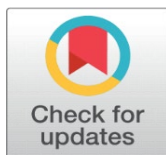


A PILOT STUDY ON THE IMPACT OF CORPORATE GOVERNANCE ON THE PERFORMANCE OF SELECTED UNLISTED PUBLIC COMPANIES IN PUNE DISTRICT: FINANCIAL PERSPECTIVE

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ABSTRACT

Corporate governance is increasingly recognized as a key determinant of company performance, especially in emerging economies like India. While extensive research exists on listed companies, limited attention has been given to unlisted company, which form the backbone of regional economies. This pilot study explores the relationship between corporate governance practices and company performance among unlisted companies in Pune District, Maharashtra. Using a structured questionnaire distributed to 20 company Managers and CEO and analysing basic financial and governance parameters, this study aims to identify preliminary patterns and pave the way for a full-scale research project.

Keywords: Corporate Governance, Unlisted Companies, Company Performance, Pune District, Board Structure, Ownership, Accountability

1. INTRODUCTION

In the evolving landscape of Indian business, corporate governance has emerged as a crucial factor for sustainable growth and investor confidence. While listed companies are subject to SEBI's mandatory governance frameworks, unlisted company—especially Small and Medium Enterprises (SMEs)—operate under relatively relaxed regulatory oversight. Pune, a prominent industrial hub, hosts a large number of such unlisted public companies contributing significantly to the local and national economy.

This pilot study aims to understand how corporate governance affects performance in these unlisted companies, offering an initial analysis and identifying areas for deeper exploration.

2. LITERATURE REVIEW

Author & Year	Research Theme	Key Findings/Review
Gompers et al., 2003; Khanna & Zyla, 2020)	Governance and Performance	Shows that good governance correlates positively with company performance in listed entities
(Bhaumik et al., 2012; Singh & Gaur, 2013	Unlisted Companies and Governance.	Ownership concentration and familial management are typical features in Indian unlisted company, which may both enable and hinder performance.
----- ----- Meenu (2012)	Need of Effective Corporate Governance and its challenges in India	----- Corporate Governance has been proving a very efficient and effective system for our economy and to save the interest of shareholders
Sharma Aparna (2012),	Legal Framework and corporate governance	An Indian perspective found that significant efforts have been made by Indian regulators and the industry to overhaul Corporate Governance since 1999

3. OBJECTIVES OF THE STUDY

- 1) To study the Corporate Governance Practices adopted in Unlisted Public Companies in Pune District, taking into consideration the Financial Perspective.
- 2) To study the provisions under the Company Act, 2013 for Unlisted Public Companies.

4. HYPOTHESIS

H01: Unlisted public companies do not fully follow Corporate Governance practices in Pune District.

HA1: Unlisted public Companies in Pune District follow Corporate Governance practices

H02: The provisions under the Company's Act, 2013 are not exhaustive for Unlisted public companies.

HA1: The provisions under the Company's Act, 2013 though are few for Unlisted Public Companies, the same are followed by Unlisted Public Companies.

5. RESEARCH METHODOLOGY

Component	Details
Research Design	Qualitative and Descriptive
Data Collection	Using Primary (sources Structure questionnaire and Secondary Sources(Reports and Journals)
Sampling Area	It is Conducted in unlisted companies in Pune District
Sample size	30 unlisted companies across manufacturing, IT, and service sectors in Pune District.
Sampling Technique	Purpose Sampling
Tools Used	Descriptive statistics, Chi-square tests

6. DATA ANALYSIS IS DONE AS FOLLOWS RELIABILITY TESTS

Case Processing Summary			
		N	%
Cases	Valid	23	100.0
	Excluded ^a	0	.0
	Total	23	100.0
a. Listwise deletion based on all variables in the procedure.			
Reliability Statistics			

Cronbach's Alpha	N of Items
0.891	61

Since the cronbach's alpha value is $0.891 > 0.7$, the questionnaire is reliable and valid

Item-Total Statistics				
Particulars	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Gender	106.700	527.344	.236	.941
Age in years	104.100	529.656	.016	.944
Qualification	105.400	523.156	.211	.940
Designation	105.400	524.933	.064	.945
Experience in years	105.900	524.100	.248	.942
Annual Income (Rs in Lacs) per annum	106.200	534.178	-.104	.942
Are you aware about corporate governance	106.800	530.400	.110	.941
Does your company follow Corporate Governance practices	106.300	520.900	.464	.940
Mention the sector in which your company belongs	106.200	540.400	-.279	.943
The company has a well-defined framework for financial risk management.	106.500	525.833	.253	.941
Internal controls are effectively implemented to mitigate financial irregularities.	105.400	509.822	.682	.939
Financial disclosures are transparent and align with stakeholder expectations.	106.000	504.000	.832	.938
The board of directors provides effective oversight of the company's financial management.	106.000	496.444	.782	.937
Independent directors contribute significantly to the Corporate financial governance practices of the company.	105.800	519.733	.465	.940
There is a structured process for evaluating board performance with a focus on financial oversight.	105.800	504.844	.673	.938
Financial audits are conducted regularly and provide actionable insights for improvement.	105.800	504.844	.673	.938
The organization adheres to relevant financial regulatory requirements without exceptions.	105.900	521.433	.485	.940
There is a transparent mechanism for reporting and addressing financial misconduct.	105.700	493.344	.821	.937
Stakeholders are kept informed about the company's financial performance and strategies.	105.400	498.267	.677	.938
The company has a clear financial succession plan for key leadership roles.	105.200	491.733	.699	.938
Environmental, Social, and Governance (ESG) considerations are reflected in the company's financial planning.	105.400	509.378	.496	.940
The organization engages with stakeholders to incorporate their financial concerns into corporate policies.	105.300	503.344	.642	.939
Ethical practices are prioritized in financial decision-making processes.	105.700	514.233	.322	.941
The organization's financial strategies align with long-term sustainability goals.	106.000	500.222	.794	.938
The Companies Act, 2013 provides clear and comprehensive provisions for unlisted public companies.	105.500	513.833	.459	.940
The provisions under the Companies Act, 2013 are sufficient for regulating unlisted public companies.	105.500	508.500	.602	.939
Unlisted public companies are aware of the legal obligations they must comply with under the Companies Act, 2013.	105.600	512.711	.430	.940

The regulatory framework under the Companies Act, 2013 encourages unlisted public companies to operate transparently.	105.300	507.344	.442	.940
The Companies Act, 2013 offers a balanced approach to regulation for unlisted public companies, ensuring both flexibility and compliance.	105.900	519.878	.387	.940
Unlisted public companies are adequately supported by the Companies Act, 2013 in maintaining proper accounting records.	105.200	507.067	.416	.940
The statutory audit requirements for unlisted public companies under the Companies Act, 2013 are clear and well-defined.	105.800	503.956	.833	.938
The regulatory framework under the Companies Act, 2013 encourages unlisted public companies to operate transparently.	105.600	509.822	.442	.940

Variable	Category	Frequency	Percentage
Gender	Male	8	80
	Female	2	20
Marital status	Married	8	80
	Unmarried	2	20
Age	Below 25	0	0
	25-35	2	20
	35-45	2	20
	45-55	2	20
	Above 55	4	40
Qualification	Graduate	1	10
	Post Graduate	4	40
	Doctrate	4	40
	Professional/CA/CS	1	10
Designation	Assistant Manager	0	0
	Manager	50	50
	Management Personnel	50	50
Experience	Upto 5 years	2	20
	6-10	6	60
	11-15	2	20

7. PRELIMINARY CORRELATIONS (PILOT)

Sr. No.	Variable	ROA Correlation	Revenue Growth Correlation
1	Independent Directors	+0.42	+0.35
2	Board Meeting Frequency	+0.51	+0.48
3	Audit Committee Presence	+0.33	+0.28
4	Ownership Concentration	-0.20	-0.15

Note: Correlation coefficients are indicative, based on pilot data.

8. HYPOTHESIS TESTING

Hypothesis 1

H0: Unlisted public companies do not fully follow Corporate Governance practices in Pune District (Ho)

H1: Unlisted public companies fully follow Corporate Governance practices in Pune District (Ho)

T-Test

N	Mean	St. Deviation	St. Error of Mean
20	2.10	0.875	0.27

Test Value=3.0	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference
	-2.236	19	0.052	-0.500	-1.006 to 0.006

Interpretation: T-test was used to test the hypothesis and results shows that t-value is -2.236 degree of freedom is 19. Significance value is large w i.e. 0.052 which is larger than significance value 0.05. It is concluded from the results that p-value fail to prove the alternate hypothesis therefore Null hypothesis is accepted. Therefore it can be concluded that Unlisted public companies do not fully follow Corporate Governance practices in Pune District

Hypothesis 2

H0: The provisions under the Company's Act, 2013 are not exhaustive for Unlisted public companies.

H1: The provisions under the Company's Act, 2013 are exhaustive for Unlisted public companies.

Test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	3.600	3	0.308
Likelihood ratio	3.852	3	0.368
Linear by Linear Association	3.465	3	0.345
No of Valid cases	20	3	0.316

Hypothesis-II is tested using Chi-square test at 95% of confidence level and 5% of significance level. Result shows that p-value 0.308 which is greater than 0.005 significance level. Therefore, null hypothesis is accepted and alternative hypothesis is rejected. Therefore, it can be concluded

The provisions under the Company's Act, 2013 are not exhaustive for Unlisted public companies.

9. FINDINGS

- 1) Unlisted public companies do not fully follow Corporate Governance practices in Pune District.
- 2) The provisions under the Company's Act, 2013 are not exhaustive for Unlisted public companies.
- 3) Majority of the CEO/managers are male
- 4) the majority respondent's age falls under the category of above 55 years.
- 5) Majority of the company (70%) are family-owned.
- 6) Only 20% companies had independent directors.
- 7) 90% companies conduct regular board meetings, though often informal.
- 8) 50% companies follow internal audit practices.

The preliminary findings suggest a positive correlation between good governance practices—especially board activity and independence—and company performance. However, the presence of informal governance mechanisms in family owned company makes it difficult to standardize measurements.

A notable trend is that while many companies recognize the value of governance, the implementation remains inconsistent.

The lack of independent directors in most company indicates a cultural and structural limitation that could hinder transparent decision-making.

10. LIMITATIONS OF THE PILOT STUDY

- Small sample size (N=20).
- Reliance on self-reported data may lead to bias.
- Performance metrics were limited due to availability of data.

11. CONCLUSION AND FUTURE SCOPE

This pilot study concludes that there is a meaningful relationship between corporate governance practices and the performance of unlisted company in Pune District. However, a larger sample and more robust econometric models are needed to validate these findings.

Future research will involve a detailed cross-sectional analysis with over 300 companies, exploring sectoral variations and incorporating longitudinal performance data.

12. ORIGINALITY OF THE WORK

The research presents an original and timely analysis into how Corporate Governance practices are influencing performance of Unlisted Public Companies in Pune District. The primary data collected through a structured questionnaire adds a unique dimension to the study, highlighting the regulatory provisions and the governance practices. The research bridges the understanding and practical applicability, offering useful insights for the unlisted public companies and the policy makers.

13. RESEARCH ETHICS

The study adheres to all ethical standards in research conduct. Participation in the survey was voluntary and consent was obtained from all respondents. Confidentiality and anonymity of participants' responses were strictly maintained, and responses were not disclosed or misused. The questionnaire was designed in a non-intrusive manner, and participants were free to skip questions or withdraw at any point without consequence. Further, the study reframed from endorsing any specific governance practice, maintaining objectivity throughout the research process.

CONFLICT OF INTERESTS

None.

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