FINANCE INDIA

Vol. XXXIV No. 2, June 2020
Pages—411—418

Abstract of Doctoral Dissertation

The Role of Internal Control and Firm-Specific Characteristics on Firm Value[1]

ANJU KALLUVELIL JANARDHANAN*

I. Introduction

FIRM VALUE IS A CRUCIAL aspect of a company's growth. It is argued that the firms that adopt internal control have a competitive edge as it can balance risk and returns to increase firm value. In India, hand few research studies have been conducted in financial and manufacturing companies have provided divergent views on the relationships between Enterprise Risk Management (ERM), Big4 auditor, firm-specific characteristics and firm value. Also, the empirical evidence of its impact on firm value has been scarce for Indian financial services and manufacturing sector. Moreover, as per the Companies Act 2013, every organisation should have a risk management committee and audit committee for better internal control, which involves high resource commitment. This expense will affect firm value. So it is important to study the role of internal control and firm-specific characteristics on firm value. This investigation along these lines endeavours to fills the gap in the existing empirical literature on Indian financial services and manufacturing sector.Firm value is measured using a three-dimensional approach –purchasers, investors and management perspective. The Tobin's Q is an indicator of the firm's effectiveness from a purchaser's perspective. It incorporates market performance into the measurement of firm performance. It compares the market value of a firm with the book value of the same firm.Return on Equity (ROE) shows the return that the investors receive for their capital contribution to the firm. It is an important parameter for measuring the performance of a firm from the investors' point of view. Return on Assets (ROA) measures the firm profit relative to its investment in assets and is an indication of whether the assets are under or over utilised.

It is thus an indicator of operating performance.As per the Committee of Sponsoring Organisations (COSO), an essential part of the internal control the quality of internal control. Deloitte, PwC, Ernst & Young and KPMG are

1 The Thesis was submitted to CHRIST (Deemed to be University), Bengaluru in 2019, for the award of Ph.D. Degree awarded in 2019, under the supervision of Dr. Uma V.R., Associate Professor, CHRIST (Deemed to be University), The Department of Commerce, Bengaluru, Karnataka 560029, INDIA

* Lecturer, Crown Institute of Higher Education, 116 Pacific Highway, North Sydney, New South Wales NSW 2060, AUSTRALIA

Submitted January 2020; *Accepted* March 2020