Cadbury Committee (1992), "Corporate governance is the framework by which organizations are coordinated and controlled. Sheets of executives are in charge of the governance of their organizations. The shareholders‟ part in governance is to designate the chiefs and the inspectors to fulfill themselves that an appropriate governance structure is set up. The obligations of the board incorporate setting the company's vital points, giving the initiative to place them into impact, administering the administration of the business and answering to investors on their stewardship. The board's activities are liable to laws, regulations and the investors by and large gathering". Basically, the corporate governance is tied in with representing partnerships in such a straightforward way, to the point that all stakeholders‟ interests are secured and with due consistence with the set down laws.

2. Review of Literature

Meghna Thapar (2017) Corporate governance is a procedure, connection and system set up for the enterprises and firms in light of specific rules and standards by which an organization is controlled and coordinated. The standards gave in the framework guarantee that the organization is represented in a way that it can set and accomplish its objectives and destinations with regards to the social, administrative and advertise condition, and can expand benefits and furthermore advantage those whose intrigue is associated with it, over the long haul. The division and dissemination of rights and duties among various members in the company, (for example, the top managerial staff, directors, investors, lenders, evaluators, controllers, and different partners) and incorporation of the principles and methods for settling on choices in corporate undertakings are related to the assistance of Corporate Governance system and rules. The need to make corporate governance in India straightforward was felt after the prominent corporate governance disappointment tricks like the share trading system trick, the UTI trick, Ketan Parikh trick, Satyam trick, which were seriously censured by the investors. In this manner, Corporate Governance isn't simply organization yet more than that and incorporates checking the activities, approaches, practices, and choices of enterprises, their operators, and influenced partners in this way guaranteeing reasonable, proficient and straightforward working of the corporate administration framework. By this paper, the creators plan to look at the idea of corporate governance in India with respect to the arrangements of corporate governance under the Companies Act 2013. The paper will feature the significance and need of corporate governance in India. We will likewise examine the imperative case laws which contributed colossally in the development of corporate governance in India.

Manel Gharbi1 and Anis Jarboui (2015) the present work's significant target comprises in inspecting the effect of institutional investors' essence on corporate expansion choice. For this purpose, a hypothetical system in light of the corporate governance authoritative approach has been propelled featuring the possibility that the nearness of institutional appreciates an enhancement arranged vital choice. For this reason, a model is utilized and connected to Tunisian firms' example seen over the period 2011– 2013. Truth be told, the examination keeps up that the nearness of institutional investors helps in straightforwardly impacting corporate vital choices. The achieved comes about, directed on an example of 111 Tunisian business organizations and administration giving firms seem to uncover the industriousness of a critical effect of the institutional investors on enhancement choice.

3. Objectives

- To identify the factors influencing the corporate governance practices in listed companies in India

Methodology

The aim of this study is to explore A study on Corporate Governance Practices and its Impact on Institutional Investors Interest in Listed Companies in India.This study presents and justifies the research methods used in the research study.It is aimed to describe the how the data has been collected and analyzed, what research methods have been collected used to collect the data , and what research techniques have been used to analyze that data.In this research quantitative methods have been applied.

Introduction to research methods:

There are two methods for conducting research, qualitative methods are associated with inductive reasoning and a phenomenological paradigm, and quantitative methods are usually applied to problems requiring a positivist and inductive approach, both qualitative and quantitative research methods are used by researchers.

Population and Sampling

In social research , the respondents of the study are taken under study for the purpose of collection of data. A sample is a group of people that is selected for a research study.In this research study, the sample population of four hundred and seventy nine respondents has been taken under this study.

Data Collection

The data for this research study was collected by using The structured questionnaire was administered through an online survey using the Survey Monkey portal. The link to the survey was publicised through social media and email networks. The data collector was kept open until respondents had submitted survey wherein all questions had data completely filled.

Data Analysis and Discussion

- Percentage
- ANOVA
- Correlation

Table No : 1 : Executive Compensation To The Shareholder

Particulars	Frequency	Percentage
Strongly Disagree	55	11.5
Disagree	39	8.1
Neutral	145	30.3
Agree	195	40.7
Strongly Agree	45	9.4
Total	**479**	**100**

- **Source: Primary Data**

Inference : ‘Agree’ dominates the rating for “Executive Compensation to the Shareholder”

Table No 2: IS It Adequate To The Shareholder

Particulars	Frequency	Percentage
Strongly Disagree	3	.6
Disagree	44	9.2
Neutral	170	35.5
Agree	192	40.1
Strongly Agree	70	14.6
Total	**479**	**100**

- **Source: Primary Data**

Inference

‘Agree’ dominates the rating for “Is it Adequate to the Shareholder”.

Table No 3: Shareholder’s Scrutiny

Particulars	Frequency	Percentage
Strongly Disagree	6	1.3
Disagree	42	8.8
Neutral	145	30.3
Agree	206	43.0
Strongly Agree	80	16.7
Total	**479**	**100**

- **Source: Primary Data**

Inference : ‘Agree’ dominates the rating for “Shareholder’s scrutiny”.

Table No 4: Trustworthy Relationship

Particulars	Frequency	Percentage
Strongly Disagree	21	4.4
Disagree	24	5.0
Neutral	138	28.8
Agree	215	44.9
Strongly Agree	81	16.9
Total	**479**	**100**

- **Source: Primary Data**
- **Inference :**Agree’ dominates the rating for “Trustworthy relationship”

Table No:5

Factor	**Value**	**Df**	**Symp. Sig. (2-sided)**	**Statistical Inference**
Pearson Chi-Square	**14.808ᵃ**	**15**	**.465**	**X^2=14.808ᵃ** **Df = 15** **P= .000 <0.05** ***Significant at 5% level**
Likelihood Ratio	16.316	15	.361	
Linear-by-Linear Association	.060	1	.806	
N of Valid Cases	479			

***Significant at 5% level**

Analysis:

Since the P value is Greater than our chosen Significance at =0.05, we can accept the null hypothesis, and conclude that there is no an association Gender and Risk management.

Table No:6

Variables		Level of Expectation	Environment and Process
Level of expectation	Pearson Correlation	1	.383**
	Sig. (2-tailed)		.000
	N	479	479
Environment and processes	Pearson Correlation	.383**	1
	Sig. (2-tailed)	.000	
	N	479	479

Analysis:

The Table – shows the Result of Pearson's correlation tests between the Level of expectation and Environment and processes; from the above table it is found that there is a significant correlation between the variables. Also, it is evident that there is a high positive correlation (r=.383p<0.01 sig) between Correlation test between Level of expectation and Environment and processes.

Table No :7

Variance		Sum of Squares	df	Mean	F	Sig
Level of expectation	**Between Groups**	10.746	2	5.373	.531	.588
	Within Groups	4813.070	476	10.111		
	Total	4823.816	478			
Right and performance	**Between Groups**	50.344	2	25.172	1.112	.330
	Within Groups	10778.082	476	22.643		
	Total	10828.426	478			
Company harmonization	**Between Groups**	151.219	2	75.609	6.011	.003
	Within Groups	5987.065	476	12.578		
	Total	6138.284	478			
Audit committee	**Between Groups**	74.873	2	37.436	2.978	.052
	Within Groups	5982.835	476	12.569		
	Total	6057.708	478			
Executive compensation	**Between Groups**	47.411	2	23.706	2.252	.106
	Within Groups	5009.495	476	10.524		
	Total	5056.906	478			
Environment and processes	**Between Groups**	227.029	2	113.515	6.375	.002
	Within Groups	8476.407	476	17.808		
	Total	8703.436	478			
Risk management	**Between Groups**	130.357	2	65.178	11.353	.000
	Within Groups	2732.637	476	5.741		
	Total	2862.994	478			
Corporate social responsibility	**Between Groups**	270.179	2	135.090	52.848	.000
	Within Groups	1216.752	476	2.556		
	Total	1486.931	478			

**** Significant at 1% level**

*** Significant at 5% level**

Analysis:

It can be seen from that Table No 7 that the p value is no significant at 0.5% level for Level of expectation, Right and performance, Company harmonization, Audit committee, Executive compensation, Environment and processes, Risk management, corporate social responsibility. Therefore null hypothesis is rejected in such cases. The p value is significant at 0.5% level for organizational commitment, here null hypothesis is accepted.

4. Findings And Suggestions

- It can be seen from Table no 1 that "Executive Compensation to the Shareholder". Obtained the following ratings 7.7% of the respondents rated Strongly Disagree; 6.9% of the respondents rated Disagree; 30.3% of the respondents rated Neutral; 39.5 % of the respondents rated Agree; 15.7% of the respondents rated strongly agree.

- It can be seen from Table no 2 that "Is it Adequate to the Shareholder".Obtained the following ratings 0.6% of the respondents rated Strongly Disagree; 9.2% of the respondents rated Disagree; 35.5% of the respondents rated Neutral; 40.1 % of the respondents rated Agree; 14.6% of the respondents rated strongly agree.

- It can be seen from Table no 3 that "Shareholder's scrutiny" Obtained the following ratings 1.3% of the respondents rated Strongly Disagree; 8.8% of the respondents rated Disagree; 30.3% of the respondents rated Neutral; 43.0 % of the respondents rated Agree; 16.7% of the respondents rated strongly agree.

- It can be seen from Table no 4 that "Trustworthy relationship".Obtained the following ratings 4.4% of the respondents rated Strongly Disagree; 5.0% of the respondents rated Disagree; 28.8% of the respondents rated Neutral; 44.9 % of the respondents rated Agree; 16.9% of the respondents rated strongly agree.

5. Conclusion

Pearson's correlation tests between the Level of expectation and Environment and processes; from the above table it is found that there is a significant correlation between the variables. Also, it is evident that there is a high positive correlation (r=.383p<0.01 sig) between Correlation test between Level of expectation and Environment and processes.This is corroborated by the findings of the study. To conclude , further the research found that the variables of age group with respect to perception about Level of expectation, Right and performance, Company harmonization, Audit committee, Executive compensation, Environment, Risk management and Corporate social responsibility. It can be suggest that directors of the board should concentrate in palying their role properly for the activities of the companies and also advice the companies to have more independent directors within the benchmark for the number of directors to improve the corporate governance.An effective board to take responsible in improve the above factors in discharge the duties imposed by the law on the directors and increases the performance of corporate governance.

References

[1] Meghna Thapar (2017), "CORPORATE GOVERNANCE IN INDIA: AN ANALYSIS" Hidayatullah National Law University, Raipur, Chhattisgarh, India.

[2] Manel Gharbi and Anis Jarboui (2015),Directors` board control and diversification decision in Tunisian companies,Asian Journal of Empirical Research,Vol.5,Issue 12,264-273

[3] Agrawal, Anand and Fuloria, Sanjay (2004): “Corporate Governance for Competitive Credibility”, Synergy: ITS Journal of IT and Management, Vol. 2, No. 2, pp. 35-50

[4] M.L.Tom Antony and Dr.D.Rajasekar (2017) :” Promotion of corporate governance under the companies act, 2013-An analysis of the provisions incorporated under the companies act, 2013 in relation to corporate governance,Journal of Advanced Research in Dynamical and Control Systems,ISSN 1943-023X,13 special issue,pg no.673-676