

Corporate Governance in Business: A Review of Qualitative Literature

Sanjit Sarkar

Research Scholar

Kazi Nazrul University, Asansol, West Bengal, India

Abstract

The research is based on the impact of corporate governance in the business sectors. In that case, a systematic review has been done including 10 articles on similar topics. The PRISMA and CASP tool has been taken into consideration and a PICO question has been formed that highlights the agenda of the research. In addition, the primary articles have been reviewed to highlight their corporate governance is necessary for the financial status and the management of the company. Based on that, the Board of Directors (BOD) are responsible for the modification and strategizing of the corporate governance of the company.

Keywords: Corporate Governance, Board of Directors, Stakeholders, Financial status and Management

Introduction

Corporate governance is the operation or the system by which corporations are mandated and regulated. The authorities or the board of directors of the companies and brands are responsible for the sector's corporate governance. Through the corporate governance norms, the Board of Directors sets the values and aims of the company so that the regulations and the norms are settled in a decent way. The systems of the practices, rules and processes are controlled and measured. The stakeholders of the company are balanced through the regulations of the company and in the cluster of stakeholders the management executives, customers, shareholders, financiers, government, suppliers and the community is included. Based on that, a systematic review is being done that contains the PICO question. In addition, the search strategy is included that highlights the inclusion and exclusion criteria, PRISMA table, quality assessment through the CASP tool and the data extraction process. The results and discussions regarding the topic-specific data have also been discussed.

Background

A company or firm includes different rules and regulations for the benefit of the employees and the customers and the rule is supposed to be the controller of the company. The aims and objectives of the company can be solved and modified through corporate governance. The practical setup and the action plan are also settled with the help of corporate governance which is handled by the topmost hierarchy of the company (Kovermann and Velte, 2019). Corporate disclosure along with internal control is also supported by corporate governance. The measurement of the performance of the employees in the company can be also modelled through corporate governance (Naciti *et al.* 2022). Through corporate governance, the articles of incorporation, bylaws and stock ownership guidelines are settled and understood in a company. The investor relation is also settled with the inclusion of corporate governance.

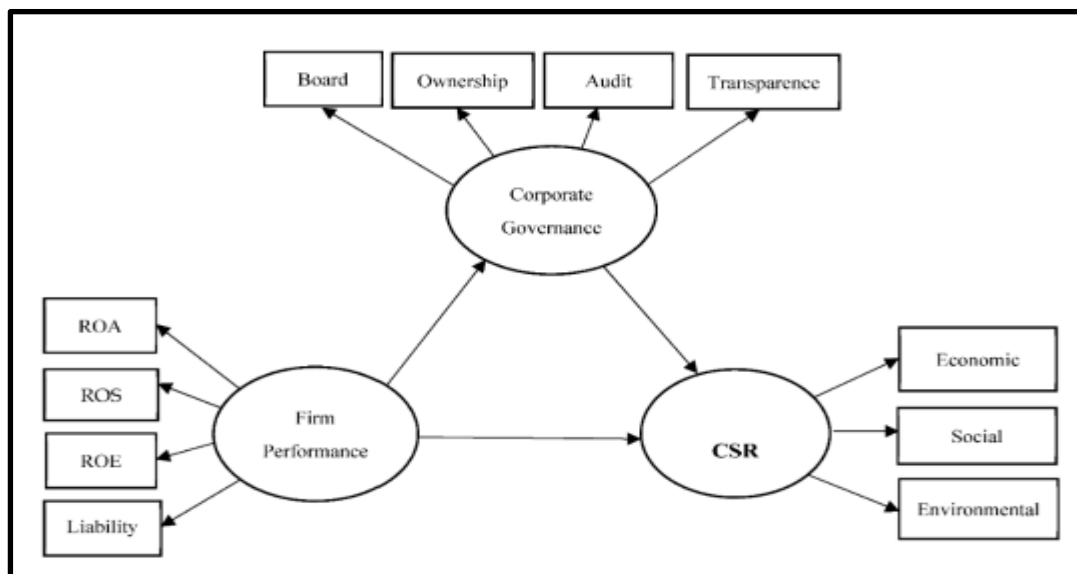


Figure 1: Corporate Governance derivatives in business

(Source: Ying *et al.* 2021)

Decent corporate governance in the company can determine translucent powers and authorities. On the other hand, leadership guidance is also provided with the inclusion of corporate governance. In addition to that, the interest of the directors, management, and employees are aligned through better corporate governance (Greuning and Brajovic-Bratanovic, 2022). The trust among the community, public officials and investors get built with the proper governance in the company. The clear idea regarding the motive of the company is also clear along with the idea of business integrity through governance. The long-term volatility in the financial and promotional aspects is also incorporated. Raising capital is also ensured and long-term success is also adjusted through proper corporate governance. The board of directors can ensure the reduction of risks, loss, waste and corruption in the company.

Aims and objective

Aim:

The main aim of the research is to identify the role and benefit of corporate governance for a fruitful business.

Objective:

- To assess the role of corporate governance in business
- To identify the benefits of implementing corporate governance in the business
- To determine the challenges that can invade business performance while implementing corporate governance

Research questions (PICO):

What is the benefit of the implementation of corporate governance in the business for the board of directors in order to reduce waste and risks?

P- Board of Directors

I- Implementation of corporate governance

C- Inclusion of waste, risk, corruption and financial loss

O- Decent and fruitful function

Methods

A systematic literature review approach will be accepted into the narrative to discover the benefits of implementing corporate governance in the business for the advancement of the organisation's undertaking. As pointed out by Eriksen & Frandsen (2018), the procedure of systematic review promotes the use of the researcher's evidence-based detailed data. Consequently, a "systematic literature review" will be heeded to conclude the analysis.

Search strategy

"***Search engines***" in this study have been incorporated for accumulating data and for that explanation databases such as "***Google Scholar***", and "***Proquest***" have been included. Google Scholar, and Pro-Quest, are own licensed governance tracking engines, that provoke researchers to uncover fitting, true-to-life, authentic and trustworthy details. This can concern corporate governance (Gusenbauer and Haddaway, 2020). Henceforward, scouring journals utilising these websites will support the investigators with certifications to gather enormous data formats that will be accommodating for perpetrating the purposes of this topic of attraction.

Inclusion exclusion criteria

“*Inclusion and exclusion criteria*” can be designated for encountering relevant electronic journals from the determined search engine in order to respond to the questions that are derived from the study by heeding a suitable research design. As per the supposition of Patino and Ferreira (2018), to organise research, the researcher should characterise the “inclusion and exclusion criteria” that are also demanded in the journal selecting procedure. Accordingly, inclusion benchmarks for this analysis topic should be the ideas to complete research queries as well as the measures for the extraction of articles. On the other hand, exclusion criteria should be specified contrasting to inclusion criteria that are mandated for responding to the research inquiry on the needs of corporate governance in the company that is strategically continuing business.

Characteristics	Inclusion Criteria	Exclusion Criteria
Language	Publicised in the English language	Broadcasted in a different language
Published Year	Pinned on and after 2018	Printed before 2018
Type of journal	Peer-reviewed	Not peer-reviewed
Authenticity	Published on accepted and authorised websites and bulletins	Issued on unauthorised journals and websites

Table 1: Inclusion and Exclusion Criteria

(Source: Self-Developed)

Search process

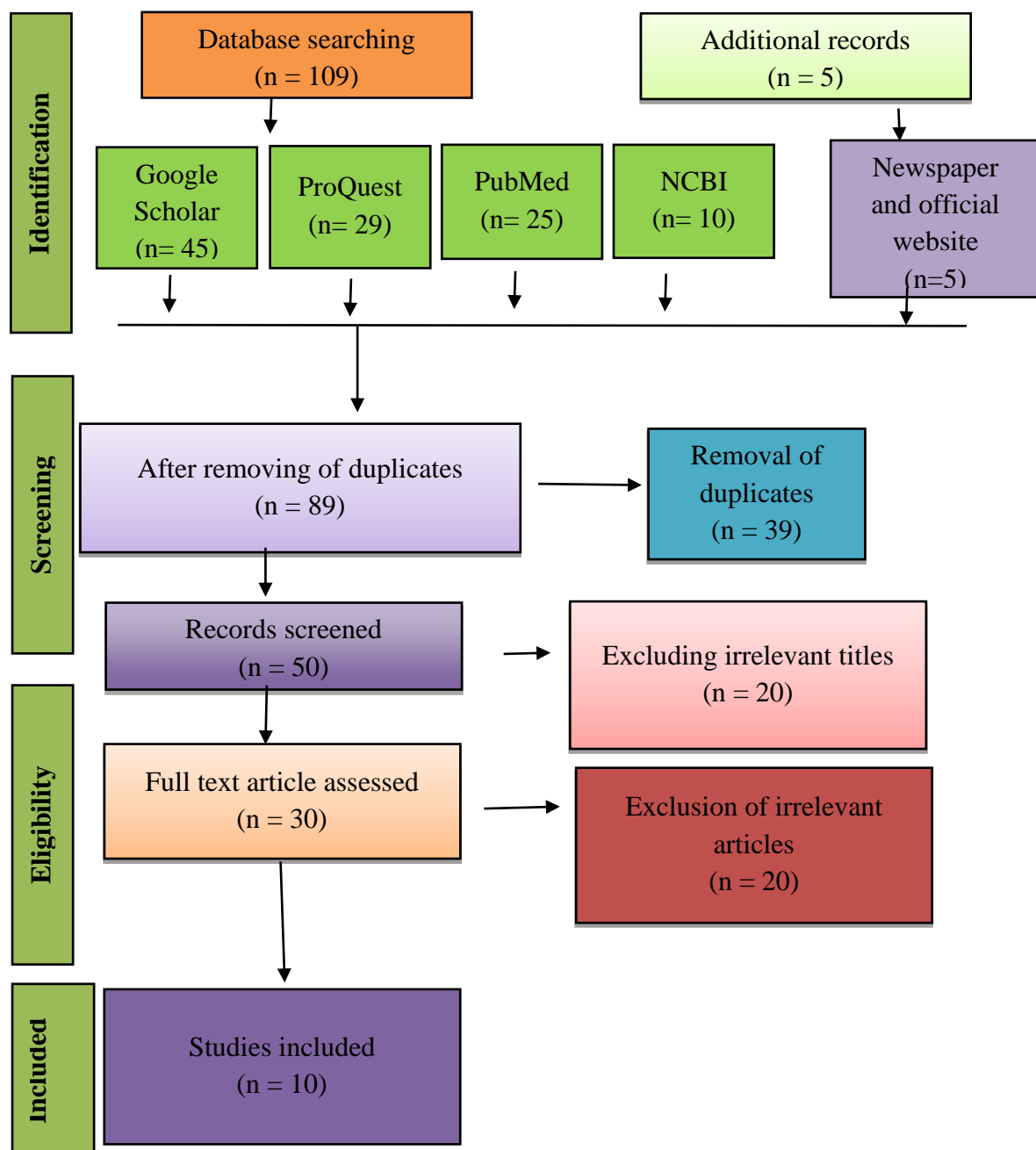
Discovering the impact of corporate governance in business and ensuring administrative transition and advancement, the search function that will be observed recognises relevant search engines for paper selection on the subject. This can further determine “inclusion and exclusion criteria”, recognise keywords and utilise “*Boolean operators*” that can include the commands AND, OR, AND NOT for the same research journals. After that assessment, the investigation will be interpreted including a “*PRISMA flowchart*” and the inclusion of the “*CASP tool*” for the investigation quality will be witnessed (Selçuk, 2019). Around 10 articles have been assumed that illustrate the effect and benefits of corporate governance in business organisations and the factors concerning the procedure that in turn carry organisation growth.

PRISMA table

Assessing the preferred selection procedure and chosen articles can be accomplished by involving the “*Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA)*” framework. As suggested by Page *et al.* (2021), the tool PRISMA 2009 comprises 27 numbers of checklist objects that designate the lowest set of information shared in a “*systematic review*” commentary. In that case, the PRISMA database is used for sieving out the articles that cannot be used in the research proceedings (Bramer *et al.* 2018). Accordingly, PRISMA will be manipulated to filter the articles that will be eventually operated on the topic of the current systematic review: the role and benefit of corporate governance for a fruitful business.

Figure 2: PRISMA

(Source: Self-developed)



The above diagram shows that almost **109 articles** or journals were taken into consideration initially that are narrowed down to **10 articles**. These 10 articles have been included in the study after discarding the duplicate articles and the incomplete journals.

Quality assessment CASP

The differential between chosen journals and articles can be evaluated and scrutinised by involving the “**Critical appraisal skills program (CASP)**” tool. As proffered by Long *et al.* (2020), the CASP tool is a researcher-relevant instrument that is utilised for qualitative proof synthesis. Consequently, for the evaluation and assessment of qualitative data on the effect of corporate governance that is implemented in the business organisation, CASP can be taken into consideration. The casp score for 5 articles is ranging from 8 to 9 while for other 5 articles the casp score is ranging from 6 to 7. Therefore, it can be stated that quality of 5 article is good while for other 5 articles quality is satisfactory.

Data extraction

Pieces of information from the picked articles can be dragged in a “tabular format” and purposes, objectives, and distinct intervention procedures for implementing corporate governance in the professional organisation can be placed in this “**data extraction table**”.

Article	Author	Data collection tool used in the article	Selected data portion from the article
1	Ying <i>et al.</i> (2021)	Random sampling technique	The methodology and result part
2	Balagoni, (2018)	Random sampling method	The methodology, result, and discussion part
3	Khatib and Nour (2021)	<ul style="list-style-type: none"> • Hausman test • Breusch Pagan Lagrangian multiplier tests • Pooled OLS 	The methodology and result part

4	Song and Yang (2022)	Accounting Research (CSMAR) database, Wind database	Background, methodology and analysis part
5	Felix <i>et al.</i> (2020)	-	Methodology part
6	Nasiri and Ramakrishnan (2020)	“ <i>FTSE Russell data</i> ” by involving the “ <i>intersection method</i> ”	The methodology and result part
7	Anwaar <i>et al.</i> (2020)	Stratified random sampling	The methodology, result and findings part
8	Al Suraiya and Alsughayer (2021)	Survey tool operating Google’s online form. A self-designed questionnaire was included.	The methodology, result and findings part
9	Gulzar <i>et al.</i> (2020)	Hausman test Annual report analysing	The methodology, result and findings part
10	Kwakye <i>et al.</i> (2018)	-	The methodology, result and findings part

Table 2: Data Extraction Table

(Source: Self-Developed)

Ethical considerations

Ethical acceptance can be gathered from the ethical council belonging to the university as well as the “*publication house*” in demand to determine and control the search. “*The data protection Act of 2018*” of the United Kingdom can be involved in order to evade unauthorised incursion of data depository appliances. In addition, the data that are extracted from the journals should be authentic and up-to-date and manipulation of the data for getting the results will not be permitted under any circumstances. Asunder with that, it is also consequential to cultivate permission from individual authorities and journal publishers prior to analysing aforesaid research papers. Ultimately, it is significant to guarantee that the assembled

data from earlier conducted research papers are not utilised for any corrupted or dishonest actions and must be operated for academic intentions only.

Results

S. No.	Author	Aim	Methodology	Sample and data source	Key findings	CASP score
1	Ying <i>et al.</i> (2021)	To determine the consequences of firms' execution on corporate social responsibility conventions using the mediating functions of corporate governance evidence from Ethiopia's corporate enterprise	A quantitative and qualitative research approach	Sample size is 357 and data source is "17 state-owned endowment enterprises and 4 enterprises shared with private owners"	CSR practice was decent in the farms in Ethiopia for the inclusion of corporate governance	8

2	Balagoni, (2018)	To analyse the influence of Corporate Governance on the firm undertaking of documented companies in Sri Lanka	Both quantitative and qualitative data.	Annual reports of listed companies published by 295 Colombo Stock Exchange Companies and 50 companies were selected	The corporate governance established the board independence and Tobin's Q.	7
3	Khatib and Nour (2021)	To assess the effect of COVID-19 on corporate governance management and firm arrangement association	Primary research was included in this study	Sample data of 188 listed firms in the stock market	The corporate governance in the company was affected which further affected the acceleration of the proceedings.	9
4	Song and Yang (2022)	Identifying if the oil price dilemma impacts Chinese firms' performing performances and the effective role of corporate governance approaches in this connection.	"firm-specific data", "macroeconomic data", "corporate governance data", and "oil price data" were favoured from Chinese farms through primary research.	The sample of 2,696 Chinese documented firms from 2007 to 2019	The executive incentives can assist the firms to reduce the adverse results of oil price delay, whereas the managerial scrutinising cannot do the same.	5

5	Felix <i>et al.</i> (2020)	“To investigate the joint short-run and long-run causality connection between “grey directors” on the corporate performance of deposit money banks in Nigeria”	Primary quantitative research was included in this study	14 deposit money banks out of the 15 listed on Nigeria stock exchange were taken into consideration.	With corporate governance, the high performance and the firms can be seen.	8
6	Nasiri and Ramakrishnan (2020)	Whether corporate governance, using data from listed companies, influences the connection between wages management and the firm’s ability	Primary quantitative research method.	Conclusive sample dimensions were decreased to 84 and listed corporations in different companies.	Corporate Governance increased the reliability of the investors and strengthened the relationship.	10

7	Anwaar <i>et al.</i> (2020)	To consider the association between corporate governance and interpretation of the microfinance institutions in “Sialkot” engaging primary origin of data	Primary quantitative research method	Sample of 80 participants from the principal-level administration such as the “chief executive officers”, “board of directors”, “managing directors” and all the related staff	The microfinance companies should have better corporate governance	7
8	Al Suraiya and Alsughayer (2021)	To investigate the impact of exemplary corporate governance on the Proceedings of listed companies in Saudi Arabia	Secondary qualitative and Primary quantitative research method	47 samples of response returned from 120 numbers.	Financial manipulation is effective with proper corporate governance.	8

9	Gulzar <i>et al.</i> (2020)	To inspect the affinity between corporate governance and company performance	Secondary data were collected from the annual reports	Last sample size is limited to 11 companies from all 13 companies.	The performance can be affected by the quality of corporate governance	10
10	Kwakyee <i>et al.</i> (2018)	To analyse the leverage of ethical behaviour on the corporate governance of Companies' execution	both primary and secondary sources	200 different companies were the sample size	The trade practitioners should include corporate governance for better proceedings.	5

Table 3: Results from the selected journals

(Source: Self-developed)

Discussion

According to the view of Ying *et al.* (2021) investor relations can be strengthened with the connection of better corporate governance. The proceedings in the company under the supervision of the authorities such as the board of directors and the executive models can be justified if the rules and regulations are relevant and decent (Danoshana and Ravivathani, 2019). Furthermore, the guidelines are monitored and measured with the perfection of the agenda in the company. Based on the supposition of Al Suraiya and Alsughayer (2021), it can be seen that the infrastructure, processing and regulation of the company are joined through the same thread of corporate governance.

The addition of private and public policy-making is also assembled through corporate governance which can altogether affect the performance of the company. On the other hand, the negotiation can be counted as a provocative measure and a catalyst in corporate governance that can eventually include benefits to the companies (Gulzar *et al.* 2020). The financial forms specifically benefited from the corporate governance for the experienced and calculated strategic move. In addition, it can also be seen that the long-term

management proceedings can be acquired by the board of directors. The laws regarding financial dealings based on the country can also be incorporated which can enhance the performance of a firm or company.

The bylaws and succession planning are adjacent and interrelated and companies can stay financially relevant and viable with the implementation of corporate governance. According to the suggestion of Anwaar *et al.* (2020), it can be seen that a strong community can be constructed and the relations among the different shareholders and stakeholders can be strong. On the contrary, it is also evident that impaired corporate governance can lead a company to financial loss (Ying *et al.* 2021). Moreover, the collapse of the company can be constant with the implementation of wrong and foul governance of the board of directors and CEOs.

The loss of the company can be inevitable with improper governance and in that case, the interrelationships between different authorities in different positions can be disrupted. As opined by Nasiri and Ramakrishnan (2020), the ability of the firm and the wage or remuneration releasing procedure can be further modified and properly mandated and monitored with proper corporate governance. According to Nasiri and Ramakrishnan (2020), fair and equitable treatment is needed for the proper rights allotment on behalf of the stakeholders. In that case, the shareholders in the company should be treated equally and fairly. The employees and the shareholders are also treated with fair means.

According to the presumption of Felix *et al.* (2020), accountability is also needed for better management in the corporation. On that note, the legal, social and contractual obligations should be met that can uplift the standard of the organisation. Along with that, the code of conduct must be implemented that can highlight the better governance of the company and also the better regulation of the board of committee (Kwakye *et al.* 2018). On the other hand, diversity should also be acknowledged in the company.

According to the view of Khatib and Nour (2021), transparency is the main motive in the organisation that can increase the effectiveness in the global market, the adequate skills nourishing can be included that can hype the positivity in the professional platform. Moreover, the liberal and farsighted ability of board members should be present which can further include the success of the corporation. The investors on the other hand can rely on the organisation if the corporate governance is top-notch. Furthermore, conflict management is another point of view in the professional domain and that should be acquired by the leaders of the association.

Conclusion

From the above discussion it can be concluded that a systematic review can be done for the authentic review of the papers with a similar topic of interest. The topic that is highlighted in this case is the role and responsibility of corporate governance for maintaining balance and getting benefits in business organisations. 10 articles were selected on a similar topic to investigate the responsibility benefits of corporate governance on the performance of the company. The use of the PRISMA and CASP tools has been done for the better extraction and evaluation of data. In addition, the results were analysed based on the 10 articles that have been selected for the analysing of the data.

Based on the data extracted from the articles, it was seen that corporate governance is highly necessary for the proceedings and accelerations of the company, with the imposed law, regulations and infrastructure the board of directors in the company along with the chief executives can handle the rush and reduce the risks in the financial dealings. Furthermore, the leaders and investor relationship can get better and for that reason, the profit of the companies can be increased. Based on that the reputation of the company can also be restored and the company can also be able to retain the competitive advantage over other companies with similar interests.

Reference

- J1:** Ying, M., Tikuye, G.A. and Shan, H., 2021. Impacts of firm performance on Corporate Social Responsibility Practices: The mediation role of Corporate Governance in Ethiopia corporate business. *Sustainability*, 13(17), p.9717.
- J2:** Balagobei, S., 2018. Corporate governance and firm performance: Empirical evidence from emerging market. *Asian Economic and Financial Review*, 8(12), pp.1415-1421.
- J3:** Khatib, S.F. and Nour, A.N.I., 2021. The impact of corporate governance on firm performance during the COVID-19 pandemic: Evidence from Malaysia. *Journal of Asian Finance, Economics and Business*, 8(2), pp.0943-0952.
- J4:** Song, X. and Yang, B., 2022. Oil price uncertainty, corporate governance and firm performance. *International Review of Economics & Finance*, 80, pp.469-487.
- J5:** Felix Eluyela, D., Asaleye, A.J., Popoola, O., Lawal, A.I. and Inegbedion, H., 2020. Grey directors, corporate governance and firms performance nexus: Evidence from Nigeria. *Cogent Economics & Finance*, 8(1), p.1815962.

J6: Nasiri, M. and Ramakrishnan, S., 2020. Earnings management, corporate governance and corporate performance among Malaysian listed companies. *Journal of Environmental Treatment Techniques*, 8(3), pp.1124-1131.

J7: Anwaar, S., Manan Aslam, D., Ullah, S. and Yasin, M., 2020. Impact of Corporate Governance on Firm's Performance: A Case of Micro-Financing Institutions in Sialkot, Pakistan. *governance*.

J8: Alsurayyi, A.I. and Alsughayer, S.A., 2021. The Relationship between Corporate Governance and Firm Performance: The Effect of Internal Audit and Enterprise Resource Planning (ERP). *Open Journal of Accounting*, 10(02), p.56.

J9: Gulzar, I., Haque, S.I. and Khan, T., 2020. Corporate governance and firm performance in Indian textile companies: evidence from NSE 500. *Indian Journal of Corporate Governance*, 13(2), pp.210-226.

J10: Kwakye, O., Yusheng, K., Ayamba, E.C. and Osei, A.A., 2018. Influence of ethical behavior on Corporate Governance of firm's performance in Ghana. *International Journal of Scientific Research and Management*, 6(06), pp.456-466.

Others:

Bramer, W. and Bain, P., 2017. Updating search strategies for systematic reviews using EndNote. *Journal of the Medical Library Association: JMLA*, 105(3), p.285.

Eriksen, M.B. and Frandsen, T.F., 2018. The impact of patient, intervention, comparison, outcome (PICO) as a search strategy tool on literature search quality: a systematic review. *Journal of the Medical Library Association: JMLA*, 106(4), p.420.

Gusenbauer, M. and Haddaway, N.R., 2020. Which academic search systems are suitable for systematic reviews or meta-analyses? Evaluating retrieval qualities of Google Scholar, PubMed, and 26 other resources. *Research synthesis methods*, 11(2), pp.181-217.

Long, H.A., French, D.P. and Brooks, J.M., 2020. Optimising the value of the critical appraisal skills programme (CASP) tool for quality appraisal in qualitative evidence synthesis. *Research Methods in Medicine & Health Sciences*, 1(1), pp.31-42.

Page, M.J., Moher, D., Bossuyt, P.M., Boutron, I., Hoffmann, T.C., Mulrow, C.D., Shamseer, L., Tetzlaff, J.M., Akl, E.A., Brennan, S.E. and Chou, R., 2021. PRISMA 2020 explanation and elaboration: updated guidance and exemplars for reporting systematic reviews. *bmj*, 372.

Patino, C.M. and Ferreira, J.C., 2018. Inclusion and exclusion criteria in research studies: definitions and why they matter. *Jornal Brasileiro de Pneumologia*, 44, pp.84-84.

Kovermann, J. and Velte, P., 2019. The impact of corporate governance on corporate tax avoidance—A literature review. *Journal of International Accounting, Auditing and Taxation*, 36, p.100270.

Naciti, V., Cesaroni, F. and Pulejo, L., 2022. Corporate governance and sustainability: A review of the existing literature. *Journal of Management and Governance*, 26(1), pp.55-74.

Greuning, H.V. and Brajovic-Bratanovic, S., 2022. Analyzing banking risk: a framework for assessing corporate governance and risk management.

Selçuk, A.A., 2019. A guide for systematic reviews: PRISMA. *Turkish archives of otorhinolaryngology*, 57(1), p.57.

Danoshana, S. and Ravivathani, T., 2019. The impact of the corporate governance on firm performance: A study on financial institutions in Sri Lanka. *SAARJ Journal on Banking & Insurance Research*, 8(1), pp.62-67.