

COMPANY BOARDS AND THEIR IMPACT ON CORPORATE GOVERNANCE: EMPIRICAL EVIDENCE FROM INDIA & SINGAPORE

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ABSTRACT

Corporate Governance has taken center stage in the last few decades in developed as well as developing economies. Corporate Governance is the guiding principle, which determines how companies should be managed to take care of all its stakeholders. Governance of any company is primarily entrusted on its Board of Directors (BODs) or The Board. The main objective of this paper is to study the state of Corporate Governance in India and Singapore, with special emphasis on Corporate Governance aspects related to Boards. A customized questionnaire was deployed to collect primary data for the analysis. The findings reported in the paper are based on analysis conducted on empirical data collected from selected corporate executives from both countries, from diverse industrial segments. Descriptive statistics has been used to present the perception of the participants concerning the proliferation of the corporate governance code parameters related to Board of directors, in the companies across India and Singapore. The study observed that the proliferation of corporate

governance codes parameters related to Board of Directors, in the companies across India and Singapore significantly differed in terms of board composition, board development, accountability of the board of directors, remuneration committee, audit committee, risk assessment committee, CSR committee. However, there are still some gaps that need to be bridged.

Keywords: *Corporate Governance, Stakeholders, Board of Directors, India, Singapore*

INTRODUCTION

The system of rules, practices and processes by which a company is directed and controlled is Corporate Governance. It essentially involves balancing the interests of the many stakeholders in a company -these include its shareholders, management, customers, suppliers, financiers, government and the community.

Corporate governance broadly refers to the mechanisms, processes and relations by which corporations are controlled and directed. Governance structures and principles identify

the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders) and include the rules and procedures for corporate affairs decisions.

L'Huillier (2014) defines CG as a means by which the manager is controlled to enhance shareholder value and profit of the organization. Corporate governance includes the processes through which corporations' objectives are set and pursued in the context of the social, regulatory and market environment. Governance mechanisms include monitoring the actions, policies, practices, and decisions of corporations, their agents, and affected stakeholders.

In another study, Vishy and Shleifer (1997) define CG as ways in which suppliers of finance to companies assure themselves of getting a better than market ROI (Return on Investments). Corporate governance has also been more narrowly defined as a system of law and sound approaches by which corporations are directed and controlled, focusing on the internal and external corporate structures with the intention of monitoring the actions of management and directors and thereby, mitigating agency risks which may stem from the misdeeds of corporate officers.

Corporate Governance is a relatively new field for researchers. Yao Huang and Yuh-Shan Ho discovered that the annual number of journal articles published and the number of journals devoted to Corporate Governance grew by twenty-one-fold and eleven-fold, respectively between 1992 and 2008. Exploratory research conducted by Srinivasan and Srinivasan (2011) reflects that out of 499 articles on CG in top

journals, 60 articles had reference to India. However, only 11 articles had India as a sample.

BRIEF HISTORY

Wright argues in *Corporation Nation*, that the governance of early U.S. corporations was superior to that of corporations in the late 19th and early 20th centuries because early corporations were run more like republics with many checks and balances against fraud and usurpation of power of managers and / or large shareholders.

In the 20th century, subsequent to the aftermath of the Wall Street Crash of 1929, legal scholars, such as Adolf Augustus, Edwin Dodd, and Gardiner C. Means pondered on the changing role of the modern corporation in society. US expansion after World War II through the emergence of multinational corporations saw the establishment of the managerial class. Studying and writing about the new class were several Harvard Business School management professors: Myles Mace (entrepreneurship), Alfred D. Chandler, Jr. (business history), Jay and Elizabeth MacIver (organizational behavior).

According to Lorsch and MacIver (1989), many large corporations have dominant control over business affairs without sufficient accountability or monitoring by their board of directors. Fama and Jensen (1983) established the principal-agent problem, as a way of understanding corporate governance: the firm is seen as a series of contracts. Over the past four decades, corporate directors' duties in the U.S. have expanded beyond their traditional legal responsibility of duty of loyalty to the corporation and its stakeholders.

In the first half of the 1990s, the issue of corporate governance in the U.S. received considerable press attention due to the wave of CEO dismissals (e.g., IBM, Kodak, Honeywell) by their boards. The California Public Employees Retirement System (CalPERS) led a wave of institutional shareholder activism (something only very rarely seen before), as a way of ensuring that, corporate value would not be destroyed by the cozy relationships between the CEO and the board of directors. In the early 2000s, the massive bankruptcies (and criminal malfeasance) of Enron and WorldCom, as well as corporate scandals, such as Adelphia Communications, AOL, Arthur Andersen, Global Crossing, Tyco, led to increased political interest in corporate governance. This is reflected in the passage of the Sarbanes-Oxley Act of 2002.

Interest in the corporate governance practices of modern corporations, particularly in relation to accountability of Board of Directors increased following the high-profile collapses of a number of large corporations during 2001–2002, most of which involved accounting fraud; and then again after the financial crisis in 2008. Corporate scandals of various forms have maintained public and political interest in the regulation of corporate governance. In the U.S, these include Enron and MCI Inc. (formerly WorldCom). Their demise is associated with the U.S. federal government passing the Sarbanes-Oxley Act in 2002, intending to restore public confidence in corporate governance. Comparable failures in Australia (HIH, One.Tel) are associated with the eventual passage of the CLERP 9 reforms. Similar corporate failures in other countries stimulated increased regulatory interest (e.g., Parmalat in Italy).

Issues related to corporate governance in India have also not been so different. It began with fraud / misrepresentation of financial results by Satyam / Sahara to Jet Airways, to name a few. In recent times, governance issues at IL&FS, DHFL and others have been in limelight. From time to time, Indian regulators have also taken serious note of these corporate governance failures and amended its companies act and CG Codes.

REVIEW OF LITERATURE

Empirical research on CG was conducted by Fan (2004), Financial Service Group Training Unit of Monetary Authority of Singapore (MAS). The author reported that while there is an increasing evidence of failure of certain governance structure to control and motivate managers to increase firm performance, the empirical evidences are mixed and give little coherent evidence for the shape of an optimal governance structure.

Chakrabarti et al. (2009) of Center for Financial research, in their working paper on Corporate Governance in India conclude that on paper, Indian Legal System provides one of the best investor protections in the world but due to overburdened courts, wide spread corruption and slow rate of passing judgment, the ground reality is quite different.

Naciti (2019) in her study on corporate governance brings out following highlights:

1. Firms respond to sustainability-related issues raised by stakeholders.
2. The composition of a board of directors influences firms' sustainability performance.
3. Both board diversity and separation of board chair and CEO role enhance environmental performance.

4. The board independence negatively influences social performance.

5. Strong corporate governance can be a valuable tool to mitigate agency problems.

Baysinger and Butler (1985) also report that the changes in Board Composition significantly affect the performance of an organization.

Adams et al. (2010) focus on the two questions most asked about boards:

- a) What determines their makeup and
- b) What determines their actions?

These questions are fundamentally intertwined, which complicates the study of boards because makeup and actions are jointly endogenous.

The survey conducted by Adams focused on how the literature, theoretical as well as empirical, deals or on occasions fails to deal with this complication. The authors concluded that most studies on boards could best be interpreted as joint statements about both the director-selection process and the effect of board composition on board actions and firm performance.

Andres and Vallelado (2008), in a study on banking sector analyzed that there is an inverted U-shaped relation between bank performance and board size, and between the proportion of non-executive directors and performance. Their results show that bank board composition and size are related to directors' ability to monitor and advice management and those larger and not excessively independent boards might prove more efficient in monitoring and advising functions, and create more value.

Ayuso and Argandona (2009) addressed the central question as to how to organize board composition in order to ensure responsible

corporate governance both from a CSR and from a good governance perspective. Adopting a stakeholder approach to corporate governance, they analyzed the arguments given by different theoretical approaches for linking specific board composition with financial performance and CSR, and discussed the empirical research conducted. Despite the inconclusive findings of empirical research, they argued that diverse stakeholders on the board would promote CSR activities of the firm, but at the same time will increase board capital (which ultimately may lead to a better financial performance). Authors also proposed a model for selecting board members based both on ethical and pragmatic arguments.

John and Senbet (1998) surveyed the empirical and theoretical literature on the mechanisms of Corporate Governance. They focused on the internal mechanisms of corporate governance (e.g., corporate board of directors) and their role in ameliorating various classes of agency problems arising from conflicts of interests between managers and equity holders, equity holders and creditors, and capital contributors and other stakeholders to the corporate firm. They also examined the substitution effect between internal mechanisms of corporate governance and external mechanisms, particularly markets for corporate control.

Aina (2013) analyzed with the aid of comparative law, the Code of Corporate Governance in Nigeria and its effect on the board structure, the role, effectiveness and duties of the non-executive directors (NEDs) and how their independence can be assured, guaranteed and monitored to enhance the

board's effectiveness, ensure full compliance with the codes of corporate governance. As per her study, the regime of compliance and regulation is extremely weak in Nigeria and she proposes for a specialized regulator agency to monitor compliance with the codes, upgrade standard and harmonize the different codes.

Sarkar (2009) argues Boards responsibility and accountability to detect internal crisis early on and act in a timely manner to put the organization back on track before difficulties become irreversible. The paper also examined some important policy issues related to board independence based on 'lessons of experience' from implementing board reforms across the countries. The paper seeks to put in perspective the progress made in India regarding the adoption of international best practices for the constitution and functioning of independent boards.

Didier and José (2014) highlights boards effectiveness to be dependent on

- 1) People and builds on their quality, focus and dedication,
- 2) Information Architecture,
- 3) Structures & Processes and
- 4) Group Dynamics.

Sonnefeld (2002) analyzed the meltdown of once great companies such as Adelphia, Enron, Tyco and WorldCom. The author observed that the board of all these companies followed all procedures and rules prescribed for functioning of an effective board. Boards were meeting regularly, had equity involvement, the age of board members was appropriate, past CEOs were also present on some of the boards, there were enough independent directors on board,

board size was right and all committees were in place and functioning. Robustness and effective social systems distinguishes exemplary boards, concludes the author. There ought to be a culture of respect, trust and candor among board members that fosters a culture of open dissent. Board performance must be evaluated regularly. The highest performing companies as per the author are those that have extremely contentious boards that regard dissent as an obligation and that treats no subject as undiscussable.

Corporate Governance and pivoting role of Board of Directors

Boards need to prioritize the focus of their oversight based on the unique circumstances facing the corporation. Although the details will vary across corporations, the focus should be on:

1. Corporate performance and strategic direction.
2. CEO selection, compensation and succession.
3. Internal controls, risk oversight and compliance.
4. Crisis preparedness.
5. Shareholder activism and shareholder engagement.
6. Board composition, leadership and performance.

While the board has much to attend to, in most circumstances the majority of board time should be reserved for discussions on corporate strategy and performance. The Blue Ribbon Commission report of the National Association of Corporate Directors emphasizes the role of the board in providing guidance through the development of a strategic plan through an iterative discussion with management. The board should also give special attention to

supporting appropriate long-term investment and prudent risk-taking in the face of significant short-term pressures for immediate returns or other conflicts.

Rebuilding Trust

Corporations create wealth for shareholders, but their contributions to the economy extend well beyond the return of profit. They provide employment, support innovation, purchase goods and services, pay taxes, and support various social and charitable programs. Given the important role that corporations play in our society, concerns about the use of corporate power and expectations for the board continue to expand, especially related to the oversight of risk management, compliance and social responsibility.

Long Term Fiduciary Focus

The primary challenge for boards is to carry out their fiduciary duties in the face of pressures from certain shareholders seeking to influence board decisions. Boards must continue to exercise independent and objective judgment on issues that are reserved by law to the board's fiduciary judgment. These issues range from strategic direction and corporate social responsibility to executive compensation and dividend policy. At the same time, boards must reach out to all key stakeholders and other key constituents to understand their views and explain board decisions.

Strategy, Risk Management and Company Performance

The primary function of the board to direct and manage the affairs of the company has not changed over time. Board responsibilities and activities revolve around issues related to strategy, risks management and company performance.

Board Agenda

In her regular column on corporate governance issues, Gregory explores 12 important areas requiring board attention at all times. Among them, the most important ones are - Strategic planning, Risk management, corporate performance, Management development (and succession). The majority of board time and attention should be focused on these matters.

Shareholder Influence Management

Shareholder influence will continue to grow in future, especially in relation to (but not limited to) proxy voting and the annual meeting. Boards and management teams will need to continue to improve their approaches to shareholder communication and engagement.

Shareholder Communications

Boards need to identify the company's key shareholders and the issues about which they care most. Together with management, the board should make extra efforts to engage with these shareholders. Effective engagement often requires moving beyond management's typical investor relations focus.

Communications relating to: Board composition, executive compensation, board leadership and other key governance practices, significant substantive matters, such as corporate strategy and risk management. Enhanced shareholder communications should be designed to: provide the board with an early warning about perceived vulnerabilities and shareholder concerns, encourage investors to make company-specific decisions.

Director Elections

The broad adoption of majority voting as the standard for director elections among S&P

500 companies, along with the likelihood of shareholder proposals seeking proxy access, have the potential to shift the focus of the forthcoming proxy seasons from executive compensation to director elections.

Majority Voting

Boards should expect a concerted effort from shareholders to extend acceptance of majority voting beyond the S&P 500 to the next tier of companies in future. Boards at companies that have not yet adopted a majority-voting standard, or a director resignation policy in the event a director fails to receive a majority of the votes, should be prepared to address this issue.

Board Composition and Diversity

Board composition should relate to the company's strategic needs, which change as a company and its business environment evolve. In addition, shareholders and key constituents are interested in the value that diverse perspectives bring, including those related to gender and racial diversity. Yet, as on date very few boards have women directors, most of the boards have no minority directors. Boards should be sensitive to board composition needs and diversity concerns, and consider whether board culture and processes provide sufficiently for change. Along with considering the company's strategic direction when evaluating board composition, boards should assess individual director capacity and contributions annually.

Executive Compensation

The say on pay vote will still be high on the shareholder agenda in future. Say on pay acted as a 'release valve' allowing shareholders to let off steam in 2011, resulting in fewer withholdings and against campaigns targeting

individual directors in elections. To bolster shareholder support boards and compensation committees should: Demonstrate restraint regarding compensation decisions, and expect pay for performance to continue as the primary measure for shareholder approval. Shareholders have shown particular sensitivity to: pay levels relative to peers; and pay increases out of proportion to performance trends. Explain the company's compensation philosophy in clear and understandable proxy disclosures.

Board Leadership Structure

Shareholder pressure to separate the chairperson and CEO roles is likely to grow. In 2011, at least four companies saw majority support for shareholder proposals calling for an independent chair. According to Spencer Stuart, 41% of S&P 500 boards currently split the chairperson and CEO roles, compared with 26% a decade ago, and about 21% have independent chairs. Companies should expect to see more shareholder proposals for the board to implement a policy requiring that the chair position be held by an independent director, beginning with the next CEO succession (if not before). In India, we have a long way to go on this as well as women directors on boards.

Succession Planning

Shareholders are showing more interest in succession planning. Over the past several years, the number of shareholder proposals seeking greater disclosure related to succession planning has increased. However, this is an area where detailed disclosure can be difficult, other than with respect to the board's overall process. In reviewing their processes, boards should consider the central components of succession

planning, such as the company's Management development efforts, Strategic direction and future leadership needs. Boards should be prepared to make succession decisions when the need arises in accordance with the company's long-term plans, and in an efficient manner. This requires developing and accessing internal candidates, as well as scanning for sources of potential external candidates.

Boards should ensure they are spending adequate time on management development and succession planning, even though there may be more pressing and immediate demands for board attention and a natural discomfort in raising succession issues with a well-performing CEO.

Corporate Responsibility

Shareholder focus on corporate responsibility will likely magnify in the coming years. In 2014, both the number of social and environmental proposals brought by shareholders and the support for these proposals increased. Boards should expect disclosures regarding the corporate impact on natural resources to be an important topic, with an emphasis on water and air quality and supply chain sustainability.

Compliance Program Effectiveness

Boards should work with management to ensure a corporate culture in which employees are encouraged to report compliance and ethical concerns through the company's internal channels. Boards should assess the quality of the company's messaging and communicate at every opportunity that internal reporting is expected, valued and critical to the company's success. Encouraging employees to come forward with concerns internally may be more challenging given that employees are eligible for awards

through the SEC's whistleblower program for providing original information on violations of federal securities law. This includes, for example, violations of the Foreign Corrupt Practices Act, which may attract significant fines and bounties.

The challenge is to establish a culture that encourages internal reporting of concerns to support compliance system effectiveness.

In 1995, John G Smale, former chairman of board of General Motors said that the board is responsible for the successful perpetuation of the corporation. That responsibility cannot be relegated to management. A board of directors is expected to play a key role in corporate governance. The board has responsibility for: CEO selection and succession; providing feedback to management on the organization's strategy; compensating senior executives; monitoring financial health, performance and risk; and ensuring accountability of the organization to its investors and authorities. Boards typically have several committees (e.g., Compensation, Nominating and Audit) to perform their work.

RESEARCH METHODOLOGY

In order to collect primary data on some of the key aspects of Corporate Governance related to the boards in the two countries, a customized survey questionnaire was developed. First, a pilot survey was conducted deploying the questionnaire to test the internal consistency and reliability of the data. The results are represented in the Table 1 and Table 2 (See Appendix)

After a small modification in the questionnaire; it was rolled out for a detailed survey. Senior Executives, Company Secretaries, Board Members, Independent Directors and similar

profiles in both countries were randomly selected for the survey. 112 responses from senior Indian Corporate Executives and 68 responses from Singaporean Corporate Executives were received.

RESULTS AND DISCUSSION

Nationality of the respondents

The majority of the surveyed respondents were from India (62.2%), while 37.8% of the respondents belonged to Singapore.

Industry sector of the companies

Table 3 (See Appendix) indicates that the majority of the companies in Singapore (39.7%) belonged to the Agriculture sector followed by 22.1% of the companies representing the Banking and Finance sector. Singaporean companies representing the Infrastructure Construction sector corresponded to 13.2%, while an equal proportion of the companies represented the Mining (10.3%) and the Aviation and Marine sector (10.3%). A small proportion of the companies (4.4%) belonged to the IT sector. Furthermore, the majority of the companies in India (25.9%) belonged to the Infrastructure construction industry followed by 23.2% of the companies representing the cement industry. The Indian listed companies in the banking and finance sector corresponded to 11.6%, while companies in the agriculture sector corresponded to 10.7%. An equal proportion of the Indian companies belonged to the IT (8.9%) and the aviation and marine sector (8.9%). Indian companies representing the Petrochemical sector corresponded to 7.1%, while those representing the Mining sector corresponded to 3.6%. These findings reflect a

diversified sectoral structure of the Indian and Singaporean economies where the majority of the companies in Singapore operated in the Agricultural sector, indicating the market capitalization of this sector in Singapore while the Infrastructure Construction sector is likely to dominate the Indian market.

Board diversity

As can be seen in Table 4 (See Appendix), the majority of the companies in India (51.8%) and Singapore (88.2%) had female directors on board, indicating the importance of diversity on the Board of directors as an essential element in corporate for better decision-making and corporate growth. In addition, it can be inferred that the gradual rise in the number of female directors on Board might indicate better monitoring of committees and maintenance of turnout record.

Implications for non-compliance of corporate governance

As presented in Table 5 (See Appendix), the majority (25.1%) of the study participants in companies in India responded that non-compliance of corporate governance requirements could result in compliance followed by explaining the reason for non-compliance. Besides, the participants responded that that non-compliance of corporate governance requirements in the Indian companies could result in penalties such as imposition of fines (22.0%), legal action (21.8%), delisting from the stock exchange (19.2%) and criminal and legal cases against the chairperson or CEO (11.9%). With respect to the companies in Singapore, the majority (26.7%) responded that non-compliance of corporate governance requirements can result in compliance followed

by explaining the reason for non-compliance. the participants responded that that non-compliance of corporate governance requirements in the Indian companies can result in penalties such as legal action (22.4%), imposition of fines (20.8%), delisting from the stock exchange (19.6%) and criminal and legal cases against the chairman or CEO (10.6%). These data indicate that consequences of non-compliance to corporate governance will lead to direct and indirect losses to the companies.

Board development

With respect to the Indian companies, the respondents strongly agreed to complying with the requirements of reappointment of Board of Directors ($m = 4.402 \pm 0.843$) and reappointment of Directors for effective corporate governance implementation ($m = 4.295 \pm 0.718$), all as per the corporate governance code mandate. Besides, they agreed regarding the suitability of the term of Directors ($m = 4.205 \pm 0.556$) and mandatory number of Independent Directors ($m = 4.134 \pm 0.844$) as per the corporate governance code for effective implementation of corporate governance. However, the respondents were neutral regarding declaring the actual reason by the Independent directors of their companies if they quit before their tenure ($m = 3.036 \pm 1.368$). With respect to the Singaporean companies, the respondents strongly agreed to all the questions regarding the implementation of corporate governance code in the light of board development. The respondents strongly agreed to complying with the requirements of reappointment of Board of Directors ($m = 4.765 \pm 0.427$), reappointment of Directors ($m = 4.779 \pm 0.514$), suitability of the term of

Directors ($m = 4.500 \pm 0.504$) and mandatory number of Independent Directors ($m = 4.456 \pm 0.502$) all as per the corporate governance code mandate for effective corporate governance implementation. Besides, they strongly agreed regarding declaring the actual reason by the Independent directors of their companies if they quit before their tenure ($m = 4.515 \pm 0.586$). Refer Table 6 in Appendix.

Accountability of the Board

The respondents agreed regarding clear roles and responsibilities of Directors towards corporate governance implementation ($m = 4.196 \pm 1.030$), comprehensive roles, responsibilities and accountability of boards of directors as per the corporate governance code mandate for effective implementation of corporate governance ($m = 4.205 \pm 0.632$), responsibility and accountability of Independent directors for any financial irregularity in the companies ($m = 3.571 \pm 1.176$) and setting up of legal system to hold accountable the defaulters of corporate governance code ($m = 3.768 \pm 1.013$). Besides, the respondents strongly agreed regarding environment safety and governance reporting of companies' annual reports ($m = 4.277 \pm 0.830$), presence of whistle blowing policy of the companies ($m = 4.455 \pm 0.758$), maintenance of anonymous identity of the whistle blower in the companies ($m = 4.500 \pm 0.697$). In addition, the respondents agreed that Independent directors on the boards are not independent ($m = 3.438 \pm 1.229$), and strongly agreed that board of directors of the companies attend the cases reported by whistle blowers on a priority basis ($m = 4.375 \pm 0.712$). With respect to the Singaporean companies, the respondents strongly agreed to the majority of

the questions regarding the implementation of corporate governance code in the context of board accountability. The respondents strongly agreed regarding clear roles and responsibilities of Directors towards corporate governance implementation ($m = 4.779 \pm 0.418$), comprehensive roles, responsibilities and accountability of boards of directors as per the corporate governance code mandate for effective implementation of corporate governance ($m = 4.809 \pm 0.396$), environment safety and governance reporting of companies' annual reports ($m = 4.353 \pm 0.481$), presence of whistle blowing policy of the companies ($m = 4.809 \pm 0.396$), maintenance of anonymous identity of the whistle blower in the companies ($m = 4.500 \pm 0.504$) and board of directors of the companies attending the cases reported by whistle blowers on a priority basis ($m = 4.485 \pm 0.503$). Besides, the respondents agreed that the Independent directors are held responsible and accountable for any financial irregularity in the companies ($m = 3.515 \pm 1.299$), legal system is set up to hold accountable the defaulters of corporate governance code ($m = 4.191 \pm 0.432$) and that Independent directors on the boards are not independent ($m = 3.985 \pm 0.763$). Refer Table 7 in Appendix.

Remuneration

With respect to the Indian companies, the respondents strongly agreed that their companies comply with the requirement of nomination and remuneration committee ($m = 4.223 \pm 0.732$) and its composition ($m = 4.304 \pm 0.792$) as per the corporate governance code mandate. Besides, they agreed that the nomination and remuneration committee meets as per the requirements of corporate

governance code ($m = 4.205 \pm 0.556$) and its decisions are accepted and implemented by the board of directors of the companies ($m = 4.080 \pm 0.673$). However, they were neutral regarding the selection of the Independent directors by the nomination and remuneration committee ($m = 3.232 \pm 1.388$). With respect to the Singaporean companies, the respondents strongly agreed with the perception that the selection of the Independent directors should be done by the nomination and remuneration committee ($m = 4.809 \pm 0.432$). Also, they strongly agreed that their companies comply to the requirement of nomination and remuneration committee ($m = 4.338 \pm 0.477$) and its composition ($m = 4.559 \pm 0.500$) as per the corporate governance code mandate, the nomination and remuneration committee meets as per the requirements of corporate governance code ($m = 4.397 \pm 0.522$) and its decisions are accepted and implemented by the board of directors of the companies ($m = 4.324 \pm 0.679$). Refer Table 8 in Appendix.

Audit

The respondents strongly agreed that their companies comply with the requirement of Internal Audit committee ($m = 4.464 \pm 0.827$, 4.882 ± 0.325) and its composition ($m = 4.384 \pm 0.750$, 4.941 ± 0.293) as per the corporate governance code mandate. Besides, they strongly agreed that the Internal audit committee receives required financial details of the companies ($m = 4.446 \pm 0.827$, 4.882 ± 0.325) meets as per the requirements of corporate governance code ($m = 4.313 \pm 0.806$, 4.441 ± 0.500) and its findings and recommendations are implemented by the board of directors of the companies ($m =$

4.295 ± 0.731, 4.368 ± 0.644). Refer Table 9 in Appendix.

Risk assessment

With respect to the Indian companies, the respondents strongly agreed to comply with the requirement of the risk assessment committee as per the corporate governance code mandate ($m = 4.357 \pm 0.708$). Besides, the respondents agreed that the composition of the risk assessment committee of their companies is as per the corporate governance code mandate ($m = 4.071 \pm 0.965$), the Internal audit committee meets as per the requirements of corporate governance code ($m = 3.973 \pm 0.843$) and identification of business risks beforehand by the risk assessment committee ($m = 4.080 \pm 0.784$).

With respect to the Singaporean companies, the respondents strongly agreed to complying to the requirement of risk assessment committee ($m = 4.632 \pm 0.621$) and its composition ($m = 4.471 \pm 0.503$) as per the corporate governance code mandate, meeting as per the requirements of corporate governance code ($m = 4.529 \pm 0.503$) and identification of business risks beforehand by the risk assessment committee ($m = 4.574 \pm 0.498$). Refer Table 10 in Appendix.

Corporate social responsibility (CSR)

The respondents strongly agreed that their companies comply with the requirement of CSR committee ($m = 4.589 \pm 0.562$, 4.824 ± 0.384) and its composition ($m = 4.464 \pm 0.670$, 4.515 ± 0.503) as per the corporate governance code mandate. Besides, they strongly agreed that the CSR committee meets as per the requirements of corporate governance code ($m = 4.375 \pm 0.712$, 4.471 ± 0.585) and has been able to identify projects affecting lives of communities ($m =$

4.295 ± 0.666, 4.544 ± 0.502). Refer Table 11 in Appendix.

Summary

The data analysis presents the results of quantitative analysis of the study. Descriptive statistics has been used to present the perception of the participants concerning the proliferation of the corporate governance code parameters related to Board of Directors, in the companies across India and Singapore. The study observed that the proliferation of corporate governance codes parameters related to Board of Directors, in the companies across India and Singapore significantly differed in terms of board composition, board development, accountability of the board of directors, remuneration committee, audit committee, risk assessment committee, CSR committee.

CONCLUSION

Ever since its initiation, India has made reasonable progress in developing a Corporate Governance Code, which is most suitable to its corporations. However, there are still some gaps that needs to be quickly bridged such as a) further sharpening the clarifying roles, responsibilities and accountabilities of BODs, b) increased women representation on boards, c) separation of roles and responsibilities of Chairman and CEO / MD of companies, d) whistleblower directives, e) safeguarding financial interests of minority shareholders, f) independence and powers to independent directors, g) participation of key senior employees while formulating important policies of the company, h) risk management committees and their performance review, i)

executive compensation, j) CSR activities, k) pollution and environment protection l) quality consciousness, m) internal audit reviews, n) more detailed financial disclosures, o) Statutory auditors, CFO and CEO be totally responsible for any financial misappropriation, to list a few.

Further, implementation of key aspects of CG Code be made mandatory by law and not left voluntary. Government of India to designate

a legal entity and this agency should be given sufficient powers to implement CG codes and practices, as a single point responsible agency. Finally, somewhere, we have lost to educate our children on ethics and high morals. It is suggested that Ethics and Moral science be included as a mandatory subject at middle school curriculum and later on, Business Ethics be a mandatory subject in all higher education curriculums.

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APPENDIX

Table 1: Reliability analysis.

	Cronbach's Alpha	N of Items
Factor_1	0.972	21
Factor_2	0.954	11
Factor_3	0.919	6
Factor_4	0.666	12

Table 2: KMO and Bartlett's Test.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.608
Bartlett's Test of Sphericity	Approx. Chi-Square	263.941
	df	105
	Sig.	0.000

Table 3: Industry sector of the companies.

	India		Singapore	
	Frequency	Percent	Frequency	Percent
Cement	26	23.2	0	0.0
Mining	4	3.6	7	10.3
Banking and finance	13	11.6	15	22.1
Petrochemical industry	8	7.1	0	0.0
IT	10	8.9	3	4.4
Engineering (aviation and marine)	10	8.9	7	10.3
Infrastructure construction (thermal power, telecom)	29	25.9	9	13.2
Agriculture	12	10.7	27	39.7
Total	112	100.0	68	100.0

Table 4: Women director(s) in the Board of the company.

	India		Singapore	
	Frequency	Percent	Frequency	Percent
Yes	58	51.8	60	88.2
No	54	48.2	8	11.8
Total	112	100.0	68	100.0

Table 5: Implications of non-compliance of corporate governance code in the company.

Implication	India		Singapore	
	Frequency	Percent	Frequency	Percent
Comply and explain the reason for non-compliance	97	25.1	68	26.7
Legal Action against the company	84	21.8	57	22.4
Financial Penalty to the company	85	22.0	53	20.8
Delisting of company from the Stock Exchange	74	19.2	50	19.6
Criminal and Legal Proceedings against the Chairman/CEO	46	11.9	27	10.6
Total	386	100.0	255	100.0

Table 6: Descriptive statistics for board development.

Board development	Mean	Std. Deviation	Mean	Std. Deviation	t	Sig
The term of Directors as specified in the Corporate Governance Code is suitable for effective implementation of Corporate Governance	4.205	0.556	4.500	0.504	-3.571	0.000
My company complies to the requirements of reappointment of Board of Directors as specified in Corporate Governance Code	4.402	0.843	4.765	0.427	-3.299	0.001
The reappointment of Directors as specified by Corporate Governance Code is serving the purpose of effective Corporate Governance implementation	4.295	0.718	4.779	0.514	-4.859	0.000

Mandatory number of Independent Directors as specified by Corporate Governance Code are enough for effective implementation of Corporate Governance	4.134	0.844	4.456	0.502	-2.854	0.005
Independent directors of my company declare the actual reason of their resignation, if they quit before the completion of their term:	3.036	1.368	4.515	0.586	-8.448	0.000

Table 7: Descriptive statistics for board accountability.

Accountability	Mean	Std. Deviation	Mean	Std. Deviation	t	Sig
In my company, Directors have clear roles and responsibilities towards Corporate Governance implementation	4.196	1.030	4.779	0.418	-4.448	0.000
The roles, responsibilities and accountability of Boards of Directors as mandated by the Corporate Governance Code are comprehensive for effective implementation of Corporate Governance	4.205	0.632	4.809	0.396	-7.075	0.000
Independent Directors are held responsible and accountable for any financial irregularity in my company	3.571	1.176	3.515	1.299	0.302	0.763
The Independent Directors on the Boards are not independent.	3.438	1.229	3.985	0.763	-3.308	0.001
The legal system is geared to bring to books the defaulters of Corporate Governance code:	3.768	1.013	4.191	0.432	-3.267	0.001
Annual reports of companies contain Environment Safety and Governance Reporting:	4.277	0.830	4.353	0.481	-0.689	0.492
My company has a Whistle Blowing Policy:	4.455	0.758	4.809	0.396	-3.559	0.000
The identity of the Whistle Blower in my company is kept anonymous	4.500	0.697	4.500	0.504	0.000	1.000
The Board of Directors of my company attend the cases reported by Whistle Blowers, on priority:	4.375	0.712	4.485	0.503	-1.118	0.265

Table 8: Descriptive statistics for remuneration committee.

Remuneration	Mean	Std. Deviation	Mean	Std. Deviation	T	Sig
Independent directors should be selected by Nomination and Remuneration committee	3.232	1.388	4.809	0.432	-9.092	0.000

My company complies to the requirement of Nomination and; Remuneration Committee as per the code	4.223	0.732	4.338	0.477	-1.155	0.249
The Composition of Nomination and Remuneration Committee of my company is as per the Corporate Governance Code:	4.304	0.792	4.559	0.500	-2.383	0.018
Nomination and Remuneration Committee meets as per the requirements of Corporate Governance Code	4.170	0.746	4.397	0.522	-2.206	0.029
Decisions taken by Nomination and Remuneration Committee are accepted and implemented by the Board of Directors of my company:	4.080	0.673	4.324	0.679	-2.343	0.020

Table 9: Descriptive statistics for audit committee.

Audit	Mean	Std. Deviation	Mean	Std. Deviation	t	Sig
My company complies to the requirement of Internal Audit committee as per the code	4.464	0.827	4.882	0.325	-3.984	0.000
The composition of the Internal Audit Committee of my company is as per the Corporate Governance Code	4.384	0.750	4.941	0.293	-5.854	0.000
Internal Audit committee gets required information about the financial details of my company	4.446	0.745	4.397	0.493	0.485	0.628
Internal Audit committee meets as per the requirements of Corporate Governance Code	4.313	0.806	4.441	0.500	-1.185	0.238
The findings and recommendations of the Internal Audit Committee of my company are implemented by the Board of Directors:	4.295	0.731	4.368	0.644	-0.679	0.498

Table 10: Descriptive statistics for risk assessment committee.

Risk assessment	Mean	Std. Deviation	Mean	Std. Deviation	t	Sig
My company complies to the requirement of Risk Assessment Committee as per the code:	4.357	0.708	4.632	0.621	-2.645	0.009
The composition of the Risk Assessment Committee of my company as per the Corporate Governance Code:	4.071	0.965	4.471	0.503	-3.157	0.002
Internal risk assessment committee meets as per requirements of Corporate Governance Codes	3.973	0.843	4.529	0.503	-4.930	0.000
The risk assessment committee of my company has been able to identify business risks well in advance:	4.080	0.784	4.574	0.498	-4.645	0.000

Table 11: Descriptive statistics for corporate social responsibility.

Corporate Social Responsibility	Mean	Std. Deviation	Mean	Std. Deviation	T	Sig
My company complies to requirement of CSR Committee as per the code	4.589	0.562	4.824	0.384	-3.031	0.003
The composition of CSR Committee of my company is as per the Corporate Governance Code:	4.464	0.670	4.515	0.503	-0.535	0.593
CSR Committee meets as per requirements of Corporate Governance Codes:	4.375	0.712	4.471	0.585	-0.932	0.353
CSR Committee of my company has been able to identify projects that impact the lives of communities around my company's establishments	4.295	0.666	4.544	0.502	-2.662	0.008