



# SHAREHOLDERS ACTIVISM AND GOOD CORPORATE GOVERNANCE PRACTICES IN THE INDIA- A SYSTEMATIC LITERATURE REVIEW

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## Abstract

The present research investigates the complex correlation that exists between shareholder activism and global acceptance of sound corporate governance practices. Shareholders' activism, characterized by active engagement and intervention by shareholders in the decision-making processes of corporations, has emerged as a crucial mechanism for fostering transparency, accountability, and ethical conduct within organizations. The study investigates the impact of shareholders' activism on promoting and shaping good corporate governance practices across various industries and jurisdictions. Through a comprehensive review of literature and empirical evidence, it is revealed that effective shareholders' activism is positively correlated with the adoption of robust corporate governance frameworks, finally contributing to the creation of long-term value along with ethical business practices. Additionally, the findings underscore the importance of stakeholder collaboration and regulatory support in maximizing the efficacy of shareholders' activism in promoting a culture of responsible corporate governance globally.

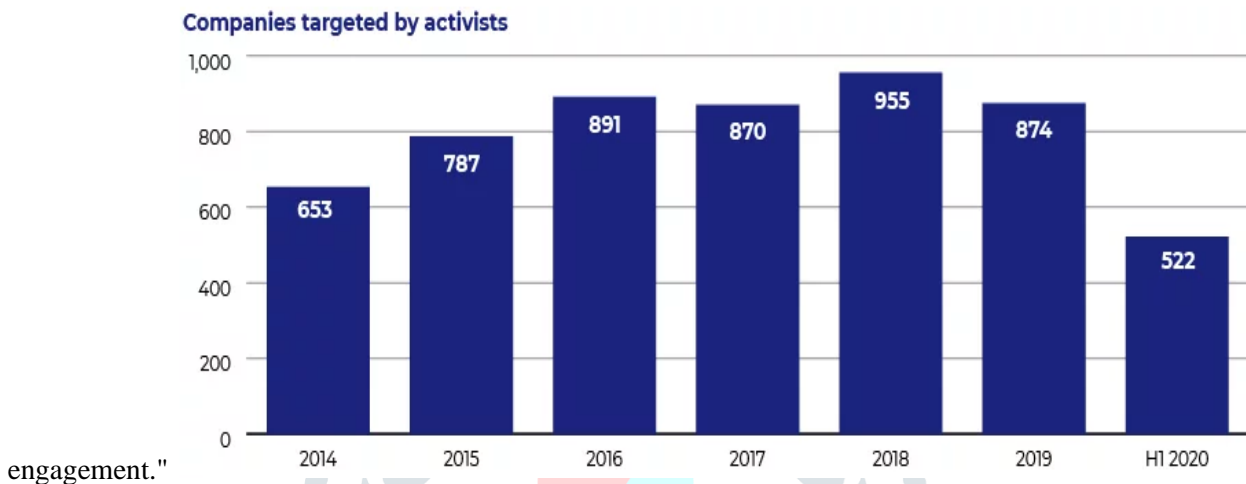
**Keywords:** - Shareholders Activism, Corporate Governance, Transparency, Accountability, Sustainable Business Practices etc.

## I. INTRODUCTION

Rapidly, shareholder activism has altered the way in which corporate America operates. A substantial body of research has been dedicated to examining the impacts of activist shareholders on a wide range of organisational practices and results. These include the implementation of ethics codes and the formation of investor relations departments. Corporate social performance, environmental policies, and executive compensation. In addition to board representation, corporate managers must address a variety of shareholders' escalating and distinct demands for enhancements in company performance and governance, asset reorganisation, along with cash distributions to shareholders. (Goranova & Ryan, 2013) Furthermore, shareholder activists have developed an increased level of proficiency in garnering the backing of fellow shareholders, compelling targeted companies to make concessions, and appointing new CEOs to positions at Home Depot, Yahoo, and J.C. Penney, among others. Moreover, shareholder activism has generated substantial controversy. There has been a mixture of optimism along with scepticism regarding the capacity of increased shareholder engagement to enhance corporate and manager accountability. The difficulties corporations encounter when shareholders incentivize immediate actions and strategies. 'Rent extraction vehicles for the shortest-term shareholders' have replaced publicly traded corporations. The aforementioned critique prompts an inquiry into the function of corporate oversight in relation to shareholder activism. Previous studies have suggested that companies with effective governance are likely to have more content shareholders along with will be more amenable to their concerns. (Goranova, Maria (2016)) This expectation presupposes that self-serving managers are precluded from engaging in negotiations with activists due to limitations on managerial discretion. Furthermore, shareholder activism consistently increases the value of the firm. Is it possible to establish a correlation between effective corporate governance and the fulfilment of shareholder expectations in circumstances where shareholders hold diverse or even contradictory interests, or when shareholders are susceptible to the same forces of self-interest and greed that are commonly associated with corporate officers and directors? At times, executives may attempt to appease shareholders while safeguarding their discretion and mitigating job risk.

Through the recognition and analysis of this paradox, one can augment their comprehension of the function of corporate governance in relation to shareholder activism, the present paper seeks to accomplish this. In response to appeals for a more

comprehensive conceptualization of corporate governance, we aim to make a scholarly contribution to the existing body of research on the subject. (Sridhar & Sridhar, 2016) The concept of agency theory along with corporate governance are basically equivalent, according to Dalton and colleagues, which demonstrates the extent to which agency theorists has dominated administration research. An agency-based approach to governance has also been embraced in activism literature. Effectively governed firms incur reduced agency costs and, as a result, are less likely to incite shareholder discontent and activism, according to this view. Nevertheless, the task of reconciling good governance with the smooth implementation of shareholder demands becomes more intricate when shareholder activism fails to generate universally beneficial outcomes for the companies being targeted or their shareholders. Previous studies have proposed various rationales for shareholder activism. Certain activists specifically focus on companies that exhibit subpar performance or engage in inadequate governance. Additional activists might be driven by non-concentrate firm-related considerations, including political careers, the consolidation of the activist group's identity and increased visibility, or the attraction of new members. Moreover, managers do not merely receive shareholder discontent passively. At times, self-interested factors, including career advancement, employment, professional standing, and financial incentives, influence executives to conform to shareholder expectations, or at least give the impression that they do. (2023, Chuah et al.) Existing literature suggests that covert shareholder activism is pervasive. Frequently, investors attempt to negotiate with companies privately before resorting to public action if private efforts fail. Blackrock, for instance, reports engaging with 1,500 companies in 2012. However, regardless of whether "companies adjust there approach," "most viewers are not aware of such



**Figure 1. Companies targeted by activists**

Source: (Diligent Market Intelligence, 2023)

## 1.1 THE HISTORICAL EVOLUTION OF SHAREHOLDER ACTIVISM

### A. History and Evolution

B. At times, gaining a deeper understanding of a phenomenon requires tracing its origins and evolution. 'Wall Street Walk' activism was the most germane and apparent at the outset of shareholder activism. In other words, shareholders who disapproved of the company's governance or any managerial action did so solely through the sale of their shares. This was most certainly not the most effective method for shareholders to convey their dissent towards the management of the company. In the wake of the 'wall street walk' practice's progressive demise, shareholder activism was compelled to adopt a fresh approach in order to endure. During the 1970s, a group of investors including Carl Icahn, Nelson Peltz, and Victor Posner emerged as "corporate raiders," elevating activism to a higher level. They intended to purchase the majority of the shares of a company they believed to be underperforming through this activism. (Castellanos et al., 2015) The shareholder exercised their authority and privilege to put into effect their strategic recommendations or exert control over management. Despite the fact that this type of activism proved more influential than the "Wall Street Walk," it was evident that it had an antagonistic appearance. Over the past decade, this particular style of activism has demonstrated remarkable efficacy. "Had the steel industry been threatened with takeover attempts just fifteen years ago, it might have become fragmented, streamlined, and more productive," was the view of Carl Icahn. The 'Rust Belt' in its current form might have been preventable. The area referred to as the Rust Belt U.S.A in reference to the economic downturn and population decline caused by industrial sector failure. 'The corporate predators' presented the management with a significant dilemma in 1980. Therefore, in order to counteract these "corporate raiders," management enlisted the assistance of other investors in order to invest more in comparison to the "corporate raiders" and retain the current management team, thereby averting unwelcome takeovers. 'White knights' was the moniker given to this school of thought. It was evident that shareholders required knowledge and awareness regarding their rights and responsibilities. Associations were established with the specific intention of increasing awareness. For instance, in 1986, T. Boone Pickens founded the United Owners Association (USA), whose primary objective was to educate shareholders regarding their rights. Over time, shareholders acquired greater knowledge regarding their rights and developed the ability to communicate their concerns to company management. The 'Investors' Rights Association of America,' a

stakeholder coalition, commenced submitting proposals in 1995, expressing their perspectives and suggesting desired modifications to the organisation. The 21st century marked the onset of a new era about shareholder revolt, during which shareholders were increasingly informed of their available recourse. In 2006, the formation of Investors for Director Accountability, an organisation led by John Bogle, T. Boone Pickens, along with Robert Monks, demonstrated the effectiveness and significance of shareholder activism due to its well-organized and targeted nature. Proposals were put forth, for instance, regarding the accountability of directors to shareholders and the board of directors. Present-day activism differs significantly from that of the decade of the 1970s along with 1980s. (Beebeejaun & Koobloll, 2018) The tactics employed have shifted from obtaining majority shares as a means to exert control over management to securing 3% to 10% of the shares in an effort to persuade management to implement their proposals in a less antagonistic fashion. Before it shareholder activism prompted management to implement extremely robust defence strategies, which diminished public interest in these public corporations. Several corporate scandals, including WorldCom, Enron, and the Dotcom Bubble, characterised the years 2000 to 2010. Additionally, the 2008 financial crisis occurred during this time. Absence of 'precise' research renders the function of shareholder engagement in business governance insufficiently transparent. Numerous studies indicate that corporate governance along with the financial health of businesses have significantly improved, but no precise research has demonstrated that this improvement is attributable to the rise of shareholder activism. Certain individuals may attribute a corporate conflict between shareholders and management to shareholder activism, whereas others may regard activism by shareholders as a saviour who averted the occurrence of more severe financial catastrophes.(Beebeejaun & Koobloll, 2018).

## 1.2 LITERATURE REVIEW

**Table 1 Literature Review**

Author	Year	Outcome
Ruth V. Aguilera et.al	2016	Reviews research on corporate governance globally, focusing on ownership structure evolution from Berle and Means to contemporary studies. Emphasizes the role of concentrated and family ownership structures in emerging economies and their impact on corporate governance, economic development, and institutional roles.
Indarawati Tarmuji	2016	Examines the consequences of governance, social, along with environmental factors (ESG) Regardless of whether or not "companies modify their approach," "the majority of viewers remain oblivious to such forms of engagement." (2010–2014). According to the findings, economic performance is significantly influenced by both governance and social practices, which contribute to the scholarship on ESG practices.
Ajaz Ul Islam	2020	Investigates the correlation between the performance of corporate governance, transactions involving related parties, in addition to shareholder activism in India's traded businesses. Determines substantial disparities in the comprehensive corporate governance performance of companies impacted by shareholder activism compared to those that are not, providing evidence of activists closely monitoring and responding to poor governance practices.
Akshita Arora et.al	2018	Investigates the correlation between firm performance and the business governance index (CGI), revealing a significant positive association. CGI is identified as a crucial factor in explaining firm performance, suggesting positive investor perceptions toward firms with high governance standards.
Waleed M. Al-Bassam et.al	2018	Particularly focused on Saudi Arabia, this study examines voluntary compliance and sharing of effective corporate governance standards in publicly traded businesses The findings suggest that companies about larger boards of directors, greater institutional ownership, a CG committee, increased government supervision, and a Big Four auditor are more likely to disclose a greater amount of information. Block ownership, however, reduces CG disclosure.
Christian Hoffman et.al	2016	Examines the correlation between corporate reputation and vulnerability to proxy battles initiated by shareholders. Assigning a dual function to a positive corporate reputation is the reduction in the occurrence and outcome of proxy battles, thereby safeguarding against shareholder interventions.
Jonathan D. Raelin et.al	2013	Assesses the practical and theoretical ramifications of agency theory with respect to effective governance. Draws attention to two tiers of agency theory, placing particular emphasis on economic representation while raising doubts regarding the second tier's presumption of congruent shareholder–society interests.
Terry McNulty et.al	2016	Active ownership is analysed as an approach of engagement within parties with an eye towards the future. Develops a research agenda covering market conditions, investment organization, board relations, and other substantive issues related to active ownership.



Collins G. Ntim et.al	2013	This study investigates the opportunity for corporate governance (CG) in order to moderate the correlation between a company's financial performance and its corporate social responsibility (CSR). (CFP) in a positive way (CSR). This suggests that corporations with superior governance have a tendency to pursue socially responsible objectives, which have a more pronounced positive impact on CFP when integrated with CSR.
Arifur Khan et.al	2013	The present study investigates the correlation between the degree of corporate social responsibility disclosure and the effectiveness of corporate governance in Bangladesh-based companies. An analysis employing a legitimacy theorist framework reveals that there is a prevalent inverse correlation between managerial ownership and CSR disclosures. with variations for export-oriented industries.
Stijn Claessens et.al	2012	Recent research on the governance of companies is examined with an emphasis on emergent markets. It is determined that improved corporate frameworks provide firms with enhanced access to financing, reduced capital costs, enhanced performance, and more favourable stakeholder treatment. Emphasises the long-term effects of business governance changes on organisations.
Mehmoona Sharif et.al	2013	Examines CSR disclosures in commercial banks listed in Pakistan and the effect of various CG elements on such disclosures. A number of regression analyses are employed to examine the impact of non-executive directors along with foreign directors as CG features. Examines the effect that CG elements have on the CSR reporting initiatives of institutions.
Emmanuel Adegbite et.al	2015	Advocates for the comprehension and utilisation of the precursors to sound corporate governance across Africa by analysing institutional distinctiveness. Institutional theorising is enhanced through the incorporation of context, efficiency, along with legitimacy. Confronts the complexities of contextual governance in the context of international business.
Maizatul A. Musa et.al	2012	Seeks to comprehend unique elements of shareholder activism in Malaysia, focusing on how agency problems are controlled through shareholder activism to improve corporate governance practices. Utilizes agency theory to explain institutional shareholder activism and examines its effectiveness in improving corporate governance.
Nur Uysal et.al	2015	It is contended that shareholder activism and corporate engagements regarding CSR matters have the potential to heighten corporations' awareness of stakeholder concerns by means of enhanced stakeholder governance mechanisms. Social shareholder activists are emphasised as an appropriate form of pressure to address deficiencies in stakeholder governance.
Emmanuel Adegbite et.al	2012	Illustrates through the presentation of a case study in Nigeria how activist shareholders can foster unwholesome political dynamics within the realm of corporate governance. The author highlights the difficulties associated with translation and advises against hastily implementing corporate governance practices in various institutional settings throughout Africa.
MICHAL BARZUZA et.al	2020	Argues that index funds, traditionally seen as passive owners, engage in outspoken and effective stewardship, With respect to social, governance, and environmental concerns in particular. This report documents the confrontational activism of index funds on ESG issues, including voting against directors and challenging management in an effort to promote board diversity along with corporate sustainability.
Maria Goranova et.al	2013	An analysis of activism among shareholders as a dynamic phenomenon, with a critical evaluation of the division between financial along with social activism in prior research. This article identifies factors that facilitate or impede activism and proposes methodological and theoretical prospects as well as obstacles for scholars investigating activism.
Seong Mi Bae et.al	2018	Analyses agency and signalling theories in order to comprehend the motivations and drivers underlying sustainability reporting. A positive correlation has been observed between sustainability disclosure along with the subsequent variables: board size, independence, and foreign ownership, and government ownership. according to an analysis of data from Bangladesh, India, as well as Pakistan. Documents a negative association with director shareholding.

### 1.3 CORPORATE GOVERNANCE

Governance of corporations is a central topic in business literature. It pertains to the utilisation of authority to guide and regulate corporations. Manawaduge (2012) elucidates that corporate governance serves to facilitate the attainment of organisational goals, delineate the processes and mechanisms by which business decisions are arrived at, establish the allocation of rights and obligations among management as well as other stakeholders, along with ensure that the conduct of the organisation is in accordance with societal expectations. Therefore, corporate governance significantly affects the financial performance and stability of businesses, and consequently the economic expansion of the nation. Despite being recognised as a concept for several decades, corporate governance has garnered significant global attention in recent times, primarily since the Asian financial crisis of 1997 and the accounting scandals that have transpired in Europe as well as the United States. (Amali Ediriweera, 2023) A multitude of definitions have been proposed for the term "corporate governance," but no universally accepted definition exists. However, the task of delineating corporate governance proves to be arduous due to variations in legal systems, cultures, and historical contexts. In essence, corporate governance pertains to the internal frameworks and procedures that regulate decision-making, control, and conduct at the highest levels of the organisation, as well as the mechanisms that ensure responsibility towards stakeholders. Foundational to the field of corporate governance theory were two primary streams of thought: stakeholder theory and agency theory. In accordance with the traditional agency relationship, an agent acts on behalf of the principal. When the principal and agent have divergent and conflicting objectives—a circumstance referred to by the term principal-agent problem or agency dilemma—and when it is difficult or costly to allow the principal to verify the agent's actions, numerous agency problems can arise. Additionally, the owner/shareholder of a modest or family business serves as both the principal and agent. Conversely, stakeholders encompass any group of people who have the potential to influence or are impacted by the operations of a company. As stakeholder theory elucidates, managerial decision-making must consider the concerns and welfare of every stakeholder within an organisation. These two theories examine the manner in which business proprietors may organise the governance structures of their organisations from dissimilar vantage points. Nevertheless, corporate governance encompasses broader ramifications, including but not limited to the social welfare and economic progress of a nation. It accomplishes this by fostering accountability and transparency, incentivizing businesses to attain optimal performance, and ensuring a fair and balanced distribution of wealth. Thus, effective governance is a critical component of economic development that is stable. The progressive evolution of corporate governance in advanced nations over the centuries can be attributed to the economic progress brought about by industrial capitalism. Nevertheless, in the backdrop of developing nations, corporate governance is not receiving as much attention as it has in developed nations. Moreover, because of socioeconomic and cultural disparities between the affluent and the impoverished, it may be difficult for developing nations to fully adopt the rules of corporate governance that are optimal for developed countries. (Rampling, 2012).

### 1.4 ROLE OF GOVERNANCE IN THE CONTEXT OF SHAREHOLDER ACTIVISM

- **Constraining Agency Costs**

As previously contended, the correlation between activism and governance is established through two mechanisms: (a) the inclination of shareholders to participate in activism at the central company, and (b) the readiness of executives at that company to negotiate confidential agreements with activists. In order to validate prior claims that companies with effective governance incur fewer agency costs along with as a result, are less vulnerable to shareholder dissatisfaction and activism, it is imperative to analyse and verify two sets of relations. By assuring that executives are tracked while remaining accountable, or by matching managerial interests with those of shareholders, business oversight mechanisms must initially reduce agency costs. (Goranova & Ryan, 2013) Therefore, firms that are well-governed are likely to have shareholders who are more contented; consequently, Activist shareholders will be less likely to target these companies. Moreover, when executives engage in negotiations with activists as opposed to dismissing them and permitting their demands to escalate into contentious public campaigns, they exhibit greater receptivity to activism. It is believed that executives who exhibit greater responsiveness to shareholder requests are less prone to encountering substantial agency problems along with entrenchment. Consistent with this agency-based view of governance, it is anticipated that firms that are well-governed will exhibit greater responsiveness to shareholder activism, as their executives will be more inclined to privately resolve the demands put forth by activists. By exclusively accounting for agency costs within our framework, it is possible to deduce that sound corporate governance exhibits an inverse correlation with both constituents of shareholder activism: There exists a negative correlation between shareholder targeting of well-governed firms and the likelihood of discreetly resolving activists' demands for such firms. (Stathopoulos & Voulgaris, 2016).

- **Principal costs for constraining agency expenses and gatekeeping**

The field of governance studies has been predominantly influenced by agency theory. However, we argue that a narrow emphasis on minimising agency costs is incorrect in the setting of shareholder activism, and propose that a more comprehensive understanding of corporate responsibility should account for the intricacies of shareholder activism. Previous studies have established that a certain level of shareholder activism confers benefits upon the organisation. Additional shareholder activism is considered pointless or misguided, either as it is motivated by the activists' personal interests or because shareholders and managers hold a general information asymmetry. Certain forms of shareholder activism function to limit agency costs, while others may force the firm to incur principal costs. (Lasisi, 2017) Thus, sound

corporate management serves two purposes: businesses must ensure that (a) their executives do not disregard the value-increasing demands of activists and (b) they do not covertly accommodate the value-decreasing demands of activists. Associating the smooth implementation of share activists' demands with effective corporate governance is an inequitable approach, especially in light of the exclusion of other influential shareholder groups from confidential, opaque negotiations. We shall now examine these challenges in greater detail. A burgeoning corpus of management research concerning heterogeneous shareholder interests posits that shareholders possess distinct interests that occasionally clash.(Maria Goranova, 2016).

### 1.5 LIMITATIONS AND CRITICISMS OF SHAREHOLDERS IN GOVERNANCE

Despite their critical role, shareholders face criticism and challenges:

- Their short-term profit orientation might only sometimes align with the company's long-term vision.
- Disparities between large institutional and individual shareholders regarding influence and information access.
- Potential for detrimental actions based on herd mentality in volatile markets.

With their rights and active roles, shareholders remain integral to the corporate governance framework, serving as a check and balance yet presenting challenges that companies must navigate(Delibrate, 2023).

### 1.6 SHAREHOLDER ACTIVISM AND CORPORATE REPUTATION

Inevitably, shareholder activism affects the relationship between shareholders along with management. Players who are dissatisfied about the manner in which in which shareholders have been addressed by management readily contest the executives' authority. They frequently advocate for and succeed in obtaining modifications to corporate governance frameworks and procedures. Shareholder activists are not averse to engaging in direct criticism of senior management and may even demand their resignation when they fail to meet the expectations of the shareholders. Activism often commences with the personal involvement of senior management to convey particular desires and demands. However, activists also employ strategies to influence investor sentiment and rally shareholders behind their causes as additional means of exerting leverage. Activists actively involve various stakeholders, such as senior management, work councils, analysts, owners' associations, along with the financial press.(Hoffmann et al., 2016) Frequently, they employ the body of public opinion and the media with great dexterity to incite opposition or even to tarnish the image of a business and its leadership. Shareholder activists exercise their prerogative to address general meetings by, for example, criticising corporations for their involvement in child labour or environmental pollution in developing nations, or expressing opposition to specific products or the value system of an organisation. The corporation's tolerance for these annoyances will depend on the degree that their criticism pertains to the organization's operations. The wider the dissemination of expressed concerns, the more substantial the impact of the campaign. This may cause negative perceptions along with uncertainty to be discounted by capital markets in the intermediate or even distant future.(Ansh Mishra, 2023).

Social activists utilise resolutions to speak to businesses on the basis that the threat to corporate reputations on financial markets can exert pressure on the internal policies of corporations and, by extension, their social impact. Reputation undoubtedly possesses intrinsic worth for an organisation. Typically, it is established gradually through the following: (1) consistent investments in promotional activities; (2) robust relationships with customers and suppliers; (3) provision of superior products and services; and (4) exemplary performance and behaviour from management and staff. Organisations that exhibit ethical conduct in their internal business operations are perceived as responsible and enjoy substantial brand recognition. Activists exercise discernment in their company targeting, opting for the most prominent (largest) corporations and those whose operations give rise to particular concerns that are significant to the general public. Additionally, shareholder activism is more likely to target businesses at a reputation for manufacturing problematic goods and exhibiting environmental irresponsibility. Furthermore, shareholder activism tends to target particular industries on the basis of inadequate employee and community-oriented practices.

### 1.7 FUTURE OF CORPORATE GOVERNANCE AND SHAREHOLDER ACTIVISM IN INDIA

In India, the prominence of shareholder activism and corporate governance has grown substantially over the last decade. In order to guarantee the successful execution of corporate governance practices, it is imperative that businesses comply with the regulations established by the Companies Act, 2013 and the Securities and Exchange Board of India (SEBI). Subsequent to this, it is anticipated that greater accountability and transparency in corporate decision-making, enhanced oversight and oversight of executive management, along with increased minority shareholder participation in the decision-making process will be prioritised.(Nikhil Narayanan, 2023). Suggested future directions for business ethics along with activism among shareholders in India include the following:

1. Strengthening of regulatory requirements: Stricter compliance regulations may be enforced by the government and SEBI against corporations. These regulations may encompass annual performance assessments of directors, more comprehensive and frequent disclosures, and rigorous controls on transactions involving related parties.



2. Greater role for independent directors: There is potential for the expansion of the role and duty of independent directors to encompass enhanced monitoring of executive management along with improved operation of board committees. (Nikhil Narayanan, 2023).
3. Enhanced shareholder rights: Greater voting rights, which includes the ability to veto significant decisions or commence class action lawsuits against corporations that violate the rights of minority shareholders, may be granted to such shareholders.
4. Institutional investor activism: Institutional investors, including insurance companies, pension funds, and banks, among others, have the capacity to strengthen their dedication to sound corporate governance by engaging more actively with companies concerning social, governance, and environmental matters and exercising their voting rights with greater vigour.
5. Focus on sustainability: Increasingly, corporations could be required to account for their impact on society and the environment. Such an outcome might result in the integration of sustainability factors into the overarching corporate strategy and an increased focus on conscientious investment.(Nikhil Narayanan, 2023).

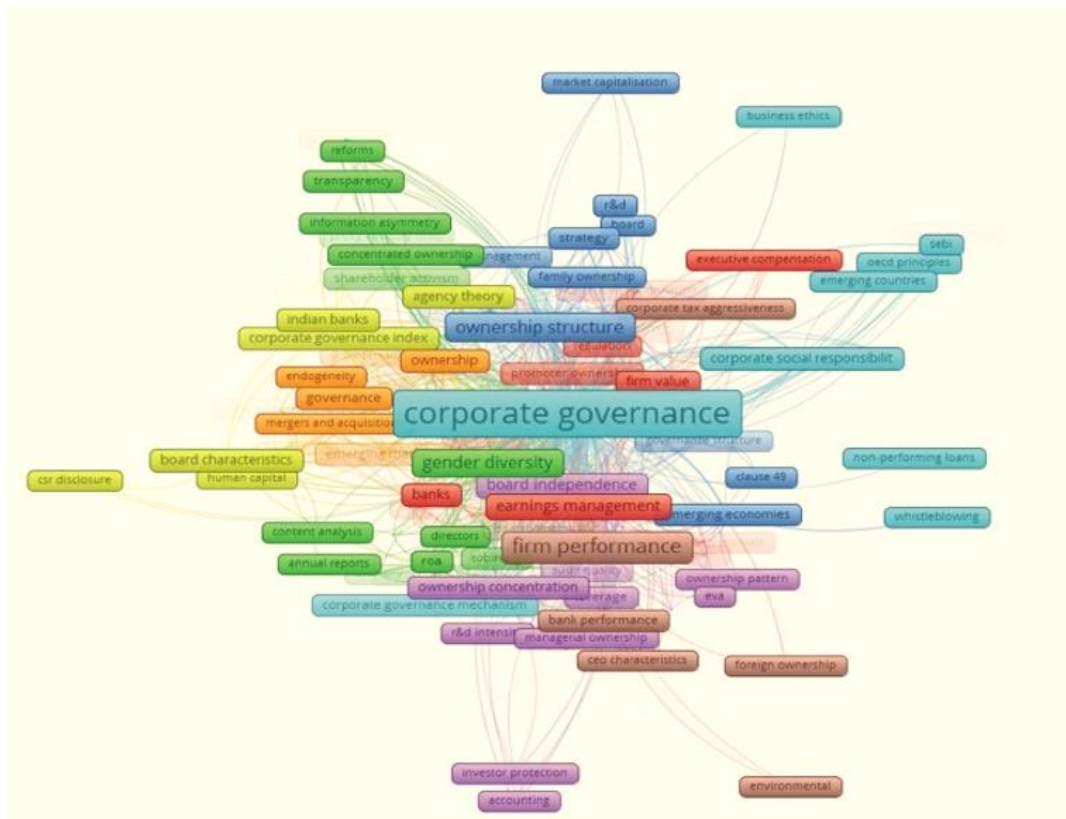
The corporate governance environment in India is ever-changing and dynamic. Companies must remain informed of developments and implement optimal strategies to enhance their governance and appeal to investors.(Ansh Mishra, 2023).

## 1.8 PRIOR THEORY AND FINDINGS

The prevailing body of research investigating shareholder activism has predominantly utilised agency theory. Since the 1980s, when agency theory came to dominate corporate control discourse, The phenomenon of shareholder activism has been analysed as a response to agency problems that arise when corporate governance structures fail to constrain self-interested management. The following section provides a sequential discussion on the results of motivation alignment, monitoring by significant shareholders and supervision by a group of directors are among the three systems of governance that are scrutinised most frequently. Research has established that visible proxy resolutions suggest an inverse correlation between shareholder activism and managerial ownership. This discovery aligns with the anticipated outcome that managerial ownership, functioning as a mechanism to align incentives, restricts managerial opportunism and consequently reduces shareholder dissatisfaction. Conversely, activist attacks are more likely to be directed at companies with higher executive compensation, resulting in an increase in shareholder resolutions. While self-serving managers may secure increased compensation, they also run the risk of inciting discontent among shareholders.(Maria Goranova, 2016).

Although monitoring is expected to limit agency problems and consequently reduce the propensity for activism at the focal firm, previous studies have produced inconclusive results regarding the connection between monitoring along with visible activism. One could argue that independent directors are in a superior position to oversee and discipline corporate executives; consequently, shareholder demands are likely to be lower at firms with more independent boards. While certain studies have documented an inverse correlation between board independence along with visible activism, alternative research has discovered an inverse relationship. This discrepancy suggests that companies with boards of directors are less likely to elicit shareholder demands.(Avci et al., 2018) In a similar vein, chief executive officers (CEOs) who also serve as board chairmen possess greater authority over the board's agenda. As a result, they may be able to evade board oversight and impose greater agency expenses on the firm. Nevertheless, research indicates that firms led by CEOs who hold both these positions are less susceptible to visible proxy-based action. Additionally, findings concerning monitoring by major shareholders are contradictory. One advantage is that companies that have blockholders are comparatively less susceptible to shareholder activism. This observation aligns with the theoretical proposition that substantial block owners of shares hold substantial incentives and superior capability to oversee corporate managers. Conversely, research indicates that corporations that have greater degrees of corporate ownership are more susceptible to shareholder activism. This discovery challenges the prevailing notion that institutional shareholders possess a more advantageous position to effectively oversee executives and limit agency problems that generate dissatisfaction among shareholders. The scant literature examining the history of activist shareholders is divided, with findings regarding incentive alignment being more consistent than those regarding board of director and large owner monitoring. It is our contention that the presence of ambiguous results may be attributed to methodological complexities linked to private activism and theoretical obstacles presented by an excessively limited understanding of corporate governance. In the first place, the activism literature generally anticipates a negative correlation between shareholder activism and governance mechanisms. Considering the imperceptible nature of activism occurring behind the scenes, these expectations imply the merging of two processes: (1) shareholders of firms characterised by strong governance will have a diminished propensity to identify the focal firm; along with (2) executives of firms characterised by sound governance will be able to expeditiously attend to the concerns expressed by shareholder activists, allow their requests, or reach a compromise through confidential negotiations. When managers negotiate along with consent to activist needs on terms that they do not serve the biggest interests of all shareholders, or when shareholders hold divergent interests, it may be problematic to equate effective corporate governance with the efficient execution of shareholder demands. The manner in which our model tackles the methodological along with theoretical obstacles is detailed below.(Gu et al., 2020).

## 1.9 BIBLOMATRIC SURVEY



The network analysis illustrates the following connections: Red Cluster 1 denotes earnings management. Green Cluster 2 is representative of gender diversity. Cluster 3 (blue) represents the structure of ownership. The yellow Cluster 4 represents the board order. Cluster 5 denotes the extent of the board in purple. Cluster 6 (sky blue) is associated with corporate governance, Cluster 7 (orange) is designated for ownership, and Cluster 8 (brown) is associated with firm performance. An augmentation to the synopsis comprising the terms "total occurrence" (TO) and "Links" (L), and "total link strength" (TLS) of each keyword, representing the distinct frequency of each term's association with other terms and the entirety of the subject matter, respectively.

## II. METHODOLOGY

This Study Primarily involves the collection and analysis of secondary data from scholarly sources. The systematic review process adheres to a predefined set of criteria for selecting relevant studies, which include academic journals, conference proceedings, books, and reports from reputable databases such as PubMed, Scopus, and Google Scholar. The search strategy involves using keywords and phrases related to shareholders activism, corporate governance practices, and India. The inclusion criteria encompass studies published between a specified timeframe, typically focusing on the past decade to ensure relevance and currency. The data extraction process involves categorizing and summarizing key findings from selected studies, identifying patterns, and assessing the quality of the research. The primary objective of the comprehensive literature review is to offer an all-encompassing synthesis of current understanding regarding the correlation between shareholder activism and sound corporate governance practices as they pertain to India, thereby contributing valuable insights to the academic and corporate governance discourse.

**Table 2 Comparison Table**

Author and Year	Research Focus	Methodology	Key Findings/Results
Ruth V. Aguilera et.al (2016)	Corporate Governance around the world, Ownership Structure	Review of ownership studies, Evolution of research	Emphasis on concentrated and family ownership in emerging economies
Indarawati Tarmuji (2016)	Impact of ESG practices on economic performance	Sample analysis (Malaysia and Singapore), ASSET4® database	Social and governance practices significantly influence economic performance
Ajaz Ul Islam (2020)	Corporate governance performance, Related party transactions, Shareholder activism	Investigation among listed firms in India	Shareholder activism impacts CGP and related party transactions



Akshita Arora et.al (2018)	Corporate Governance Index (CGI) and firm performance	Estimation analysis using random effects method	Positive relationship between CGI and firm performance metrics
Waleed M. Al-Bassam et.al (2018)	Corporate governance practices and disclosures in Saudi Arabia	Examination of publicly listed corporations	Larger boards, Big 4 auditor, higher government ownership linked to more disclosures
Christian Hoffman et.al (2016)	Corporate reputation and shareholder interventions	Analysis of proxy fights	Good corporate reputation reduces frequency and success of proxy fights
Jonathan D. Raelin et.al (2013)	Theoretical and practical implications of agency theory on good governance	Evaluation of agency theory in corporate governance	Agency theory fills a highly institutionalized position despite assumptions
Terry McNulty et.al (2016)	Examination of active ownership as a process of engagement	Modeling active ownership, Development of research agenda	Active ownership involves engagement and mutual exchange, research agenda outlined
Collins G. Ntim et.al (2013)	Relationship between corporate governance, CSR, and corporate financial performance	Investigation using a sample of large listed corporations	Better-governed corporations tend to pursue more socially responsible agenda
Arifur Khan et.al (2013)	Relationship between corporate governance and CSR disclosures in Bangladeshi companies	Legitimacy theory framework, Content analysis	CSR disclosures have a negative association with managerial ownership
Stijn Claessens et.al (2012)	Review of recent research on corporate governance with a focus on emerging markets	Examination of corporate frameworks in relation to financing, cost of capital, performance	Better corporate frameworks benefit firms in various ways
Mehmoona Sharif et.al (2013)	Exploration of CSR reporting in Pakistani listed commercial banks	Content analysis of annual reports	Non-executive and foreign directors' impact on CSR reporting
Emmanuel Adegbite et.al (2015)	Institutional theorizing of good corporate governance in an African context	Proposal on understanding and harnessing antecedents	Context, efficiency, and legitimacy in explaining firm-level drivers of good governance
Maizatul A. Musa et.al (2012)	Examination of shareholder activism in Malaysia	Utilization of agency theory	Shareholder activism as a means to control the agency problem
Nur Uysal et.al (2015)	Argument on how shareholder activist-corporate engagements can enhance stakeholder governance mechanisms	Exploration of CSR issues	Social shareholder activists can pressure corporations to improve stakeholder governance
Emmanuel Adegbite et.al (2012)	Case study of Nigeria exploring shareholder activism as a corporate governance mechanism	Examination of the political embeddedness of shareholder activism	Caution in the diffusion of corporate governance practices across different institutional environments
MICHAL BARZUZA et.al (2020)	Argument on index funds' activism in advancing board diversity and corporate sustainability	Documentation of index funds' confrontational and competitive activism	Index funds actively engage in challenging management on ESG issues
Maria Goranova et.al (2013)	Examination of shareholder activism's impact on corporate outcomes	Critique of prior research into financial and social activism	Heterogeneity in factors affecting shareholder activism
Seong Mi Bae et.al (2018)	Analysis of motives and drivers of sustainability reporting using signaling and agency theories	Use of Global Reporting Initiative database, Analysis of Bangladesh, India, and Pakistan	Total sustainability disclosure linked to foreign shareholding, institutional shareholding, board independence, and board size

Syeda Saima Shabbir et.al (2012)	Exploration of the role of institutional shareholders' activism in promoting good corporate governance practices in Pakistan	Addressing shareholders activism in developed countries, particularly the US and UK	No specific methodology mentioned, focus on the impact of major corporate scandals
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### III. CONCLUSION

The examination of shareholder activism and sound governance methods in India through a systematic literature review sheds light on a complex and dynamic environment. The synthesis of diverse scholarly perspectives reveals the multifaceted nature of shareholder activism, its impact on corporate governance, and the symbiotic relationship between the two in the Indian context. The findings underscore the significance of a robust governance framework in fostering shareholder engagement and sustainable corporate practices. As India navigates the complexities of its corporate governance landscape, the review emphasizes the need for continuous research, practical insights, and adaptive governance structures to meet the evolving demands of an ever-changing business environment. In essence, the amalgamation of extant scholarly works offers significant perspectives that can be utilised by policymakers, corporate executives, and researchers who aim to bolster the effectiveness of shareholder activism along with advocate for sustainable corporate governance procedures in India.

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