

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

I
J
R
C
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar,

Open J-Gate, India [link of the same is duly available at Inlibnet of University Grants Commission (U.G.C.)],

The American Economic Association's electronic bibliography, EconLit, U.S.A.,

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 4767 Cities in 180 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	SMALL AND MEDIUM ENTERPRISES (SMEs) AND COMMERCIAL LOAN ACCESSIBILITY DEBATE: KIGALI CITY VOICES <i>EGWAKHE, A. JOHNSON & KABASHA, ALPHONSE</i>	1
2.	AN OVERVIEW OF SOCIO-ECONOMIC CONDITIONS AND PROBLEMS OF WOMEN ENTREPRENEURS AT DAVANAGERE CITY <i>SUNANDA V.M. & DR. HIREMANI NAIK</i>	10
3.	HUMAN RESOURCE MANAGEMENT PRACTICES AWARENESS IN SELECT SMEs (SMALL MEDIUM ENTREPRENEUR) <i>VANAMALA MOHANREDDY & DR. R. MAREGOUD</i>	14
4.	ASSESSING THE EXISTENCE OF THE GLASS CEILING THAT AFFECTS WOMEN'S CAREER GROWTH IN THE INDIAN HOSPITALITY INDUSTRY <i>USHA DINAKARAN</i>	18
5.	BUYER-SELLER RELATIONSHIP CONSTRUCTIONS IN THE BUSINESS BUYER BEHAVIOR: WHOLESALE AND DISTRIBUTOR FAST MOVING CONSUMER GOODS (FMCG) INDUSTRY IN INDONESIAN MARKET PLACE <i>AGUS TRIHATMOKO, R., MUGI HARSONO, SALAMAH WAHYUNI & TULUS HARYONO</i>	24
6.	VALUE OF INFORMATION IN MANAGEMENT OF AGRI-RISK: A CASE STUDY OF MOBILE BASED AGRICULTURAL INFORMATION SYSTEMS IN INDIA <i>DR. G. KOTRESHWAR & V. GURUSIDDARAJU</i>	34
7.	EXPLORE E-COMMERCE STRATEGY IN CHINA <i>CHAO CHAO CHUANG & DR. FU-LING HU</i>	37
8.	LITERATURE REVIEW OF CORPORATE GOVERNANCE AND THE ROLE OF INDEPENDENT DIRECTORS <i>DR. MITA MEHTA & SAYANI COOMAR</i>	40
9.	AFFECT AND ORGANISATIONAL CITIZENSHIP BEHAVIOUR (OCB): A CONCEPTUAL EXPLORATION <i>P. VIJAYALAKSHMI & DR. M. V. SUPRIYA</i>	42
10.	NON-MONETARY BENEFITS & ITS EFFECTIVENESS IN MOTIVATING EMPLOYEES <i>JYOTHI.J</i>	45
11.	A STUDY OF POST RECESSION INDIVIDUAL INVESTMENT BEHAVIOR <i>SONIYA SINGH</i>	49
12.	BASEL III IMPLEMENTATION IN THE INDIAN BANKING SYSTEM <i>GEETIKA</i>	56
13.	A STUDY ON CUSTOMER SATISFACTION AND LOYALTY IN INDIAN BANKING SECTOR <i>DR. A. R. SUDHAMANI</i>	60
14.	COMPARATIVE ANALYSIS OF NUMBER OF LOANS DISBURSED TO AMOUNT OF LOANS DISBURSED (WITH SPECIAL REFERENCE TO SHGS-INDIA) <i>DURGAPRASAD NAVULLA & DR. G. SUNITHA</i>	64
15.	DETERMINANTS OF EMPLOYEE SPIRITUALITY AND THEIR OUTCOMES: A STUDY OF BANKING SECTOR AT AGRA REGION <i>SHWETA KHEMANI & DR. SUMITA SRIVASTAVA</i>	68
16.	CORPORATE SOCIAL RESPONSIBILITY AS A BRANDING TOOL WITH REFERENCE TO CARBORUNDUM UNIVERSAL LIMITED (CUMI), KOCHI <i>P. BALASUBRAMANIAN, SREEJA P.S, SURYA P.T & SHEETHAL M.S</i>	74
17.	IMPACT OF GREEN MARKETING ON CONSUMER BUYING DECISION (WITH SPECIAL REFERENCE TO BANGALORE CITY) <i>NAGALAKSHMI G S</i>	79
18.	A STUDY OF RURAL CONSUMERS' SATISFACTION AND THEIR PERCEPTION TOWARDS TELECOM (WIRELESS) SERVICE <i>SUSHILKUMAR M. PARMAR & MILAN S. SHAH</i>	82
19.	EMPLOYEE PERCEPTION ON HR PRACTICES: A STUDY WITH REFERENCE TO PUBLIC AND PRIVATE LIFE INSURANCE ORGANISATIONS <i>B. RAGHAVENDRA & DR. D. APPALA RAJU</i>	87
20.	ORGANISATIONAL CONFLICT AND MOST PREFERRED CONFLICT MANAGEMENT STYLES (A RESEARCH STUDY CONDUCTED AT NTPC, PATNA) <i>KIRTI</i>	92
	REQUEST FOR FEEDBACK & DISCLAIMER	101

CHIEF PATRON

PROF. K. K. AGGARWAL

Chairman, Malaviya National Institute of Technology, Jaipur
(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)
Chancellor, K. R. Mangalam University, Gurgaon
Chancellor, Lingaya's University, Faridabad
Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

FOUNDER PATRON

LATE SH. RAM BHAJAN AGGARWAL

Former State Minister for Home & Tourism, Government of Haryana
Former Vice-President, Dadri Education Society, Charkhi Dadri
Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

FORMER CO-ORDINATOR

DR. S. GARG

Faculty, Shree Ram Institute of Business & Management, Urjani

ADVISORS

PROF. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

PROF. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

PROF. S. L. MAHANDRU

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR

PROF. R. K. SHARMA

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

CO-EDITOR

DR. BHAVET

Faculty, Shree Ram Institute of Engineering & Technology, Urjani

EDITORIAL ADVISORY BOARD

DR. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

PROF. SANJIV MITTAL

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

PROF. ANIL K. SAINI

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

DR. SAMBHAVNA

Faculty, I.I.T.M., Delhi

DR. MOHENDER KUMAR GUPTA

Associate Professor, P. J. L. N. Government College, Faridabad

DR. SHIVAKUMAR DEENE

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

ASSOCIATE EDITORS

PROF. NAWAB ALI KHAN

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

PROF. ABHAY BANSAL

Head, Department of I.T., Amity School of Engineering & Technology, Amity University, Noida

PROF. V. SELVAM

SSL, VIT University, Vellore

PROF. N. SUNDARAM

VIT University, Vellore

DR. PARDEEP AHLAWAT

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

DR. S. TABASSUM SULTANA

Associate Professor, Department of Business Management, Matrusri Institute of P.G. Studies, Hyderabad

DR. JASVEEN KAUR

Asst. Professor, University Business School, Guru Nanak Dev University, Amritsar

FORMER TECHNICAL ADVISOR

AMITA

Faculty, Government M. S., Mohali

FINANCIAL ADVISORS

DICKIN GOYAL

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to the recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** **anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR

IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF _____.

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript titled ' _____ ' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to inclusion of their names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR :
 Designation/Post* :
 Institution/College/University with full address & Pin Code :
 Residential address with Pin Code :
 Mobile Number (s) with country ISD code :
 Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No) :
 Landline Number (s) with country ISD code :
 E-mail Address :
 Alternate E-mail Address :
 Nationality :

* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation etc. **The qualification of author is not acceptable for the purpose.**

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

<http://ijrcm.org.in/>

NOTES:

- a) The whole manuscript has to be in **ONE MS WORD FILE** only, which will start from the covering letter, inside the manuscript. **pdf. version is liable to be rejected without any consideration.**
 - b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail:**
New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)
 - c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.
 - d) The total size of the file containing the manuscript is expected to be below **1000 KB**.
 - e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.
 - f) **The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.
 - g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.
2. **MANUSCRIPT TITLE:** The title of the paper should be typed in **bold letters, centered and fully capitalised.**
 3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) **name, designation, affiliation (s), address, mobile/landline number (s), and email/alternate email address** should be given underneath the title.
 4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
 5. **ABSTRACT:** Abstract should be in **fully Italic printing**, ranging between **150 to 300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA. Abbreviations must be mentioned in full.**
 6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.
 7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aea-web.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.
 8. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER. It should be free from any errors i.e. grammatical, spelling or punctuation. It must be thoroughly edited at your end.**
 9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
 10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.
 11. **MAIN TEXT:**

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESIS (ES)****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****LIMITATIONS****SCOPE FOR FURTHER RESEARCH****REFERENCES****APPENDIX/ANNEXURE****The manuscript should preferably be in 2000 to 5000 WORDS, But the limits can vary depending on the nature of the manuscript.**

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR, centered, separately numbered** & self-explained, and the **titles must be above the table/figure. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.**
13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **REFERENCES:** The list of all references should be alphabetically arranged. **The author (s) should mention only the actually utilised references in the preparation of manuscript** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper.** The author (s) are supposed to follow the references as per the following:
- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parenthesis.
 - **Headers, footers, endnotes and footnotes should not be used in the document.** However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

LITERATURE REVIEW OF CORPORATE GOVERNANCE AND THE ROLE OF INDEPENDENT DIRECTORS

DR. MITA MEHTA
ASSOCIATE PROFESSOR
SYMBIOSIS INSTITUTE OF MANAGEMENT STUDIES
SYMBIOSIS INTERNATIONAL UNIVERSITY
PUNE

SAYANI COOMAR
STUDENT
SYMBIOSIS INSTITUTE OF MANAGEMENT STUDIES
SYMBIOSIS INTERNATIONAL UNIVERSITY
PUNE

ABSTRACT

The purpose of this paper is to study various literatures in the area of corporate governance and review the role of Independent Directors of public listed companies and their significance in relationship to the composition of board of directors. Researchers have used Secondary Research approach for this study. While reviewing we arrived at the findings that the independent directors play a vital link in coordinating between the interests of Shareholders and the management. They have a much larger role to execute than many others in the organisation. A declaration of good corporate governance necessarily does not guarantee transparency and accountability of responsibilities.

KEYWORDS

accountability, corporate governance, independent directors, performance, transparency.

JEL CODE

G34.

1. INTRODUCTION

K PMG, India, 2011) Corporate Governance lays down the various rules and regulations which are a good reference point for any company to start with. It indicates the right way of functioning and control management in the most ethical way. It provides a structure to every company to plan its various functioning levels. The responsibility of designing the governance structure lies with the company. Also it should be noted that the governance structure is in alignment with the company's objectives. For example, a company that is on a growing spree ideally should look for directors who have experience in managing growth and strategize accordingly. It basically should be ingrained in all the transactions the company undertakes which extend from employees to consumers and other stakeholders.

2. REVIEW OF LITERATURE

In the present day the role of an Independent Director is more challenging given the complexities of the corporate environment- regulatory bodies demand greater compliance and stakeholders demand more transparency in business operations. As Bruce Dravis (2010), discuss in his paper, the independent directors have a huge responsibility of liaising between the promoters, management and various stakeholders of a company. The role of the independent director is glorified as a whistle blower wherein they have the liberty to challenge or question anything in the right way. In most case the independent director is related to the company officials in some way or the other. But in an ideal scenario this should be avoided as much as possible. The characteristics of a true independent director are that they should be constructive in his dissent and always have the broader picture in mind.

2.1 CORPORATE GOVERNANCE & INDEPENDENT DIRECTORS IN THE GLOBAL FRONT

Every country has its own vigil policy. In that context the paper discusses governance policy of few countries who have taken corporate governance to a different level altogether. According to a study conducted among the public listed companies in Australia it was found that the presence of independent directors in the Board of Directors increased the possibility of the board being neutral and not taking a biased stance. Similarly, in Ghana and China companies believe that presence of independent directors' increases competitiveness of the firm and fewer malpractices as regards to income. Same is the case for companies in Korea. However, there is a striking contrast in belief when it comes to American companies.

An independent director is usually a person who is not a stakeholder in the company in any way or have previously been a part of the management of the company ie, at least not in the last three financial years. Also the person should have no other contractual binding with anyone in the company. If the independent director is very closely involved with the management of the company, then the ability of the independent director to take decisions is diluted. Under the given scenario two types of independent directors have been categorized. The first being the ones who are completely independent and the second category comprises of the ones who have had some association with the company or the management.

Liu and Yang (2008), in their paper discusses the believe of experts that independent directors can exercise independent judgement at various situations in the company so it is necessary that they are not involved in the daily operations and management of the company. However, there is an increasing trend across the globe to have minimum number of directors who are not an employee of the company in spite of the belief that independent directors bring about a neutral strategic outlook for the company and increase the company's competitiveness. People are divided in their opinion on the advantages and disadvantages of having or not having independent directors on the board. Some even feel it is too early to comment on this topic given the Enron scam which had majority of its board members as independent directors.

One of the short comings cited by Margaret McCabe and Margaret Nowak (2008), in their research report is that the management of the company comprise of a group of agents appointed by the company to run the daily operations. And directors are dependent on the management for information. Therefore, it is expected that the independent director judges every event as dispassionately as possible. An independent director is expected to function over a period of time in an impersonal and a rational way. He should be able to serve the Board adequately and generate revenue and ensure a healthy working condition for the company in the long run. He should be very well versed with the external environment so that he can strategize in the most profitable way to do business.

2.2 CORPORATE GOVERNANCE & INDEPENDENT DIRECTORS IN THE INDIAN CONTEXT

Iti Bose (2009), comments that in the Indian scenario growing business demands greater transparency in day-to-day operations and for that the demand for independent directors are on the rise. One of the core responsibilities of an Independent director is that he acts as the person responsible for ensuring good governance within the organisation as well as takes important decisions with respect to investments. He helps to channelize various foreign investments into the company. For a growing economy it is necessary for companies to adhere to international standards of corporate governance thus the importance of independent

directors reinstated further. The Confederation of Indian Industry (CII) has been one of the pioneer institutions in India for implementing corporate governance in listed companies. In addition to that even the Securities Exchange Board of India (SEBI) has laid its list of compliances which every company should follow- it mandates at least half of the board should comprise of independent directors.

However, studies are still underway to improve on the regulation such that operations within the organisation are more transparent to shareholders. In the corporate scenario the governance is usually executed through various committees like the Audit Committee, Risk Management Committee, Nomination Committee and others. Of these it is important that the nomination committee consist mostly of independent director who can dispassionately nominate and evaluate the members on the board. In addition to that independent director should also represent the Audit committee for similar reasons. There should at least be one person in the Audit Committee who has knowledge of finance. In the absence of such a person the company should ideally hire the services of an expert.

The regulatory bodies in India are still undecided on the ideal number of independent directors on the board however it is an ongoing debate and majority of the expert state that at least 25% of the board of directors should be independent.

The Kumaramangalam Birla Committee stressed upon the importance of good corporate governance and based on their recommendations the new Clause 49 was included in the Stock Exchange Listing Agreements in 2000. The Naresh Chandra Committee Report stressed on the importance of the role of Independent Directors. A recent amendment to Clause 49 has further strengthened the role of independent directors on the board. Further the criteria under which an individual can be inducted as an independent director have been made more severe. The independent director is not only expected to work in the interest of shareholders but also review various legal compliances by the company and act as a whistle blower under unfavourable circumstances.

2.3 REMUNERATION OF INDEPENDENT DIRECTORS

In the global scenario the Independent Directors are given the liberty of "say on pay". However, the compensation is generally not linked to any performance goals or share options. However, the pay structure varies vastly across countries. In some countries the compensation to independent directors is in the form of attendance fees, variable fees based on company performance, basic fees for committee membership and Chairmanship, and committee attendance fees are in practice. In India again the scenario is a lot different as the independent directors are only entitled to sitting fees, reimbursement of expenses for participation in the board and other meetings and profit-related commission as may be approved by the members. However, there have been some amendments to Clause 49 recently wherein the remuneration of independent directors is decided by the board and approved by the shareholders in general meeting also the number of stock options allotted to them are limited over the financial year. Also the stock options granted to the independent directors shall be vested after a year of retirement from the board.

CONCLUSION

An independent director is expected to perform his duties holistically who has a vision to maximise the benefits of the company in the long-run by taking into account welfare of the employees, expectations of stakeholders and furtherance of the society at large. Even though the role of an independent director is more often than not, synonymous to a watch-dog it is important for an independent director to add value to the overall performance of the company apart from scrutinizing and questioning various compliance related issues.

The role of the independent director is glorified as a whistle blower wherein they have the liberty to challenge or question anything in the right way. In most cases the independent director is related to the company officials in some way or the other. But in an ideal scenario this should be avoided as much as possible. The characteristics of a true independent director are that they should be constructive in his dissent and always have the broader picture in mind. They should adopt a neutral role and work in the interest of all stakeholders. They in a way strengthen the say of the shareholders on the board however the independent directors need to be empowered further to discharge their responsibilities better. But the independent directors alone cannot be held responsible for deficiencies of the board.

A business goes through various cycles and economic conditions. Examples have been quoted of times when the company plans a hostile takeover the independent directors present in the board play a very important in strategizing the entire process. Presence of independent directors actually reduces the chances of financial fraud to a great extent. Existence of independent directors in the compensation committee ensures that there will be a constant review on the performance of the executive directors and the CEO and in case they are found to be not performing at par with expectation then their salary would be reduced proportionately. However, exceptions such as Enron Corp. and Global Crossing Ltd. also occur simultaneously. Situations where scam could not be avoided in spite of a large number of Independent Directors being present on the board also exist. In case of few companies' independent directors were also a part of the Audit committee.

There are arguments as Steven T. Petra (2005), mentions that as independent directors are not a part of the management they act as hindrances in the day-to-day functioning of the firm as they tend to question things most of the time. An optimum balance should be decided that should between the independent directors and management of the company. In case of allocation the independent director is entitled to more power given the fact that they foresee the future happenings for that company. Being a part of the board the independent director is expected to strategize as well as implement and control the daily functions in an organization. But like the well-known saying goes, morality cannot be established or authorized by corporate policies. It is important for an organisation to have a good working environment wherein independent directors can function and execute their duties well.

REFERENCES

1. Aggarwal Rashmi, (2010) "Independent directors: time to introspect, suspect, respect – an Indian perspective", *Journal of Indian Business Research*, Vol. 2 Iss: 2, pp.123 - 132
2. Berghe L.A.A. Van den and Baelden Tom, (2005),"The complex relation between director independence and board effectiveness", *Corporate Governance: The international journal of business in society*, Vol. 5 Iss 5 pp. 58 – 83
3. Bose Iti, (2009),"Corporate governance and law-role of independent directors: theory and practice in India", *Social Responsibility Journal*, Vol. 5 Iss 1 pp. 94 – 111
4. Dravis Bruce, (2010), "Director Independence and Corporate Governance", *Business Law Today, siness Law Today*, pp. 1-2
5. KPMG and ASSOCHAM, (2011), "Role of Independent Directors: Issues and Challenges", *Audit Committee Institute*
6. Liu John S. and Yang Chyan (2008), "Corporate Governance Reform in Taiwan: Could the Independent Director System Be an Effective Remedy?", *Asian Survey*, Vol. 48, No. 5, pp. 816-838
7. McCabe Margaret Nowak Margaret, (2008),"The independent director on the board of company directors", *Managerial Auditing Journal*, Vol. 23 Iss 6 pp. 545 - 566
8. Petra Steven T., (2005),"Do outside independent directors strengthen corporate boards?", *Corporate Governance: The international Journal of business in society*, Vol. 5 Iss 1 pp. 55 – 64
9. SEBI Revised Clause 49 as on February 2016
10. Williams Belinda Rachael Bingham Simone and Shimeld Sonia, (2015),"Corporate governance, the GFC and independent directors", *Managerial Auditing Journal*, Vol. 30 Iss 4/5 pp. 324 – 346

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue, as well as on the journal as a whole, on our e-mail infoijrcm@gmail.com for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

DISCLAIMER

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, neither its publishers/Editors/ Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal are exclusively of the author (s) concerned.

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals

