THE PRACTICE OF CORPORATE GOVERNANCE IN VARIOUS COMPANIES

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ABSTRACT

The corporate world and how companies are run go hand in hand. They really help shape the economy we see today. Companies follow certain rules and guidelines that keep them in check. This is known as corporate governance. Corporate Governance is all about how business are directed and controlled. It helps in making sure that the decisions taken are fair, open, and responsible. It brings together different people like owners, managers, customers, employees, and those who set the laws. When governance is done right, companies perform better and can avoid serious problems. It also helps investors feel secure, making them more likely to invest in long term.

Businesses are in it for profit and often compete with each other. But they can’t just do whatever they want. The government and other groups set up rules to stop cheating, unfair practices, and behavior that’s not right. There are different ways companies keep things ethical. Things like the board of directors, social responsibility programs, and followings laws help a lot.

As the world becomes more connected and tech – savvy, new challenges pop up. Issues like cybersecurity protecting personal data, and caring for environment has become top concerns. To tackle these issues, governments and companies need to team up. They must ensure everyone must follow the rules and works ethically and does business responsibly. This teamwork helps drive economic growth and benefits society as a whole.

➢ INTRODUCTION TO CORPORATE GOVERNANCE PRACTICE IN VARIOUS COMPANIES

Corporate governance is super important for today's companies. It includes the rules, system and ideas that help a business run smoothly. This is how decisions get made and how companies stay accountable. It covers risk management and how to act ethically.

Good corporate governance means being open and fair. It makes sure everyone involved like – shareholders, workers, customers and regulators can trust the company. Different types of companies such as public companies, private firms, non –profits and government bodies, each have their own ways to govern. But, they all follow basic principles like honesty and following the law.

In a public company the Board of Directors usually takes charge of governance. They work to balance short – term shareholder needs and the long – term health of the business. Private companies can be a bit more relaxed about their governance, but they still need to have rules in place to do business ethically. Non – profits and government groups pay extra attention to being accountable to the public. They focus on delivering services and keeping people engaged.

Corporate governance is more than just following rules. It is all about creating a workplace where integrity and long – term success is valued. Companies are working harder to include everyone in their decision – making. This isn't just good for the short run; it is good for everyone in the community in the long run.

➢ LITERARY REVIEW OF THE PRACTICE OF CORPORATE GOVERNANCE IN VARIOUSCOMPANIES

One of the most significant areas of corporate governance research has focused on publicly traded companies, where the separation of ownership and control leads to potential agency problems. According to **Jensen and Meckling (1976),** the ***Agency Theory*** explains the conflict between Managers and Shareholders due to diverging interests. To help with these issues, companies try out different strategies. One way is by having independent board of directors. These are people who are not part of daily operations but help keep things in check. Often, companies have specific ways to pay their executives, which can motivate them to do better. In addition, they create about how they share information with everyone. **Fama and Jensen** in

1983 also looked into how both inside and outside rules, like active shareholders and government rules, help keep managers accountable.

Family – owned business are a bit different. They come with their own set of challenges. Family business usually have owners who are really invested. They think about long – term, which is great. But they also deal with some tricky issues. Things like favoritism, planning for who takes over, and clashes between family members and other workers can create tension. Research by **Anderson and Reeb** in 2003 pointed out that family businesses that have strong governance systems such as outside board members and professional teams tend to do better than those that don't.

Government and State – owned enterprise (SOE)**s** also present distinct governance challenges. Since SOEs operate in politically influenced environments, corporate frameworks often struggle to maintain independence from government intervention. Research by Megginson and Netter (2001) indicates that while SOEs plays a crucial role in national economics, they frequently suffer from inefficiencies due to political interference, lack of competitive pressure, and weak accountability structures. Implementing corporate governance best practices, such as independent boards and performance – based incentives, has been recommended to improve SOE efficiency and transparency.

➢ RESEARCH QUESTIONS OR OBJECTIVES

The primary research questions that guide this study include:

1) What are the key principles and frameworks of corporate governance applied across different types of companies?

2) How do corporate governance practices differ between publicly listed companies, private firms, non – profit organizations and government institutions?

3) What are the major challenges and risks associated with corporate governance in different organizational structures?

4) How do corporate government mechanisms such as board structures, audit committees and shareholders rights influence organizational performance and decision – making?

5) What is the impact of regulatory policies and compliance requirements on corporate governance practices across industries?

6) How do corporate governance failures impact organizations, and what lessons can be learned from high – profile corporate scandals?

➢ HYPOTHESIS: EFFETIVE CORPORATE GOVERNANCE ENHANCES ORGANIZATHYIONAL PERFORMANCE ACROSS VARIOUS SECTORS.

This idea is about how a strong governance structure helps organizations do better. When companies have good boards, clear rules, and strong systems to manage risks, they often see better financial results. They run their operations more smoothly and gain trust from people involved, like customers and investors.

On the flip side, when governance is weak, problems can pop up. This can lead to bad management, unethical choices, money issues, and damage to the company's name. All these problems can hurt a company's growth and ability to survive in the long run.

Also, how well governance works can change depending on the type of organization. Different businesses face different rules and challenges. Non – profits focus on their mission rather than making money.

Multinational companies face complicated rules because they operate in many countries making governance tricky. In comparison, smaller businesses often lack the resources to enforce strong governance.

➢ RESEARCH METHODOLOGY

This study looks at how companies and organizations handle their governance, which is all about how they make decisions and run things. I am using a mix of methods to get a good picture of what works and what does not. I want to see how different groups operate such as public, private and non – profits. By doing this, I can understand how well they follow rules and work on being ethical.

To gather information, I have used both new data and existing studies. This includes people like CEOs, board members, and experts n governance. I research includes various types of questions.

➢ NEED FOR CORPORATE GOVERNANCE IN INDIA

- **Enhancing Investor Confidence –**

Good corporate governance is all about being open and responsible in how a company operates. Investors really want to know that the money they put into a company is being handled in a way that is careful and ethical. They look for signs that the company is run well. When they see solid governance practices in place, it gives them confidence that they are making a smart investment.

- **Preventing Corporate Scandals –**

When there is a good governance in a company, it means they are less likely to cook the books or misreport their finances. India has seen its fair share of corporate scandals, and one of the most talked about was the Satyam scandal. It really opened people's eyes to just how crucial it is to have solid rules and practices in place when it comes to running companies.

- **Encouraging Ethical Business Practices –**

Good corporate governance is all about making sure businesses do things the right way, like being sustainable and caring about society. It is important because it pushes companies to think about their impact on the environment and society. Basically, it's about doing the right thing, which can lead to a better world for everyone.

- **To set up good management practice –**

Corporate governance helps to put in place the right procedures for managing a company well and making sure the roles and powers of those running the company and those overseeing it are separate.

➢ REGULATORY FRAMEWORK OF CORPORATE GOVERNANCE IN INDIA

To keep transparency, accountability, and fair management among companies intact, the Indian corporate governance framework adopts best practices worldwide. The following are some of the governing bodies deciding and implementing the best practices of corporate governance in India.

The Indian corporate governance legal framework is structured for ensuring transparency, fairness, and accountability in the handling of companies. The legal framework is guided by a mix of laws, rules, and guidelines provided by the different regulatory agencies. The key statute that addresses corporate governance in India is the *Companies Act, 2013.* This Act establishes provisions regarding the board composition of Directors, audit committees, and corporate social responsibility (CSR). The Act requires companies to adopt best practice governance in order to safeguard the interests of the stalk holders.

The *Securities and Exchange Board of India (SEBI)* is responsible for overseeing corporate governance in listed companies through its *Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015.* These regulations provide guidelines on board compositions, related party transactions, disclosures, and director responsibilities.

In addition, *Clause 49* of the previous *Listing Agreement* now incorporated in the *LODR Regulations* brought in strict governance standards for listed companies, such as independent directors and risk management policy requirements.

Over the last few years, reforms and amendments have fortified the corporate governance environment with the addition of mandatory board evaluations, heightened auditors' accountability, tougher disclosure standards, and improved investor protection measures. With changing international norms and rising stallholder expectations, India's corporate governance framework is still evolving to ensure ethical business practices and long – term sustainability.

➢ JUDICIAL INTERPRETATION:

THE SATYAM SCANDEL: A CASE STUDY

The Satyam Scandal is one of the biggest corporate frauds in India, came to light in 2009 when B.Ramalinga Raju, the founder and chairman of the Satyam Computer Services, confessed to massive financial irregularities. The case exposed serious flaws in corporate governance, auditing practices, and regulatory oversight in India's IT sector.

Satyam Computer Services Ltd. once a leading IT service company in India, was found guilty of falsifying financial statements for several years. The fraud came to light in January 2009 when Ramalinga Raju admitted to inflating the company's profits and revenues by nearly Rs. 7,136 crores.

The case was handled by multiple investigation agencies, including the *Serious Fraud Investigating Officer ((SFIO), the Central Bureau Investigation Agency (CBI), the Securities Market and Exchange Board (SEBI).* The CBI filed three charge sheets against Ramalinga Raju and others, citing charges under criminal conspiracy **(section 120B of IPC), forgery (section 468), cheating (section 420), breach of trust (section 409), and falsification of accounts (section 477A).** In April 2015, a special CBI court in Hyderabad found Raju and nine others guilty and sentenced them for seven years of imprisonment. In 2018, SEBI imposed a penalty of rupees six hundred twenty-four point eight nine crore on Raju and nine others for insider trading and fraudulent activities.

➢ CONLUSION

Summarily, corporate governance practice differs in companies depending on industry regulations, company regulations, company size, and shareholder expectations. While some entities focus more on transparency, accountability, and moral decision – making there are others that experience governance issues because of poor regulatory systems or leadership ineffectiveness. Strong corporate governance instills investor trust, builds corporate image and supports long term viability. By embracing best practices like robust board leadership, clear policy and stalkholder participation, firms can strengthen their governance mechanism and promote business success.