INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

IJRCM

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.,
Open J-Gage, India [link of the same is duly available at Inflibnet 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 4255 Cities in 176 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

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications;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 entitled '____' for possible publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it 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 their inclusion of 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 :

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 :

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 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) **Abstract alone 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 manuscript, within two days of 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 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 **bold typed**, **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 italicized text**, ranging between **150** to **300 words**. The abstract must be informative and explain 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.
7. **JEL CODE**: Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aeaweb.org/econlit/jelCodes.php, however, mentioning 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 range from ***2000 to 5000 WORDS***.

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR**, **centered**, **separately numbered** & self explained, and **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, horizontally centered with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word should 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: 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 are supposed to follow Harvard Style of Referencing. **Also check to make sure 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 italics. 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 after 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

DOES THE QUALITY OF CORPORATE GOVERNANCE AFFECT THE FINANCIAL PERFORMANCE IN INDIAN IT SECTOR? AN INSIGHT

NIDHI TYAGI
RESEARCH SCHOLAR
ALIGARH MUSLIM UNIVERSITY
ALIGARH

ABSTRACT

Nowadays, Corporate Governance has become a major issue as scandals and meltdown of famous organisations create unstableness in the economy in many countries. The strong Corporate Governance frameworks are regarded as a mechanism to encourage flexibility and innovation and it also contributes to sustainable development of companies. The evolution of the information technology function has become important in recent years and it is one of the most significant growth contributors for the Indian economy. The Information Technology (IT), and its management plays an extremely important role in the creation and maintenance of the well governed company and is one of the major drivers of the current economic environment. Considering the importance of corporate governance in IT companies, the aim of the paper is to study the impact of corporate governance on financial performance of Indian IT companies listed on NSE Sectoral Index i.e., CNX IT Index. For this purpose, the data are being taken from companies listed on the National Stock Exchange (NSE) for the financial year 2012-13. The sample of the study constitutes all the 20 companies of CNX IT Index. The Secondary data has been collected for the financial year 2012-13 in the form of Annual Reports of Companies, research papers, articles and various websites. Four corporate governance variables were selected namely: Board Size, Board Independence, CEO Duality, and Audit Committee which served as the independent variables in the study. Moreover, the firm's financial performance as measured by Return on Equity (ROE) is considered as dependent variable. The results of regression analysis reveals that overall corporate governance mechanisms has a positive impact on the financial performance of IT companies in India.

KEYWORDS

Board Size, Board Independence, CEO Duality, Audit Committee, ROE.

INTRODUCTION

In India, the question of Corporate Governance has assumed importance mainly in the wake of economic liberalization, deregulation of industry and businesses, as also the demand for a new corporate ethos and stricter compliance with the legislation. The new economic policy adopted by the Government of India since 1991 has necessitated the demand for the introduction and implementation of a proper corporate governance policy in the management of companies not only in the interest of their stakeholders but also for the development of the economy. (Das, 2008) The importance of corporate governance disclosure increased in the last decade because of various corporate scandals and collapses, such as Enron, WorldCom, Satyam, etc. which involved unethical business practices and shook the interests of investors very badly. The reason behind these was the poor governance system which alarmed the authorities to come up with strict and in depth policy frameworks so as to protect the rights of minority shareholders, creditors and other stakeholders. The strong Corporate Governance frameworks is regarded as a mechanism to encourage flexibility and innovation and it also contributes to sustainable development of companies.

Different authors have different meaning regarding the term corporate governance. The area of corporate governance has acquired heightened attention and has become an issue of global significance. The improvement of corporate governance practices is widely recognized as one of the essential elements in strengthening the foundation for the long-term economic performance of countries and corporations (Ibrahim et al, 2010). The concept of corporate governance has been defined as "dealing with the ways in which suppliers of finance to corporations assures themselves of getting a return on their investment". It deals precisely with problems of conflict of interest, design ways to prevent corporate misconduct and aligns the interests of stakeholders using incentive mechanism (Shleifer and Vishny, 1997).

The strong Corporate Governance frameworks are regarded as a mechanism to encourage flexibility and innovation and it also contributes to sustainable development of companies. The evolution of the information technology function has become important in recent years and it is one of the most significant growth contributors for the Indian economy. The Information Technology (IT), and its management plays an extremely important role in the creation and maintenance of the well governed company and is one of the major drivers of the current economic environment. Researchers and business managers consider IT a key player and enabler of many corporate objectives including healthy governance to enhance overall performance of the organization.

Considering the importance of corporate governance in IT companies, the aim of the paper is to study the impact of corporate governance on financial performance of Indian IT companies listed on NSE Sectoral Index i.e., CNX IT Index.

REVIEW OF LITERATURE

Board Size and Financial Performance

The number of directors constituting the board can influence the firm's performance positively or negatively. The relationship between board size and firm performance remains inconclusive. Empirical evidence on the relationship between board size and firm performance provided mixed results. Adekunle and Aghedo (2014) found that there is positive and significant relationship of board size on financial performance and Gull et al (2013) also found a positive significant relationship of Board Size with firm performance as measured by ROE. According to a study undertaken by Chugh et al. (2011) a larger Board Size creates more opportunities and resources for better financial performance.

Contrary to this, a negative relationship between firm performance and board size are evident from the studies undertaken by Yermack (1996), Eisenberg et al. (1998), Denis and McConnell (2003), Andres et al. (2005), and Garg (2007). Further, Ahmadu et al. (2005), Chan and Li (2008), and Mustafa (2009) found that larger boards are associated with poorer performance. Beiner et al. (2004), Bhagat and Black (2002) and Limpaphayom and Connelly (2006) found that there is no significant association between board size and firm performance.

Board Independence and Financial Performance

Board independence has been regarded as one of the important determinants of the ability of boards to protect investors' interests (Fama and Jensen, 1983). There is mixed evidence that independent directors add value and improve the performance of the firm (Garg, 2007). Choi et al. (2007) found the positive effect on the firm performance as a result of having independent directors on the company board. Similarly, Abor and Adjasi (2007) revealed that the presence of outside independent directors on boards enhanced corporate competitiveness and provided new strategic outlooks for the firms. Chan and Li (2008) suggested a favorable link between independent directors and financial performance. Krivogorsky (2006) also supported the positive association between the proportion of independent directors to board size and profitability ratios in European firms.

On the other side, Yermack (1996) and Klein (1998) finds that a high percentage of outside directors has a negative effect on firm performance. Gull et al (2013) in their study found that Non-Executive Directors have unfavouarble relationship with firm performance. Hermalin and Weisbach (1991) have found that a high proportion of independent directors does not predict a better future accounting performance. Using accounting measures, Agrawal and Knoeber (1996) found a negative relationship between board independence and firm's performance. Lack of training to function as independent directors and ignorance of the procedures, tasks, and responsibilities expected of them could be reasons for the independent directors' non-performance (Garg, 2007).

CEO Duality and Financial Performance

Similar to previous researches on the relationship between the aforementioned two sets of board characteristics and firm performance, the impact of the separation of chief executive officer (CEO) and chairperson of the board (Chairperson) on firm performance measures have yielded conflicting results, according to the literature.

Research which argues against dual roles as they impact negatively on a firm's financial performance, include Fama and Jensen (1983), Rechner and Dalton (1991), Jensen (1993), Daily and Dalton (1994), Bai et al. (2004), Ahmadu, et al. (2005), Bhagat and Bolton (2008), Coles et al. (2001), Feng, et al. (2005), Judge, et al. (2003), Kyereboah et al. (2005) and Mustafa (2009). Further, Ehikioya (2009), Gull et al (2013) and Ujunwa (2013) also found that CEO Duality has negative association with firm's performance.

In Contrast, Some studies provide evidence of a positive relationship between duality of roles and firm performance. Harjoto and Hoje (2008), Kajola (2008) and Adekunle and Aghedo (2014) found a positive and statistically significant relationship between performance and separation of board chairman and CEO.

However, studies by Chaganti et al. (1985); Rechner and Dalton (1989); Daily and Dalton (1992, 1993, 1997); Baliga et al. (1996); and Brickley et al. (1997), Carapeto et al. (2005), Schmid and Zimmermann (2008) and Wan and Ong (2005) found no significant difference in the performance of companies with or without role duality.

Size of Audit Committee and Financial Performance

The establishment of Audit committees has been mandatory in many countries including India. The Cadbury Report (1992) emphasized the importance of audit committee's structure and membership to effectively accomplish its role. The report stressed that the membership should be of minimum three members. A significant number of studies mainly took place in Western countries focusing on various dimensions of audit committees. In India, less attention has been given to this dimension of corporate governance which also influences the firm's performance.

It is argued that a larger committee has greater organizational status and authority (Kalbers and Fogarty, 1993; Braiotta, 2000) and a wider knowledge base. Pincus et al. (1989) show that firms with larger audit committees are expected to devote greater resources to monitor the process of "reporting" accounting and finance. Similarly, Anderson et al. (2004) found that large size audit committees can protect and control the process of accounting and finance with respect to small committees by introducing greater transparency with respect to shareholders and creditors which has a positive impact on the financial performance of the company.

Bouaziz (2012) in their study tried to capture the effect of the characteristics of the audit committee on financial performance as measured by Return on Assets (ROA) and Return on Equity (ROE). The results show that the size of the audit committee has a positive and significant impact on financial performance measured by ROA and ROE.

Many researches have been conducted to study the relationship of corporate governance on firm's performance in developed countries as compared to developing countries. By going through the existing review of literature, it is observed that very less research has been done on the impact of corporate governance mechanisms on financial performance of IT Companies especially in context to India. Given this lack of empirical studies, this study fills the gap and provides empirical evidence on the impact of corporate governance mechanisms on financial performance of Indian IT Companies by taking into consideration the variables related to corporate governance.

OBJECTIVES OF THE STUDY

The objective of the study is to examine the relationship between Corporate Governance and financial Performance of IT Companies in India. Specifically, the aim of the study is:

1. To examine the relationship between Board Size and firm's financial performance.
2. To ascertain the influence of composition of board members on firm's financial performance.
3. To find out whether or not the CEO Status has an effect on firm's financial performance.
4. To determine whether the Size of the Audit Committee has an influence on firm's financial performance.

HYPOTHESES

Based on the objectives of the Study and the review of existing literature, the following hypotheses have been framed for testing:

1. H_1: There is no significant impact of Board Size on Return of Equity of IT companies.
2. H_2: There is no significant impact of Board Independence on Return of Equity of IT companies.
3. H_3: There is no significant impact of CEO Duality on Return of Equity of IT companies.
4. H_4: There is no significant impact of Size of Audit Committee on Return of Equity of IT companies.

METHODOLOGY

Research Design and Sample: This study focuses on evaluating the empirical relationship between Corporate Governance and financial Performance of IT Companies listed on CNX IT Index of NSE. The data used for this study is taken from the companies listed on the National Stock Exchange (NSE) for the financial year 2012-13. The sample of the study constitutes all the 20 companies of CNX IT Index (Annexure). The Secondary data has been collected for the financial year 2012-13 in the form of Annual Reports of Companies, research papers, articles and various websites.

Model Specification: Multiple Regression analysis is used to analyze the impact of corporate governance variables on financial performance of IT companies. For this purpose, an econometric model is devised to test the relationship of firm's financial performance and the corporate governance variables. The SPSS Software is used in carrying out the necessary computations. The four Independent variables are Board size, Board Independence, CEO Duality, and Audit Committee and the firm's financial performance is measured by Return on Equity (ROE) which is a dependent variable. The measurement of the selected variables are summarized in Table 1.

TABLE 1: OPERATIONAL DEFINITION OF VARIABLES

Name of Variables	Abbreviations	Measurement
Board Size	BSIZE	Total number of directors on board
Board Independence	BIND	Ratio of independent directors to total number of directors on board.
CEO Duality	CEO	Value one (1) for CEO/Chairman duality and zero (0) if CEO and Chairman are different head.
Audit Committee	AUDCOM	Size of members on Audit Committee
Return on Equity	ROE	$\frac{\text{Profit After Taxes}}{\text{Total Shareholder's Equity}}$

The following econometric equation have been formulated for the analysis:

$ROE = \beta_0 + \beta_1 BSIZE + \beta_2 BIND + \beta_3 CEO + \beta_4 AUDCOM + \varepsilon$

ANALYSIS AND DISCUSSION

The regression analysis provides the following results:

TABLE 2: MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.714	.510	.380	12.89776	2.107

Source: Calculated through SPSS Software

From the above Table 2, it can be seen that when explanatory variables (independent variables), viz. Board Size, Board Independence, CEO Duality and Audit Committee were regressed on Return on Equity (ROE) an R^2 value of 0.510 is noticed. Given the value of Adjusted R^2 of 0.380 indicates that the independent variables (Board Size, Board Composition, CEO Status and Audit Committee) explain 38% of the systematic variation in the dependent variable (ROE).

TABLE 3: ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2600.767	4	650.192	3.909	.023[a]
	Residual	2495.284	15	166.352		
	Total	5096.051	19			

a. Predictors: (Constant), AUDCOMP, BIND, BSIZE,CEO
b. Dependent Variable: ROE

Source: Calculated through SPSS

The table 3 shows that the value of F is 3.909, with a p value of .023, which is significant at 0.05. This shows that model is significant as p value is less than 0.05. This means that there is a significant relationship between the independent variables and the dependent variables as a group.

TABLE 4: COEFFICIENTS[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-13.561	21.653		-.626	.541
	BSIZE	-1.551	1.327	-.223	-1.169	.261
	BIND	52.900	24.016	.425	2.203	.044
	CEO	-27.314	7.853	-.684	-3.478	.003
	AUDCOMP	5.200	3.448	.275	1.508	.152

a. Dependent Variable: ROE

Source: Calculated through SPSS Software

The regression coefficients of independent variables provides the magnitude and the direction of the relationships with dependent variables. The regression results reveal that only Board Independence has a positive and significant impact on ROE whereas CEO Duality has negative impact on financial performance. Thus, Hypothesis H_2 and H_3 are rejected. However, Board Size and Audit Composition do not have significant impact on ROE as P values are greater than 5%. Hence H_1 and H_4 is accepted.

CONCLUSION

The study examined the empirical relationship between Corporate Governance and financial Performance of IT Companies listed on CNX IT Index of NSE. The sample size comprises all the 20 companies of CNX IT Index and financial year 2012-13 is considered for the study. The impact of corporate governance variables namely Board Size, Board Independence, CEO Duality, and Audit Committee is studied on firm's financial performance as measured by Return on Equity (ROE). The finding that the board independence has a positive significant impact on firm's financial performance is congruous to Krivogorsky (2006) and Chan and Li (2008). Empirical findings regarding CEO Duality are similar to prior studies conducted by Ehikioya (2009), Gull et al (2013) and Ujunwa (2013), unveiling a negative significant impact on firm's performance. Board Size and Audit Composition do not have significant impact on financial performance of companies.

Significantly, it can be inferred from regression results that overall corporate governance mechanisms has a positive impact on the financial performance of IT companies in India.

LIMITATIONS OF THE STUDY

The present study is subject to certain limitations such as small sample size which consists of only listed IT companies of CNX IT Index. Only four corporate governance variables is considered in the study and the financial performance is measured through only one measure i.e. ROE. Another limitation is that the time period considered is very short, only financial year 2012-13 is considered.

REFERENCES

1. Abor, J. and Adjasi, C. K. D. (2007). Corporate governance and the small and medium enterprises sector: Theory and implications. *Corporate Governance*, 7(2), 12.
2. Adekunle, S. A. and Aghedo, E. M. (2014). Corporate Governance and Financial Performance of Selected Quoted Companies in Nigeria. *European Journal of Business and Management*, 6 (6), 53-60.
3. Agrawal, A. and Knoeber, C. (1996). Firm Performance and Mechanisms to Control Agency Problems between Managers and Shareholders. *Journal of Financial and Quantitative Analysis*, 31(3), 377-397.
4. Ahmadu, S., Aminu, M., and Taker, G. (2005). Corporate governance mechanisms and firm financial performance in Nigeria. *African economic research consortium Research*, 149, 173-202.
5. Anderson, R., Mansi, S., Reeb, D. (2004). Board characteristics, accounting report integrity, and the cost of debt. *Journal of Accounting and Economics*, 37(3), 315-342.
6. Andres, P., Azofra, V. and Lopez, F. (2005). Corporate boards in OECD countries: size, composition, functioning and effectiveness. *Corporate Governance: An International Review*, 13(2), 197-210.
7. Bai, C., Liu, Q., Song, F.M. and Zhang, J. (2004). Corporate governance and market valuation in China. *Journal of Comparative Economics*, 32, 599-616.
8. Baliga, B.R., Moyer, R.C. and Rao, R.S. (1996). CEO duality and firm performance: what's the fuss? *Strategic Management Journal*, 17(1), 41-53.
9. Baxi, C.V. (2006). The Role of Independent Directors in Corporate Governance. *Asia-Pacific Business Review*, 2(2), 81-86.

10. Beiner, S., Drobetz,W., Schmid, F. and Zimmermann, H. (2004). Is board size an independent corporate governance mechanism? *Kyklos*, 57(3), 327-356.
11. Bhagat, S., and Black, B. (2002). The non-correlation between board independence and long-term firm performance. *Journal of Corporation Law*, 27(2), 231-274.
12. Bouaziz, Z. (2012). The Impact of the Presence of Audit Committees on the Financial Performance of Tunisian Companies. *International Journal of Management & Business Studies*, 2(4), 57-64.
13. Bouaziz, Z. (2013). The Impact of the Presence of Audit Committees on the Financial Performance of Tunisian Companies. *IJMBS*, 4(2), 57-64.
14. Braiotta, L. (2000). The Audit Committee Handbook. (3rd Edition). New York: John Wiley and Sons Inc.
15. Brickley, J., Coles, J. and Jarrell, G. (1997). Leadership structure: separating the CEO and the Chairman of the Board. *Journal of Corporate Finance*, 3(3), 189-220.
16. Cadbury Committee. (1992). Report of the Committee on the Financial Aspects of Corporate Governance. London: Professional Publishing Ltd.
17. Carapeto, Maria and Lasfer, Meziane and Machera, Katerina, Does Duality Destroy Value? (January 12, 2005). *Cass Business School Research Paper*. Website: SSRN: http://ssrn.com/abstract=686707
18. Chaganti, R.S., Mahajan, V. and Sharma, S. (1985). Corporate board size, composition and corporate failures in retailing industry. *Journal of Management Studies*, 22, 400-417.
19. Chaghadari, M.F. (2011). Corporate Governance and Firm Performance. *IPEDR*, 4, 484-489.
20. Chan, K.C., and Li, J. (2008). Audit Committee and Firm Value: Evidence on Outside Top Executives as Expert Independent Directors. *Corporate Governance: An International Review*, 16(1), 16-31.
21. Choi, J. J., Park, S. W. and Yoo, S. S. (2007). The value of outside directors: Evidence from corporate governance reform in Korea. *Journal of Financial and Quantitative Analysis*, 42(4), 941.
22. Chugh, L. C., Meador, J. W., and Kumar, A. S. (2011). Corporate governance and firm performance: evidence from India. *Journal of Finance & Accountancy*, 7, 1-10.
23. Coles, J.W., McWilliams, V.B. and Sen, N. (2001). An examination of the relationship of governance mechanisms to performance. *Journal of Management*, 27(1), 23-50.
24. Daily, C. and Dalton, D. (1992). The relationship between governance structure and corporate performance in entrepreneurial firms. *Journal of Business Venturing*, 7(5), 375-386.
25. Daily, C. and Dalton, D. (1993). Board of Directors leadership and structure: control and performance implications. *Entrepreneurship Theory and Practice*, 17(3), 65-81.
26. Daily, C. and Dalton, D. (1994). Corporate governance and the bankrupt firm: An empirical assessment. *Strategic Management Journal*, 15(8), 643-54.
27. Daily, C. and Dalton, D. (1997). CEO and board chairperson roles held jointly or separately: much ado about nothing. *Academy of Management Executive*, 11(3), 11-20.
28. Das, S.C. (2008). Corporate Governance Standards and Practices in Reliance Industries Limited. *The ICFAI Journal of Corporate Governance*, 7(3), 46-62.
29. Denis, D. K., and McConnell, J. J. (2003). International corporate governance. *Journal of Financial and Quantitative Analysis*, 38(1), 1-36.
30. Ehikioya, B.I. (2009). Corporate governance structure and firm performance in developing economies: evidence from Nigeria. *Corporate Governance*, 9(3), 231-243.
31. Eisenberg, T., Sundgren, S. and Wells, M.T. (1998). Larger board size and decreasing firm value in small firms. *Journal of Financial Economics*, 48, 35-54.
32. Fama, E.F. and Jensen, M.C. (1983). Separation of ownership and control. *Journal of Law and Economics*, 26 (2), 301-25.
33. Garg, A. K. (2007). Influence of board size and independence on firm performance: A study of Indian companies. *Vikalpa*, 32(3), 39-60.
34. Gull, A. A., Saeed, A. and Abid, A. (2013). Corporate governance and performance: An empirical evidence from textile sector of Pakistan. *African Journal of Business Management*, 7(22), 2112-2118.
35. Harjoto, M. A. and Hoje, J. (2008). Board leadership and firm performance. *Journal of International Business & Economics*, 8(3), 143-154.
36. Hermalin, B.E. and Weisbach, M.S. (1991). The Effects of Board Composition and Direct Incentives on Firm Performance. *Financial Management*. 20(4), 101-112.
37. Ibrahim, Q., Rehman, R. & Raoof A. (2010). Role of corporate governance in firm performance: A comparative study between chemical and pharmaceutical sector in Pakistan. *International Research Journal of Finance and Economics*, 50, 8-16.
38. Jensen, M.C. (1993). The modern industrial revolution, exit and the failure of internal control systems. *Journal of Finance*, 48(3), 831-880.
39. Kajola, S. O. (2008). Corporate governance and firm performance: The case of Nigerian listed firms. *European Journal of Economics, Finance and Administrative Sciences*, 14, 16-28.
40. Kalbers, L.P., and Fogarty, T.J. (1993). Audit committee effectiveness: An empirical investigation of the contribution of power. *Auditing: A Journal of Practice and Theory,* 12, 24–49.
41. Karpagam, V. (2013). Impact of Corporate Governance Factors on the Firm Performance of NSE Listed Companies in India. *SMART Journal of Business Management Studies*, 9 (2), 72-87.
42. Klein, A. (1998). Firm performance and board committee structure. *The Journal of Law and Economics*, 41, 275-303.
43. Krivogorsky, V. (2006). Ownership, board structure, and performance in continental Europe. *International Journal of Accounting*, 41(2), 176-197.
44. Limpaphayom, J., and Connelly, P. (2006). Board characteristics and firm performance: evidence from the life insurance industry in Thailand. *Journal of Economics*, 16(2), 101-124.
45. Mashayekhi, B. and Bazaz, M.S. (2008). Corporate Governance and Firm Performance in Iran. *Journal of Contemporary Accounting & Economics*, 4(2), 156-172.
46. Mustafa, H., Daud, Z.M. and Muhamad, S. (2009). Corporate governance practices and firms performance: the Malaysian case. *Journal of Money, Investment and Banking*, 11, 45-59.
47. Neifar, S. and Halioui, K. (2013). Determinants of Corporate Governance Disclosure: The Case of Tunisian Firms Listed on the Tunis Stock Exchange. *International Journal of Finance and Accounting*, 2(3), 174-183.
48. Pincus, K., M. Rubarsky and J. Wong. (1989). Voluntary Formation of Corporate Audit Committees among NASDAQ Firms. *Journal of Accounting and Public Policy*, 8, 239-265.
49. Rechner, P. and Dalton, D. (1991). CEO duality and organizational performance: A longitudinal analysis. *Strategic Management Journal*, 12(2), 155-60.
50. Schmid, M. M. and Zimmermann, H. (2008). Should Chairman and CEO Be Separated? Leadership Structure and Firm Performance in Switzerland, *Schmalenbach Business Review*, 60 (2), 182-204.
51. Shleifer, A. & R, Vishny. (1997). A Survey of Corporate Governance, *Journal of Finance*, 52 (2), 737-783.
52. Ujunwa, A., Salami, P.O. and Umar, A.H. (2013). CEO Duality and Firm Performance: An Integration of Institutional Perceptive with Agency Theory. *International Journal of Social, Human Science and Engineering*, 7(1), 97-103.
53. Wan, D., Ong, C. (2005). Board structure, process and performance: Evidence from public-listed companies in Singapore. *An International Review*, 13(2), 277-290.
54. Yermack, D. (1996). Higher market valuation of companies with a small board of directors. *Journal of Financial Economics*, 40, 185-211.

ANNEXURE

COMPANIES OF CNX IT INDEX

S. No.	Companies	Symbol
1	CMC Ltd.	CMC
2	Hexaware Technologies Ltd.	HEXAWARE
3	NIIT Technologies Limited	NIITTECH
4	Polaris Financial Technology Ltd.	POLARIS
5	Rolta India Ltd.	ROLTA
6	Info Edge (India) Limited	NAUKRI
7	MindTree Ltd.	MINDTREE
8	MphasiS Ltd.	MPHASIS
9	Oracle Financial Services Software Limited	OFSS
10	Tata Consultancy Services Limited	TCS
11	Tech Mahindra Limited	TECHM
12	Vakangee Limited	VAKRANGEE
13	Infosys Limited	INFY
14	HCL Technologies Limited	HCLTECH
15	Wipro Limited	WIPRO
16	Cyient Ltd.	CYIENT
17	Just Dial Limited	JUSTDIAL
18	KPIT Technologies Limited	KPIT
19	Persistent Systems Limited	PERSISTENT
20	eClerx Services Limited	ECLERX

REQUEST FOR FEEDBACK

Dear Readers

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

I would like to request you tosupply 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 youhave 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 an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

DISCLAIMER

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