RELATIONSHIP BETWEEN CORPORATE GOVERNANCE AND VALUE-BASED FINANCIAL PERFORMANCE MEASURES – EVIDENCE FROM SELECT IT COMPANIES LISTED AT BSE, INDIA

T. V. V. Phani Kumar, K. Srinivasan, K. Nazar Hussain

Abstract

Corporate governance has gained numerous attentions because of changing business environment and various other factors such as the EEC, GATT and WTO has contributed to the raise in the awareness towards good governance practices. The main objective of this paper is to investigate the relationship between corporate governance and value based financial performance measures in India examined by Correlation Matrix for the period from 2001 to 2017 for value-based financial performance measures like Economic value added (EVA) and Market value added (MVA). The results of the studies in corporate governance focus on the link between corporate governance and firm's performance. Therefore, the current study is based on relationship between corporate governance and value based financial performance measures like EVA and MVA, the study focuses on Information Technology sector in India. Independent Variables included in the study were CEO duality, size of the board, management equity ownership, foreign ownership, number of board meetings, leverage ratio and Size of the firm. Overall, the study concluded that corporate governance has significance movement on the financial performance measures for the Information Technology firms in India.

Keywords: *Corporate Governance, EVA, MVA, Random Effect, Fixed Effect, Hausman test*

Introduction

The growth prospects of a vibrant economy are mainly based on the credible and well functioning financial sector reforms. The financial sector reform has emerged as a crucial business issue because of high profile corporate scandal like Enron, World Com, Lehman Brothers, Global Crossing, Tyco, and Satyam are few amongst the others, which have frustrated the stakeholders to withdraw their investment in global market. The corporate sector has undergone profound changes in the last decade that reshaped the policy environment for corporate governance. Hence, the interaction between the well functioning financial system and ease of accessibility for corporate governance rules and regulations boosts investors' confidence and leads to healthy industrial climate in the economy. Corporate governance is all about commitment to values, ethical business conduct and differentiation between personal and corporate funds in managing the firm efficiently. The development in corporate governance has gained momentum in the finance arena and to investigate the survival of different firms depending on their individual ability in the modern corporate world by its structural changes in the internal and external environment. Kole and Lehn (1999); Morck and Steier (2005). In recent times, the issue pertaining to corporate governance has captivated the attention of academia, policy makers and researchers to pave valuable insight into the research work.

The current research work attempts to

investigate the nexus between corporate governance and value based financial performance measures like Economic Value Added (EVA) and Market Value Added (MVA) evidence from selected companies in Information Technology sector in India. The term corporate governance is well defined and more devoted towards corporate management concept, as it includes a fair, well-organized and transparent administration to meet the required objectives of the firm. The term corporate governance includes the system of managing, structuring, operating and controlling the company to achieve the long term strategic goals to satisfy the various stakeholders in line with the legal sustainable measures. Corporate governance is explored to identify the presence of a few prevalent owners actively traded companies and the impact of ownership structure on value based financial performance indicators of the listed firms. Apart from ownership structure, some of the other few factors play a crucial role in hampering the development of the listed firms. The remaining of the article is structured as follows. In section 2, we discuss about the research pertaining to ancestral studies on corporate governance and value based financial performance. Section 3 constructs the data and econometric models like Panel Unit Root test, Random Effect Models for Economic Value Added and Market Value Added. The mirror image of the econometric analysis is explained in Section 4. The last part concludes with general remarks.

Review of Literature

During the last few decades, several attempts have been made to identify the theoretical and empirical literature in devoting to corporate governance and financial performance measures by focusing on the developed and developing economies. The literature advances the reasons why corporate governance can influence the various indicators such as EVA, MVA and CVA in market efficiency. The market to book value ratio is the most widely used performance measure by Black, Jang and Kim (2006). Tobin Q Ratio Weir et al., (2002); Hiraki et al., (2003); dividend yield Gompers et al., (2003) return on assets Zajac and Westphal (1996), return on equity Bhagat et al., (1999), changes in adjusted after tax profitability Bhagat and Black (2000). The dividend yield Gompers et al (1999) on return of asset (ROA) and return on equity (ROE). Dehaene et al (2001) revealed a positive relationship between board size and firm performance. The effectiveness of corporate governance has been taken by Tobin's Q ratio Weir et al (2002); Hiraki et al (2003) investigated the Corporate Governance Index, Board structure, CEO duality and other variables. The studies have been conducted using accounting based measures such as Market to Book value ratio Black et al (2006); Ayden et al (2007) found positive relationship between foreign ownership and performance

Plethora of studies attempted to address the relationship between corporate governance and firm performance. The poor investor protections maximize the hurdles in corporate governance and improvised through continuous performance and valuation in most of the country Klapper and Love (2002). Douglas (2007) found very little evidence on positive relationship between firm performance and governance structure related to independence of board members and committee members. Levent Çitak (2007) found significant positive relationship between ownership concentration and market to book value of equity (MBV). Kajola and Sunday (2008) used panel methodology and OLS method of estimation to identify the positive relationship between ROE and board size as well as chief executive status. Mir and Seboui (2008) investigated to show that governance characteristics are important in explaining the differences between the

results provided by CSV and EVA. Gibson (2009) observed that CEOs of emerging market firms are more likely to lose their jobs when their firm's poor performance and indicate that corporate governance is not ineffective in emerging markets. Ernest Mangunyi (2011) studied the significant difference between Corporate Governance and financial performance of banks. Valenti, Luce and Clifton (2011) suggested the board composition performance more affected by downward change on the firm. Bayrakdaroglu, Ersoy and Citak (2012) indicate that EVA, MVA, and CVA increase the value of CEO and its member on the board does not significantly affect performance. Moradi, Aldin, Heyrani and Iranmahd (2012) found inverse relationship between the performance measures and increased capital structure debt and decreased performance. Emre Ergin (2012) found that corporate governance rankings are positively associated with the financial performance but also with the firms accounting performance.

The positive relationship between foreign ownership and performance was observed by Diwedi and Jain (2005). Black and Khanna (2007) suggest the properly designed mandatory corporate governance reforms can increase share prices in an emerging market such as India. Chugh, Meador and Kumar (2008) examine the nexus between firm performance and corporate governance by concluding the governance structure incorporating larger board size creates better opportunities and more resources for enhancing financial performance. Hemal Pandya (2011) found that there is no influence between governance structures and financial performance of the bank. Srivastava (2011) suggest the dispersed ownership percentage influences certain dimensions of firms accounting performance indicators but not stock market performance indicators. Akshita Arora (2011) found a strong influence on corporate performance and firm performance. Bhasin (2013) examine the effectiveness of EVA over the unconventional measures of firms corporate performance and suggest there is no strong evidence to support Stern Stewart's claim. Alsoboa (2017) addressed the relationship between EVA and Created Shareholders Value by recommending the use of combined measures will be helpful in assessing and evaluating their value and performance indicators.

Overall, the various findings of the study provide mixed evidence. But, it is very clear that corporate governance practice does have an impact on the financial performance of the firm. The majority of the previous studies have been conducted in the emerged nations and emerging nations and the studies conducted in developing economies are not nascent in nature, because of managerial and operational lacunas in corporate governance. The studies attempted by Black et al., (2006) using accounting based financial performance measures such as market to book value ratio. Gompers et al., (1999) also investigated by employing dividend yield, asset returns and return on equity. The performance measures is mainly dominated by two groups of value based and accounting based measures. The major efficacy of corporate governance has been taken by Tobin's Q ratio as stated by Weir et al., (2002) and Hiraki et al., (2003) were analyzed by using Corporate Governance Index, board structure CEO Duality and other variables. The main purpose of this paper is to check the nexus between corporate governance and value based performance measures such as EVA and MVA in selected Information Technology units in India.

Data and Methodology

The study is piloted to determine the nexus between corporate governance and firm's performance for selected Information Technology (IT) companies listed at Bombay Stock Exchange (BSE), India.

The dataset is constructed using Annual Reports and Corporate Governance Report of Infosys Limited, NIIT Limited, Wipro Limited and Hindustan Computer Limited Technologies for the period from 2001 to 2017. Apart from this database, the financial performance of the firms represented by value based measures like EVA and MVA to investigate the financial performance by calculating the extracted data from CMIE Prowess database monitored and managed by Centre for Monitoring Indian Economy (CMIE). The model integrates time series analysis and cross sectional analysis by measuring the various dimension of the data by considering the key determining variables like MVA refers to Market Value Added (Dependent Variable); FSIZE refers to Firm Size; SOTB measures Board Size in the meeting; NOM refers to total number of board meetings conducted during the period; MANO portrays the Management ownership; FORO refers to Foreign ownership; LR refers to Leverage Ratio and DUAL indicates CEO Duality.

Econometric Model Structure
Unit Root Test
The results of estimated regression are based on the non-stationarity data leads to dubious conclusion. The conventional regression techniques based on non-stationary series produce spurious regression Granger and Newbold (1974). Since, the panel unit root test was utilized to estimate the data properties are stationary or non-stationary in nature, the dataset has different dimensions to check the existence of unit root to examine the panel unit root tests. Maddala and Wu (1999) suggested the heterogeneous alternative model is the most preferable one, but they disagree with the use of other model specification for evaluating the stationary. The most commonly used tests for analyzing the stationarity of panel data are the Levin and Lin (LL) test and the Im, Pesaran and Shin (IPS) test. Here, both the test was used to identify the common unit root processes and stationarity of the series, respectively. The estimation may be biased if the optimal lag length and bandwidth of the pre-designated without rigorous determination, based on the principle of parsimony. Therefore, the unit root tests apply Modified Akaike Information Criterion (MAIC) suggested by Ng and Perron (2001) for panel unit root test and Bartlett kernel based criterion projected by Newey and West (1994) for determining the optimal lag length criteria and optimal bandwidth of the models employed under the study.

The Levin and Lin (LL) test
Moreover, the unit root test is further extended by examining the panel data estimation, to consider cases that possibly exhibit the presence of unit roots. Most of the panel root tests are mainly based on the assumptions of Augmented Dickey Fuller test by integrating the components of regression equations. But, dealing with panel data estimation and their procedures is more multifaceted than the used time series and exhibits a strong a priori model assumption can easily result in inconsistent estimators. The model developed by Levein and Lin (1992) adopted a test that can actually be seen as a further extension of Dickey Fuller test. Their equation takes the following form;

Where, the model allows for the two-way fixed effect, the ai and □t. in the equation were referred with unit-specific fixed effects and unit-specific time trends, respectively. The unit-specific fixed effects are a very important component because they allow for heterogeneity since the coefficient of the lagged Yi is restricted to be homogeneous in nature across all the panel unit root tests.

The Im, Pesaran and Shin (IPS) test
One of the major drawbacks of the LL test is that it restricts p of the homogeneous across all i. The Im, Pesaran and Shin (1997) elaborated the L test allowing heterogeneity of the valid coefficients of the Yi,t-1 variable and proposing as a basic testing process on one based on the average of another unit root test of an individual statistics.

Where, the Im, Pesaran and Shin test suggest separate assessment for each i section; by entertaining various model specifications for the parametric values and conclude the residual variance and the lag lengths.

Experimental Procedure
In the present study, the simple panel data model was employed for the dataset consists of observations from number of companies in time series manner. Since the numbers of observation in cross sectional units at particular point of time may lead to cross sectional group effects or some variables effects of a particular firm. In such a situation, several techniques are available to tackle these problems. The main tools recommended are random effect model which can be employed to identify relationship between the corporate governance and value based financial performance measures. The dataset are taken from a random sample, it is mandatory to perform panel data techniques by applying random effect model. Apart from these models, the Hausman test specification should be applied to check the rejection of null hypothesis, which is, difference in coefficients not systematic. In case of random effect model, the work can be further validated by applying Breusch Pagan Lagrange Multiplier (LM) test by rejecting null hypothesis of no random effect. Dougherty (2011) suggested that both the models can be employed to identify the best fitted model for decision making purpose. Furthermore, the random effect models are described as follows;

Where, EVAit and MVAit represent Economic Value Added and Market Value Added of the firm i at time t, respectively. The explanatory variables indicate to CEO Duality (DUALit); Board Size (SOTBit); Number of Board Meeting (NOMit); Management Equity Ownership (MANOit); Foreign Ownership (FOROit); Leverage Ratio (LRit); Size of the Firm (FSIZEit) and residual factor (□it).

Result & Discussion
The overall summary statistics for the selected information technology firms for the period spanning from 2001 to 2017 are presented below. The Correlation analysis studies about the association between explanatory variables. The Panel data methodology was used in the current study, by examining the Random Effect Model on dependent variables like EVA and MVA, respectively. Apart from the panel data, the study also analyzed to check the stationarity of the series by using LLC t-test and the IPS w-test for both the series. Finally, the Hausman test specification also conducted to test the decision making criteria for fixed effects and random effects model.

Correlation Matrix
The Correlation Matrix for Economic Value Added dependent on independence variables for selected Information Technology units is envisaged in Table: 1. In the Correlation Matrix structure the SOTB and DUAL shows a negative correlation, which indicates that the CEO Duality increases the number of members in the board reduces. The Management ownership (MANO) was correlated positively with DUAL and negatively allied with SOTB and NOM, which

connotes that the management equity ownership increases the size of the board, numbers of board meetings in a year reduces and CEO duality increases. Hence variable MANO has significant association with corporate governance variables. The Foreign Ownership is correlated negatively with DUAL and SOTB, but positively correlated with NOM at 1 per cent level of significance in study which is a clear indication that as the foreign ownership of the IT firms increases CEO Duality and number of board members reduces but number of board meeting increases. Overall, the FSIZE has a positive impact with DUAL and MANO, which will negatively impact the NOM and FORO at 1 per cent level of significance. Therefore, the Firm size increases CEO duality and management equity ownership also increases but number of board meetings and foreign ownership reduces.

Table: 1 Correlation Matrix for EVA Dependent on Independent Variable

Independent	DUAL	SOTB	NOM	MANO	FORO	LR	FSIZE
DUAL	1						
SOTB	-.297[b]	1					
	(.042)						
NOM	-.472[a]	-.067	1				
	(.001)	(.654)					
MANO	.829[a]	-.509[a]	-.517[a]	1			
	(.000)	(.000)	(.000)				
FORO	-.429[a]	-.457[b]	.454[a]	-.214[a]	1		
	(.003)	(.001)	(.001)	(.149)			
LR	-.099	-.479[a]	.137	.078	.549[a]	1	
	(.510)	(.001)	(.358)	(.602)	(.000)		
FSIZE	.340[a]	.009	-.534[a]	.557[a]	-.489[a]	.210	1
	(.019)	(.951)	(.000)	(.000)	(.000)	(.156)	

Note: MVA refers to Market Value Added (Dependent Variable); FSIZE refers to Firm Size; SOTB indicates Board Size; NOM refers to Number of Board meetings; MANO indicates Management ownership; FORO refers to Foreign ownership; LR refers to Leverage Ratio; DUAL indicates CEO Duality; a & b refers to significant level at 1 % & 5 %, respectively.

The Correlation estimates of MVA dependent variable on independent variables are presented in Table: 2, the correlated variable for SOTB and DUAL observed with significance level and explains that as the CEO Duality increases the number of members in the board reduces. The Management ownership associated with DUAL was negatively correlated with SOTB and NOM at 1 per cent level of significance, which concludes that the management equity ownership increases the board size, number of board meetings reduces and CEO Duality increases. Apart from that, the variable Foreign Ownership is negatively associated with DUAL, SOTB and MANO. But, it is positively associated with NOM at 1 per cent level of significance during the period of study. Therefore, the foreign ownership increases the CEO duality, number of board members, management equity ownership and decreases board meetings number. Finally, the Firm Size has a positive and negative impact on DUAL and MANO and FORO and NOM, respectively. Hence, the results reveal that the firm size increase CEO Duality and Management Equity Ownership.

Table: 2 Correlation Matrix for MVA Dependent on Independent Variable

Independent	DUAL	SOTB	NOM	MANO	FORO	LR	FSIZE
DUAL	1						
SOTB	-.268[b]	1					
	(.068)						
NOM	-.493[a]	-.055	1				
	(.000)	(.712)					
MANO	.836[a]	-.452[a]	-.563	1			
	(.000)	(.001)	(.000)				
FORO	-.487[a]	-.411[b]	.457[a]	-.313[a]	1		
	(.001)	(.004)	(.001)	(.032)			
LR	-.103	-.365[a]	.065	.035	.436[a]	1	
	(.491)	(.012)	(.664)	(.814)	(.002)		
FSIZE	.348[a]	.035	-.492[a]	.550[a]	-.442[a]	.042	1
	(.016)	(.815)	(.000)	(.000)	(.002)	(.781)	

Note: MVA refers to Market Value Added (Dependent Variable); FSIZE refers to Firm Size; SOTB indicates Board Size; NOM refers to Number of Board meetings; MANO indicates Management ownership; FORO refers to Foreign ownership; LR refers to Leverage Ratio; DUAL indicates CEO Duality; a & b refers to significant level at 1 % & 5 %, respectively.

Levin, Lin & Chu t-test and Im, Pesaran & Shin w-test

The model investigated to examine the stationarity of the time series by applying panel unit root tests for the selected variables and their examined in Table: 3. The common root processes are analyzed by the Levin Lin and Chu t-test (LLC t-test), while individual unit root process are processed by Im Pesaran Shin w-tests (IPS w-test). The test result suggests that there is no unit root for the selected variable considered under the study. So, the variable used in examined to model the relationship between corporate governance and financial performance are proven to be significantly stationary in nature for the study period.

Table: 3 Results of Levin, Lin & Chu t-test and Im, Pesaran & Shin w-test

Models	Levin, Lin & Chu t-test		Im, Pesaran & Shin w-test	
Variable	Level	First Diff.	Level	First Diff.
EVA	-1.6253	-4.8397	0.4016	-2.8654
MVA	-2.0958	-6.0034	-0.8242	-3.4402
DUAL	0.1639	-2.2065	0.7526	-1.6038
SOTB	-2.0720	-6.9349	-1.6133	-4.9055
NOM	-3.3022	-6.7148	-2.6207	-5.8662
MANO	-1.3585	-4.7670	-0.1091	-3.4923
FOR	-0.4466	-6.5842	0.6767	-4.7164
LR	-0.6183	-3.0338	-0.0931	-2.3710
FSIZE	-4.6777	-3.2343	-0.3698	-2.0773

Note: EVA indicates Economic Value Added; FORO indicates Foreign Equity Ownership; FSIZE indicates Firm Size; MANO indicates Managers Ownership; MVA indicates Market Value Added; NOM indicates Number of board meetings; SOTB indicates Board Size; Variable DUAL indicates CEO Duality; LR indicates Leverage Ratio.

Panel Regression Models

Random Effect Model

To examine the association between corporate governance and value based indicators by examining Random Effect model and diagnosed through Durban Watson test and F-Statistics in Table: 4. The regression result on Size of the Board implied the number of members in board and leverage ratio associated with EVA have significant effect at 1 per cent level, which indicates that there is a close relationship between FSIZE and LR for the study period. In comparing Economic Value Added, the Market Value Added has a significant impact on the Size of the Board, Managers Ownership and Foreign Ownership. The Durban Watson test result was observed with 1.86 and 1.70 for Economic Value Added and Market value Added, which is a clear indication that there is no autocorrelation issue in random effects model. Apart from that, the F-Statistics also indicated with statistically significant in both the equation. Therefore, it is clearly explained that the variables like CEO Duality and Number of Board Meetings will not have any impact on the decision making aspects for the selected units under the study period.

Table: 4 Results of Random Effect Model

Variable	Economic Value Added	Market Value Added
C	0.4902 (0.114)	15.419[a] (2.734)
DUAL	-0.084 (-0.242)	0.7353 (1.6162)
SOTB	1.6575 (1.202)	-3.295[c] (-1.767)
NOM	-0.170 (-0.171)	1.8574 (1.4266)
MANO	-0.030 (-0.664)	-0.099[c] (-1.658)
FORO	-0.028 (-1.177)	0.0963[a] (3.0125)
LR	-3.865[a] (-2.618)	0.1850 (0.0950)
FSIZE	1.7754[a] (3.414)	0.2259 (0.3237)
Diagnostic Tests		
F-Statistics	84.237 (0.0000)	62.427 (0.0000)
Durban Watson Statistics	1.86784	1.70907

Note: EVA indicates Economic Value Added; FORO indicates Foreign Equity Ownership; FSIZE indicates Size of the firm; MANO indicates Managers Ownership; MVA indicates Market Value Added; NOM indicates Number of board meetings; SOTB indicates Size of the Board; Variable DUAL indicates CEO Duality; LR indicates Leverage Ratio. a & b refers to significant level at 1 % & 5 %, respectively.

Fixed Effect Model

The regression results by applying Fixed Effect Model for Market Value Added and Economic Value Added are envisaged in Table 5. The results of fixed effects model indicates relationship between EVA and corporate governance variables is statistically significant in all the selected units. But, it is a major constrain of certain variables that does not have any impact on both the equation. The variables like CEO Duality, Size of the Board, Managers Ownership and Foreign Ownership are highly associated with Market Value Added. But, on the other end, the Managers Ownership, Leverage Ratio and Size of the Board are the few variables having a significant level of impact on the Economic Value Added. The Durban Watson and F-Statistics values also suggested with no autocorrelation problem and we can proceed further in the study. Hence, it is clearly evitable that most of the selected units are mainly concerned about the status of their concern, whereas, the minimal importance is given to the economic status. But, there are some factors signaled with significance level in the Economic Value Added for the study period.

Table: 5 Results of Fixed Effect Model

Variables	Economic Value Added	Market Value Added
C	2.9784 (1.1744)	17.061[a] (5.9535)
DUAL	0.0076 (0.0420)	0.6147[a] (3.1748)
SOTB	1.0344 (1.2620)	-2.332[a] (-2.368)
NOM	0.1987 (0.3180)	0.5276 (0.9097)
MANO	-0.044[b] (-1.777)	-0.114[a] (-5.172)
FORO	-0.019 (-1.0412)	0.0724[a] (3.031)
LR	-1.732[b] (-1.742)	0.0300 (0.0290)
F-SIZE	1.3971[a] (5.0481)	0.1525 (0.4454)
Diagnostic Tests		
F-Statistics	99.894 (0.0000)	58.847 (0.0000)
Durban Watson Statistics	1.740619	1.946712

Note: EVA indicates Economic Value Added; FORO indicates Foreign Equity Ownership; FSize indicates Size of the firm; MANO indicates Managers Ownership; MVA indicates Market Value Added; NOM indicates Number of board meetings; SOTB indicates Size of the Board; Variable DUAL indicates CEO Duality; LR indicates Leverage Ratio.

Hausman Test

The evaluated results of Hausman's test specifications for Economic Value Added and Market Value Added to evaluate the significance estimator are provided in Table: 6. Hausman test also helps to evaluate if a statistical model corresponds to the data. The Hausman's test specification was conducted for further analysis which gives Chi- Square Statistics value 4.073 (p value = 0.0007) for EVA and 3.409 (p value = 0.0012) for MVA which implies that Corporate governance has more influence on EVA of the organizations than on MVA.

Table: 6 Results of Hausman Test for EVA & MVA

Variables	Economic Value Added			Market Value Added		
	Fixed	Random	Diff.	Fixed	Random	Diff.
DUAL	-0.114	-0.084	0.039	0.505	0.735	0.045
SOTB	0.727	1.657	1.192	-3.21	-3.29	1.351
NOM	-1.244	-0.170	0.561	1.312	1.857	0.725
MANO	-0.029	-0.030	0.001	-0.06	-0.09	0.001
FORO	-0.023	-0.028	0.000	0.099	0.096	0.000
LR	-2.679	-3.865	1.191	0.254	0.185	1.475
F-SIZE	2.711	1.775	0.358	0.616	0.226	0.494

Note: Author Computation. EVA indicates Economic Value Added; FORO indicates Foreign Equity Ownership; FSIZE indicates Size of the firm; MANO indicates Managers Ownership; MVA indicates Market Value Added; NOM indicates Number of board meetings; SOTB indicates Size of the Board; Variable DUAL indicates CEO Duality; LR indicates Leverage Ratio; Chi-Square Statistic value for EVA & MVA indicate with 4.0731 (0.0007) & 3.4090 (0.0012)

Conclusion

In the current study, authors scrutinize the corporate governance influences on the economic value added and market value added for select Information Technology units in India. The findings of the study are partially consistent with theoretical expectations established from the research studies in the field of corporate governance. The LLC t-test and the IPS w-test suggested the variables considered under the study period were stationarity in nature for corporate governance and financial performance and thus make it appropriate for in forecasting techniques about the growth prospectus of the sector. The results of the fixed effect models and random effect models indicate that the Size of the Board will have negative impact on the MVA and explains there is a strong association between SOTB and MVA of IT firms. In general, the SOTB which indicates that the number of members in the board has negative association with the MVA of the firms. So, if the number of members in the board increases, market value added will be decreasing. The variable like managers' ownership is negatively connected with economic value added and market value added. Management equity ownership has weak association between the firm performance and influence negatively on the firm. The FSIZE has positive association with Economic value added is also increases the productivity of the firms. The MVA values are significant for all the firms which bring value to the company in effectively maximizing the shareholders wealth. Apart from that, the association between the variables shows a weak relationship between DUAL, SOTB, NOM, FORO and economic value added of the firms. Moreover, the other variables like NOM, LR and FSIZE does not affect the market value added of the firms. Finally, the study indicates corporate governance influence the growth status of the company by adding value to the shareholders.

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Dr. T. V. V. Phani Kumar
Faculty Member, Department of Business Studies
Higher College of Technology, Muscat, Oman
Email: phani.tvv@gmail.com

Dr. K. Srinivasan
Faculty Member, Department of Business Studies
Higher College of Technology, Muscat, Oman
Email: ksrinivasan1979@gmail.com

Dr. K. Nazar Hussain
Faculty Member, Department of Business Studies
Higher College of Technology, Muscat, Oman
Email: nazar.bharathi@gmail.com