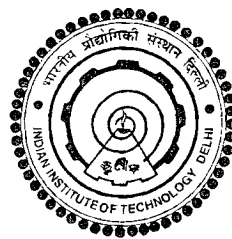


**CORPORATE GOVERNANCE AND ETHICAL CLIMATE: A
STUDY OF
SELECT INDIAN COMPANIES**

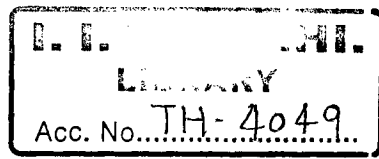
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**Submitted
in fulfillment of the requirements of the degree of
DOCTOR OF PHILOSOPHY
to the**



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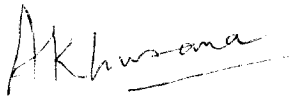


CERTIFICATE


This is to certify that the thesis entitled “Corporate Governance and Ethical Climate: A Study of Select Indian Companies”, being submitted by Dimple Grover, to the Indian Institute of Technology, Delhi, for the award of the degree of Doctor of Philosophy, is a record of bonafide research work carried out by her.

Dimple Grover has worked under our guidance and supervision, and has fulfilled the requirements for the submission of this thesis, which, to the best of our knowledge has reached the required standard.

The results presented in this thesis have not been submitted, in part or full, to any other University or Institute for the award of any degree or diploma.



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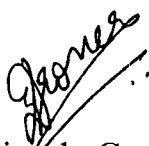
I would like to express my heartfelt gratitude to my supervisors Prof. Amulya Khurana and Prof. Ravi Shankar. Besides providing me their able guidance, they have been a source of constant encouragement. Their patience coupled with sagacity, from time to time has propelled me to constantly introspect and improve to bring this work to completion.

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Dimple Grover

ABSTRACT

One of the key reasons for recession, in the recent past, can be attributed to unethical practices of some renowned companies. To curb these malpractices, governments are building stringent norms to ensure good Corporate Governance (CG). As a consequence, companies are now putting their best effort to build ethical climate.

The aim of the present study is to find out the relationship between corporate governance and Ethical Climate (EC) in Indian companies. Both quantitative and qualitative approaches were followed in the study. The study has been carried out in two parts. Study 1 focuses on the corporate governance parameters and firm's operating performance parameters. The data for the study were collected from secondary sources Center for Monitoring Indian Economy (CMIE). Regression analysis was used to analyze the data.

The sample of Study 2 comprised 255 managers from 10 companies located in Delhi and National Capital Region. The companies and managers were selected by 'convenience' and 'random' sampling techniques, respectively. Pearson's 'r', Regression analysis, and Student's 't' were used for data analysis.

The results of Study 1 indicate that none of the governance parameters emerged as significant predictors of firm performance.

Findings of Study 2 reveal that CG and some of its dimensions were significantly correlated with EC and its dimensions. CG also emerged as significant predictor of EC and its dimensions. Designation was found to have a significant effect on CG practices.

Two case studies, for Study 1 and Study 2, respectively, were undertaken to supplement the results of quantitative data.

Interpretive Structural Model (ISM) results show that Structure of the board, *Role of FII*, and Legal compliance have the highest driving power for corporate governance.

The results of the study have been summarized, implications and limitations have been pointed out, and suggestions for future research are made.

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