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CORPORATE GOVERNANCE FOR CORPORATE EXCELLENCE**DIVYARAJ SINH ZALA****Ph.D. Scholar****Department of Commerce****Saurashtra University, Rajkot (Gujarat)**

ABSTRACT

Corporate Governance is related with corporate entities and excellence. Corporate Governance is playing an important role in organization in an effective manner. Corporate Governance is a process or a set of systems and processes to ensure that company is managed to suit the best interest of all stakeholder. The purpose of corporate governance is to facilitate effective management that can deliver the long term success of the company. Corporate excellence is often described as the outstanding practices in managing the organization and achieving results, all based on a set of fundamental concepts and values. The further details of this topic are outlined and examined in this research paper.

Key words: Corporate Governance, Corporate Excellence, Stakeholder

INTRODUCTION:

Corporate Governance is the application of best management practices, compliance of law in letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for suitable development of all stakeholders. Corporate governance rests with the vision and perception of the leadership and a leader need to adopt a vision for corporate governance. Corporate governance is not merely about enacting legislation, it is about establishing a climate of trust and confidence. Ethical business behavior and fairness cannot be legislated. Strengthening corporate governance is fundamentally a political, social, cultural process in which governance and the private sector have to synergies. Corporate governance extends beyond corporate laws. Its fundamental objective is not merely fulfillment of requirement of law ensuring commitment of the board to transparency in managing the company, modernizing long term shareholder value.

Corporate governance is concerned with the process by which corporate entities are governed. Business people as well as general public expect good business moral values and effective governance from the business leaders. In the modern time of globalization, corporate governance plays an important role. Corporate governance is affected by the relationship among participants in the governance. It ensures that corporate managers run their businesses successfully and take care of long term interests of their stakeholders. Corporate governance improves capital efficiency of companies and provides a roadmap for a corporation, helping the leaders of a company in making decision by law, benefits to stakeholders, etc. Corporate governance is the set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled. The overall objective of governance is to maximize long term value and shareholders' wealth. Corporate governance is the key element in improving the economic efficiency of a firm.

In a narrow sense, corporate governance involves a set of relationships amongst the company's management, its board of directors, its shareholders, and other stakeholders. These relationships, which involve various rules and incentives, provide the structure through which the objectives of the company are set, and the means of attaining these objectives as well as monitoring performance are determined. In a broader sense, corporate governance involves - the extents to which companies are run in an open and honest manner. It is important for overall market

confidence, the efficiency of capital allocation, the growth and development of countries' industrial bases, and ultimately the nations' overall wealth and the welfare of the society. So after considering all we can definitely said that-

"A Good Corporate Governance system plays most outstanding role in modern business world."

MEANING OF CORPORATE GOVERNANCE:

The Institute of Company Secretaries of India (ICSI) defines: "Corporate Governance is the application of best management practices, compliance of law in letter and spirit and adherence to ethical standard for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders."

MEANING OF CORPORATE EXCELLENCE:

The term Excellence means the quality of being outstanding or extremely good. The achievement of corporate excellence is the most important objective of every organization. Corporate governance is the one and only way to achieve corporate excellence. Corporate excellence refers to a conversion from the status of a good company to the status of a great company. The core of corporate excellence is to have a competitive advantage over other firms in the industry. A corporate excellence is about developing and supports the management system and procedure of a company to improve performance and create value for stakeholders. The key elements of corporate excellence is transparency through a code of good governance which include a system of checks and balances between key players boards, management ,auditors ,shareholders and others. Good Corporate Governance is a source of competitive advantage and a critical effort for achieving excellence in all productive, economic and social pursuits. A company's most valuable asset is the goodwill it enjoys with its stakeholders, which can only be earned by actions, not demanded.

REVIEW OF LITERATURE:

Reviews of literature of the study are stated below:

- **INTERNATIONAL JOURNAL OF ADVANCE RESEARCH IN COMPUTER SCIENCE AND MANAGEMENT STUDIES: CORPORATE EXCELLENCE THROUGH CORPORATE GOVERNANCE:-** Having a common governance framework can play an important role in helping boards gain a better understanding of their oversight role. The framework should have attributes that contribute to effective governance and tools for addressing governance risk. Corporate governance is a set of process, practices, policies, procedures, rules and laws affecting the way of business is directed, managed or controlled. It is a set of systems and processes to ensure that a company is managed to suit the best interests of all. Corporate governance is a way of life and not a set of rules. It is a necessary condition and not a sufficient condition for succeeding in the global market place. Corporate governance brings about equilibrium between the expectations of the owners, employees customers and all other stakeholders. For achieving these expectations, corporate Governance is the most appropriate and valuable tool i.e. Corporate Excellence. Companies should identify, assess and establish core values, core capability and core purpose to achieve Corporate Excellence.
- **INTERNATIONAL JOURNAL FOR INNOVATIVE RESEARCH IN MULTIDISCIPLINARY FIELD: ACHIEVING CORPORATE EXCELLENCE THROUGH GOOD CORPORATE GOVERNANCE PRACTICES:-** It indicates the role of corporate governance is playing effectively in strategic decision making in the interest of those with a stake in successful outcomes i.e. Corporate Excellence. Here the role of corporate governance is playing an important role in achieving corporate excellence is explained very well in an effective manner. Further we can say that the role

of directors also playing significant role and role of SEBI is also promoting Corporate Governance. Corporate governance also provides legal protections for stakeholders. Through corporate governance corporate excellence is achieved in an effective way. The key elements of corporate excellence is transparency through a code of good governance which include a system of checks and balances between key players boards, management ,auditors ,shareholders and others.

➤ **CORPORATE GOVERNANCE –PRINCIPLES, POLICIES AND PRACTICES:**

PEARSON PUBLICATION:- Corporate governance is one and only route to achieve corporate excellence. Every corporate try to remain fit as per the code of the governance that becomes helpful in achieving goal and also becomes helpful to fulfill their objectives in a significant manner. Corporate principles are:

- Leadership
- Capab:ility
- Accountability
- Sustainability
- Integrity

These principles and corporate governance policies and practices are playing significant role in achieving corporate excellence. Companies that follows that principles of corporate governance have consistently earned high returns, enhanced their shareholders' wealth and also achieved corporate excellence in an effective manner.

- **ICSI.EDU:** Corporate governance is playing an effective role in the context of organization. The role of corporate governance is also becomes helpful in achieving the objectives of the organization. Corporate Governance is a process or a set of systems and processes to ensure that company is managed to suit the best interest of all stakeholders. The stakeholders may be internal (promoters, members, workmen and executives) and external (shareholders, customers, lenders, dealers, vendors, bankers, community, government regulators etc.) It is interplay between companies, shareholders creditors, capital markets, financial sectors, institutions and law. Corporate Governance is concerned with the establishment of a system whereby the directors are entrusted with responsibilities and duties in relation to the directions of corporate affairs. Maximization of shareholder's wealth is the cornerstone of good governance. The concept of corporate governance hinges on total transparency, integrity and accountability of the management, which includes non-executive directors. The importance of corporate governance lies in its contribution both to business prosperity and to accountability.

➤ **“CORPORATE BEST PRACTICES: RECOMMENDATIONS FOR DIRECTORS”:**

IRDA JOURNAL : In which the role of corporate governance is explained in an effective way. Corporate Governance is the foundation of the company relations with other interested groups. Also in this article it is explained that the role of corporate governance is important to take note of considering importance of corporate leaders, directors etc. At small level corporate governance considers achievement to company's goals, and at large level it considers optimal devotion of the society interests. The quality of a board depends on the commitment of individual members to tasks which they are expected to perform as board members. Quality of governance is influenced by integrity of the management, ability of the board, adequacy of the processes, commitment level of individual board members, quality of corporate reporting and participation of stakeholders in the management. Through board effectiveness any organisation can achieve corporate excellence.

TITLE OF THE STUDY:

After going through existing literature in the library, researchers has selected topic as under:
“CORPORATE GOVERNANCE FOR CORPORATE EXCELLENCE”

OBJECTIVES OF THE STUDY:

The main objectives of the study are stated below:

1. To indicate the role of corporate governance for corporate excellence in an effective way.
2. To provide direction to the company and organization towards corporate excellence.
3. It also provides a vision for best corporate governance practices.
4. To identify, assess and establish core values and core purpose to achieve Corporate Excellence by corporate governance.

GAP ANALYSIS:

On the basis of evaluation of literature and objectives, researcher found the gap in this area. After considering a few research have been taken for the study, researcher is found following gap:

1. The roles of corporate governance for corporate excellence have been significantly changed and yet it was not studied.
2. Ethics and values differ between company and its directors to achieve corporate excellence.

RESEARCH METHODOLOGY:

Researcher analyzed all the data based on secondary data. So main source of this research paper is secondary data and after considering the annual reports of companies all the analysis of corporate governance for corporate excellence. Data was obtained from the Annual Reports of the companies available on the websites of the companies. Various tests like – multiple regression, correlation, t-test and F-test have been performed using IBM-SPSS Statistics software to investigate the impact of corporate governance on corporate excellence using secondary and cross-sectional data. The average of data over a period of two years from FY 2015-16 to FY 2016-17 has been used for analysis. The sample comprises of 10 Indian companies; listed on the NSE; which have continuously been included in NIFTY 50 Index during 1st April, 2015 to 31st March, 2017. There are two variables considered for the study: We study the impact of corporate governance (independent variable - GOV) on corporate excellence (dependent variable -ROE); the following equation has been formulated for analysis:

➤ $ROE = c + b1.GOV$

HYPOTHESIS:

Based on theoretical arguments and review of literature, the following hypothesis has been formulated:

- (Null Hypothesis) H_0 : Corporate Governance has no impact on corporate excellence.
 (Alternate Hypothesis) H_a : Corporate Governance has impact on corporate excellence.

DATA ANALYSIS :

PARTICULARS	ROE (%)	GOV (%)
MEAN	19.75	49.50
MEDIAN	14.96	50.65
STD. DEV.	16.70	8.95
OBSERVATIONS	10	10

From TABLE – 1, we observe that the mean value of Governance is only 49.50%, which is even less than 50%. This highlights the need to improve the governance structure of Indian companies, so as to achieve higher governance ratings.

The results of regression analysis regarding impact of governance on corporate excellence of companies have been summarized in TABLE – 2 below.

Particulars	R	R2	Adjusted R2	F	Significance of F	Beta Coefficient for GOV (b1)	p-value
ROE	.75	.55	.45	4.10	.015	1.95	.030*

* Significant at 5% level of Significance

FINDINGS OF THE STUDY:

The following findings are:

We make following findings from observation of data given in TABLE – 2:

- The coefficients of determination (R2) values are sufficiently high (i.e. more than .50). Also, all Significance of F values are less than .05. Thus, the model fit is good.
- Beta coefficient (b1) is positive. Thus, Corporate Governance has positive impact on corporate excellence of companies.
- All p-values are less than .05. Thus, Corporate Governance has significant impact on corporate excellence of companies.
- Thus, on the basis of these results, we reject the null hypothesis and accept the alternate hypothesis.

LIMITATIONS OF THE STUDY:

The following limitations are:

- 1) Limitation of secondary data will remain with the study of corporate governance for corporate excellence.
- 2) The study was limited to reflect the role of corporate governance for corporate excellence.
- 3) Perception and understanding of directors and employees regarding corporate governance may be different.

CONCLUSION:

To sum up, concluding whole things we can say that corporate governance provides a vision for best corporate governance practices. Corporate governance is a set of process, practices, policies, procedures, rules and laws affecting the way of business is directed, managed or controlled. It is a set of systems and processes to ensure that a company is managed to suit the best interests of all. Corporate governance brings about equilibrium between the expectations of the owners, employees customers and all other stakeholders. For achieving these expectations, corporate Governance is the most appropriate and valuable tool i.e. Corporate Excellence. Companies should identify, assess and establish core values, core capability and core purpose to achieve Corporate Excellence. With the help of sound corporate governance frameworks an organization can achieve excellence in everything that a company does. Corporate excellence refers to a conversion from the status of a good company to the status of a great company. Corporate governance provides a vision for an organization to follow with true letter and spirit and further we can say that-

“Corporate governance is the most important and appropriate tool for achieving corporate excellence.”

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