IMPACT OF CORPORATE GOVERNANCE ON FIRM'S PERFORMANCE - REVIEW OF LITERATURE

Deepti Sehrawat Verma
Ph. D. Research Scholar,
Central University of Haryana

Dr. Anand Sharma
Head, Department of Management,
Central University of Haryana

Abstract:

Given the increasing importance attached to corporate governance, the author has tried to understand the present the quantum of researches done so far in this area and their observation in this study. Through the review of literature of related studies, it is noted that the research including financial performance and CSR, or both, mainly, which focus on the impact of corporate governance on firms' performance after the introduction of Companies' Act 2013, have been very limited in numbers. It is also observed that both CG and CSR are growing independently into mature disciplines, but research at the intersection of CG-CSR continues to be highly relevant in the present context. Financial performance and CSR are very crucial indicators of firm's performance and a gap for future research, with the inclusion of additional variables, based on the changed regulatory framework, particularly after the Companies' Act, 2013, is visible.

Introduction

A literature review is an essential step in the research process that presents the current knowledge on the subject, including substantive findings as well as methodological contributions of previous studies. Literature reviews are a basis of research in nearly every field as it helps situate the current study within the body of the relevant literature. The literature review may be descriptive, exploratory, instrumental, and systematic. A meta-analysis is a typical example of the systematic review, data of all selected studies to produce mere reliable results. The literature review in the present study is descriptive and has been discussed under two heads i.e., review of theoretical framework and review of related studies.

Review of Theoretical Framework

Background

Corporate governance revolves around the ways through which various stakeholders get fair and equitable treatment as per their expectations. Sound principles of corporate governance are fundamental in promoting economic growth and nation-building. Good corporate governance is emerging as a robust instrument to achieve competitiveness and sustainability in the changing business environment. Poor corporate governance weakens a company's potential for growth and, at its worst, may pave the way for financial difficulties and frauds, etc. to happen. Companies that are well governed will usually outperform other companies and will be able to attract more investment for further growth.

India, since pre-historic times, has had a solid philosophical background with a vibrant and diverse culture of knowledge and ethical governance. With the onset of the British era, the entire Indian way of life and management was profoundly disrupted. After independence in 1947, India adopted democracy but a relatively closed economy and not having much emphasis on broad corporate aims and strategies. It was only after the operationalization of LPG along with digitization of the stock markets and increased participation of retail investors that corporate

governance and corporate social responsibility became the key focus areas for both the corporate sector and the government.

Since the Indian economy is now exposed to the international market forces, and the society is becoming intolerant towards unethical practices of organizations, good governance becomes fundamentally essential for the corporate sector. Corporate entities in the present scenario are required to adopt professionalism in management, along with transparency in functioning to create corporate value by selecting sound business strategies. Corporate governance laws, regulations, and strategies help organizations adopt a sustainable growth model.

With the introduction of the Companies Act, 2013, it has become obligatory for governance to recognize the concerns of the board of directors, employees, government, suppliers, customers, and society at large. Corporate houses have understood that self-interest and profit maximization alone cannot be the sole objective.

Considering all these emerging issues, the present study on the Impact of Corporate Governance on Firms' Performance has been undertaken at the doctoral level.

Conceptual Framework

Corporate governance essentially refers to the roles and responsibilities of the board of directors, different committees, and management. It fundamentally monitors the behaviour of the board in making managerial decisions that are in alignment with stakeholders' interests. The Cadbury Committee defines Corporate Governance (CG) as "the system by which companies are directed and controlled". **Ayuso et al. (2011)** stated that CG, in its broader sense, also includes the corporate relationship with a wide range of stakeholders, i.e., internal (employees) as well as external (customers, suppliers, etc.) members. According to **Gibson & O'Donovan (2007),** ''good governance is now closely linked to the concept of CSR and accountability and that one way to demonstrate CSR is to increase annual report disclosures.''

There has always been a debate on whether the manager's primary concern is the protection of interest of shareholders, or they should take into account the importance of a wide array of

stakeholders' interests also. But, the fact is that to develop a sustainable model of growth, it is essential to integrate environmental, social, and governance parameters also **Marrewijk (2003)** and **Srinivasan & Srinivasan (2012)** in their study, concluded that there are top five themes that can be found in CG, which include firm performance, CSR, governance origins and models, corporate disclosures and regulatory mechanisms.

Further, the Stakeholder theory defines that CG includes both financial performance and CSR. **Kaufman and Englander (2005)** used the team production model to recommend that company board members should represent all those stakeholders that add value, assume unique risks, and possess strategic information for the corporation. **Ayuso et al. (2011)** stated through their research that stakeholders and shareholders in particular presence on corporate boards are critical since they will not just promote CSR activities but also increase the capital of the company leading to better financial performance. Thus, an optimum mix of the board with the inclusion of shareholders and stakeholders at large, along with the employees, both managers and workers, would create a proper structure.

Song et al., (2018) mentioned that the three main pillars of sustainability are environmental, social, and economic sustainability. **Jamali et al., (2008)** supplements that company without an efficient long-term view of leadership, effective internal control mechanisms, and a strong sense of responsibility vis-à-vis internal stakeholders cannot possibly pursue genuine CG goals. Furthermore, **Sanchez & Sotorrio, (2007)** analyzed the relationship between social and financial performance and gave an economic justification for the social investment by concluding that organizations today are more inclined towards long term sustainability rather than focusing on short term financial gains.

Song et al., (2018) express that ignoring stakeholders' interests will result in poor performance and could even result in corporate bankruptcy. Based on the Stakeholder Theory, an organization's success depends on the successful management of all the relationships that the organization has with its stakeholders**. Chan et al., (2014)** According to stakeholder theory, the economic performance of a company affects the decision to disclose CSR information. Thus,

companies with good corporate governance should be better corporate citizens and more socially and environmentally responsible as composed of companies with poor corporate governance.

It has always been a debatable point that whether an organization should solely work towards profit maximization or should consider social and environmental issues also. **Letza et al., (2004)** suggest that corporate governance is not only conditioned to the economic logic such as economic rationality and efficiency but also shaped and influenced by politics, ideologies, philosophies, legal systems, social conventions, cultures, modes of thought, methodologies, etc. A purely economic and financial analysis of corporate governance is too narrow. Studies have proved that doing CSR activities not only builds the reputation of organization but also provides a competitive advantage and, thus, ensures long term growth and success to the organization. Hence, it becomes vital to have a broader perspective in measuring a firm's performance, incorporating both financial and social performance parameters while evaluating the organizations. This is what the concept of corporate governance and firm's performance has been applied in the present study.

Review of Related Studies

The review of related studies have been arranged in chronological order from 1994 onwards to 2020; Attempt has been made to include relevant studies conducted in India and abroad in the review to form a comprehensive view of the present status of research work on the subject. These are discussed as under:

Blackburn et al. (1994) stated that from every company, it is expected to behave responsibly and get involved in activities such as the promotion of women and minorities, community welfare, and disclosing to them. However, the presence of these activities does not have any positive impact on firm performance, but the absence of socially responsible behaviour might have adverse consequences for corporate performance. The study finds that line of business-work for external stakeholders, e.g. environmental concern and External Concerns, e.g. charity do not impact external perceptions of firm performance, but does affect the actual return (ROA) of company.

Mohanty (2002) differentiates firms with excellent and poor governance by developing a corporate governance index in a way, which is quite distinctive from others. Instead of looking at the process of management, the measures of corporate governance are based on observation of the outcome of good corporate governance. The index is developed based on the definition by the SEBI committee report, which defines the objective of corporate governance as the maximization of shareholders' wealth by keeping in mind the interests of other stakeholders. Thus, if a firm has got appropriate corporate governance in practice, it must be reflected in how the firm deals with its seven types of stakeholders.

Gompers et al., (2003) constructed a composite corporate governance index by taking a sample of 1500 United States firms. By taking 24 anti-takeover provisions and shareholders' rights, classified into five groups (1-Tactics for delaying hostile takeover; 2-voting rights; 3-director/officer protection; 4-other takeover defenses; 5- state laws).The data for this index construction was taken from Responsibility Research Centre (IRRC). This index is popularly known as G index and is used in further researches. The study reported that better-governed firms listed in New York Stock Exchange (NYSE) show higher market valuation and low expenditure.

Kaplan & Nagel (2004) proposed that the number of measures on a Balanced Scorecard should also be constrained in quantity, and clustered into four groups. In addition to financial goals, managers were encouraged to look at measures drawn from three other "perspectives" of the business i.e., Learning and Growth, Internal Business Process, and Customers.

Brown & Caylor (2004) corporate governance indexes are constructed by combining several firm-level governance features. The corporate governance features used for index construction may be external features or internal firm-level features or a combination of external and internal features Gov-Score is a composite measure of 51 factors encompassing eight corporate governance categories.Gov score was related to operating performance, valuation, and shareholder payout. It was found that better, governed organizations are more profitable. **Strenger, (2004)** suggested a two-step process, i.e., establishes a "code of practices" and then

develop a scorecard. Scorecard facilitates the work of analysts and investors through a systematic and easy overview and enables companies to assess their governance situation easily.

Larcker et al., (2005) using 39 structural measures of corporate governance (e.g., board characteristics, stock ownership, institutional ownership, activist stock ownership, the existence of debt-holders, mix of executive compensation, and anti-takeover variables) into 14 governance constructs conducted study. Studies find that these indices have a mixed association with abnormal accruals, little relation to accounting restatements, but do have some capability to give details regarding future operating performance, and next excess stock return. **Collett and Hrasky (2005)** studied the relationship between the voluntary disclosure regarding corporate governance practices and the intention to raise external finance by analyzing annual reports of Australian companies in 1994. The study results indicate that the voluntary disclosure of corporate governance information is positively associated to raise equity capital but not to raise debt capital. **Bhattacharyya & Rao (2005)** examined whether the adoption of Clause 49 has an impact on the Indian stock market. The results provide evidence that increased disclosure of information and a better mechanism of corporate governance adversely affect the cost of equity capital.

Botosan (2006) verified through a literature review that corporate governance practices and increased disclosure help in lowering the cost of equity capital. **Patibandla (2006)** finds that firms with a high share of foreign institutional investors have a positive impact on corporate performance to profitability. However, firms with a higher percentage of government financial institutions reflect lower profits.

Black & Khanna (2007) conducted an event study of the adoption of Clause 49 and reported positive returns to a treatment group of large firms (who were required to comply quickly) relative to small firms (for whom compliance was delayed), around the first important legislative announcement. **Kyereboah (2007)** examined the impact of corporate governance on the African company's performance using marketing and accounting-based parameters. Studies find that significant and independent boards, CEO tenure, size of the audit committee, and frequency of

board meetings have a positive relationship with the firm's value and profitability. However, when CEO tenure, board position, and intensity of board activities are combined, it reflects a negative relationship with corporate governance. **Bauer et al. (2007)** studied whether Japanese firms with many governance provisions have a better corporate performance than firms with few governance provisions or not. Results show that well-governed firms considerably do better than poorly governed firms. However, it was also found that not all categories affect corporate performance. Governance provisions that deal with financial disclosure, shareholder rights, and remuneration do affect stock price performance. The impact of rules that deal with board accountability, the market for control, and corporate behaviour are limited. **Sanchez & Sotorr1o (2007)**, examined the relationship between corporate social and financial performance to justify the social investments of the organizations. The study was performed in Spain using 100 companies. The author proposed a theoretical model that explained that the relationship between social variables (firm's reputation) and financial performance is non-linear and positive.

Bhagat & Bolton (2008) finds that corporate governance measures do not have any correlation with future stock market performance. However, results verify the positive relationship between performance and ownership. The study used the dollar value of the stock ownership of the median outside director as the governance measure. **Mittal et al. (2008)** analyzed the relationship between ethical commitment and financial performance in the Indian framework. CSR initiatives are considered as a proxy for ethical responsibility, whereas for financial performance EVA and MVA are examined. The author finds insufficient substantiation to verify that firm will generate higher EVA and MVA with increased CSR activities. **Jamali et al. (2008)** articulate that to have an effective corporate governance mechanism, a firm needs to have a sustainable CSR sculpt. In order to be profitable firm needs to create value and satisfy its shareholders. Further long-term view of leadership, effective internal control mechanisms, and a strong sense of responsibility towards internal stakeholders foster active CSR drive. **Kowalewski, (2008)**, results show that before the financial crisis 2008, there was a positive relationship between corporate governance and performance when measured by Tobin's Q.

Further, the study reveals that increased corporate governance leads to an increase in cash dividends. Additionally, during the crisis, better-governed companies have paid lower dividends.

Bebchuk et al. (2009) criticized the GIM index selected six features related to hostile takeovers and shareholders' rights out of the twenty-four features from G index, and extended the data from 1990 to 2003. The index constituted by Bebchuk et al. is popularly known as the "Entrenchment index (E index). They identified that these six features are more important than other corporate governance features. They find that non-compliance with the corporate governance index results in a reduction of firm value proxies by Tobin's Q.

Balasubramanian et al. (2010) examined the cross-sectional relationship between corporate governance and firm performance in the Indian context. Find a positive and statistically significant association between corporate governance and firm market value. **Cheung et al. (2010)** claim that in the Hong-Kong stock market, firms with better governance mechanisms reflect better risk-return trade-off for investors. The result of the study states that firms with an improvement in the quality of corporate governance show an increase in market valuation. **Roodposhti and Chashmi (2010)** examined the relationship between corporate governance, internal mechanisms, and earnings management. Results show ownership concentration and board's independence earning have a negative association. Also, CEO-Chairman duality and earnings management have a negative association. However, the author finds that firm size and leverage display a positive relationship. **Bhagat et al. (2010)** suggest that there is no single measure of corporate governance to evaluate firm's corporate governance quality as measures vary according to its characteristics. However, if one measure is to be selected, then it should be board members' stock ownership as it has a positive relationship with both future operating performance and disciplinary management turnover. **Samontaray, (2010)** researches whether and how the corporate governance factors influence the share price of listed companies on the NIFTY index. The sample consisted of 50 companies listed on the NIFTY 50 Index 2007-08. Variables such as Share Prices, ROCE, EPS, D/E, P/E, and the score of Corporate Governance performance were evaluated in the light of the Narayan Murthy Committee report. The cross-

sectional regression analysis demonstrated a significant relationship between share prices (dependent variable) and independent variables (EPS, Sales, Net Fixed Assets, and CG factors).

Ofurum & Lezaasi (2011) studied 10 Nigerien companies by examining the corporate governance data and three firm performance indicators, namely Return on Equity (ROE), Net profit margin (NPM), and Dividend Yield. The results showed a positive relationship between corporate governance and the three financial variables. It was concluded that better-governed organizations have better ROE, NPM, and Dividend Yield. **Yang et al. (2011)** stated that most of the governance instruments that are efficient in developed nations are less effective in China. Ineffectiveness to the significant stake of the state in listed firms, secure political connections between listed firms and the government, and the lack of a genuinely independent judicial system are the reasons for the governance instruments' ineffectiveness. **Smith et al. (2011),** studied to build a corporate governance model for Australian organizations. It finds that financial ratios, company size, corporate governance, and conservatism can successfully predict corporate performance.

Bae & Goyal (2012) tries to study whether corporate governance mechanism is capable of explaining the extent of benefit when countries liberalize. Results conclude that good corporate governance practices adopted by Korean firms have resulted in improved equity market performance and increased foreign ownership in companies. **Aguilera & Desender (2012)** have extensively studied the various academic and corporate indices by highlighting their strengths and limitations, constructed a CG Index taking a sample of 500 companies for a period of 7 years from 2003 to 2008. It concentrated on four important corporate governance factors. These factors are the company board, structure of ownership, audit committee, and statutory auditor. The index showed an increasing trend in the levels of corporate governance during the period under study, and underscored a strong relationship between corporate governance and performance in the market. **Conyon & He, (2012),** through dynamic wage theory studied the relationship between CEO compensation and firm performance. The author documents that the pay of CEO have a positive correlation with accounting as well as stock market performance. The study also finds that the board influences CEO equity ownership and equity grants, and ownership structure as

CEO pay in state-owned firms is less when compared to foreign-owned firms. **Masulis et al. (2012)** examine the costs of having foreign directors in the USA. Organizations with foreign directors report high absenteeism in the board meeting, likelihood of financial misreporting, higher CEO compensation. The author concludes that firms with foreign independent directors have relatively poor performance. **Sarkar et al. (2012)** Index is based on four primary corporate governance mechanisms, namely the Board of Directors, the Ownership Structure, the Audit Committee, and the External Auditors. There is a strong association between the Corporate Governance Index and the market performance of companies, where companies with better corporate governance structures earn substantially higher rates of return in the market. **Mande et al. (2012)** examined whether the choice of financing (Equity versus Debt) is influenced by Corporate Governance. They have worked on the hypothesis that an increase in the level of Corporate Governance leads to a decrease in agency costs resulting in more equity financing. The study selected the period 1998 to 2006, and data of over 2000 US Equity and Debt issues were studied. The findings suggest that good corporate governance effectiveness would have a positive impact on the likelihood of choosing Equity over Debt.

Monda and Giorgino (2013) designed a multidimensional index comprising of 39 variables and four dimensions: Board, Remuneration, Shareholder Rights and Disclosure Index was constructed to measure the quality of corporate governance. Study documents that better corporate governance results in higher market valuation and ROA for companies listed in France, Italy, Japan, UK, and US.

Straska & Gregory Waller (2014) report evidence that the 18 measures that Bebchuk et al. want to drop from the G index, treated as an "O" (for other) index is significantly and negatively related to takeover likelihood. **Korent et al., (2014)** documented that corporate governance is an essential factor in the success of Croatian companies. Study results that there is a positive correlation between company performance movement and CROBEX index. The author also reports that corporate governance can successfully explain variations in performance. **El Bannan & El Bannan (2014)** stated that board size is an insignificant determinant for bank performance.

However, small board size is a significant determinant for better customer-related performance and improved employee productivity. CEO/Chairman duality is unrelated to bank performance, financial, and non-financial performance. It is concluded that governance mechanism has a positive impact on performance. **Subramanyam & Dasaraju (2014)** analyzed the level of disclosure on Corporate Governance practices among IT companies in India and its effects and performance and profitability. They used the standard & poor's scorecard to assess the Corporate Governance Disclosure Practices of the companies as a benchmark. It is observed that corporate governance disclosure increases performance. **Cavaco & Crifo (2014)** study foster CSR investment decisions for managers. It displays that investors value two types of business models. In the first business model, synergies are exploited by developing CSR strategies focused jointly on human resources and the supply chain, which yield mutual benefits and reduce conflicts among those stakeholders. According to the second business model, it is better to develop CSR strategies focused on either the environment or the supply chain (business behaviour) rather than combining both dimensions simultaneously, because of conflict among those stakeholders or over-investment.

Francis et al., (2015) find that companies with directors from academic backgrounds show higher performance. Results show that the presence of academic directors is associated with greater acquisition performance, a higher number of patents and citations, higher stock price informativeness, lower discretionary accruals, more inferior chief executive officer (CEO) compensation, and higher CEO forced turnover performance sensitivity. **Halder & Rao (2015)** developed a corporate governance index for large listed Indian firms using six important governance mechanisms covering a total of 44 factors affecting the governance of Indian companies. The study reports both positive as well as negative relationships. The majority findings argued how owner-controlled firm's performance is better than manager controlled firms**. Wang et al. (2015),** analyzed the research findings of 42 empirical studies on the linkage between CSR and financial performance. The authors found that subsequent financial performance is positively associated with social responsibility, in support of the instrumental stakeholder theory. The relationship between CSR and CFP is stronger for firms from advanced

economies than for firms from developing economies. **Shahwan (2015)** corporate governance index (CGI) was designed that consists of four dimensions: a) Disclosure and transparency (DC); b) composition of the board of directors (BOD); c) shareholders' rights and investor relations (SI); d) ownership and control structure (OC). The effects of CG on performance and financial distress are assessed in the study. Results display that there is no positive relationship between corporate governance and finances. Further, there is an insignificant negative relationship between CG practices and the likelihood of financial distress.

Fernandez (2016) made a significant contribution by constructing a social behavioral index. The index is formed using four components: Global Reporting Initiative participation, Dow Jones Sustainability Index firm inclusion, Good Corporate Governance Recommendations compliance, and Global Compact signed. The results of the study are that social is profitable and that the profitable is social, thereby originating a positive feedback virtuous circle. **Malik & Makhdoom, (2016)** study finds a positive association between corporate governance and firm performance. Smaller board sizes are found to generate better firm performance in Fortune Global 500 Companies. The frequency of board meetings was found to have an inverse relationship with firm performance. The study supports that board independence improves transparency in the board decision-making process, and CEO compensation has an inverse relationship with firm performance. **Qiu et al., (2016)** did not find any relation between environmental disclosures and profitability. Further, reports that it is the social disclosures that matter to investors. It was observed that firms that make higher social disclosures have higher market values. The study also reveals that this link is driven by higher expected growth rates in the cash flows of such companies.

Karpoff et al., (2017) build yet a different subset of the G-index elements, which they call the "D" index, that predicted takeover likelihood. Defence Index is formed using the E index and G Index. Results display that the instrumented version of E index and G Index is significantly and negatively related to acquisition likelihood. **Kabir & Thai, (2017)** studied the impact of environmental CSR as well as social CSR on the financial performance of the firm. It was found

that CSR has a positive relationship with financial performance. However, environmental CSR has more influence than social CSR on financial performance. Furthermore, corporate governance features like foreign ownership, board size, and board independence strengthen the positive relationship between CSR and financial performance, but there is no such impact of state ownership. **Shivani et al. (2017)** find that while larger boards, committees of the board are negatively related to ROA and Return on Equity (ROE), the presence of non-executive directors and whistleblower policy have a positive impact on firms performance.

Aggarwal and Singh (2018), through index incorporating 80 items, concluded that in India, only the top one-third companies publish standalone CSR reports and observed a significant difference between quality and quantity of CSR disclosure. **Rahman et al., (2018)** examines the costs of having foreign directors in an organization in Malaysian context. Authors report that foreign directors have a significant positive impact on firms' performance measured by ROE, ROA, and market value. However, they have a significant negative effect on monitoring the role of the board. **Song et al., (2018)**, studied that Stakeholders can learn more about a company's sustainable accountability through the sentiment analysis of its financial report. Preparing a financial statement, managers express positive emotions by Porter's Five Forces and Support Activities, which show the company's opportunities and strengths. Managers may also complain about the threat from the macro environment and the weakness of the Primary Activities. The attitude of a manager towards CSR interacts with the emotional tendency expressed in the financial report. Financial reports consist of both financial and non-financial disclosures. These disclosures help investors make decisions. Financial report sentiment based on the PESTEL model, Porter's Five Forces model, and Value Chain (Primary and Support Activities) significantly correlates to the CSR score. **Mahrani & Soewarno, (2018)** articulated that mechanism of corporate governance and CSR has a positive effect on financial performance. When management forecasted earnings in the first and second quarters of a period increase exceeding the expectations, it would cause concern for investors, so there was an effort not to recognize the profit. The management makes efforts of CSR activities that funding was the profit held last year. This suggests that an increase in environmental and social performance activities will have an impact on the improvement of management's earnings management.

Sharma & Singh (2019) study holds that firms having a higher level of board activism, higher disclosure standards, active audit committee, well-protected rights of minority shareholders, and foreign ownership have shown better performance financially during the period under study. However, a positive impact of board structure on the performance of firms has not been substantiated in the study. The performance of widely held companies ranked below the performance of concentrated companies.

Ali et al., (2020) state that female directors on board have a positive impact on performance. Also, CSR moderates the relations between the presence of female directors on the board and firm financial performance.

Concluding Remarks:

Based on the above review of various literature it can be stated that corporate governance and firms' performance is a widely researched area. However, over the period, dimensions have changed. Further, the majority of the researchers have tried to examine the level of adequacy of corporate governance in a Company through analysis of its impact either on financial performance or on CSR or both.

To understand the impact of corporate governance, the researchers have mainly formulated indexes. Variable for these indexes have purely been derived from the existing legal framework of that time in the region, for which time the study had been conducted. For financial performance, the researchers have mainly focused on ratios/metrics, including ROA, ROE, Tobin's Q. CSR has either been studied by understanding the reputation of the firm or through investment/spending by each firm in CSR. With regard to the statistical tools used, the researchers have mainly depended upon correlation and regressions models, along with descriptive analysis.

In India, the performance of corporate governance has mainly been characterised by the behaviour of top management, i.e., how it hands out financial resources of organization between

themselves and stakeholders. It is expected that this decision is taken by management with high integrity, honesty, and transparency. Post-implementation of the Companies Act, 2013, corporate governance guidelines have changed significantly. New guidelines include the introduction of women directors, empowered, independent directors, electronic voting, and internal audit committees and mandatory CSR committee.

However, studies that include financial performance and CSR or both have been very limited in numbers particularly which focus on the impact of corporate governance on firms' performance after the introduction of Companies' Act 2013 period. (Jain & Jamali, (2016) says that although both CG and CSR are growing independently into mature disciplines, but research at the intersection of CG-CSR is still emerging. It can be construed from the above that financial performance and CSR are crucial indicators of firm's performance. Thus, this leaves a gap for future research where additional variables of corporate governance, based on changed regulatory framework after Companies' Act, 2013, can be examined to understand how well Indian companies are complying with contemporary guidelines of corporate governance.

References

Aggarwal, P., & Singh, A. K. (2018). CSR and sustainability reporting practices in India: an in-depth content analysis of top-listed companies. *Social Responsibility Journal*, 1033–1053. https://doi.org/10.1108/SRJ-03-2018-0078

Aguilera, R. V., & Desender, K. A. (2012). Challenges in the Measuring of Comparative Corporate Governance: A Review of the Main Indices. *Research Methodology in Strategy and Management*, *8*, 289–322. https://doi.org/10.1108/s1479-8387(2012)0000008014

Ali, R., Sial, M. S., Brugni, T. V., Hwang, J., Khuong, N. V., & Khanh, T. H. T. (2020). Does CSR Moderate the Relationship Between corporate Governance and Chinese Firm's Financial performance? Evidence from the Shanghai Stock Exchange (SSE) firms. *Sustainability (Switzerland)*, *12*(1), 149. https://doi.org/10.3390/SU12010149

Ayuso, S., Rodriuez, M. A., Garcia-Castro, R., & Arno, M. A. (2011). Does Stakeholder Engagement Promote Sustainable Innovation Orientation? *Industrial Management and Data Systems*, *111*(9), 1399–1417. https://doi.org/10.1108/02635571111182764

Bae, K.-H., & Goyal, V. K. (2010). Equity Market Liberalization and Corporate Governance. *Journal of Corporate Finance*, *16*(5), 609–621. https://doi.org/10.2139/ssrn.1670397

Balasubramanian, N., Black, B. S., & Khanna, V. (2010). The Relation Between Firm-Level Corporate Governance and Market Value: A Case Study of India. *Emerging Markets Review*, *11*(4), 319–340. https://doi.org/10.1016/j.ememar.2010.05.001

Bauer, R., Frijns, B., Otten, R., & Tourani-Rad, A. (2008). The Impact of Corporate Governance on Corporate Performance: Evidence from Japan. *Pacific Basin Finance Journal*, *16*(3), 236–251. https://doi.org/10.1016/j.pacfin.2007.05.001

Bebchuk, L., Cohen, A., & Ferrell, A. (2009). What Matters in Corporate Governance? *Review of Financial Studies*, *22*(2), 783–827. https://doi.org/10.1093/rfs/hhn099

Bhagat, S., & Bolton, B. (2008). Corporate Governance and Firm Performance. *Journal of Corporate Finance*, *14*, 257–273. https://doi.org/10.1016/j.jcorp

Bhagat, S., Bolton, B., & Romano, R. (2010). The Effect of Corporate Governance on Performance. *Corporate Governance: A Synthesis of Theory, Research, and Practice*, *34*(4), 97–122. https://doi.org/10.1038/ijo.2009.276.Weight

Bhattacharyya, A. K., & Rao, V. S. (2005). Economic Impact of "Regulation on Corporate Governance": Evidence from India. *Finance 0504002, University Library of Munich, Germany*, 1–65. https://doi.org/10.2139/ssrn.640842

Black, B. S., & Khanna, V. S. (2007). Can Corporate Governance Reforms Increase Firm Market Values? Event Study Evidence from India. *Journal of Empirical Legal Studies*, *4*(4), 749–796. https://doi.org/10.1111/j.1740-1461.2007.00106.x

Blackburn, V. L., Doran, M., & Shrader, C. B. (1994). The Dimensions Of Social Responsibility Investigating And The Consequences For Corporate Financial Performance. *Journal of Managerial Issues*, *6*(2), 195–212.

Botosan, C. A. (2006). Disclosure and The Cost of Capital: What Do We Know? *Accounting and Business Research*, *36*(Sup1), 31–40. https://doi.org/10.1080/00014788.2006.9730042

Brown, L. D., & Caylor, M. L. (2004). Corporate Governance and Firm Operating Performance. *Review of Quantitative Finance and Accounting*, *32*(2), 129–144. https://doi.org/10.1007/s11156-007-0082-3

Cavaco, S., & Crifo, P. (2014). CSR and Financial Performance: Complementarity Between Environmental, Social and Business Behaviours. *Applied Economics*, *46*(27), 3323–3338. https://doi.org/10.1080/00036846.2014.927572

Chan, M. C. C., Watson, J., & Woodliff, D. (2014). Corporate Governance Quality and CSR Disclosures. *Journal of Business Ethics*, *125*(1), 59–73. https://doi.org/10.1007/s10551-013-1887-8

Cheung, Y.-L., Stouraitis, A., & Tan, W. (2010). Does the Quality of Corporate Governance Affect Firm Valuation and Risk? Evidence from a Corporate Governance Scorecard in Hong Kong*. *International Review of Finance*, *10*(4), 403–432. https://doi.org/10.1111/j.1468-2443.2010.01106.x

Conyon, M. J., & He, L. (2012). CEO Compensation and Corporate Governance in China. *Corporate Governance: An International Review*, *20*(6), 575–592. https://doi.org/10.1111/j.1467-8683.2012.00935.x

El Bannan, M. A., & El Bannan, M. A. (2014). Corporate Governance and Accounting Performance: A Balanced Scorecard Approach. *Accounting and Finance Research*, *3*(2), 60–76. https://doi.org/10.5430/afr.v3n2p60

Fernandez, M. R. (2016). Social Responsibility and Financial Performance: The Role of Good Corporate Governance. *Business Research Quarterly*, *19*(2), 137–151. https://doi.org/10.1016/j.brq.2015.08.001

Francis, B., Hasan, I., & Wu, Q. (2015). Professors in the Boardroom and Their Impact on Corporate Governance and Firm Performance. *Financial Management*, *44*(3), 547–581. https://doi.org/10.1111/fima.12069

Gibson, K., & O'Donovan, G. (2007). Corporate governance and environmental reporting: An Australian study. *Corporate Governance: The International Journal of Business in Society*, *12*(2), 143–163. https://doi.org/10.1108/14720701211214052

Gompers, P., Ishii, J., & Metrick, A. (2003). Corporate Governance and Equity Prices. *National Bureau of Economic Research*, 02–32. https://doi.org/10.3386/w8449

Halder, A., & Rao, S. (2015). Corporate Governance Index for Listed Indian Companies. *SSRN Electronic Journal*, *DECEMBER 2013*, 25. https://doi.org/10.13140/RG.2.1.1232.0801

Jain, T., & Jamali, D. (2016). Looking Inside the Black Box: The Effect of Corporate Governance on

Corporate Social Responsibility. *Corporate Governance: An International Review*, *24*(3), 253–273. https://doi.org/10.1111/corg.12154

Jamali, D., Safieddine, A. M., & Rabbath, M. (2008). Corporate Governance and Corporate Social responsibility Synergies and Interrelationships. *Corporate Governance: An International Review*, *16*(5), 443–459. https://doi.org/10.1111/j.1467-8683.2008.00702.x

Kabir, R., & Thai, H. M. (2017). Does Corporate Governance Shape the Relationship Between Corporate Social Responsibility and Financial Performance? *Pacific Accounting Review*, *29*(2), 227–258. https://doi.org/10.1108/par-10-2016-0091

Kaplan, R. S., & Nagel, M. E. (2004). Improving Corporate Governance with the Balanced Scorecard. *NACD Directors Monthly*, *28*, 6–10.

Karpoff, J. M., Schonlau, R. J., & Wehrly, E. W. (2017). Do Takeover Defense Indices Measure Takeover Deterrence? *Review of Financial Studies*, *30*(7), 2359–2412. https://doi.org/10.1093/rfs/hhx025

Kaufman, A., & Englander, E. (2005). A Team Production Model of Corporate Governance. *The Academy of Management Executive*, *19*(3), 9–22.

Korent, D., Dundek, I., & Calopa, M. K. (2014). Corporate Governance Practices and Firm performance Measured by Croatian Corporate Governance Index (Ccgi®). *Economic Research-Ekonomska Istrazivanja*, *27*(1), 221–231. https://doi.org/10.1080/1331677X.2014.952109

Kowalewski, O. (2008). Corporate Governance and Corporate Performance: Financial Crisis (2008). *Management Research Review*, *39*(11), 1494–1515. https://doi.org/10.1108/MRR-12-2014-0287

Kyereboah, C. A. (2007). Corporate Governance and Shareholder Value Maximization: An African Perspective. *African Development Review*, *19*(2), 350–367. https://doi.org/10.1111/j.1467-8268.2007.00165.x

Larcker, D. F., Richardson, S. A., & Tuna, A. I. (2005). How Important is Corporate Governance? *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.595821

Letza, S., Sun, X., & Kirkbride, J. (2004). Shareholding versus stakeholding: A critical review of corporate governance. *Corporate Governance: An International Review*, *12*(3), 242–262. https://doi.org/10.1111/j.1467-8683.2004.00367.x

Mahrani, M., & Soewarno, N. (2018). The Effect of Good Corporate Governance Mechanism and Corporate Social Responsibility on Financial Performance with Earnings Management as Mediating Variable. *Asian Journal of Accounting Research*, *3*(1), 41–60. https://doi.org/10.1108/ajar-06-2018-0008

Malik, M. S., & Makhdoom, D. D. (2016). Does Corporate Governance Beget Firm Performance in Fortune Global 500 Companies? *Corporate Governance (Bingley)*, *16*(4), 747–764. https://doi.org/10.1108/CG-12-2015-0156

Mande, V., Park, Y. K., & Son, M. (2012). Equity or debt financing: Does good corporate governance

matter? *Corporate Governance: An International Review*, *20*(2), 195–211. https://doi.org/10.1111/j.1467-8683.2011.00897.x

Marrewijk, M. Van. (2003). Concepts and definitions of CSR and corporate sustainability: Between agency and communion. *Journal of Business Ethics*, 95–105.

Masulis, R. W., Wang, C., & Xie, F. (2012). Globalizing the boardroom-The effects of Foreign Directors on Corporate Governance and Firm Performance. *Journal of Accounting and Economics*, *53*(3), 527–554. https://doi.org/10.1016/j.jacceco.2011.12.003

Mittal, R. K., Sinha, N., & Singh, A. (2008). An analysis of linkage between economic value added and corporate social responsibility. *Management Decision*, *46*(9), 1437–1443. https://doi.org/10.1108/00251740810912037

Mohanty, P. (2002). Institutional Investors and Corporate Governance in India Pitabas Mohanty *. *NSE Working Paper*, 1–37.

Monda, B., & Giorgino, M. (2013). Corporate Governance and Shareholder Value in Listed Firms: An Empirical Analysis in Five Countries (France, Italy, Japan, UK, USA). *SSRN*, 1–35. https://doi.org/10.2139/ssrn.2227184

Ofurum, C. O., & Lezaasi, L. T. (2011). Corporate Governance And Firm Performance In Nigeria. *International Jouranl of Research in Commerce and Management*, *2*(8), 19–24.

Patibandla, M. (2006). Equity Pattern, Corporate Governance and Performance: A Study of India's Corporate Sector. *Journal of Economic Behavior and Organization*, *59*(1), 29–44. https://doi.org/10.1016/j.jebo.2004.04.004

Peter Collett, & Hrasky, S. (2005). Voluntary Disclosure of Corporate Governance Practices. *Corporate Governance*, *13*(2), 188–196.

Qiu, Y., Shaukat, A., & Tharyan, R. (2016). Environmental and Social Disclosures: Link with Corporate Financial Performance. *British Accounting Review*, *48*(1), 102–116. https://doi.org/10.1016/j.bar.2014.10.007

Rahman, H. U., Rehman, S., & Zahid, M. (2018). The Impact of Boardroom National Dirversity on Firms' Performance and Boards' Monitoring in Emerging Markets: A Case of Malaysia. *City University Research Journal (CURJ)*, *08*(01), 1–15.

Roodposhti, F. R., & Chashmi, S. A. N. (2010). The Effect of Board Composition and Ownership Concentration on Earnings Management: Evidence From Iran. *World Academy of Science, Engineering and Technology*, *4*(6), 673–679.

Samontaray, D. P. (2010). Impact of Corporate Governance on the Stock Prices of the Nifty 50 Broad Index Listed Companies. *International Research Journal of Finance and Economics*, *41*(January), 7–18.

Sanchez, J. L. F., & Sotorrio, L. L. (2007). The Creation of Value Through Corporate Reputation. *Journal of*

Business Ethics, *76*(3), 335–346. https://doi.org/10.1007/s10551-006-9285-0

Sarkar, J., Sarkar, S., & Sen, K. (2012). A Corporate Governance Index for Large Listed Companies in India. *Pace University Accounting Research*, *8*(March). https://doi.org/10.2139/ssrn.2055091

Shahwan, T. M. (2015). The Effects of Corporate Governance on Financial Performance and Financial Distress: Evidence from Egypt. *Corporate Governance (Bingley)*, *15*(5), 641–662. https://doi.org/10.1108/CG-11-2014-0140

Sharma, S., & Singh, M. (2019). Corporate Governance and Firm ' s Performance during Subprime Crisis : Evidence from Indian firms. *Gurukul Business Review*, *14*, 12–25.

Shivani, M. V, Jain, P. K., & Yadav, S. S. (2017). Governance Structure and Accounting Returns: Study of Nifty500 Corporates. *Business Analyst*, *37*(2), 179–194.

Smith, M., Ren, Y., & Dong, Y. (2011). The Predictive Ability of "Conservatism" and " Governance" Variables in Corporate Financial Disclosures. *Asian Review of Accounting*, *19*(2), 171–185. https://doi.org/10.1108/13217341111181096

Song, Y., Wang, H., & Zhu, M. (2018). Sustainable Strategy for Corporate Governance Based on the Sentiment Analysis of Financial Reports with CSR. *Financial Innovation*, *4*(1). https://doi.org/10.1186/s40854-018-0086-0

Srinivasan, P., & Srinivasan, V. (2012). Status of Corporate Governance Research on India: An Exploratory Study. *SSRN Electronic Journal*, 1–26. https://doi.org/10.2139/ssrn.2121141

Straska, M., & Waller, H. G. (2014). Antitakeover Provisions and Shareholder Wealth: A Survey of the Literature. *Journal of Financial and Quantitative Analysis*, *49*(4), 933–956. https://doi.org/10.1017/S0022109014000532

Strenger, C. (2004). The Corporate Governance Scorecard – a Tool for the Implementation of Corporate Governance Reasons for the Scorecard Approach -The German Example. *Corporate Governance An International Review*, *12*(1), 2–17.

Subramanyam, M., & Dasaraju, H. (2014). Corporate Governance and Disclosure Practices in Listed Information Technology (IT) Companies in India. *Open Journal of Accounting*, *03*(04), 89–106. https://doi.org/10.4236/ojacct.2014.34011

Wang, Q., Dou, J., & Jia, S. (2015). A Meta-Analytic Review of Corporate Social Responsibility and Corporate Financial Performance: The Moderating Effect of Contextual Factors. In *Business and Society* (Vol. 55, Issue 8). https://doi.org/10.1177/0007650315584317

Yang, J., Chi, J., & Young, M. (2011). A Review of Corporate Governance in China. *Asian-Pacific Economic Literature*, *25*(1), 15–28. https://doi.org/10.1111/j.1467-8411.2011.01283.x