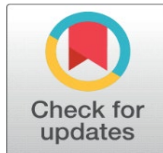
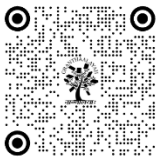


LITERATURE REVIEW: CORPORATE GOVERNANCE IN UNLISTED PUBLIC COMPANIES IN PUNE DISTRICT

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ABSTRACT

This literature review explores the evolving landscape of corporate governance in unlisted companies, with a specific focus on the Pune District in India. While corporate governance has traditionally been emphasized in listed companies due to regulatory obligations, the growing importance of accountability, transparency, and sustainable management practices has extended its relevance to privately held and unlisted entities. The study critically examines conceptual frameworks, governance structures, ownership patterns, regulatory reforms, and emerging challenges faced by unlisted public companies in implementing effective governance mechanisms. Key issues such as board independence, succession planning, and the role of technology and ESG (Environmental, Social, and Governance) principles are discussed in the context of regional industrial dynamics. Empirical findings suggest that governance practices in unlisted public companies in Pune vary widely based on companies' size, ownership structure, and access to external funding. The paper identifies critical research gaps and calls for further region-specific, empirical investigations to support policy development and promote stronger governance norms in the unlisted business sector.

Keywords: Corporate Governance, Unlisted Public Company, Planning, Regulatory Framework, Challenges Etc

1. INTRODUCTION

Corporate governance has evolved into a cornerstone of business ethics and accountability. Traditionally emphasized in listed companies due to regulatory requirements, its relevance in unlisted public companies, especially in rapidly developing economies like India, is increasingly recognized. In the context of the Pune District, which comprises a mix of small and medium-sized enterprises (SMEs), family-owned businesses, and privately held companies, the application and effectiveness of corporate governance remain under-researched. Unlisted public companies, while free from certain disclosure mandates imposed on their listed counterparts, still operate within a legal and ethical framework where governance mechanisms play a critical role in ensuring long-term sustainability and stakeholder confidence.

2. CONCEPTUAL FRAMEWORK OF CORPORATE GOVERNANCE IN UNLISTED PUBLIC COMPANIES

Corporate governance encompasses the mechanisms, practices, and procedures that determine how a company is directed and controlled. Tricker (2019) defined corporate governance as the system by which companies are directed and controlled, ensuring accountability, fairness, and transparency in a company's relationship with its stakeholders. While governance practices have been formalized for listed companies, unlisted companies often rely on internal rules and informal frameworks.

Unlisted companies, particularly those in emerging economies, often lack a well-defined governance structure. In Pune District, which has a vibrant ecosystem of startups, SMEs, and family-owned businesses, governance practices vary significantly. These companies may not be bound by regulatory requirements such as SEBI's listing obligations, but they are still governed by the Companies Act, 2013, which mandates certain practices to uphold transparency and legal compliance.

3. GOVERNANCE CHALLENGES IN UNLISTED PUBLIC COMPANIES

Numerous studies highlight the challenges faced by unlisted companies in implementing strong governance mechanisms. Kumar and Singh (2014) note that the absence of regulatory enforcement and external scrutiny often results in weak governance practices. In many unlisted companies, especially family-owned businesses, there is a tendency toward centralized decision-making, lack of board independence, and poor succession planning.

The Pune District, with its high concentration of privately held industrial units and IT startups, reflects many of these challenges. Research indicates that small companies may lack awareness or resources to implement governance mechanisms effectively. Moreover, resistance to external interference and a lack of incentive to formalize governance practices further weaken governance structures in these companies.

In a study by Sarkar and Sarkar (2009), it was found that family owned companies tend to prioritize control over performance, often to the detriment of accountability. The same can be observed in SMEs in Pune, where informal governance through family hierarchy supersedes formal governance codes.

4. ROLE OF BOARD STRUCTURE AND OWNERSHIP PATTERNS

Board composition plays a critical role in ensuring effective governance. Bhagat and Bolton (2008) emphasized the importance of board independence and diversity in promoting transparency and strategic oversight. In the context of unlisted companies, however, boards are often populated by family members or close associates, limiting objectivity and undermining the role of the board as a check on executive power.

In the Pune District, many unlisted companies - especially those operating in the traditional manufacturing sector - have boards that are either symbolic or inactive. Conversely, companies with external funding, such as venture capital or private equity, often enforce more robust governance mechanisms, including the appointment of independent directors and the establishment of audit committees.

The ownership structure also impacts governance quality. Concentrated ownership, common in unlisted companies, tends to restrict the flow of information and hinders transparency. This concentration, while potentially beneficial for control, may discourage innovation and external investment, especially in companies aiming for long-term scalability.

5. REGULATORY FRAMEWORK AND GOVERNANCE REFORMS

The Companies Act, 2013, brought significant reforms to corporate governance in India, many of which apply to unlisted public companies and certain private companies based on thresholds such as turnover and paid-up capital. Key provisions include the appointment of independent directors, constitution of audit committees, and mandatory disclosures on financial and operational performance.

These reforms have gradually permeated governance practices among unlisted companies in urban districts like Pune. Yet, compliance remains uneven. While large unlisted companies, especially those with aspirations of going public

tend to adopt more rigorous governance practices, many smaller companies still treat these requirements as procedural formalities.

Regulators have also introduced the concept of Secretarial Audit and internal financial controls for certain classes of companies, further reinforcing the need for transparency and governance. The implementation, however, is largely dependent on the management's willingness and awareness, which remains low among small unlisted companies in semi-urban areas.

6. ROLE OF TECHNOLOGY AND ESG IN GOVERNANCE

With the rise of digital technologies and growing awareness of Environmental, Social, and Governance (ESG) issues, governance practices are undergoing transformation. Even in unlisted companies, the integration of enterprise resource planning (ERP) systems, digital audit trails, and automated compliance tools is beginning to reshape how companies manage governance.

In the Pune District, particularly in the IT and services sector, there is increasing adoption of tech-based governance solutions. Similarly, ESG considerations are becoming a priority for companies that interact with global supply chains or are funded by international investors.

Companies that voluntarily disclose ESG metrics and adopt digital governance practices often outperform peers in attracting talent, gaining investor confidence, and building customer trust. Thus, even for unlisted companies, proactive governance is no longer a luxury but a necessity.

7. EMPIRICAL EVIDENCE AND REGIONAL STUDIES

Although national-level studies abound, there is limited empirical research specifically focused on corporate governance in unlisted companies in Pune District. A study by Patil and Deshmukh (2021) surveyed 150 unlisted companies in the region and found that only 38% had active boards that met more than twice a year. Furthermore, less than 25% had an internal audit mechanism, and only 12% appointed independent advisors.

Sectoral variations were observed, with IT companies and startups demonstrating better governance practices than traditional manufacturing units. The presence of external investors and professional management were strong predictors of governance quality. Family-run businesses, particularly in the industrial belts of Pimpri-Chinchwad and Talegaon area, showed minimal adoption of formal governance structures.

These findings point to a significant gap between regulatory expectations and ground realities. Awareness campaigns, capacity building, and policy incentives are needed to bridge this divide.

8. RESEARCH GAPS

Despite the evolving governance landscape, significant research gaps remain. Most existing studies either focus on large listed companies or use generalized data that overlook regional specificities. There is a lack of detailed, region-specific investigations into the governance structures of unlisted companies in Pune District.

Moreover, there is little data on how factors such as company size, promoter background, industry type, or access to external capital influence governance practices. Future research must address these variables through longitudinal studies, sector-wise comparisons, and policy evaluations.

9. CONCLUSION

Corporate governance in unlisted public companies, particularly in the Pune District, is at a critical juncture. While regulatory frameworks have expanded and the importance of governance is increasingly acknowledged, actual implementation remains inconsistent. Family ownership, resource constraints, and limited awareness continue to hamper governance reforms.

However, the rise of digital tools, ESG consciousness, and investor activism is slowly pushing even unlisted companies toward adopting better governance practices. Going forward, a multi-stakeholder approach involving

regulators, industry bodies, academic institutions, and company management is essential to foster a governance culture that supports ethical conduct, transparency, and long-term growth.

This literature review underscores the pressing need for more granular research and policy action tailored to the needs and realities of unlisted companies in dynamic regions like Pune.

10. 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 to the unlisted public companies 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.

11. 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 refrained from endorsing any specific governance practice, maintaining objectivity throughout the research process.

CONFLICT OF INTERESTS

None.

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