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Impact of Ownership Pattern on CSR Spending: Evidence from India

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Abstract: The engagement of corporate boards in meeting the expectations of various stakeholders holds prime importance in today's context. However, decisions regarding spending funds on such initiatives involve managerial discretion. The purpose of this paper is to examine the impact of ownership patterns on CSR expenditure of selected Indian firms. The study is based on an empirical investigation of the relationship using a panel dataset of 377 Indian firms listed on the Nifty 500 over the period 2015 to 2021. The panel regression analysis revealed heterogeneous behavior of ownership in firms. The promoter ownership has a negative impact on CSR investments while both government, as well as institutional ownership, are insignificant. The findings indicate that corporate governance policies, particularly concerning the degree of promoter's control in Indian companies need to be reviewed to address the company's accountability to society. It recommends the government set stringent rules so that promoters don't hold more than a predetermined percentage of the company's shareholding. Additionally, whenever possible, key management positions in the company, including CEO/Chairman or both, should be assigned to non-promoters to prevent promoter dominance.

Keywords: India, Corporate Social Responsibility, Ownership Structure, Promotors, Institutional Ownership.

JEL Classification: C33,G32, G34, G38, M14

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1. Introduction

Corporate boards need to assess the social and environmental impact of their policies and ensure that companies adopt environment-friendly practices for providing continuous benefits to society. The decisions in the organization such as production processes adopted in the company, workplace norms, allocation of resources in a firm, and hiring and promoting people, affect stakeholders. Since companies have discretion over their actions, it becomes important to consider the aspirations of all stakeholders and meet them to maintain the authority to operate their business. Tara & Kumar (2016[46]) mentioned that the new Companies Act makes CSR a strategic initiative by the

Ministry. With this, the corporates would move a step forward and contribute their funds towards CSR to expand social equity in the country. Corporate social responsibility (CSR) should be obligatory for corporations, not an optional voluntary provision because it is intimately tied to the core activities of businesses (Tamvada,2020[45]). Shareholders are willing to supply cheaper capital to those engaging in CSR activities with closer linkage to the firms' economic determinants (Tseng &Demirkan, 2021[48]). The practices implemented in the firm to provide greater stakeholder protection shows commitment to good governance which enhances investor confidence (Certo et al., 2001; Jamali et al. 2008[6,18]), having a positive impact on firm value.

The study is undertaken to inspect the impact of ownership patterns in influencing the decision to invest in CSR, using firm-level panel data from 2015 to 2021 on 377 Indian listed companies constituent of the Nifty 500. The relationship between the role of ownership pattern and CSR spending is seldom explored in the existing empirical literature as the legislation on CSR spending was introduced in Indian corporate law in 2015 itself. The study hence aims to fill this research gap by employing fixed effects panel regression to examine the impact of ownership patterns on managerial decisions to spend on CSR. The findings revealed the negative impact of promoters' shareholding on CSR spending, indicating that corporate governance policies, particularly concerning the degree of promoter's control in Indian companies need to be reviewed to address the company's accountability to society.

The rest of the paper is organized as follows: the next section discusses the theoretical background and then reviews the related literature, and then the research design provides data description and construction of sample and methodology, thereafter the analysis of results is presented and finally, the conclusion is drawn.

2. Theoretical Background

The corporate governance debate is dominated by the idea of a shareholder-value perspective that believes that the organization is an instrument to maximize the interests of shareholders. However, in current times, the fundamental purpose for an organization's existence is considered in a contrasting way by the stakeholder perspective that purports the organization as a socially responsible entity. Now people expect organizations to act in a socially responsible way as firms are continuously faced with challenges due to foreign direct investment in various sectors, global expansion of the resource market, changes in communication technology, educated consumers, and rising concerns for the environment and harmful products. This shift in the environment has raised alarm for managers to be attentive to the demands and expectations of all the groups associated with the business enterprise.

The shareholder primacy used to prevail in market structures of the U.S. and U.K as both have dispersed investors. In the Anglo-American corporate governance system, the focus lies in increasing short-term value where long-term investment opportunities are compromised due to market pressures to concentrate solely on the current share price. The managers thus have to forego long-term value creation and take decisions to avoid hostile takeovers. However, in 2006, the U.K. introduced the 'enlightened shareholder value' paradigm to merge shareholder primacy and the stakeholder model. It states that the directors should take actions in the long-term interest of the firm considering

the impact of their decisions on employees, suppliers, creditors, customers, the community, and the environment. There are arguments against the theory, such that it has its focus on multiple stakeholder interests, and thus it is considered difficult to implement (Kaler, 2006[22]; Kochan& Rubenstein, 2000[25]) and may be inappropriate for small or medium enterprises (Perrini, 2006[38]). Nevertheless, due to the changing business environment and uncertain future, there is a need to critically examine the conventional assumptions about organizations if they are compatible with the current corporate scenario.

The underlying assumption of agency theory is that the manager's decisions are based on a self-serving motive, and thus need to be monitored through governance mechanisms to ensure the credibility of their actions. Contrarily, the stewardship theory has a positive assumption about the manager's motive. It complements stakeholder theory and says that managers are inclined to address the conflicting interest of all stakeholders and balance them in the best interest of the firm. Hence there exists integration between stakeholder theory and stewardship theory which favours the existence of a socially responsible firm managed by an ethical team.

Also, it is challenged by stating that stakeholder orientation of business depends on the organizational culture and commitments, if managers are proactive about the impact of their actions on the environment then they tend to perceive more stakeholders (Buysse& Verbeke, 2003[4]; Henriques &Sadorsky, 1999[16]; Jones, Felps& Bigley, 2007[21]), and by organizational life cycle stage (Jawahar & McLaughlin, 2001[19]). According to Freeman, 1984[13] managers should pay attention to both internal and external stakeholders including competitive stakeholders, others believe that attention should be given to those who have a material interest in the firm (Cragg & Greenbaum, 2002[9]), the natural environment (Driscoll &Starik, 2004[11]; Phillips &Reichart, 2000[39]; Starik,1995[44]), groups with resources and network power (Pajunen, 2006[34]).

It depends on the decision-maker as to whose interest to address and the context in which the decision is taken (Buchholz & Rosenthal, 2005[3]). The idea of a stakeholder approach suggests that managers must formulate and implement processes that satisfy all those groups who have a stake in the business. The community service, commitment toward workers' safety, and environmental issues won't result in immediate profit but doing the right thing will ultimately act as a means of generating long-term shareholder wealth. A company with a caring and sharing attitude gains a significant competitive advantage and its sustainability is assured. The decisions are taken by management considering the interest of all stakeholders, as generous compensation and welfare programs for employees, reasonable prices for quality products and services for consumers, favourable pricing policy for suppliers, and concern for the environment & community at large, will guarantee the sustainable returns to shareholders in the years to come.

3. Literature Review & Hypothesis Development

In India, there was a structural break in this relationship with the introduction of mandatory CSR spending, negative for those companies for whom CSR spending has become compulsory (Mukherjee et. al,

2018[29]). Mukherjee et al (2018)[29] found that large mandated companies who were already spending on CSR activities reduced their spending as a proportion of profits, while those who previously were not spending on CSR activities were somewhat reluctant to do so. Further, the smaller companies who were previously spending on CSR activities reduced their expenditure once it was determined they were not required to do so and some of the small Indian companies who previously had not spent on CSR activities began to make minimal allocations. Not only did the impact of the mandatory requirements disappoint in terms of quantity but the Indian government was also unhappy with how the funds were being directed. For other companies, Kapoor & Dhamija (2017[23]) reported that the most common reason that the companies reported for not spending the mandatory amount was the time taken for preparation of suitable policies, and identification of programs.

Responsible CSR practices return all investments and allow countries to better cope with a crisis in the long run (Popkovaa et. al, 2021[36]). Hategan et. al (2018[15]) observed that the companies are "doing good" when they are "doing well" and companies that are not doing well financially are involved in CSR activities with the motivation that CSR will pay off. Wang & Sarkis (2017)[50] analyzed that a rigorous CSR governance mechanism would result in good CSR outcomes, which would further contribute to good financial returns. CSR might satisfy the latest social expectations of generating shared value as a primary company goal, which can have practical repercussions if CSR is done only with this goal in mind (Agudelo and Davdsdóttir, 2019[1]).

In the extensive research on CSR, firm ownership structure has been recognized as one important determinant. These are institutional ownership, promoter ownership, government ownership which has mostly been considered by researchers. Amongst all, the institutional investors are the ones who exert pressure on managers through activities such as public announcements and direct negotiations with managers when they feel concerned about long-term performance (David et al., 2001[10]; Wahal, 1996[49]). The monitoring by institutional investors substantially affects managers' behavior, it is directly related to the short-term pressures faced by managers which influence their long-term investment decisions. Government ownership also influences the CSR spending of a firm, as government-controlled and non-government-controlled companies have different stakeholders and governance practices. The most important of all is the ownership stake held by the promoters of the company, the preferences of the top management team have a great role in shaping a firm's commitment to CSR.

Majeed et. al (2015)[27] looked into empirical evidence and suggested board size, firm size, and institutional ownership as the main significant variables that influence the level of CSR disclosure. Ownership concentration and firm size also show a positive relationship with the degree of disclosures. Kim et. al (2018)[24] explored whether large shareholder and foreign shareholder ownership play an important role in the CSR–firm value relationship based on ESG (environmental, social & governance) disclosure scores using a sample of 250 firm-year observations representing 48 firms listed on the Korea Stock Exchange (KSE). It was found that the positive relationship between CSR and firm value is weaker in firms with high large shareholder ownership than in firms with low large shareholder ownership. Also, foreign ownership may not contribute to increasing firm value through CSR activities.

Cabral &Sasidharan (2021)[5] examined the impact of board characteristics and ownership structure on corporate social responsibility. They found that among the ownership structure, family ownership is positively related to CSR in India and South Africa. The institutional investors have a negative impact in South Africa and a positive impact in India and China.

Sharma & Kumar (2017)[43]examined a positive and significant impact of promoters' shareholding, institutional ownership, and foreign ownership on CSR disclosure of non-financial companies. Muttakin& Subramaniam (2015)[30] explored whether board composition and ownership influenced the CSR disclosure of the top 100 publicly listed Indian companies for five years from 2007-2011. The study concluded a positive relationship between foreign ownership, government ownership, board independence, and CSR, and no significant impact of promoter ownership on CSR. Family ownership also positively influenced CSR activities,however, ironically state ownership was found to negatively impact CSR engagement. Jahid et. al(2022)[17] studied the relationship between ownership structure and CSR expenditure of listed financial firms of Bangladesh using ordinary least square (OLS) regression. The results showed that foreign ownership and managerial ownership contribute positively and significantly to CSR expenditure. However, the study did not document any relationship between institutional ownership and CSR Expenditure. The study concluded that value creation from CSR expenditure is highly dependent on the ownership structure of financial firms.

Marques and Srinivasan (2018)[28] found not much of a difference in the CSR spending of companies characterized by different ownerships: Public Sector Companies, Multinational Companies, and other private sector companies. Nonetheless, it was emphasized that there is a greater chance for firms in business groups, and those spending on advertising to spend only the requisite amount of CSR, whereas the chances of spending more than the requisite amount increase with the greater degree of ownership of an Indian controlling shareholder (promoter). Panicker (2017)[35] examined the impact of different ownership categories on CSR spending of Indian firms and found a positive relationship between CSR spending and the percentage of shares held by financial institutions, foreign institutional investors, and domestic banks, and the percentage of shares held by mutual fund didn't impact CSR. Cordeiro et. al (2017)[8] explored how ownership influenced corporate social responsibility in the Indian context before the enactment of the companies acts 2013, it was found that family ownership positively influenced CSR activities, however, ironically state ownership was found to negatively impact CSR engagement. Alkayed&Omar(2022)[2] examined a number of factors that influence the extent and quality of CSR disclosure, such as corporate characteristics, corporate governance and ownership structure. The result reveals that the extent of CSR Disclosure is higher than quality in Jordan.

Pareek &Sahu(2020)[37] attempt to fulfill the gap by exploring the ownership structure of the firm (i.e. foreign ownership, institutional ownership and government ownership) and the CSR performance of the firm, when moderated by board independence of the firm and also explores the non-linear effect of foreign ownership structure on the CSR performance in the Indian context. They found positive impact of the foreign investors in the CSR

performance of Indian firms with a higher proportion of independent directors on the board; the study discovers a negative relationship between GOVT and CSR performance, which may be because the GOVT is a part of the minority shareholders. Tewari &Bhattacharya(2022)[47] in their study examined whether family, business group & state ownership influence CSR, while the relationship has been theorized to be positive in developed countries but negative in emerging economies due to institutional differences. They posit that firms with different ownership structures differ in terms of their motivation to engage in CSR activities and also have different preferences for capital retention. The results suggest that Indian corporates consider CSR as an important strategy to counter institutional voids and this is reflected in their CSR engagements. Cho &Ryu(2022)[7] analyzed the relationship between managerial ownership and CSR activities in Korean public companies based on different managerial CSR incentives and ownership levels. The results show that firms with higher managerial ownership had excellent CSR records. However, in firms with lower accounting transparency, managers reduced CSR investments. Managers did not value their CSR reputations in firms with poor financial reporting quality and serious information asymmetry. Instead, they diverted CSR resources to other projects to meet their interests.

Setiawan et.al. (2021)[42] focused on the effect of foreign ownership on CSR disclosure. The sample consisted of agricultural firms listed on the Indonesia Stock Exchange from 2017 to 2019; and the data were analyzed using multiple linear regression analysis. The results showed that Foreign ownership has a significant effect on corporate social responsibility in a positive direction. Labelle et. al(2018)[32] investigated the engagement of family firms in corporate social responsibility, and found that family firms exhibit lower CSP than non-family firms. The analyses showed a curvilinear relationship between family control and CSP, at lower levels of control, family owners invest more in social initiatives to protect their SEW(Socio-emotional Wealth). They also found that family firms operating in stakeholder-oriented countries are more attentive to social concerns than those operating in more shareholder-oriented countries.

Oh et. al(2017)[31] examined the non-linear effects of insider and institutional ownerships on CSR and suggested that insider and institutional ownerships have non-linear effects on CSR. Furthermore, it also found that support for the complementary mechanisms view, in that the highest CSR rating is observed when both ownership levels are high. Therefore, firms need to maintain strong governance structures to realize synergistic effects in promoting CSR. Li et. al(2017)[33] explored "one dominant controlling shareholder" phenomenon by testing and extending the principal-principal framework and showing that the largest shareholders of Chinese firms appear to donate to charitable causes that ultimately serve their personal interests at the expense of minority shareholders. Harjoto et. al(2017)[14] examined the relation between CSR and institutional investor ownership, and the impact of this relation on stock return volatility. They found that institutional ownership does not strictly increase or decrease in CSR; rather, institutional ownership is a concave function of CSR. Institutional investors adjust their percentage of ownership when CSR activities go beyond the perceived optimal level. They also examined the mediating effect of institutional ownership on the relation between CSR and stock return volatility. They found that CSR decreases stock return volatility at a decreasing rate through its effect on institutional ownership. Faller &Aufseb(2018)[12]

provided a comprehensive review and systematic assessment of theoretical considerations and approaches regarding different forms of equity ownership (including institutional investors, managers, families, states, and small business owner-managers) and their relationships to CSR. The theoretical arguments imply that long-term-oriented investors support CSR as a means of mitigating future risk, whereas short-term-oriented investors place heavier emphasis on instant financial gain.

Among other firm-specific variables, firm size, age, and profitability were found to positively impact CSR, while leverage negatively impacted CSR. Panicker (2017)[35] concluded a positive relationship between CSR spending and profitability, firm size, R&D, and advertising expenditure, and a negative relationship between CSR and debt to equity ratio. Sahore (2015)[40] sought empirical results that showed that the relationship of CSR with some of the firm characteristics such as size and performance of the firms (Price Earnings) was found to be statistically significant. Companies' actual CSR spending is significantly influenced by certain financial characteristics (Jhawar, 2020[20]). Panicker (2017)[35] found a positive relationship between CSR spending and profitability, firm size, R&D, and advertising expenditure, and a negative relationship between CSR and debt to equity ratio is negatively related to CSR. Variables found to be insignificant were age and international investments in determining the CSR spending of firms. Sarkar & Sarkar (2015)[41] analyzed whether the characteristics of the companies such as age, profit after tax, net worth, and sales impacted CSR. Among all, PAT was not found to be impacting the CSR spending of companies. The following hypotheses are formulated to examine the objective of the study:

H_A: There exists a significant relationship between the size of the promoter shareholding and CSR spending in companies.

H_B: There exists a significant relationship between the size of the government shareholding and CSR spending in companies.

H_C: There exists a significant relationship between the size of the institutional shareholding and CSR spending in companies.

4. Research Methodology

This section describes the sample and collection of data along with variables taken in the study, it then elaborates on the methods used to achieve the objectives of the study.

Sample Description

The sample is drawn from the Nifty 500 listed on NSE as of March 29, 2019. The NIFTY 500 Index represents about 96.1% of the free-float market capitalization of the stocks, it provides investors and market intermediaries with an appropriate benchmark that captures the performance of the top 500 most liquid and large market capitalization securities (NSE). The final sample is taken for 377 companies after excluding firms that were not

required to incur CSR expenditure by the Companies Act, 2013. The data on ownership variables and CSR is collected from *Prowess*, the corporate database of the Centre for Monitoring of the Indian Economy (CMIE).

Variable Measurement

To study the effect of ownership patterns on CSR spending decisions in firms, CSR expenditure incurred by companies during the financial year is taken as the dependent variable, and ownership attributes as independent variables in the study. The firm's size, debt-equity ratio, and profitability are taken as control variables in the study. Table 1 describes the independent, dependent, and control variables used in the study.

Table 1: Description of Variables

S.No	Variable	Description	Symbol
Dependent Variable			
1.	CSR expenditure	Amount spent on CSR during the year	CSRspent
Independent Variable: Promoter Control			
2.	Promoter Shareholding	Percentage of shares held by promoters during the year	PSTAKE
3.	Government Shareholding	Percentage of shares held by the government during the year	GSTAKE
4.	Institutional Shareholding	Percentage of shares held by institutions during the year	INSTSTAKE
Control variables			
5.	Debt Equity Ratio	Natural log of {Ratio of the total book value of debts to total assets}	DER
6.	Profitability	Profit after tax	PAT
7.	Size	Natural log of total assets	SIZE

Source: Authors' Compilation

Methodology

The study employs fixed effect regressions in panel data, based on the Hausman test which gave a statistically significant chi-square for the model. Data is examined for the presence of multicollinearity, heteroscedasticity, autocorrelation, stationarity, and normality. The standard errors robust to heteroscedasticity and autocorrelation are computed as regression estimates.

To test the effect of ownership pattern on CSR expenditure, the following model is used:

$$Y_{it} = \beta_0 + \beta_a X_{it-1} + \beta_s C_{it-1} + v_{it}$$

where,

Y_{it} : is CSR expenditure,

X_{it} : is the ownership variable, and

C_{it} : is a vector of control variables for firm i at time t.

t: 2015, 2016,…2021.

5. Result Analysis

To find the relationship between ownership pattern and CSR, correlation and panel regression is used.

Descriptive Statistics and Correlation Matrix

The descriptive statistics of the sample and correlation matrix are presented in Table 2 and Table 3 respectively:

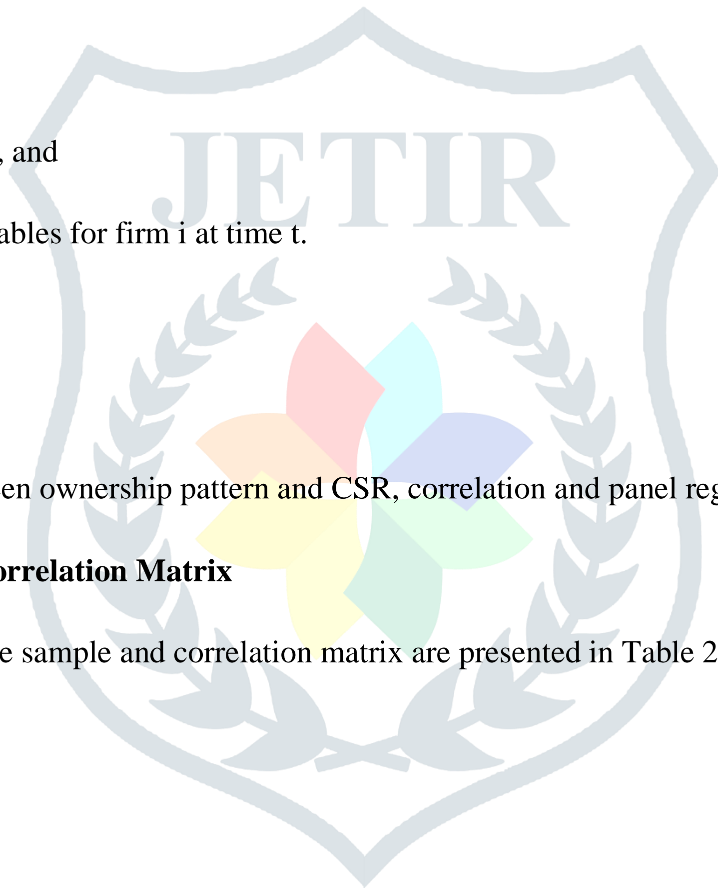

Table 2: Descriptive Statistics

Variables	Obs	Mean	Std. Dev.	Min	Max
CSRspent	2370	233.891	671.206	.1	9220
Promoter	1828	14.793	20.885	0	75.63
Govt	1218	10.019	25.376	0	100
Inst	2261	25.92	15.81	-7.65	89.94
PAT	2610	9148.416	36133.016	-731315	351630
TA	2615	264000	1010000	.1	17500000
DER	2584	.894	9.166	0	459.26

Source: Analysis of research data (STATA output)

Table 3: **Pearson's correlation matrix**

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) CSRspent	1.000						
(2) Promoter	-0.145*	1.000					
(3) Govt	0.174*	-0.167*	1.000				
(4) Inst	0.231*	-0.231*	-0.232*	1.000			
(5) PAT	0.657*	-0.073*	0.112*	0.196*	1.000		
(6) TA	0.622*	-0.125*	0.043	0.347*	0.445*	1.000	
(7) DER	-0.005	-0.024	-0.011	0.009	-0.053*	0.030	1.000

Significance level: *** p<0.01, ** p<0.05, * p<0.1

Source: Analysis of research data (STATA output)

Source: Analysis of research data (STATA output)

The descriptive statistics display the mean, standard deviation, minimum and maximum value of variables used in the study. The average CSR spending is 234 million approximately which indicates a positive response of companies to CSR guidelines. Among the sample companies, average institutional shareholding is higher than the promoter as well as government shareholding. Table 3 displays the pair-wise correlation, where values below 0.70 between independent variables in the correlation matrix confirmed the absence of the problem of multicollinearity in the data. All independent, as well as control variables, have a significant correlation with the CSR expenditure, however, the promoter shareholding and debt-equity ratio share a negative correlation with CSR spending in the companies.

The fixed-effect regression analysis is carried out to examine the impact of ownership patterns on CSR expenditure in sample firms, Table 4 presents the results.

Table 4: Regression Results for Impact of Ownership on CSR Expenditure

	Promoter Shareholding	Government Shareholding	Institutional Shareholding
Promoter	-1.57**		
	(.611)		
Govt		-1.001	
		(3.749)	
Inst			1.25
			(.773)
PAT	.001***	.002***	.002***
	(0)	(.001)	(.001)
TA	0***	0***	0***
	(0)	(0)	(0)
DER	-.222**	-.056	-.071

	(.092)	(.17)	(.134)
_cons	144.704***	146.408***	108.281***
	(17.525)	(39.212)	(26.062)
Observations	1721	1163	2127
R-squared	.963	.941	.945
Adj R^2	.953	.916	.933
F-stat	21.667	13.431	16.621

Robust standard errors are in parentheses
**** p<.01, ** p<.05, * p<.1*
Source: Analysis of research data (STATA output)

Table 4 depicts the significant value of the F statistics that confirm the statistical significance of all the models. The ownership variables explain more than 91 percent (approximately) variation in CSR expenditures. The promoter ownership has a negative impact on CSR investments while both government, as well as institutional ownership, are insignificant. Thus, the results confirm the negative influence of the promoter's control on the company's CSR decisions.

6. Discussion

The findings of the study confirm that the degree of promoters' control in the company has a significant influence on the level of R&D investments. It finds evidence for the negative impact of promoter shareholding on R&D investments. The negative significant impact of promoter ownership on CSR spending suggests that firms with higher promoter ownership will have lower expenditure on CSR. Due to the inclination toward maximizing shareholders' wealth, they may not have the motivation to promote expenditure on CSR activities. This approach tends to dilute the promoter's focus on the benefits of CSR engagement. Consequently, they succumb to intense short-term pressures from stock market investors and reduce the company's expenditure on CSR. With the incentive of increasing the funds for dividend distribution, promoters tend to neglect investments in CSR activities. The inefficient allocation of funds to meet society's expectations would eventually deteriorate the company's reputation in the market.

The study has practical implications for companies; based on the results, it is evident that the level of CSR spending in a company varies with the extent of the promoter's control therein. It tends to be lower in high promoter-controlled companies due to the excessive influence of promoters in managerial decisions. Given that India is constantly moving up the ladder in compliance with Sustainable Development Goals (SDGs) through its policy

measures, it becomes essential to address the issue to boost the level of CSR spending in Indian companies. Since the majority of companies in India are controlled by promoters, the study draws the attention of policymakers to take measures for reducing the degree of promoter's control in companies. It recommends policymakers frame stringent rules governing the ownership pattern in companies, such that promoters' controlling stake does not exceed the prescribed level. To avoid the dominance of promoters in managerial decisions, the key management positions in the company such as CEO/Chairman or both should preferably be assigned to non-promoter. The mandate issued by India's capital market regulator, the Securities and Exchange Board of India (SEBI), to separate the positions of CEO and Chairman in selected listed companies effective from April 2022 is much more prudent in this direction. However, the rate of implementation and enforcement of regulations is rather weak in India, the regulators have not been successful to inculcate it across corporate India.

7. Conclusion

The empirical investigation of the relationship between ownership pattern and CSR spending using a panel dataset of 377 Indian listed firms from 2015 to 2021 highlights the significance of reducing the promoter's control in CSR decisions of a company due to the negative impact of promoter's shareholding found on CSR spending of companies. Since firms could pursue CSR aggressively when they have a sufficient level of financial resources available, the Indian government may try to elicit more voluntary CSR engagement from corporates by taking steps to reduce the cost of external financing. Nevertheless, along with the regulatory approach, with the increasing pace of change in market conditions, there is an urgent need to address gaps in governance arise to set the focus of companies on meeting stakeholders' expectations for long-term value creation. The companies would be able to develop sound rapport with financial markets by taking stringent action to deal with weaknesses in their governance. It would ensure effective implementation of decisions and, hence lead to the attainment of stakeholders' satisfaction along with performance targets.

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