

Awareness of Shareholder Engagement among Sub-Brokers, Investment Advisors and Shareholders#

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Abstract

Companies Act 2013 has given legal protection to shareholders' rights. It has granted new rights to minority shareholders, such as; i) Approval of shareholders for amending the company's memorandum of association/articles of association, ii) Right to appoint and remove Directors, iii) Approval of shareholders for obtaining loans, iv) Approval of shareholders for Related Party Transactions, v) Right to appoint Auditor, vi) Right to Grievance Redressal Mechanisms, vii) Filing Class and Derivative actions suits, etc. Against the backdrop of this, the present study was undertaken by the researcher. The study aims to investigate the awareness of Shareholder Engagement among Sub-Brokers, Investment Advisors and Shareholders. The study was conducted in major cities of North Karnataka and Hyderabad-Karnataka covering Kalburagi, Bellary, Belagavi, Vijayapura and Hubli-Dharwad cities. Primary data was collected through a questionnaire. The result of the study reveals that; i) The majority of Sub-Brokers and Investment Advisors were unaware of the concept of Shareholder Engagement, ii) The majority of Sub-Brokers and Investment Advisors were unaware of a) Investor Relationship Policy implemented by companies, b) Investors Road Show conducted by companies, c) Board-Shareholder Dialogue conducted by companies, iii) None of the Sub-Brokers and Investment Advisors are aware of working of Proxy Advisory Firms, filing Class and Derivative actions suits by shareholders, iv) None of the shareholders are aware of the out concept of Shareholder Engagement, Board-Shareholder Dialogue, the existence of Proxy Advisory Firms and Shareholder Association. The study is expected to help the Government of India and SEBI to chalk out policies for stronger Shareholder Engagement. The outcome of the study also expected the Proxy Advisory Firms to develop marketing strategies to reach out to investors.

Keywords: Investment Advisors, Proxy Advisory Firms, Shareholders, Shareholder Engagement, Sub-Brokers

1. Introduction

Shareholder Engagement is the process by which shareholders of listed companies use their rights/powers to influence board decision-making. It is also a mechanism for developing long-term relationships between shareholders and Corporate Board. The corporate world is under pressure to implement

good corporate governance practices and involve shareholders in the corporate decision-making process on account of increased global competition, alarming global warming, recent financial crisis and incidents of corporate fraud. Corporate entities are also becoming aware of the benefits of corporate governance and the involvement of minority shareholders in the corporate decision-making process. Corporate entities across

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the globe have initiated various measures to ensure corporate governance but also focus on Shareholder Engagement. Corporate entities are also developing a mechanism for Shareholder Engagement. Shareholder Engagement is emerging as a new area of corporate governance and shareholder value creation and it has been seen to be lacking particularly in India. Shareholder Engagement is very new to corporate India and is in a nascent stage. Countries around the world are making Shareholder Engagement mandatory for corporate but are also framing regulations for the same. Shareholder Engagement is expected to play a vital role in an emerging economy like India in preventing corporate scams but also helps bring transparency in corporate decisions and corporate governance thereby improving the bottom line. Companies Act 2013 has given legal protection to shareholders' rights. It has granted new rights to minority shareholders, such as

- Approval of shareholders for amending the company's Memorandum of Association/ Articles of Association.
- Right to appoint and remove Directors.
- Approval of shareholders for obtaining loans.
- Approval of shareholders for Related Party Transactions.
- Right to appoint Auditor.
- Right to Grievance Redressal Mechanisms.
- Filing Class and Derivative actions suits, etc.

Several studies have just focused on the impact of corporate governance on firms' performance and the performance of corporate governance indices. Springer has attempted to analyze the effectiveness of shareholder activism on corporate behaviour. Shingade has focused on companies whose investment proposals were rejected by institutional investors. No literature is available in India about a study on awareness about Shareholder Engagement and Proxy Advisory Firms. This has motivated the Researcher to take up the present study.

2. Literature Review

Companies Act 2013 has given legal protection to

shareholders' rights. It has granted new rights to minority shareholders, such as;

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- Right to appoint and remove Directors.
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Brown (2004) researched "Corporate Governance and Firm Performance". The Researchers have used Governance Score. Governance Score is a composite measure of 51 factors encompassing eight corporate governance categories: Audit, board of directors, charter/bylaws, director education, executive and director compensation, ownership, progressive practices, and state of incorporation. They have concluded that some of the variables such as governance committee meetings and independence of nominating committees have a positive impact on the performance of firms. Some of the variables such as consulting fees less than audit fees paid to auditors, absence of a staggered board, absence of a poison pill etc hurt the performance of the firms. According to Anandarajah (2012), companies should treat all shareholders fairly and equitably and should recognize, protect and facilitate the exercise of shareholder rights. He suggested that the companies need to place an investor relations policy to promote regular, effective and fair communication with shareholders and encourage greater shareholder participation at general meetings and allow shareholders the opportunity to communicate their views on various matters affecting the company. Hockerts and Moir (2004) analyzed the role of the investor relations function in light of rising investor concern about Corporate Social Responsibility. They conducted interviews with Investor Relationship Professionals from twenty firms. According to them, the investor relations sanction is moving from a mere "broadcasting" mode regarding CSR issues into a much

more interactive mode of relationship management. According to Rourke (2003), Shareholder groups are increasingly going beyond the decision to invest, not to invest, or to divest by proposing and voting on company-specific corporate social responsibility issues at annual shareholder meetings. The researcher has developed a model i.e., investor capitalism based on 'responsible ownership' to address social and environmental issues previously outside the domain of most shareholders. The paper also traces a historical perspective on the growth and spread of shareholder activism, describes the key factors involved in this activity, explained the process of preparing resolutions and entering into dialogue and lays a conceptual foundation to analyze the effectiveness of shareholders. Christine (2011) in his research paper entitled "Establishing a corporate sustainability monitoring tool using the shareholder engagement commitment indicator", has developed a Shareholder Engagement Commitment Indicator that enables the comparison of Shareholder Engagement activities for responsible investment from a company perspective. He is also of the view that the indicator is potentially useful for regulators, non-government organizations, investors and companies to monitor the corporate social responsibility progress of an organization. Bhagat and Bolton (2008) conducted research entitled, "The Promise and Peril of Corporate Governance Indices". The researchers tried to analyze the performance of corporate governance indices in predicting corporate performance and to consider the implications for public policy that follow from that assessment. According to them, there is no consistent relation between governance indices and measures of corporate performance. They are of the view that there is no one "best" measure of corporate governance. It would therefore be difficult for an index, or any one variable, to capture critical nuances for making informed decisions. They are also of the view that governance indices are highly imperfect instruments for determining how to vote corporate proxies, of investment decisions. Therefore, investors and policymakers should exercise caution in attempting to draw inferences regarding a firm's quality or future stock market performance from its ranking on any particular corporate governance measure. According to

Patel and Bwakira (2002), transparency and disclosure are integral to corporate governance. Springer (2012) has attempted to analyze the effectiveness of shareholder activism on corporate behaviour. Shingade *et al.*, (2022) have attempted to understand the impact of Shareholder activism on firm performance. The researchers have used Transparency and Disclosure scores to measure corporate governance. Shingade *et al.*, (2022) have conducted a study on the impact of Shareholder Activism on the Dividend Policies of Banks in India. Therefore, this research paper intends to investigate the awareness of Shareholder Engagement among sub-brokers, Investment Advisors and Shareholders.

This research paper has the following specific objectives:

- To investigate awareness about Shareholder Engagement among sub-brokers and Investment Advisors.
- To investigate awareness about Shareholder Engagement among Shareholders.
- To offer policy recommendations for active Shareholder Engagement in India.

For a systematic analysis, the paper is arranged in the following sections: After a brief introduction, the review of literature is presented, followed by the research methodology highlighting sampling, data sources and period of study. This is followed by the results of the study, discussion and conclusions.

3. Methodology

30 Sub-Brokers and 20 Investment Advisors and 200 Investors were selected on a random basis for the study. The questionnaire was administered to Sub-Brokers and Investment Advisors and Investors. The survey was conducted in major cities of North Karnataka covering Bidar, Kalburagi, Bellary, Belagavi, Vijayapura and Hubli-Dharwad cities. The study was conducted from January 2022 to December 2022. The data required for the study was also collected from secondary sources such as SEBI and BSE websites, newspapers and magazine/journal articles. The data so collected

Table 1. Profile details of sub-brokers and investment advisors

Sub-Broking/ Investment Advisory Experience	Less than 3 Years	3 to 5 Years	More than 5 Years
No. of Respondents	23	16	11
Qualification	PUC	Degree	PG
No. of Respondents	04	37	9
Services offered	Buying/Selling of Stock & Mutual Funds only	Buying/Selling of Stock, Mutual Funds, Options, Govt. Securities, Bonds, etc	Advisory Services only
No. of Respondents	3	29	18

Source: Prepared by the author based on the data collected from sub-brokers and Investment Advisors

Table 2. Profile details of investors

Gender	Male	Female			
No. of Respondents	191	9			
Occupation	Govt. Servant	Private Employee	Businessman/ Entrepreneur	Professional	Agriculturist
No. of Respondents	7	22	49	122	NIL
Age	Less than 30 Years	30 – 45 Years	45 – 60 years	60 to 75 Years	Beyond 75 years
No. of Respondents	11	28	53	108	NIL
Educational Qualification	7 th	10 th	12 th	Undergraduate	Post-Graduate
No. of Respondents	4	13	15	150	18
Education Stream	Arts	Science	Commerce/Mgt	Medical	Engineering
No. of Respondents	3	19	121	44	13
Annual Income Range	Less than 5,00,000	5,00,000 to 10,00,000	10,00,000 to 15,00,000	15,00,000 to 20,00,000	More than 20,00,000
No. of Respondents	6	13	40	120	21
Key Investment Objective	Regular Income	Capital Appreciation	High Return	Tax Savings	Safety
No. of Respondents	10	8	152	7	23
Investment Experience	Less than 1 year	1 to 3 years	3 to 6 years	6 to 9 years	More than 9 years
No. of Respondents	9	14	15	146	16
Return Expectation	Up to 8%	8 to 10%	10 – 15%	15 – 20%	Over 20%
No. of Respondents	4	15	117	31	33
Loss Tolerance	NIL	Up to 5%	6 – 10%	11 – 20%	Over 20%
No. of Respondents	156	31	11	02	NIL

Source: Prepared by the author based on the data collected from Investors

were analyzed by using the percentage method. The collected data were presented in the form of tables *viz.* Table 1 to Table 6.

Table 2 depicts that 11.5 percent of investors have parked their savings in securities for the safety of their hard-earned money. 58.5 percent of investors want to earn a 10-15 percent return on their investment and nobody is willing to assume a risk tolerance level of

11 or >11 percent. This indicates that the majority of investors don't know about financial markets.

4. Results and Discussions

Table 3 reveals that only 10 percent of sub-brokers were aware of Shareholder Engagement, and they came to know about the same though Media and remaining sub-brokers did not hear the term

Table 3. Awareness about shareholder engagement among sub-brokers

Parameter	Yes	Percent (%)
Shareholder's Right to Electronic Voting	30	100
Appointment of Independent Director	21	70
Existence of a Grievance Redressal Mechanism	12	40
Shareholder's Right to say on Directors' Compensation	11	36.7
Shareholder's Right to appoint and remove Directors	9	30
Appointment of Investors' Relationship Officer	4	13.3
Shareholder Engagement Concept	3	10
Analysts Briefing held by Corporate Entities	3	10
Shareholder's Right to appoint Auditor	2	6.7
Shareholder's Right to say on Corporate Social Responsibility (CSR)	2	6.7
Board-Shareholder Dialogue	2	6.7
Shareholder's Right to say on Environmental Responsibility	1	3.3
Existence of the Shareholder Association	1	3.3
Shareholder Engagement Awareness Programme/ Events	0	0
Shareholder's Right to say on Sale or lease of a company	0	0
Shareholder's Right to say on Related Party Transactions	0	0
Shareholder's Right to say on Governance Issues	0	0
Investor Relationship Policy	0	0
Investors Road Show Conducted by Corporate Entities	0	0
Filing Class and Derivative actions suits by Shareholders against Corporate Entities	0	0
Existence of Proxy Advisory Firms	0	0

Source: Fieldwork

Table 4. Awareness about shareholder engagement among investment advisors

Parameter	Yes	Percent (%)
Shareholder's Right to Electronic Voting	20	100
Appointment of Independent Director	11	55
Existence of a Grievance Redressal Mechanism	3	15
Appointment of Investors' Relationship Officer	2	10
Shareholder's Right to say on Directors' Compensation	0	0
Shareholder's Right to appoint and remove Directors	0	0
Shareholder Engagement Concept	0	0
Analysts Briefing held by Corporate Entities	0	0
Shareholder's Right to appoint Auditor	0	0
Shareholder's Right to say on Corporate Social Responsibility (CSR)	0	0
Board-Shareholder Dialogue	0	0
Shareholder's Right to say on Environmental Responsibility	0	0
Existence of the Shareholder Association	0	0
Shareholder Engagement Awareness Programme/ Events	0	0
Shareholder's Right to say on Sale or lease of a company	0	0
Shareholder's Right to say on Related Party Transactions	0	0
Shareholder's Right to say on Governance Issues	0	0
Investor Relationship Policy	0	0
Investors Road Show Conducted by Corporate Entities	0	0
Filing Class and Derivative actions suits by Shareholders against Corporate Entities	0	0
Existence of Proxy Advisory Firms	0	0

Source: Fieldwork

“Shareholder Engagement”. The Sub-brokers were aware of Shareholder's Rights regarding

- Appointment and removal of Directors (30%).
- Say on Directors' Compensation (36.7%).
- Existence of Grievance Redressal Mechanisms (40%).
- Appointment of Independent Director (70%).
- Appointment of the Auditor (6.7%).

They came to know about these rights of shareholders through the website of the Ministry of Company

Affairs. The Brokers have informed the sub-brokers about:

- Conduct of Board-Shareholder Dialogue by Companies (2%).
- Appointment of Investors' Relationship Officer (4%).

None of the sub-broker is aware of the Shareholder's Right to say on

Table 5. Awareness about shareholder engagement among shareholders

Parameter	Yes					Percent (%)
	Govt. Servant	Private Employee	Business man/ Entrepreneur	Professional	Total	
Shareholder's Right to Electronic Voting	2	8	26	94	130	65
Existence of a Grievance Redressal Mechanism	1	3	9	14	27	13.5
Appointment of Independent Director	0	0	5	11	16	8
Shareholder Engagement Concept	0	0	0	0	0	0
Shareholder Engagement Awareness Programme/ Events	0	0	0	0	0	0
Shareholder's Right to appoint and remove Directors	0	0	0	0	0	0
Shareholder's Right to appoint Auditor	0	0	0	0	0	0
Shareholder's Right to say on Directors' Compensation	0	0	0	0	0	0
Shareholder's Right to say on Sale or lease of a company	0	0	0	0	0	0
Shareholder's Right to say on Related Party Transactions	0	0	0	0	0	0
Shareholder's Right to say on Corporate Social Responsibility	0	0	0	0	0	0
Shareholder's Right to say on Environmental Responsibility	0	0	0	0	0	0
Shareholder's Right to say on Governance Issues	0	0	0	0	0	0
Investor Relationship Policy	0	0	0	0	0	0
Analysts Briefing held by Corporate Entities	0	0	0	0	0	0
Investors Road Show Conducted by Corporate Entities	0	0	0	0	0	0
Board-Shareholder Dialogue	0	0	0	0	0	0
Appointment of Investors' Relationship Officer	0	0	0	0	0	0
Filing Class actions suits by Shareholders against Corporate Entities	0	0	0	0	0	0
Filing Derivative actions suits by Shareholders against Corporate	0	0	0	0	0	0
Existence of Proxy Advisory Firms	0	0	0	0	0	0
Existence of the Shareholder Association	0	0	0	0	0	0

Source: Fieldwork

- sale or lease of a company.
- Related Party Transactions.
- Governance Issues.
- Existence of Proxy Advisory Firms.
- Filing of Class Action Suits and Derivative Actions suits by Shareholders against Corporate Entities.

None of the sub-broker is aware of:

- Investor Relationship Policy implemented by companies.

It is evident from Table 4 that none of the Investment Advisors is having awareness of any of the parameters relating to Shareholder Engagement except:

- Shareholder's Right to Electronic Voting (100%).
- Existence of Grievance Redressal Mechanisms (15%).
- Appointment of Independent Director (55%).
- Appointment of Investors' Relationship Officer (10%).
- Existence of Proxy Advisory Firms.
- Existence of Shareholder Association.

None of the Investment Advisors is aware of the concept of Shareholder Engagement. Investment Advisor as shareholders has exercised their Electronic Voting Rights and hence they know about it. Some of them have complained about Grievance Redressal Mechanisms and hence they know about Grievance Redressal Mechanisms. They come to know about the Appointment of an Independent Director and the Appointment of Investors' Relationship Officer through the SEBI circular.

It is evident from Table 5 that none of the shareholders is having an awareness of the concept of Shareholder Engagement. Further, none of them was aware of:

- Shareholder Engagement Awareness Programme/ Events.
- Shareholder's Right to appoint and remove Directors and appoint Auditor.
- Shareholder's Right to say on
 - » Directors' Compensation.
 - » sale or lease of a company.
 - » Related Party Transactions.
 - » Corporate Social Responsibility (CSR).
 - » Environmental Responsibility.
 - » Governance Issues.
- Investor Relationship Policy.
- Analysts Briefing conducted by Corporate Entities.
- Investors Road Show Conducted by Corporate entities.
- Board-Shareholder Dialogue conducted by Corporate Entities.
- Appointment of Investors' Relationship Officer.
- Filing of Class Action Suits and Derivative Actions Suits by Shareholders against Corporate Entities.

65% of Shareholders were aware of Electronic Voting rights as they have received an email from companies regarding electronic voting. 13.5% of Shareholders were aware of the Existence of Grievance Redressal Mechanisms as they came to know about it through their sub-brokers and media. 8% of shareholders were aware of their right to appoint an Independent Director and the majority of them came to know about it through the media. Professionals such as Doctors, Architects, Medical Representatives, Legal Practitioners, Chartered Accountants, Tax Consultants, Management Consultants, IT Consultants, Marketing Consultants, Accountants, Surveyors and Planners, Real Estate Agents, Financial Advisors, Insurers, Web designers/ developers, etc are having more awareness about Shareholder's Right to Electronic Voting, Existence of Grievance Redressal Mechanisms and Appointment of Independent Director whereas awareness about these parameters among Government employees is very negligible.

The researchers have developed a Shareholder Engagement Score Model which may be of immense help to measure the performance of corporate entities in discharging their Shareholder Engagement as well as Social Responsibilities. The model is developed based on factors such as

- Management decisions.
- Shareholders rights.
- Access to information.
- Interaction and resolving queries.
- The weights have been assigned based on variables which ensure
 - Governance.
 - Cost minimisation.
 - Wealth maximisation.
 - Information supply.
 - Cordial relationship.

Table 6. Shareholder engagement score model

Shareholder Engagement Variables	Weightage	Score (0 to 5)
Board Balance	5%	
Independent Directors		
Women Director		
Reservation		
Say in Key Appointments and Compensation	20%	
Appointment of Directors		
Appointment of Auditor		
Appointment of Chief Executive Officer		
Compensation of Directors		
Fee of Auditor		
Compensation of Chief Executive Officer		
Committee Constitution and Composition	25%	
Shareholder's Right to Say on Constitution and Composition of Social Audit Committee		
Shareholder's Right to Say on Constitution and Composition of Internal Audit Committee		
Shareholder's Right to Say on Constitution and Composition of Ethics Committee		
Shareholder's Right to Say on Constitution/Composition of Executive Evaluation Committee		
Shareholder's Right to Say on Constitution and Composition of Accountability Committee		
Shareholder's Right to Say on Constitution and Composition of CSR Committee		
Shareholder's Right to say on Related Party Transactions		
Shareholder's Right to say on the sale or lease of a company's		
d)Supply of Information (Certified by Committee)	30%	
Year-wise database of Property owned by Directors, Chief Executive officer		
Remuneration and fee paid to Directors		
The procedure of Payment of remuneration		
Recording of Director's remuneration		
CSR Report		
Role and Responsibility of Directors		
Promoters Holding		

Employees Stock option		
Key Major Decisions		
Investor Relations Policy		
Investors Road Show Conducted		
Independent Director		
Executive Performance Evaluation Report		
Property Details, Tax Payment, Credential Report, etc of Directors		
Director tenure, age, the number of active or former CEOs on the board		
Accounting Practices		
Mergers and Acquisition		
Analyst Rating of Board		
Equity Rating		
Debt Rating		
Shareholder Rights		
Corporate Behaviour and CSR Issues		
Environmental Friendly Products		
Green Practices		
Regulatory Compliance		
Tax Payment		
Reservation Policy		
No to Tax Envision Statement		
Responsible Investment Statement		
Diversity and Equal Opportunity		
Workplace Safety and Relations		
Use of Energy and Renewable Resources		
Community Engagement		
Corporate Philanthropy		
Costs/Benefits to the Local Economy		
Related Party Transactions		
Investor Relationship Policy		
Filing of Class Action Suits by Shareholders against Corporate Entities		
Filing of Derivative Actions by Shareholders against Corporate Entities		
Shareholder Engagement Awareness Programme/Events		

Other Variables	20%	
Shareholder's Right to Electronic Voting		
Existence of Grievance Redressal Mechanisms		
Board-Shareholder Dialogue		
Appointment of Investors' Relationship Officer		
Link to Proxy Advisory Firms		
Link to Shareholder Association		
Board Independence		
Board Skills		
Shareholder Responsiveness		
Litigation and Regulatory Problems		
Shareholder-Friendly Takeover Defenses		
The value created by Strategic Decision making		
Allowing Shareholders to Express their views on issuing concerning them		
Total Score	100	
Scoring Process	Weightage as per Shareholder Engagement Variables	
0 – No Initiative 1 – Poor Initiative 2 – Good Initiative 3 – Very good Initiative 4 – Excellent Initiative Total Max. Score = 70 Variables used * 5 each = 350	Below – 25% - Very Poor Shareholder Engagement 25% to 50% - Poor Shareholder Engagement 50% to 75% - Commendable Shareholder Engagement Above 75% - Remarkable Shareholder Engagement Total Weighted Score = 100	

Response: It is computed by adding weightage Score assigned to each Key Variable.

Key Variable	Weightage
a) Board Balance	5%
b) Say in Key Appointments and Compensation	20%
c) Committee Constitution and Composition	25%
d) Supply of Information (Certified by Committee)	30%
e) Other Variables	20%
Total Weightage Score	100%

5. Conclusion

The study reveals that none of the Sub-Broker, Investment Advisors and Shareholders was aware of the existence of Proxy Advisory Firms and Shareholder

Association. The Sub-Broker, Investment Advisors and Shareholders were also not aware of the Filing of Class Action Suits and Derivative Actions suits by Shareholders against Corporate Entities. All the Sub-Broker, Investment Advisors and Shareholders

are having awareness of the electronic voting rights of shareholders. Interaction with representatives of Uttar Pradesh-based Investor Association “Midas Touch Investors Association” reveals that the SEBI had called for a meeting with representatives of the Investors Association on 21st December 2012 to discuss investors’ problems. But, most of the items on the agenda were not discussed in the meeting. Further, the Chairman of SEBI did not spend much time with representatives of the Investors Association. The Regulatory Bodies in UK and USA have formulated policies/guidelines for Shareholder Engagement. But in India, neither SEBI nor the Ministry of Company Affairs has initiated any measures for Shareholder Engagement except for a few initiatives relating to protecting the interest of minority shareholders. In the light of above conclusions, it is suggested that the government should provide funds for setting up of Retail Investors Association in India. The Association should represent its member’s views, opinions etc to Board Members and try to see that views of minority shareholders were taken into consideration while taking corporate decisions. It is suggested that SEBI in association with Commerce and Business Management Schools in the country should conduct Awareness Programme to educate shareholders about their rights and duties, their role in corporate governance, and their role in protecting the environment and society’s interest through Shareholder Engagement. The BSE and NSE should also conduct Shareholder Engagement Training Programme for the benefit of Sub-Brokers and Investment Advisors. The shareholders were unaware of video conferences, e-ballot papers, etc. In this regard, it is suggested that the companies should develop Shareholder Engagement Policy and the same should be hosted on their websites for the benefit of the shareholder. Further, the companies need to develop Shareholder Engagement Programme covering issues such as guidelines, procedures, rights, disclosure format, complaint procedure, etc. The Companies need to establish a link in their website connecting SEBI and Investors Association websites. This will ensure easy access to SEBI as well as Investor Association and also helps shareholder to file a complaint to SEBI or the investors Association on non-compliance of

Shareholder Engagement practices by companies. Presently, India does not have a specific policy which governs Shareholder Engagement. Therefore, it is suggested that SEBI should come out with a policy on Shareholder Engagement. Shareholder Engagement should be made mandatory for the listed companies. Further, any company violating the norms of Shareholder Engagement should be penalized with a fine. Shareholder engagement reports should be hosted on the company website and the companies need to submit the report to SEBI and the Investors Association for their kind reference, remarks and feedback. The status of views, opinions and comments of the shareholder but also measures taken on the same should also be disclosed on the website. The interaction with Investor Association reveals that the SEBI is not giving much importance to personal interaction with investors and representatives of the Investors Association. Therefore, it is suggested that SEBI should spend much time with investors and representatives of the Investors Association on regular basis. Otherwise, Investor Education and Protection Fund may fail to accomplish its objectives and billion of rupees spent for the purpose may fail to generate quantifiable results.

It is expected that the above measures if implemented, will play a measure role in ensuring Shareholder Engagement but also bringing transparency in corporate governance, protecting the interest of minority shareholders and improving the value of the firm, but also protecting the environment and preserving it for next generation and thereby benefiting all the stakeholders. The study is expected to help the Government and SEBI to chalk out policies for stronger Shareholder Engagement. The outcome of the study is also expected to help Proxy Advisory Firms to develop marketing strategies to reach out to investors. There is scope for further research to investigate:

- Impact of Shareholder Engagement on Stock Performance.
- Impact of Shareholder Engagement on Corporate Governance Index.
- Measurement of the performance of companies using the Shareholder Engagement Index.

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