EXAMINING THE CORPORATE GOVERNANCE STRATEGIES OF INDIAN FAMILY-RUN COMPANIES: INSIGHTS FROM SELECTED ENTERPRISES

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ABSTRACT

Purpose: In light of this, the current study aims to evaluate the management practices of major family business operations in India.

Theoretical references: Cadbury (1992) defines business governance as the operational and managerial framework of an organization guided by its purpose and principles.

Methods: The research scrutinizes governance practices of major family firms on the Bombay Stock Exchange, concentrating on the top 30 contributing to the SENSEX. Governance factors include board structure, meeting frequency, market capitalization, and social responsibility initiatives.

Results: The findings provide insights into the corporate governance strategies of Indian family-run enterprises, contributing to a comprehensive understanding of their governance practices. The study underscores the need for enhanced gender diversity and sustained adherence to governance norms.

Limitations of Research: The limitations of this study include a potential lack of generalizability due to the focus on specific family-run companies in the Indian context.

Originality: This study unveils the corporate governance dynamics within Indian family businesses, showcasing their adherence to ethical practices, compliance with regulatory frameworks, and distinctive governance patterns.

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EXAMINANDO AS ESTRATÉGIAS DE GOVERNANÇA CORPORATIVA DAS EMPRESAS INDIANAS GERIDAS POR FAMÍLIAS: IDEIAS DE EMPRESAS SELECIONADAS

RESUMO

Objetivo: O presente estudo tem como objetivo avaliar as práticas de gestão de grandes empresas familiares na Índia.

Referências teóricas: Cadbury (1992) define governança de negócios como o quadro operacional e gerencial de uma organização guiada por seu propósito e princípios.

Métodos: A pesquisa examina as práticas de governança das principais empresas familiares na Bolsa de Valores de Bombaim, concentrando-se nas 30 principais que contribuem para o SENSEX. Os fatores de controle incluem a estrutura da diretoria, a frequência das reuniões, a capitalização do mercado e iniciativas de responsabilidade social.

Resultados: As descobertas fornecem informações sobre as estratégias de governança corporativa das empresas indianas de gestão familiar, contribuindo para uma compreensão abrangente de suas práticas de governança. O estudo ressalta a necessidade de maior diversidade de gênero e adesão sustentada às normas de governança.

Limitações da pesquisa: As limitações deste estudo incluem uma potencial falta de generalização devido ao foco em empresas familiares específicas no contexto indiano.

Originalidade: Este estudo revela a dinâmica do controle corporativo dentro das empresas familiares indianas, mostrando sua adesão a práticas éticas, conformidade com estruturas regulatórias e padrões distintos de controle.

Palavras-chave: governança familiar, empresas familiares, volume de negócios, comissão, adesão.

1 INTRODUCTION

Responsible governance is a popular term in managerial literary works and every aspect of the public sector and public life. Each participant in every type of venture anticipates that good governance will prevail. However, the word "government" derives from the Latin "Gubernare," which means "to steer." Therefore, corporate responsibility could be understood as managing an organization's affairs. In the past decade, major changes have occurred in the worldwide financial and corporate landscape [1]. India has been an outlier. Trade barriers have been eliminated, FDI and FPI limits have disappeared for various core and non-core industries, the global market is shrinking, bottom lines are...
taking precedence, and efficiency is the buzzword for surviving in an atmosphere of competition. Corporations now have access to international opportunities.

Moreover, the entry of a global actor into India threatens their survival [2]. Massive multinational scams and scandals have emerged in India, including the Harshad Mehta scam, the Ketan Parikh scam, and the recently concluded Satyam scam, to mention [3]. As resources become scarcer, emphasis is being placed on cultivating higher talents. All of those benefit investors, customers, and the corporation [4]. Therefore, obedience to internationally and nationally acknowledged organizational codes dictating good business governance measures is necessary for survival and development [5]. These variables have also raised the investing and loan agency communities’ consciousness. To accomplish self-control and "assisting the best desires of all," these elements required an overhaul regarding how corporations are ruled [6]. On the flip side, domestic enterprises offer several advantages: they tend to be adaptable, dependable, and proud; they can plan well; they have an enduring culture; and their employees are dedicated [7]. However, they may also be rigid, inwardly focused, resistant to change, and sometimes overwhelmed by psychological problems. It is an intriguing and intricate combination of benefits and drawbacks, expenses and perks, qualities and liabilities.

The larger the family, the more complicated and different it becomes, so acquiring the abilities necessary to establish a shared goal and settle conflicts among family partners presents formidable obstacles. Setting efficient and open administration permits dialogue and understanding of the complex and frequently emotive family, ownership, and business problems confronting mature family businesses[8]. Therefore, family members must devise tactics that enable them to tackle the company in a unified manner, learn how to interact and offer their perspectives on the important problems the entire family must confront [9]. Family-run businesses have historically dominated India's corporate sector, beginning with Tata, Birla, Ambani, Goenka, Ruia, Mittal, etc. They contribute considerably to the nation's economic development through the creation of jobs, the growth of exports, and the building up of foreign reserves, and they are also involved in cross-border mergers and fusions [10]. However, troubles with government and leadership continue to arise. Government policy interfered with the orderly operations of India's family-owned businesses. Recent instances, such as the conflict between the Ambani brothers and succession disputes in the Birla clan, demonstrate this point [11]. In
in this context, the current investigation is an inquiry into the state of corporate responsibility in India's major family-dominated corporations [12].

2 THEORETICAL REFERENCES

2.1 GOVERNANCE OF FAMILY-DOMINATED BUSINESSES: SOME RUDIMENTARY CONSIDERATIONS

A broader definition of "family" than a collection of people connected only by marriage or blood is necessary for managing families. In a governance system, "family" may also apply to close friends or knowledgeable consultants who have developed intricate and intimate ties to certain families. The international business community is built on the foundation of family-owned companies. The success of the global economy depends on its creation, growth, and survival. Personally held enterprises must deal with various issues particular to their state despite sharing many day-to-day management challenges as publicly traded corporations [13]. His considerable skills in handling business and family enterprises served as the foundation for Sir Adrian Cadbury's remarkable and protracted professional career. He served as the panel's chair while it developed the UK's business regulation framework. After that, he was crucial in creating corporate governance regulations in many other countries. Sir Adrian has first-hand knowledge of family companies. His professional career was launched at the family-owned Cadbury Corporation [14]. He was still the company's owner when he joined the board and later rose to the position of chairman. Cadbury and Schweppes combined when he was in charge, and the company went public[15]. One characteristic of prosperous family enterprises is that they are effectively controlled and handled.

A family's governance structure consists of the laws and procedures that regulate the management and preservation of its assets and company, as well as the ability of the family, its constituents, and its advisors to collaborate on the development of the family's stated mission and vision. Everyone in the family must abide by the rules that will be created. To create organized responsibility and equitable distribution of power between the various goals and organizations that make up a family and its company, a solid system of governance will likely achieve both. Family members, firm owners and executives, fiduciaries, family advisers, and the family business will be among them. Any form of authority must be given sufficient time and room to emerge organically from family talks and be guided by the values and philosophies of the clan [15]. It will make it easier to
make it customized to meet each household’s specific demands. Families with enterprises that survive to the third generation typically have certain distinctive characteristics. They frequently create a unique culture—an aura of being part of something, a shared goal, pride, and devotion—that can be handed down and formed from one lineage to another [16]. They also tend to consider the long-term and favor profit retention over dividend payouts. However, established family enterprises are also vulnerable to significant drawbacks. Because of the crucial role provided by the relatives who own and frequently run them, they are far more complex organizations than their non-family equivalents.

Looking at personal enterprises in a setting of contrasting systems of beliefs is a great way to start comprehending their complex interactions because many of the issues they face are based on the potential disputes that can develop between emotion-based familial ideals and task-oriented company principles. For the many close relatives involved, whether in a possession or administration capacity, the different goals and objectives of shareholders, proprietors, managers, and administrators alone generate some unique stress that occurs in family businesses, causing working contact and moral disputes at a level of clash[17].

2.2 COMPLEXITY IN FAMILY BUSINESSES

The primary areas that notably negatively influence multi-generational family businesses are where family firms continually shift and evolve: around the way their shareholder relations tend to change over time. In this sense, a few problems are listed below:

(i) Information Flows: Most internal investors in household-governed businesses don’t work for the family-owned company, so over time, they begin to feel like they need to learn more firsthand facts about it. The business’s stakeholder interaction regulations now bind them. However, they used to receive regular updates from engaged grandparents, spouses, or kids that helped to keep them informed of developments and empowered them to feel defensive of the needs of their household. Data reliability and consistency problems frequently arise due to various limbs "hearing" different things [18].

(ii) Historical Baggage: However, in certain family-run businesses, time doesn’t have the same calming impact on the younger generations, and ancient grudges may seem big, made even more so by the burden of tradition and repeated recounting. Senior citizens
may make remarkable efforts to maintain animosities and grievances that amplify and strengthen family conflicts and weaken confidence and trust in the following ages.

(iii) Ownership Politics and 'Migration': Families that are farther removed from what the company does are moving into management of family enterprises as they develop, and the clans that own them grow more intricate[19]. It leads to significant conflict in these organizations' management issues.

(iv) Control Retention: The problems of maintaining the seat of authority of an organization inside the family and the difficulty of motivating non-family senior employees to develop if the family-governed business requires extreme steps to teach the professionalization of the industry in such companies by permitting the business to be managed by non-family senior executives.

(v) Emotional Hiccups: Emotional rivalries, such as those between father and son, siblings, or cousins, can seriously affect how family-run businesses are managed and controlled. This problem is demonstrated by recent cases in the Indian business community, such as Reliance Industries Private Limited and the Birla Clan.

(vi) Divergent Interests: The wants, desires, and goals of owners running diverse family-run businesses may differ from those of others not affiliated with their company. The latter, for instance, may object to the decrease in payouts even though the cash is being put back for the business's future development because they depend on dividend revenue to support living demands developed in earlier, lesser groups[20]. On the other hand, the periodic payment of rewards to investors who do not participate in everyday activities may cause the wives of share-owning who work for the company to feel that the inadequate wages hurt their professional lives.

(vii) Branch Dominance: The company's leadership center typically evolves from a single-branch executive team to a multi-branch-originating household as the household-governed firms develop. Certain relatives may find it comforting that this part carries on the family's riches and professional reputation. Still, any skill gaps in the organization and how people exert their power can lead to conflicts and anger[21].

(viii) Number Game: More than fifteen of the founder's grandkids may still be alive if the family firm expands over three or four eras, bringing the total number of close relatives with a financial interest in the company to more than thirty. Of course, as the membership grew, governance and administration issues became more difficult.
There are primarily two approaches to addressing the issues of leadership faced by family-governed businesses: (a) reducing difficulty by acquiring cousins and combining controlling interest in the company in fewer hands; or (b) maintaining the degree of intricacy, in which instance it must be carefully controlled to prevent it from spiraling beyond authority. Here are a few concrete steps that can be taken to simplify familial company oversight:

2.3 FAMILY SOCIAL COMMITTEE

This group plans recurring events to assist and improve the leadership of families by building family ties. When distant relatives work together to get a grasp on one another, the bond between families becomes stronger and more united. There are several methods for choosing employees, including open elections, volunteer-only positions, senior citizens electing their successors, family trees selecting staff members, and nominated groups.

2.4 PROMOTING FAMILY HARMONY

To manage the difficulty, "structure" must be introduced in the form of guidelines, regulations, and processes that aid the family in developing a unified strategy for its role in the company. Proper management is required, which entails establishing organized responsibility and coordinating the different goals of the founders, the family, and the company. In India, companies typically have a visionary boss or guru who tries to promote unity by assisting the family in resolving their issues. The guru picked for his knowledge and cunning, will frequently participate in family meeting sessions. If he anticipates possible problems that could cause family strife, he will monitor the scenario beyond the session to guarantee that conflict and disputes are minimized or avoided.

2.5 FAMILY OFFICE

The familial office's role is to centralize duties for everyone in the family, and by serving as a managerial, expenditure, and liquidity management hub, it supports a family government system. It can also supervise household estate planning and taxes and coordinate finances, insurance, and finance. Because it fosters a solid familial sense of self, clarifies societal norms, upholds traditions, and teaches children how to handle cash properly, numerous households believe that having a devoted office would result in better
connections to the family for generations to come. Even though some of the same people may work in both, the familial office and the family company are independent entities. It ought to have an official organizational structure, a board of directors (which can include close relatives and outside experts), and regular updates to the family on its financial position, availability, and other operational data. A family can develop a common goal and an expression of ideas and rules to help steer overall investment policies by preparing jointly.

2.6 A COUNCIL OF ELDERS

In most Middle Eastern family enterprises, there is a different entity besides family councils and legislatures called a committee of elders or seniors. This body will be at the highest level of the family's management structure, with the board of families serving as its executive group, due to the fundamental reverence for older people that underlies many parts of Middle Eastern society and its traditions.

2.7 FAMILY ASSEMBLY

All household investors or everyone in the family from the various branches of the clan are welcome to attend this free platform to network, talk about, and gain insight regarding the company's operations as well as family-related problems and worries. Sessions of the parliament should be organized so that as many people as possible can attend. They offer a chance for accountability. Household executives participating in the clan’s government process can update the larger family gatherings. They should also educate everyone in the family about the company through speeches and talk about the business’s strategy in general and how it might alter in the years to come.

2.8 PUTTING TOGETHER THE FAMILY COUNCIL

The family assembly is the primary venue for communicating investors' and other relatives’ distinctive needs and worries. In a multi-generational enterprise, a clan's board should ideally have up to 10 elected representatives who cover every division, era, and close relative. It is an organization acting as the familial assembly's "executive committee." The household council will provide a "bridge" between the organization's board of executives and its investors. The group of governors of domestic companies has additional duties above those of non-family corporations (which focus on maximizing
shareholder profit). Board participants are responsible for comprehending how the family interacts with the organization, mediating its impact, and assisting in achieving the family's legitimate long-term objectives. The committee should make decisions by agreement rather than by a simple majority or according to ownership, and it may comprise both family executives and investors. The panel has no constitutional power but aspires to forge the family "glue" that will allow the family to address the board as a unit.

**Objectives of the Study:**

In light of this, the current study aims to evaluate the management practices of major family business operations in India.

### 3 RESEARCH METHODOLOGY

#### 3.1 RESEARCH DESIGN

The study assesses the most recent governance practices of major family firms; the current research is concentrated on those listed Indian companies on the Bombay Stock Exchange that are responsible for the composition of the SENSEX, a crucial indicator of the well-being of the Indian economy. The study sample consisted of 30 prominently listed Indian companies that, as of March 31, 2014, contributed to the creation of the BSE SENSEX. Among the top 30 S&P BSE-SENSEX listed companies, 14 have a history of family-run management, including Bajaj Auto, Bharti Airtel, Tata Motors, Tata Powers, Tata Steel, Hindalco Industries, Dr. Reddy's Laboratories Ltd., Cipla, Hero Motocorp, Tata Consultancy Services, Mahindra & Mahindra, Reliance Industries Ltd., Wipro, and Sun Pharmaceuticals Industries Ltd. The following administration vectors have been considered in the study: board structure, board meeting frequency, nature, formation, and effectiveness of various boards, including audit panels, market capitalization (M-Cap), an employee grievance procedure, boards for resolving client complaints, committees for board candidates, and social responsibility initiatives—accountability (CSR), complaints against corporate behavior or SEBI rules, etc. Profit after Tax (PAT), PAT/Total Assets, Market Capitalization, etc., are used to quantify the relationships between the economic condition of the company and the adoption of corporate governance legislation.
3.2 DATA SOURCE

Information was primarily gathered through other sources. The Centre for Monitoring Indian Economy (CMIE), Mumbai, a highly regarded top corporation data collection organization, offered the PROWESS Corporate Dataset as the secondary information source for this research. Additionally, as needed, the websites of the organizations, annual corporate statements, research publications, books, magazines, articles from newspapers, digital newsletters of various professional organizations as well as business houses, and the publication of business positions by mixed Indian as well as various foreign organizations were all reviewed.

4 RESULTS AND DISCUSSION

The poll was done on family businesses inside S&P BSE SENSEX companies, and some key findings are shown below.

(i) **Board Size:** The median size of the boards of the S&P BSE SENSEX family businesses under study is 12, with a standard deviation of 2.075. In contrast, the mean board size of companies that are not family-owned is 12.375, with a standard deviation of 2.70 in Figure 1 and figure2.
(ii) **Compliance of Codes:** The family-run businesses that were looked at followed almost all of the essential clauses of Article 49 of the identifying contract. These clauses were based on the recommendations of the Kumar Mangalam Birla Committee, and all respondents showed they were very efficient.

(iii) **Current position of the board's chairman:** It was discovered that 8 out of the 14 family businesses questioned had an independent director act as their chairman, and the other 6 had an executive director serve in that capacity in show figure 3.
Contrarily, if we examine the chairmanship positions of non-family companies, we find that exactly 50%, or 8 out of the 16 non-family businesses in the S&P BSE SENSEX, are led by independent directors.

(iv) Separation of Role of Chairman and CEO: At this point, 10 of the 14 family businesses evaluated had split the chairperson and CEO positions. But when it comes to non-family companies, 10 out of the 16 assessed non-family businesses have divided the roles of chairman and CEO.
(v) **Gender Diversity in Board:** The new law mandates the appointment of a woman director for every listed firm and all publicly traded businesses with no less than a paid-up share capital of Rs 100 crore or yearly revenue of at least Rs 300 crore. However, S&P BSE SENSEX Companies utterly fail on this front. Only three of the top 30 businesses had at least two female directors on their boards, and seven had none. However, an example is Arundhati Bhattacharya, the first woman nominated as Chair of the nation's largest lender. Ms. Bhattacharya, a graduate of Jadavpur University, was recently listed by the respected business publication Forbes as one of the most influential businesswomen in Asia in Figure 5 and Figure 6.
Regarding gender balance on the boards of family businesses, it was found that 12 out of the 14 significant family businesses in the S&P BSE SENSEX had at least one female board member. On the other hand, it was noted that at least one woman had an executive seat at 14 out of 16 big non-family firms that were included in the S&P BSE SENSE.

(vi) Independence of Board: Regarding encouraging board impartiality in family businesses, it was discovered that every family business had at least half of its board made up of separate directors (thanks to listing consensus clause 49's required suggestion that, if the president is an executive director, half the board should be made up of independent non-executive directors). However, let's consider Naresh Ch, the Committee's advice that the vast majority of the executive team should be made up of unbiased directors. 9 out of the 14 family businesses examined have achieved this standard.
(vii) **Board and Audit Committee Activities**: A minimum of four board conferences must be held annually, with no period of four months separating any two board meetings. In addition, sessions of the audit committee must be held at least twice a year: once before the accounts are finalized and once every six months. However, when it came to maintaining the release of the Board of Directors and AC meeting records in annual filings, exactly half of the family businesses (7 out of 14) did so. Additionally, only 35.71% of the family businesses surveyed (5 out of 14) had established an independent meeting for audit panels to go over problems associated with the inspection with the business's internal as well as external auditors at least once a year, lacking leadership, and 85.71% of the family businesses (12 out of 14) had given the AC greater authority to hire and fire their internal as well as external auditors.

(viii) **The Audit Committee's membership**: The majority of family firms (78.57%) (11 of 14) had audit committees (AC) made up only of independent directors (IDs), and 12 of 14 of those groups had formal written bylaws that the whole board of directors had authorized. The demand that management assess and reassesses the auditor's committee's structure on an annual schedule was followed by only 14.29% (2 out of 14) of the corporations. But it was found that every business evaluated had at least one worker with a proven track record in finance and handling finances. Furthermore, none of the companies in the survey appointed a former executive board member to the post of AC Chairman.

(ix) **Composition of Remuneration Committee**: 11 of the 14 family businesses surveyed (or 78.57%) agreed that the compensation panel should be made up entirely of independent directors. In addition, 8 out of 14 of the studied family businesses' leaders of Compensation Boards showed up at the meeting's opening session to answer questions. Only six of the 14 family businesses questioned had adhered to the requirement for the Remuneration and Assessment Committee to analyze the assessment standard for management and executive people and provide opinions.

(x) **NEDs will meet separately**: The Higgs Report (Reviewed of the Function and Efficiency of NEDs, U.K., 2003) suggested that independent board members get together at least once a year without the leader or executive directors in attendance and that the annual report include a statement on whether these meetings took place. A particularly unfortunate result for the examined Indian family firms was that just 4 of the 14 family enterprises in the S&P BSE SENSEX, or 30%, were organizing the event.
(xi) **Committee for Nominations:** Just nine of the Fourteen family firms were found to have chosen a group. 5 of the 14 family firms assessed continued having the board nominate persons to the auditing board based on recommendations from the voting committee and in consultation with the head of the auditing division. The Chairman or a Separated non-executive director may serve as a nominee for the Committee's Chair. Still, the Chairman should not do so if the Committee selects an alternate for the Chairmanship, according to one of the codes (Combined Code of Governance for Companies, U.K., 2006), to encourage good business governance. In this respect, eight of the fourteen family-owned enterprises (57.14%) complied with such a requirement.

(xii) **Information about Executive Compensation:** Every family business surveyed has broken down the compensation of corporate officials into fixed and fluctuating parts. However, regarding the declaration of pension benefits received by any one director over the entire year, 9 out of 14 family-owned companies in the study had complied with this issue (64.29%).

(xiii) **Corporate Disclosure:** Each organization polled had decided to provide price-conscious data and communicate it through digital channels using their official websites, electronic newsletters, or other electronic media. Furthermore, every family business in the poll declared the number of shares every director personally owned in the company through their annual reports, the "investor advisory" portion of their homepages, and the announcement convening a shareholders' gathering. Additionally, all the businesses had revealed the stock-option or stock-purchase schemes available to white-collar and blue-collar workers.

(xiv) **Investors Grievance Committee:** Each company, especially family enterprises (100%), has established a separate Investors Grievance Committee under the direction of an outside director by Section 49 of the Stock Agreement.

(xv) **Corporate Social Responsibility Committee:** According to Section 135 of the New Organisations Act of 2013 and Cl. 55 of Identifying Contracts, each of the significant publicly traded firms that include family-run enterprises in the S&P BSE-SENSEX has started to correctly determine a panel for community involvement made up of at least three managers and one outdoors director. This group will design and recommend to the Board a social responsibility policy for the company that will set forth the actions the company will be taking.
4.1 PERSON BY PERSON COMPANY WISE ANALYSIS

The "Corporate Governance Score" (CGS) was developed using binary scaling, i.e., by assigning "1" for Acceptance of any issue and "0" for Failure to comply or Non-Explanation for each of the 95 problems considered for the survey taken from 22 worldwide and nationwide celebrated Rules of Business Governance, Law, Clause, or Provision. The following graphs illustrate the corporate compliance ratings for all 30 assessed companies, which include the top 14 run by families in show Table.1 and Table.2.

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Sources: Computation upon Business Disclosures and PROWESS

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<td>Larsen &amp;Toubro</td>
</tr>
<tr>
<td>2</td>
<td>76.8421</td>
<td>HDFC</td>
</tr>
<tr>
<td>1</td>
<td>91.5789</td>
<td>Infosys Technologies Ltd</td>
</tr>
</tbody>
</table>

Source: Calculation based on Corporate Disclosures and PROWESS
4.2 TESTING OF HYPOTHESES

The K-independent tests The Kruskal-Wallis test was used to compare the alternative hypothesis H₁: "CGS across the family companies are different at \(\alpha = 0.5\)," to the null hypothesis H₀, which states that there is no disparity in CGS throughout all of the interviewed family businesses in show Table.3, Table.4 and Figure.7.

<table>
<thead>
<tr>
<th>Decision</th>
<th>Null Hypothesis</th>
<th>Sig</th>
<th>Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keep the null hypothesis in place.</td>
<td>The Corporate Governance Score is distributed uniformly across all Company Type categories.</td>
<td>.449</td>
<td>Kruskal-Wallis test for dependent samples</td>
</tr>
</tbody>
</table>

The significance of asymptotics is shown. The level of relevance is .05.

Figure.7 Independent Sample Kruskal-Walls Test

Results Produced Using IBM SPSS Version 21As can be seen, there is no statistical evidence to support the null hypothesis that the corporate responsibility ratings for all questioned family businesses are identical. As a result, there are no statistically significant variations in CGS between the examined family firms.

The variation in business ethics scores between polled family-run companies and non-family companies has been tested using the Mann-Whitney University Test, which compares the null hypothesis H₀: CGS family enterprises = CGS non-family organizations
against the different hypothesis $H_1$: CGS family enterprises = CGS non-family enterprises at $=0.05$ in show Table.5 and Figure.8.

<table>
<thead>
<tr>
<th>Decision</th>
<th>Null Hypothesis</th>
<th>Sig</th>
<th>Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keep the null hypothesis in place.</td>
<td>The Corporate Governance Score is distributed uniformly across all Company Type categories.</td>
<td>.275</td>
<td>Mann-Whitney U test for independent samples</td>
</tr>
</tbody>
</table>

The significance of asymptotic is shown. The level of relevance is .05.

Result Produced Using IBM SPSS Version 21 As can be seen, there's no statistical evidence to support the unproven theory that the assessed family and non-family firms' corporate governance scores are equal. As a result, there is no statistically significant distinction in CGS between the surveyed family businesses and non-family businesses.
5 CONCLUSION

In light of the preceding talks and observations, recommendations for effective governance for family businesses functioning in India may be made, along with a few corrective actions.

- Constructing a Family Social Committee etc.
- Organizing Family assemblies regularly,
- Evaluation of the Director's performance regularly,
- Having a well-organized and separate Family Office,
- Constructing the Family Council,
- Establishment of a family's senior council;
- establishing more boards of directors voluntarily;
- Effective Implementation of Whistle Blower Policy,
- The implementation of the continuous voting system to safeguard minority values;
- Planning Director training,
- Ensuring independence on board in a true spirit,

6 ORIGINALITY/ VALUES

a) Indian family business governance practices are still the subject of basic research. Even though certain studies, like the one in question, have been conducted, several crucial areas still demand focus and offer room for additional research.

b) It is possible to conduct a thorough study to determine how family-run businesses' corporate governance practices affect their financial performance.

c) A research project examining the connections between succession plans, CEO turnover (such as layoffs or voluntary resignations), and family business governance may be carried out in the Indian setting.

d) It is important to study the application of "ethical management" in daily activities and choices in light of the Indian family business sector and its role in improving firm performance.

e) It is possible to imagine how foreign institutional investors (FIIs) will affect corporate governance systems and play a role in family businesses.
f) For improved comprehension of the topic, a sector-, industry-, and company-specific study of the governance practices of Indian family firms may be considered.
REFERENCES


