ISSN: 2288-2766 © 2014 EABEA. http://www.eabea.or.kr
doi: http://dx.doi.org/10.13106/eajbe.2014.vol2.no2.24.

Relationship between Corporate Governance, Corporate Entrepreneurship and Value based Management

[1] **Tarika Singh,** [2] **Seema Mehta,** [3] **Aditya Saxena,** [4] **Rakhi Sikarwar**

[1 First Author] Associate Professor, PIMG, India. E-mail: singh.tarika@gmail.com
[2] Assistant Professor, IIHMR, India.
[3 Corresponding Author] Alumni PIMG, India.
[4] Alumni PIMG, India.

Received: March 23, 2014., Revised: May 01, 2014., Accepted: June 15, 2014.

Abstract

This study bridges the gap between management accounting, CG and entrepreneurship disciplines. Unlike previous studies, this study adopts a positivist approach to develop a contingency framework of CG that operationalises the conformance and performance dimensions into measurable constructs. The contingency framework also adopts a holistic approach that investigates the interrelationships between VBM, CG and CE, as important predictors of organizational performance, which can provide insights into the complementary or conflicting relationships among these predictors in their effects on organizational performance.

Keywords: Corporate Governance, Corporate Entrepreneurship and Value Based Management.

1. Introduction

Corporate governance (CG) has recently received much attention because of the wave of financial scandals in the early 2000s and the more recent global financial crisis. CG reforms, including laws, codes and listing rules have been established to protect shareholders' rights and restore investors' confidence in the capital market (Moxey and Berendt, 2008 ; Elgharbawy, 2011).

These reforms have largely contributed to the evolution of internal and external governance mechanisms that are aimed at mitigating agency conflicts between managers and shareholders. However, overemphasis has been placed on the monitoring and control dimensions of governance, which may hinder entrepreneurial activities, obscure business prosperity and contribute to a narrow perspective on CG. It has been argued that there is a need to broaden CG beyond compliance (conformance) to a set of rules and laws, to include the performance aspects of governance that focus on strategy and value creation.

In other words, governance should not only focus on monitoring managerial performance to ensure accountability to shareholders, but also on mechanisms that motivate management to optimise shareholders' wealth. Enterprise governance (EG) framework has been introduced to keep the balance between the conformance and performance dimensions of governance.

However, few studies address the possible tension between conformance and performance. Moreover, there is no agreement among these studies on the relationship between conformance and performance in the governance context. Arguably, Value-based Management (VBM) is an appropriate approach to address the issue of EG. VBM adopts value creation as an overall objective, develops a strategy that contributes to value creation and integrates it into decision-making. In this way, VBM can act as an effective mechanism for motivating management to maximize shareholder wealth, which works in parallel with other CG mechanisms, to mitigate agency conflicts resulting from

the separation between ownership and management.
This study aims to develop a contingency framework of EG through operationalizing the conformance using CG and performance using corporate entrepreneurship (CE). This framework examines the interrelationships between VBM, compliance with the Combined Code on Corporate Governance (CCCG), CE and the ultimate effect on organizational performance. More specifically, the study empirically examines the effect of compliance with the CCCG on CE, and whether VBM can achieve a balance between compliance with the CCCG and CE, should a conflict exist. The study also examines whether a fit between contingency variables (company size, agency conflicts, uncertainty, strategy and decentralization), VBM, compliance with the CCCG codes and CE is associated with organizational performance.
To achieve the aim of this study a cross-sectional survey, based on a questionnaire, is conducted to identify the level of VBM implementation, contextual and organizational factors in the large and medium quoted companies in the UK. The questionnaire targets the Chief Financial Officers (CFOs) in these companies as key informants. In addition, a content analysis of the annual reports of the sampled companies is undertaken to measure the level of compliance with the CCCG. Financial data (e.g. organizational performance) have been obtained from the DataStream, Fame and Thomson One Banker databases. (Adel Elghrabawy, 2012), A Contingency Framework of Enterprise Governance in the UK: A Value-Based Management Approach, Brunel Business School Brunel University London.)

Value based management (VBM) became popular in the mid-1980 when Rapport published his seminal text, “creating shareholder value: the new strand for business performance” in 1986..The focus on value creation was triggered by a more competitive environment, increased investor activism , competitive labor markets for corporate executives , emergence of active markets for corporate control , expansion of institutional investment and more liquid securities market and impressive endorsements by corporate leaders who have adopted the approach.
Further, the growing criticisms of the traditional accounting measures such as EPS and ROI for not being linked to shareholder’s value has motivated many companies to adopt the VBM approach. The basic concept of value can be traced back to 19th century economic theory, which pioneered the idea of residual income. However, the term VBM and managing for shareholder value (MSV) were not commonly being used until authors such as McTaggart and Copeland in the mid-1990s (Eventually, the International Federation of Accountants considered VBM as the latest evolution stage in management accounting practices (MAPs), where attention has been focused on the creation of value through using techniques and technologies that identify the key drivers of customer value, shareholder value and organizational innovation. VBM can be defined as “a formal, systematic approach to managing companies to achieve the objective of maximizing value creation and shareholder value overtime”. However, this definition basically focuses on the objective of VBM.
In another definition that focuses on the alignment process, VBM “aligns strategies, polices, performance, measures, rewards, organization, processes, people and systems to deliver increased shareholder value” Similarly, it can also be defined as an approach to management whereby the company's overall aspiration, analytical techniques and management processes are all aligned to help the company maximize its value by focusing on the key drivers of value. In a comprehensive definition, VBM is defined as “a managerial approach in which the primary purpose is long run shareholder wealth maximization. The objectives of the firm, its systems, strategy, processes, analytical techniques, performance measurements and culture have as their guiding objective shareholder wealth maximization”.
In summary, from a strategic perspective, VBM as a holistic management approach aims to provide consistency of the corporate mission (business philosophy), strategy(course of actions to achieve the corporate mission), CG (determines the corporate mission and regulates the activities of corporation), organization of the corporation, decision processes and systems, performance management processes and systems and reward processes and systems. Theoretically, VBM involves a shift away from the use of traditional accounting measures such as net profit and EPS which, arguably, offer an unreliable guide to shareholder value creation, to a number of alternative measures consistent with the principles of economic profit.

Proponents of VBM argue that VBM mitigates the agency conflicts between managers and shareholders, aligns their interests and creates shareholder value. However, VBM has been criticized because calculating value-based measures (e.g. EVA) are complicated; moreover, its implementation is not an easy process and it is costly.

VBM has been challenged with the growing and continuing debate on the importance of shareholder value relative to other measures such as employment, social responsibility and environment . Accordingly, reconciling the competing claims of shareholders and other stakeholders has become crucial. In addition, it has been claimed that interest in VBM approaches has decreased as a result of the growing interest in society, environment and starting of a more socially responsible era of business, with different concerns to the maximization of shareholder value.

However, it is believed that it provides a good opportunity to study the phenomenon as a completed cycle. Management accounting research has been criticized as being more driven by changes in practice, resulting in the disappearance of some research topics, as the next 'innovation' emerges, even though earlier innovations may have not been fully investigated. The mixed results of empirical studies regarding the relationship between VBM and performance have contributed to make the debate about VBM unresolved. For instance, proponents of VBM argue that value-based measures (especially EVA) are more correlated to the share price than traditional accounting measures (e.g. EPS and ROI) and they are better used as predictors of stock return. However, the results of these studies are contradictory. Despite the fact that VBM is not an entirely new approach, the debate concerning the superiority of value-based measures over traditional accounting measures in the literature has not been resolved.

Further, little attention has been paid in the VBM literature to the extent of preferring these measures for management planning; evaluating management performance and control purposes. Accordingly, there is no clear evidence whether the organizations that use value-based measures as internal performance measures for performance measurement and compensation purposes can outperform organizations that use PMSs based on other performance measures. The mixed results of these studies have been partially explained by deficiency in the implementation of VBM .

However, the present study argues that, in addition to the implementation-related factors, contingency factors can play an important role in explaining such mixed results. This argument is supported with the results of previous studies, , which conclude that success or failure of sophisticated accounting techniques may not only be related to implantation-related factors, but also to more general contingent factors related to the organization characteristics and its environment.

CG can be defined as "the system by which companies are directed or controlled", or "the process of supervision and control intended to ensure that the company's management acts in accordance with the interest of shareholders".

Despite the growing interest in CG as an essential and dynamic aspect of business, there is no distinct, widely accepted definition for CG .Instead, different definitions of CG reflect the variation in CG according to the context and the variation in theoretical perspectives. The growing concern about CG in the context of the recent financial crisis

Casts doubt over the effectiveness of the current CG reforms in avoiding the occurrence of such crises. Therefore, the need to broaden the CG perspective beyond compliance to a set of conventional rules becomes imminent. Arguably, EG is one way towards a wider perspective of CG.

Although EG is of importance, only a modest body of literature examines this framework. Therefore, the focus of this chapter is to explain the underlying concepts and principles of the EG framework and its dimensions (conformance and performance), with particular focus on the UK as a context of this study. In particular, this chapter critically reviews the literature related to conformance (CG), performance (CE) and VBM as a proposed approach to address EG, identifying the gaps that can help in developing a theoretical framework for this study. EG illustrates a framework that deals with both the CG and business governance aspects of a company, to bridge the gap between CG studies and business success literature.

As an important development in CG, EG contributes to developing good CG practices, strategically linked with performance management that focus on the key drivers to move the business forward. EG can be defined as a "set of responsibilities and practices exercised by the board and executive management with the goal of providing strategic direction, ensuring that objectives are achieved, ascertaining that risks are managed appropriately and verifying that an organization's resources are used responsibly.

EG or integrated governance, which constitutes the entire accountability framework of the organization, comprises two dimensions that need to be in balance conformance and performance. However, the balance between conformance and performance is critic. A potential tension between the two dimensions exists, as a result of the conflicting demands on boards to ensure the business and governance aspects of the business. However, very little is known about EG and the tools that can help companies ensure the accountability of management to shareholders without obscuring business prosperity and enterprise.

The performance dimension in the EG framework, where assurance by means of standards and audit is not feasible. Alternatively, companies can rely on best practice tools and techniques to address the oversight gap in the performance dimension. In this study operationally defines the performance dimension in terms of entrepreneurial activities (CE) necessary to increase the wealth of business. CE is as important as strategic management and, arguably, they complement each other in creating wealth.

While strategic management focuses on developing sustainable competitive advantage, CE focuses on the process that leads to venture creation. The importance of CE for the successful performance of a company has risen as a result of the increasing intensity of competition at both domestic and global levels, as it can help in acquisition of new capabilities, developing new venture streams and improving performance. Recently, CE has become a popular topic because of a wide range of reasons from economic the growing awareness of the importance of business founding and innovation to economic growth and social welfare, especially in the increasingly growing markets such as China, India and Latin America), symbolic (public charm of independent entrepreneurs) and financial to careerist.

CE is as important as strategic management and, arguably, they complement each other in creating wealth. While strategic management focuses on developing sustainable competitive advantage CE focuses on the process that leads to venture creation .The importance of CE for the successful performance of a company has risen as a result of the increasing intensity of competition at both domestic and global levels, as it can help in acquisition of new capabilities, developing new venture streams and improving performance.

Recently, CE has become a popular topic because of a wide range of reasons from economic the growing awareness of the importance of business founding and innovation to economic growth and social welfare, especially in the increasingly growing markets such as China, India and Latin America), symbolic.

The word "entrepreneurship" is derived from the French word “entreprendre”, which means to launch or undertake. The word is used now in English to entail “new entry” or undertaking/launching a new project. The literature suggests many typologies to describe entrepreneurship from different perspectives, the differences between these typologies reflect a wide range of combinations of individual, organizational and environmental factors. However, the fundamental act of entrepreneurship is “new entry”, which can be achieved through entering new or established markets with new or existing goods or services.

The new entry can take many forms, such as business start-ups, launching new products or technology, expansion to a new market and globalization entrepreneurship and entrepreneurial orientation as “entrepreneurship basically relates to “new entry”, while entrepreneurial orientation focuses on the process that leads to new entry the shift from focusing on what (entrepreneurship) to how (entrepreneurial orientation) is an important advance in entrepreneurship research. Entrepreneurship has been linked to the behavior of entrepreneurs (owner managers) in creating new entry in small businesses. However, entrepreneurship and small business are not synonymous.

As a result of the increasing importance of large companies in the economy, there is an increasing interest in entrepreneurial orientation in large companies. The term CE is normally used to refer to entrepreneurship in established mature firms. CE can be defined as “the process whereby an individual or a group of individuals, in association with an existing organization, create a new organization, or instigate renewal or innovation within that organization” In another definition, CE is defined through focusing on its dimensions as “the sum of a company’s innovation, renewal and venturing efforts. Innovation involves creating and commercializing products and technologies, providing financial and human resources for innovative projects and maintaining an appropriate infrastructure for innovation. Renewal means revitalizing a company’s business through innovation and changing its competitive profile. Venturing requires creating and nurturing new business in current and new industries”. Exploring different definitions of CE reveals that it is characterized by the existence of innovation along with the objective of rejuvenating or redefining organizations, market, or industries in order to create or sustain competitive dominance.

CE is an important practice for a company's survival, profitability, growth success. Therefore, the main stream of research in CE scrutinizes the performance implications of CE directly or under different environments and strategies (moderated by contextual and organizational factors). The literature suggests that CE is highly associated with superior performance. For instance, investigate the role of entrepreneurship in-establishing cultural competitiveness in organizations through examining the interaction effect of four variables (entrepreneurship, innovativeness, market orientation and organizational learning) on performance using an extended survey for 764 strategic business units in the US.

The results suggest that entrepreneurship, among other variables, is the most significant and proactive means of developing a market-based culture. For a sample of 149 manufacturing companies in Greece, the study classifies companies into two groups using cluster analysis (active entrepreneurs and the passive entrepreneurs).

The results suggest that active entrepreneurs outperform passive entrepreneurs in terms of introducing new products, and the uniqueness of these products significantly contribute to performance. Some other studies in the literature find moderate association between CE and performance. For instance,(examines the association between CE and performance using data from 119 of the Fortune 500 industrial firms for the period 1986 to 1989. The results suggest moderate association between CE and company performance. One explanation for the moderate relationship is the fact that some CE ventures were still in their early years and it would take several years before they would give return. Similarly, relate two dimensions of CE (pro-activeness and competitive aggressiveness) to performance using a survey covering 124 executive from 94 companies in the US.

The findings suggest that pro-activeness is positively associated with performance, while competitive aggressiveness exhibits a poor association with performance. A further analysis reveals that the relationships between the two dimensions and firm performance are contingent on the external environment and business life cycle.

However, other studies fail to provide evidence on association. For instance, investigate the moderating effect of strategic missions on the relationship between adopting entrepreneurial strategic postures (CE) and company performance through an extended survey, using questionnaires that cover 330 senior executives of manufacturing companies in the US.

The initial results reveal that, in general, adopting entrepreneurial strategic postures is not significantly correlated to company performance. However, further analysis reveals that companies with build-oriented strategic missions outperform those with more hold-and harvest-oriented strategic missions when they adopt entrepreneurial strategic postures. In summary, the significance of the relationship between CE and business success varies among studies. While some studies conclude that companies that are highly entrepreneurial outperform companies that are less entrepreneurial. However, the results in general support the argument of having positive performance implications for CE.

The results of previous studies suggest some variables moderate the relationship between CE and performance, such as environmental hostility, strategic mission, strategy and structure and company size. However, there is little agreement on what constitutes suitable moderators, the area which needs further research. Further, other studies suggest that these variables can work as antecedents rather than being moderators in relating CE to performance.

The results are generally consistent with the basic assumptions of contingency theory and suggest four alternative models for the contingency relationship between CE and performance including moderating effects, mediating effects, independent effects and interaction effects. Moreover, most of these studies have been conducted in the US and very few studies have been published using data from companies outside the US.

2. Review of Literature

Busco et al. (2005, 2006) broaden the notion of EG, adding a third dimension to conformance and performance that relates to knowledge-based governance. This dimension manages the processes of learning and knowledge sharing through knowledge management, learning processes and organizational culture. According to Busco et al.(2005, 2006), knowledge management and learning processes contribute to both conformance and performance dimensions of governance through improving individual commitment to the company rules, principles and goals. Therefore, effective governance systems should integrate three main dimensions. The first is compliance with rules, codes and principles. Secondly, measurement-based governance that measures and control performance and value creation using forecasts, analyses and performance measures thirdly, knowledge-based governance manages the processes of learning and knowledge sharing through using knowledge management.

Connell 2004 suggested that, EG can be defined as a ''set of responsibilities and practices exercised by the board and executive management with the goal of providing strategic direction, ensuring that objectives are achieved, ascertaining that risks are managed appropriately and verifying that organization's resources are used responsibly''. The relationship between conformance and performance in the governance context has been addressed using different frameworks. These frameworks are based on the notion that the spirit of EG must work within a sound framework of accountability, and the balance between them is crucial.

Keasey and Wright (1993) proposed that the a governance framework based on two key elements: supervising or monitoring management performance (including mechanisms such as non-executive directors, executive remuneration and market for corporate control); and ensuring accountability of management to shareholders and other stakeholders (including mechanisms such as audit committees and auditors). Arguably, the two aspects are closely inter-related and serve both efficiency and stewardship dimensions of CG.

Tricker (1997) developed a framework of board activities identifying two basic roles: performance role contributes to the long term performance of the company through strategy formulation, policy-making, and producing guidelines to direct management decisions; and conformance role ensures that management complies with policies, plans, and regulations. However, these roles are seen as completing each other rather than being conflicting.

Charkham (1995) conducted a comparative study of CG in five countries. The study identified two main criteria for assessing CG systems: dynamism that enables the management of company to drive it forward without undue fear of governmental interference, litigation or displacement; and accountability that ensures that management is accountable for its decisions and actions. However, this framework did not provide any implications for possible conflict between the two criteria.

Connell (2004) developed an EG framework comprising conformance and performance dimensions. The basic notion of this framework is that good CG or conformance on its own cannot make a company successful; the performance dimension which focuses on strategy and value creation should be considered. The framework suggests that conformance feeds directly to accountability and indirectly to value creation; and performance feeds directly to value creation and indirectly feeds to accountability (Connell 2004). Accordingly, implications of the complementary relationship between the two dimensions exist in this framework.

Busco et al. (2006) has added a third dimension to conformance and performance related to knowledge-based governance. This dimension manages the processes of learning and knowledge sharing through knowledge management, learning processes, organizational culture, and value. This study provides empirical evidence supporting the role of PMSs in achieving the EG objectives.

Spira (2001) argued that the literature is dominated by the agency theory perspective, where systems are assessed based on the level of alignment achieved between the agent and the principal interests. From this perspective, enterprise can be seen as a part of the governance system rather than conflicting with it. However, some theoretical frameworks that focus on entrepreneurial activities have challenged the basic assumptions of agency theory.

Fahi et al. (2005) extend the EG framework further, adding corporate responsibility as a third dimension to conformance and performance dimensions. Corporate responsibility comprises environmental and social stewardship. The importance of this dimension stems from the growing interest in creating stakeholders value including employees, customers, suppliers and community in addition to the increasing requirements for reporting on the social, environmental, ethical and cultural impact of corporate practices.

Bhimani and Soonawalla (2005) introduced a framework of corporate responsibilities comprising a spectrum for corporate disclosure responsibilities. The spectrum locates Corporate Financial Reporting (CFR), CG, Corporate Social Responsibility (CSR) and Stakeholder Value Creation (SVC) on a continuum of corporate disclosure responsibility (see figure 2.7). The framework contributes to the debate on conformance and performance reporting issues, taking a comprehensive approach to address the corporate disclosure responsibility from different perspective. Van der Stede (2009) introduces the EG framework reflecting on the recent global financial crisis and economic downturn. From that perspective, EG is a "conceptual framework -not a particular tool per se -that puts reliable scrutiny and sustainable performance under one umbrella, addressing how firms might think about the need to align both items in the short and long term. It resonates with formal risk management approaches, such as Enterprise Risk Management (ERM)"

Connell (2004) proposes "the CIMA strategic scorecard" to assist the board of directors to address the strategic oversight gap, very little is known about its applications in practice. Apart from , which focuses on the role of strategic PMSs such as the balanced scorecard to integrate conformance with performance with knowledge management, to the best of the researcher's knowledge no other studies provide any empirical evidence on the role of PMSs in achieving the objective of EG.

Copeland et al., 2000) defined VBM is defined as "a managerial approach in which the primary purpose is long run shareholder wealth maximization. The objectives of the firm, its systems, strategy, processes, analytical techniques, performance measurements and culture have as their guiding objective shareholder wealth maximization"

(Donaldson, 2001). Effectiveness or performance can be defined in different ways from different perspectives. For instance, it can be defined as the degree of achieving the organization goals (Price, 1972), or the degree of getting hold of extremely desirable outcomes, or the ability to acquire critical resources for goals attainment. Performance definitions vary from narrow perspectives focusing on profitability to wide perspectives that consider the goals of different stakeholders.

Anderson and Young, 1999), which conclude that success or failure of sophisticated accounting techniques may not only be related to implementation-related factors (e.g. top management support and training employees), but also to more general contingent factors related to the organization characteristics and its environment.

Chenhall (2006) contends that existing research into the effects of contingencies on performance measures, in general, is limited. More specifically, there is little direct evidence on contingency effects related to economic value measures. However, there are sufficient clues to suggest that the external environment, strategy, technology, structure and size are likely to be important when considering the suitability of different performance measures.

3. Objective and Research Methodology

3.1. Objective

To examine the impact of the Corporate Governance & Corporate Entrepreneurship on Value Based Management.

3.2. Research Methodology

The study was empirical in nature and survey method would be used to collect data for the study. The study was carried out to evaluate causal relationship between Corporate Governance & Corporate Entrepreneurship as independent variable and Value Based Management of the employees as dependent variable. The population for the study was of the employees working in Banking Sector. The sample size of the study was of 240 employees from the Banking sector. Individual employees specifically the Entry-level employees and middle managers formed the sample element for the study.

The review of literature has shown that all the three variables used in the study have been extensively studied in specific organizational settings or specific industrial settings. The standardized measure is available for evaluating all the two measures of the study. Therefore the existing measures were modified to develop separate measures for the purpose of the study. The modified measures were evaluated for reliability and validity before analyzing data collected on these measures for the purpose of study.

All the measures were evaluated for reliability using SPSS 16. Linear regression was used to find out cause and effect relationship between CG and CE as independent variable and VBM as dependent variable.

3.3. Reliability Test

Reliability test was carried out by using SPSS software for measuring Reliability of Corporate Governance measure of and the rest of reliability test measure is given below:

Table 1: Reliability Statistics

Cronbach's	Cronbach's Alpha Based	
Alpha	on Standardized Items	N of Items
.871	.875	7

It is being considered that reliability should be more than 0.7 as we can see that the reliability through cronbach alpha test is more than the standard value, hence questionnaire is highly reliable.

Reliability test was carried out by using SPSS software for measuring Reliability of Corporate Entrepreneurship measure of and the rest of reliability test measure is given below:

Table 2: Reliability Statistics

	Cronbach's Alpha Based	
Cronbach 's Alpha	on Standardized Items	N of Items
.60 5	.60 4	8

It is being considered that reliability should be more than 0.6 as we can see that the reliability through cronbach alpha test is less than the standard value, hence questionnaire could be made reliable through adding more respondent.

Reliability test was carried out by using SPSS software for measuring Reliability of Value Based Management and the result of reliability test measure is given below:

Table 3: Reliability Statistics

	Cronbach's Alpha Based	
Cronbach 's Alpha	on Standardized Items	N of Items
.61 4	.61 3	10

It is being considered that reliability should be more than 0.6 as we can see that the reliability through cronbach alpha test is less than the standard value i.e. 0.7, hence questionnaire could be made reliable through adding more respondent.

3.4. Validity

The validity of the questionnaire is checked through the face validity method, and found to be high.

3.5. Regression

Multiple regression was applied between Corporate Governance & Corporate Entrepreneurship as Independent Variable and Value based Management as dependent variable.

Model Summary^{b}

		Std.		Change Statistics	
		Error of			
R	Adjuste	the	R	F	
Squar	d R	Estimat	Square	Chan	
e	Square	e	Change	ge	df1 df2
.074	.066	5.39863	.074	9.367	2 235

Model 1 R a
.272
Sig. F Change .000
Durbin-Watson
1.524
a. Predictors : (Constant), CE , CG

Model Summary^{b}

		Std.		Change Statistics	
		Error of			
R	Adjuste	the	R	F	
Squar	d R	Estimat	Square	Chan ge	
e	Square	e	Change		df1 df2
.074	.066	5.39863	.074	9.367	2 235

Mo	
del	R
1	.272 a

Sig. F Change .000
Durbin-Watson
1.524
b. Dependent Variable : VBM
Since the value of R square 0.74 or 7.4% we can assume from this value that there is a less impact of Corporate Governance and Corporate Entrepreneurship on Value Based Management.

ANOVA^{b}

Model		Sum of Squares	df	Mean Square	F	Sig.

1	Re g re ss io n	54 5 .9 82	2	27 2 .9 91	9.3 67	.00 0 a
	Re s id ua l	68 49 .1 2 8	23 5	29 .1 45		
	To ta l	73 95 .1 0 9	23 7			

a. Pr edic to rs : (Co n st an t), CE , CG
b. De p en d e nt Va riable : VB M

Coefficients^a

Mod e l 1 (	C o n st an t) CG CE	Un s ta nd a rd ize d Co e ffic ie n ts B St d. Err or 31 .7 91 1.9 5 1 .25 6 .06 1 -.2 10 .07 5	St an d ar di ze d Co e ffic ie nt s Be ta	t 16 .2 95 .29 5 4.2 0 0 -.1 98 -2 .81 5	Si g. .00 0 .00 0 .00 5

a. Dependent Variab le : VB M
y= a+ b x+c x

y= 31.791 + .256x + (-.210x)

Where,

x= Corporate Entrepreneurship & Corporate Governance (independent variable)

y= Value Based Management (dependent variable)

The model having Corporate Entrepreneurship & Corporate Governance as independent variables and Value Based Management as dependent variable has a good fit as indicate by F test value which is 9.367 significant at .000 level of significant. The F value checks whether the model is fit or not. The value of F suggests that the model is fit.
The result of regression table from coefficient table indicate that Corporate Entrepreneurship & Corporate Governance has a significant cause and effect relationship with perceived quality having Beta value of .295 and -.198 tested through T test having T value of 4.200 and -2.815 which is significant at .000 and .005 level of significance. The model summary table indicates that Corporate Entrepreneurship and Corporate Governance has 6.6% effect on Value Based Management indicating that there are other variables that effect Value Based Management more than these two variables.

This study analysis has been divided into five parts which includes introduction and its sub parts are conceptual framework, review of literature, rationale, and objectives. In conceptual framework all the definition and introduction about the topic is there, in literature review all the researches have been written which has been done previously, rationale is the need of the study that is why we are doing this research. Second part is research methodology, which includes study, sample and tools for data collection, analytical tools. In the study we specified which type of is this, like empirical study and methodology used in this is through secondary data then next is sample which includes what type of sampling technique has been adopted and which is cluster sampling technique. Then tools for data analysis show that which type of tools have been applied in this, like in this research regression has been applied. Third is result and discussions, it includes the result of research and discussions means that whether review of literature and objectives match with our results or not and fourth is implications and suggestions. Fifth part consists of summary and conclusion and in the end there are references.

4. Conclusion

In this paper we focused on the impact of financial Corporate Governance & Corporate Entrepreneurship on Value Based Management. The study was based on the responses by 240 employees of different banking groups (Public as well as private). We noted that there are a number of other variables impacting Value Based Management other than Corporate Governance & Corporate Entrepreneurship. In the study we have seen that the variables taken for study i.e Corporate Governance & Corporate Entrepreneurship have very less impact on the Value Based Management (as against theory) where in Corporate Entrepreneurship and Corporate Governance has 6.6% effect on Value Based Management indicating that there are other variables that effect Value Based Management more than these two variables.

The relationship between Corporate Governance, Value Based management and corporate entrepreneurship activities has been the subject of interest in the literature (Zahra, 1993; Miller, 1987; Russel & Russel, 1992; Slevin & Covin, 1989; Veciana, 1996). Whereas there is consensus that Corporate Governance & Corporate Entrepreneurship are important antecedent of Value Based Management (Guth & Ginsberg, 1990; Gautam & Verma, 1997), there has been little empirical research on the patterns of the specific associations between these three variables. Also, previous studies have focused on only a few environmental dimensions as the predictors of Corporate Governance, Corporate Entrepreneurship & Value Based Management, offering only a fragmented view of their potential associations. (Boštjan Antoncic and Otmar Zorn, 2004) indicate that corporate entrepreneurship (new firm formation, product/service and process innovation) can be considered a potent mediator in the organizational support–performance relationship.

Organizational support can be most properly viewed as an important antecedent, or even a necessary condition, for development of corporate entrepreneurship activities and subsequent improvement in firm growth and profitability. In addition to these two most important conclusions and research–related implications, some practical recommendations for manager scan be proposed. According to Christopher D. Ittner and David F. Larcker 2000:2001, the lack of integration between financial and managerial accounting research. With the possible exception of compensation studies, accounting researchers have treated these fields as independent, even though it is likely that these choices do not stand alone.

References

Abdel-Kader, M., and Luther, R. (2008).The impact of firm characteristics on management accounting practices: A UK-based empirical analysis. *British Accounting Review*, 40, 2-27.

Abernethy, M., Chua, W., Luckett, P., and Selto, F. (1999). Research in managerial accounting: Learning from others' experiences . *Accounting and Finance*, 39, 1-27.

Adel Elghrabawy (2012). A Contingency Framework of Enterprise Governance. in the UK: A Value-Based Management Approach, Brunel Business School Brunel University London.

Anderson, S. W., Hesford, J. W., and Young, S. M. (2002). Factors influencing the performance of activity based costing teams: A field study of ABC model development time in the automobile industry. *Accounting, Organizations and Society,* 27, 195–211.

Ang, J., Cole, R., and Lin, J. (1999). Agency costs and ownership structure. *Journal of Finance*, 55, 81–106.

Antoncic, B., and Hisrich, R. (2001). Intrapreneurship: Construct refinement and cross-cultural validation. *Journal of Business Venturing*, 16, 495-527.

Bryman, A., and Bell, E. (2007). *Business Research Methods*. New York: Oxford University Press.

Burns, T., and Stalker, G. M. (1961). *The management of innovation*. London: Tavistock.
Burrell, G., and Morgan, G. .. (1979). *Sociological Paradigms and Organizational Analysis*. London: Heinemann.

Busco, C., Frigo, M., Giovannoni, E., and Riccaboni, A. (2005). *Beyond compliance: Why integrated governance matters today*. Strategic Finance, August.

Chakrabarti, R., W. Megginson, P.K. Yadav (2008). "Corporate governance in India. *Journal of Applied Corporate Finance,* 20(1), 59-72.

Chenhall, R. H. (2006). The contingent design of performance measures. In A. Bhimani, *Contemporary Issues in Management Accounting* (pp. 92-116.). Oxford: Oxford University Press.

Chemmanur, T. J. and P. Fulghieri (2006). Competition and cooperation among exchanges: A theory of cross-listing and endogenous listing standards. *Journal of Financial Economics,* 82(2), 455-489.

Chipalkatti N. (2005). Do investors reward bank disclosure transparency? Evidence from India. *Journal of International Accounting Research*, 4(2), 25-52.

Chua, C. T., Eun, C. S., & Lai, S. (2007). Corporate valuation around the world: The effects of governance, growth, and openness. *Journal of Banking & Finance,* 31(1), 35-56.

Daily, C. M., Dalton, D.R., & Cannella, Jr., A.A. (2003). Corporate governance: Decades of dialogue and data. *Academy of Management Review*, 28(3), 371-382.

Kanter, R. M. (2012). *The change masters* . New York : Touchstone / Simon & Schuster.

MacMillan, I. C. (2012). Progress in research on corporate venturing. In The art and science of entrepreneurship (ed.), D. L. Sexton and R.W. Smilor,. Cambridge,Ballinger..

In, K., Keasey, S. ,Thompson, and Wright, M. (2005). *Corporate Governance: Accountability, Enterprise and International Comparisons* (pp. 45-59). Chichester, West Sussex: John Wiley and Sons Ltd.

Sharma, P., and Chrisman, J. J. (1999). Toward a reconciliation of the definitional issues in the field of corporate entrepreneurship. Entrepreneurship Theory and Practic Anne ameels “value based management control process to create value through integration” Anne Ameels is research assistant Management Accounting & Control at the Vlerick Leuven Gent Management School.

Upender Subramanian, Jagmohan S. Raju, Z. John Zhang (1999). The Wharton School 700 Jon M.Huntsman Hall3730 Walnut Street Philadelphia, PA 19104-6340 Customer Value-based Management: Competitive Implications.

Zahra, S. A., and Covin, J. (1995). Contextual influences on corporate entrepreneurship company performance relationship in established firms: A longitudinal analysis. *Journal of Business Venturing*, 10, 43-58.

Wedel, M., and Kamakura, W. (2000). *Market Segmentation: Conceptual and Methodological Foundations* (2nd edition). Dordrecht: Kluwer.

Weir, C., and Laing, D. (2000). The performance-governance relationship: The effects of Cadbury compliance on UK quoted companies. *Journal of Management and Governance*, 4(4), 265-281.

Turnbull, N. (1999). *Internal Control: Guidance for Directors on the Combined Code.* London: Institute of Chartered Accountants in England and Wales.

Vafeas, N., and Theodorou, E. (1998). The relationship between board structure and firm performance in the UK. *British Accounting Re*view, 30, 383-40.

Value Based Management (2011). *Value Based Management definition*. Available at: http://www.valuebasedmanagement.net (Accessed: 29 December 2011).

Van der Stede, W. A. (2000). The relationship between two consequences of budgetary controls budgetary slack creation and managerial short-term orientation. *Accounting, Organizations and Society*, 25(6), 609-622

Wold, H. (1975). Oath nodels with latent variables: The NIPALS approach. In H. M. Blalock, A. Agannbegian, F. M. Borodkin, and R. Boudon, *Quantitative Sociology:International Perspectives on Mathematical and Statistical Modeling* (pp. 307-357).New York: Academic.

Woodward, J. (1965). *Industrial Organization: Theory and Practice*. Oxford: OxfordUniversity Press.
Young, S., and O'Byrne, S. (2001). EVA and Value-Based Management, A Practical Guide to Implementation. New York, NY: McGraw-Hill.