



History, ownership forms and corporate governance in India

Corporate
governance in
India

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Abstract

Purpose – The purpose of this paper is to trace the evolution and persistence of different forms of business ownership in conjunction with the values and institutions that shaped those forms, and discuss the implications for corporate governance in India.

Design/methodology/approach – Research paper analyzing broad historical trends, integrating multiple frameworks.

Findings – Many ownership forms exist: family, government, professional, and foreign (multinational firms). In each period, shifts in values resulted in shifts in institutional and legislative frameworks, which, in turn, gave rise to different forms of business ownership. The end result, however, has been an amalgamation of diverse co-existing ownership models, with evidence of evolution towards more balanced values.

Research limitations/implications – Comparative research involving other national contexts will help broaden our understanding of the origins and persistence of different forms of governance. Exploration of other governance mechanisms, such as the changing roles of the board of directors or the impact of legislation, also can be explored in the Indian context.

Practical implications – As multinational firms expand their operations and outsourcing in India, they must understand the existing governance structures in order to better manage their activities.

Originality/value – Perspective of corporate ownership and governance in India using a cultural, institutional, and historical perspective.

Keywords Corporate governance, Corporate ownership, History, India

Paper type Research paper

There has been considerable research in the domain of corporate governance in recent years. However, much of the research that explores ownership effects is based on the experience of North America and the UK, where ownership is dispersed. There is very little research available regarding the patterns of corporate governance in India. In light of the growing importance of India in the world economy as a source of intellectual capital and outsourcing possibilities, there is an urgent need to understand the governance structures in India.

India's cultural values are different from other countries (Ronen and Shenkar, 1985). Values are shaped by history and institutions (Aguilera and Jackson, 2003; North, 1994), and form the backdrop of businesses in a country. The dynamism of these influences in India has resulted in a complex blend of ownership forms that include family-, government-, professional-, and foreign-owned firms. The existence of this mix of ownership forms raises two interesting questions:

