

Abstract

Corporate governance has received much attention in recent years and has been a growing topic for debate in the public domain around the globe. This is mainly because of the many corporate financial scandals and failures that have occurred in developed and developing countries. Good corporate governance is now considered vital for regulating companies and strengthening their performance. However, the effects of corporate governance on firm performance may vary in developed and developing countries based on cultural, economic and social factors. There is number of studies have been conducted to analyze the relationship between corporate governance and firm performance and it shows that there is a positive relationship between corporate governance practices and firm performance, at both types of countries developed as well as developing. However, no studies have been conducted so far to understand the relationship between corporate governance and value creation of companies. Therefore, this research endeavor focuses on investigating the relationship between corporate governance and value creation of the companies.

The main objective of this research endeavor is to carry out a systematic study of the impact of corporate governance practices adopted by the Indian companies on the value creation of the companies. Further, to identify possible obstacles to, and enablers of, the implementation of good corporate governance in India. It also recommends new components of the corporate governance through which the value of the Companies for the shareholders, one of the important stakeholder.

The conceptual framework of this research describes how good corporate governance can affect the shareholder's value creation. In the framework, corporate governance score represents the quality of the corporate governance, the calculated corporate governance score of each company is taken as an independent variable. Whereas Economic Value Added (EVA) and Market Value Added (MVA). are identified as the indicators of value creation and the dependent variable of value creation of companies was assessed by measuring economic value added (EVA) and Market Value added (MVA). The findings of the study have laid down the foundation for the establishment of the relationship

between corporate governance practices and value creation of the Corporates. The study reveals that there is a positive relationship between corporate governance practices and value creation of the companies.

The findings of the questionnaire indicate that corporate governance is important for all stakeholders, and corporate governance based on the stakeholder view is appropriate for India. The results suggested that Legal and regulatory systems that govern companies' activities were regarded as the most effective obstacle, followed by good relationship between the company and the external auditors, excess financial and non-financial disclosure, accounting and auditing, Government interference in business activities, Present state of Accounting and finance education, The costs of practicing good corporate governance outweigh the benefits, Weak legal controls, and law enforcement and culture of Indian the community. The wide adoption of International Accounting Standards was ranked as the most important enabler, followed by learning from the experiences of other countries in relation to corporate governance practices.

The results of the study show the highest agreement of the respondents with regard to a positive relationship between corporate governance practices and value creation of the companies, moreover, it is identified that careful balancing of the interests of controlling shareholders vis-à-vis minority shareholders creates a value of the company.

This study will help fill the large gap in the literature regarding corporate governance practices in India. The main contribution of this study is the investigation of corporate governance in India. Indeed, this investigation will not only contribute to knowledge in India, but also to other developing countries. A particular contribution is how the measures suggested to strengthen corporate governance practices, fit within the cultures of the developing countries. Therefore, it provides useful insights for academics regarding the need to implement good corporate governance.
