

CHAPTER 5: CONCLUSION AND RECOMMENDATION

5.1 Introduction

The following study is based on the topic of role of corporate governance in financial reporting in India; Role of corporate governance in financial reporting in India. The researcher has carried out the assessment using secondary investigation where the data has been collected using different sources on the web. The following chapter is the foremost part of research that has highlighted the findings of the study and has created the aspects of financial reporting in India with better transparent system through the implications of corporate governance. The following chapter has highlighted the findings of following study and has concluded the research by providing with the findings that has been gained after conducting the analysis. The study is based on the corporate governance in India and has assessed its implications within the financial reporting of different public-listed organisations in India. The chapter has also highlighted the recommendations that has been achieved and has also highlighted the gaps in the current literature that can be filled by the future researchers.

5.2 Summarised Findings

The reseacrhr has assessed the research problem using the secondary assessment and has provided with the findings that support the implications of corporate governance in India that has been effective in increasing the transparency of financial reporting in India. The researcher has found that corporate governance is referred to as the set of rules and practices that can be used for directing the companies for controlling operations and ensuring transparency within the functions and other sorts of transactions (Alali and Cao, 2010). The study has further found that different firms have been facing the issue of financial fraud within the reporting system as it creates transparency within the system. The following issue is the basic issue that has been highlighted in the following investigation and has created the responses in this regard. Kabir and Rahman (2016) have argued that the potential investors need to be sure regarding the growth and continuity of performance and profitability of the Company. Therefore, it is essential for the organisations to initiate the implications of corporate governance that is effective for initiating transparency within the financial reporting system. It is one of the highly observed issue within the public-listed organisations where the firms show false data and carry out the misrepresentation of data for gaining more investment.

However, it is essential for them to show correct financial reports. Several firms have gone through bankruptcy due to the issue of having financial fraud. For example, Enron, the energy industry giant, and World Com, the telecommunication has also been found to face this financial fraud issue. These issues are also present within the current market due to the issue of fraudulent reporting in the financial aspects. It has also been supported by the findings of Fallatah, Farooqi, and Al Shalhoob (2019). In addition to this, the reseacrhr has found that the role of the shareholders in the governance is to employ the executives and the auditors along with satisfying themselves that a suitable structure of governance is in use. It is essential for them to implement the strategies of corporate governance and to imitate the transparent reporting system for having better responses in this regard. With an aim to formulate a unified accounting standard, the International Accounting Standard Board of London had issues an International Financial Reporting Standards (IFRS). The standards outlined the prominent broad rules to regulate financial reporting. This standard is necessary to be applied by all the financial institutions in order to gain better reporting and higher transparency within the system.

As per the study conducted by Balasubramanian, Black and Khanna (2010), the policies of corporate governance in India emphasize that all the shareholders in the minority tend to be protected from the insulting actions, and an immediate action has to be taken so that such things should not repeat. However, the practices that are there does not support the activities and carry out the use of fraudulent activities in this regard. it has been further observed that The other research discussed by Goel (2018) says that in recent times the corporate governance improvements in India are at crossroads. At a time where though the purpose behind the modifications is good, still there is a requirement to observe for an entire clarification addressing country-specific contests in the context of India. The reseacrhr has found that the implications of transparent financial reporting is effective for the companies and is essential for them to carry out the use of corporate governance for higher stakeholder satisfaction.

5.3 Conclusion

After conducting the assessment on the problem of fraudulent activities in financial reporting it has been concluded that the organisiaotnsn belonging to each of the sector needs to implement the strategies of corporate governance. It can be used effusively for enhancing the transparency in reporting and can also be effective in increasing the profitability of the

organisations. Moreover, the researcher has concluded that the use of corporate governance activities are essential for the organisations to carry out the effective financial reporting and to initiate better performance of the organisations. The governance and policies of India are designed for initiating the accurate system and practices for corporate governance, they consider important and mandatory rules and policies which are following clause 49 of the listing agreement with the board of security exchanges of India and the values of government defined in the new Company's act 2013. Therefore, it has been concluded that they find it necessary for the reporting to be accurate and without any fraud and misrepresentation of the financial data. After reviewing various studies in literature, it has been evaluated that role of corporate governance in financial reporting for the companies of India is most important. Therefore, it is necessary for them to initiate the practices of corporate governance that can be used for better response from the stakeholders of the company.

5.4 Recommendations

The recommendations gained by the following assessment shows that the implications of financial reporting is necessary to initiate the transparent system of financial reporting in order to avoid bankruptcy and to gain better performance within the organisations. The findings have provided that the lack of the lack of transparency has created several issues within the country's economy for showing accurate responses regarding financial reporting in different countries. Therefore, it has been recommended that the following system of corporate governance is effective for initiating accurate financial repeating and to imitate the practices of better performance within the organisations. The organisations mainly based on the public-listed organisations are needed to present the financial reports accurately with higher accuracy within the reporting system that can create better stakeholder satisfaction and can also initiate the practices of better financial reporting. The financial reporting system and the fraudulent activities have been initiating a significant risk towards the growth and profitability of the organizations that are needed to be controlled. Therefore, it is recommended for them to initiate the transparent reporting system for better performance within the organisations. It always has been witnessed that until the finance team tries to adjust or accept the new laws, additional regulation emerges and knocks things again. Another challenge is that the systems of ERP are unsatisfying. The organisations based on the financial reporting is needed to be accurate and shall also have the practices for accurate system of

governance that can be used for initiating success and profitability within the organisations. The financial reporting, along with its analysis, turns out to be a zig-zagged trip by numerous systems that tends to create numerous mistakes all across the way. One of the significant aspects of corporate governance is the transparency of the system that can be initiated for better performance and having credible sources of reporting within the system. All of these aspects are necessary to be implemented for better reporting and higher credibility within the organisations.

5.5 Future Implications

The current research has been assessed using the qualitative investigation using the secondary research on the topic of corporate governance and its implications within the financial reporting in India. The future researchers may carry out the assessment using any particular organisation that has faced the bankruptcy due to the issue of fraudulent financial reporting. It has been observed that the issue of financial reporting can be corrected for initiating better performance within the organisations. Therefore, more researches are needed to be initiated for increasing the awareness about the implications of corporate governance in the financial reporting. Moreover, the use of primary data can be used for conducting the assessment and can be used as the measure for increasing the performance of the organisations as a whole. Therefore, there is a need of assessment using the following topic of corporate governance that can eliminate the issue of fraud within the organisations. As there is a significant necessity of transparency within the financial reporting that can provide accurate data sources that need to be communicated to the stakeholders.