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Towards better corporate governance – Independent directors in the boardroom, Arun Kumar Rath, Excel Books, New Delhi, 2010, pp xxii + 238, Price: INR 495, ISBN 978-81-7446-779-9

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The term Corporate Governance is not only a buzzword in the management literature but is also much-discussed concept, influencing in a big way the different categories of stakeholders directly/indirectly associated with the corporate world. Corporate governance is being considered as an essential component of any organization's control mechanism. Good corporate governance anywhere is normally expected to provide proper incentives for the Board and Management to implement objectives which are in the interests of the company and its shareholders and which can facilitate effective monitoring. Good corporate governance contributes to sustainable economic development by enhancing the performance of corporates. In emerging markets good governance serves in many ways. It reduces vulnerability of the financial crisis, reduces transaction cost and cost of capital and paves the ways for better capital market development.

The volume titled 'Towards better Corporate governance – Independent directors in the Boardroom' by Arun Kumar Rath is an outstanding contemporary work that deals with the emerging subject of corporate governance and presents a roadmap for the independent directors in the boardroom to ensure better governance. The volume not only provides a theoretical backdrop of the concept but also presents the empirical findings of an evaluation study regarding the role of independent directors in the top blue chip companies in India. The main objective of the study was to test whether the corporate governance has improved the performance of the board.

The study under reference had the objective of evaluating the role and contributions of the independent directors to board functions of the selected blue chip public sector companies. The methodology was to elicit responses from the participants in the boardroom of the nine Navaratna central public sector enterprises. The respondents consisted of five groups, the chairman-cum-managing directors, the full time directors, government nominees, independent directors, company secretaries of the Navratna companies. These groups of respondents are witness to the boardroom dynamics and understand the role and contributions of the members based upon their participation in the boardroom deliberations. A structured questionnaire containing 57 questions, each with five-point scale of response, was mailed to all the 121 respondents. Responses from 100 respondents were analyzed by statistical packages. The analysis of response to each question along with views of selected respondents from each

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group in face-to-face interviews was used to arrive at main findings. Based upon the main findings, recommendations for the future course of action have been suggested to enhance the effectiveness of the independent directors in the boardroom.

To discuss the various issues relating to corporate governance. The volume has been divided into twelve chapters with appropriate titles. The first two chapters discusses the introduction and conceptual framework of corporate governance practices. The agency theory, stewardship theory and Gandhian Approach of Trusteeship of Property have been discussed in detail to evolve a new framework to understand and analyse the role of corporate governance. The third chapter deals with corporate failures and reforms that have taken place during the last three decades. The best practices formulated by Cadbury Code for compliance for the listed companies in London Stock Exchange, fall of Enron, East Asian financial crisis, etc have been highlighted extensively. The fourth chapter discusses in detail the country experiences on corporate governance. The best practices in leading economies such as France, Germany, Russia have been discussed at length. The fifth and sixth chapter deals with the background, analysis and governance issues in CPSEs in India. The rationale, objectives and methodology of the study have been discussed in seventh and eight chapters. The contributions of directors to the board functions with respect to the frequency and duration of board meeting, agenda, quality improvement, etc were discussed with empirical evidences and the results have been depicted pictorially in the chapter ninth and tenth. The final chapter highlights future approach to corporate boards. The chapter also presents the analytical findings on issues of autonomy of the board and its independence.

The findings and recommendations of the present study are aimed at improving the systems and processes of the boardroom to enhance the effectiveness of the independent directors. Information technology is available to the shareholders to greater vigilance and control over the corporate affairs through independent directors. Notwithstanding the separations of ownership and control in the modern corporations, independent directors have the potential to enhance the outreach of the shareholders to the power of the boardroom and bring about better governance of the corporation. The book under review would have added to its usefulness by including some focused case studies as the author had the reach to the various enterprises covered by the study. Further, a comparative analysis with benchmarks was also in order. The author could have added the implementation modalities of his suggestions to enhance the practical import of the study.

The volume explores an emerging area of corporate governance and the role of independent directors when corporate bodies are falling like a pack of cards in the present era. The volume is useful to policy makers, practitioners in the public and private, academicians, researchers, and post graduate students keenly pursuing developments in the area of corporate governance.