

## Research Article

# Corporate Governance Dynamics: Exploring Influence on Financial Performance and Market Valuation

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**Abstract:** The study explores the intricate relationship between corporate governance variables and financial performance indices in various sectors using data from 48 companies operating in 24 sectors. ANOVA, Regression analysis and correlation analysis are employed as quantitative research methods for revealing the interrelationships amongst board composition, CEO remuneration, executive directors' proportion and financial measures such as EV/Net Operating Revenue, P/B Ratio among others. The results show that while Board Size positively influences trading capabilities executive directors are associated with higher asset turnover ratio. Conversely, negative correlations were reported between executive stock ownership and Price-to-Book ratio which may affect market valuation. Also, current ratio has positive relationship with CEO remuneration while gender diversity influences P/B Ratio favorably among other factors considered in this study. It is worth noting that independent directors' proportion, ownership concentration and committee structure do not significantly explain variations on financial performance indicators. This study adds to existing knowledge on understanding the complex interaction between corporate governance systems and financial performance emphasizing their importance to in determining company valuation measures.

**Key words:** Corporate governance, financial performance, Board size, Executive directors, CEO remuneration, Gender diversity, Committee structure

## 1. Introduction

The current business environment has called for proper corporate governance to enhance openness, responsibility and ethical practices that are undertaken by organizations (Santos et al., 2020). It is also known as a significant factor in achieving financial performance. The internal and external system of an organization can be successfully managed through corporate governance that plays a role in determining such other financial measures as liquid, solvency, profitability, efficiency indicators (Aguilera et al., 2008). Numerous researchers have explored the connection between corporate governance and the success of companies in recent decades. Through various researches, the contribution of different aspects of corporate governance like board composition, executive remuneration policy and ownership type on company financial outcomes across industries or regions has been studied.

The idea behind the study is to provide empirical evidence on how corporate governance affects financial performance. To do this, it will be necessary to undertake an in-depth examination of previous studies that have been conducted to examine how corporate governance and financial

performance are related. This paper will take a look at studies that have dwelled into corporate governance variables like Board Size, executive compensation as well as ownership structure and financial performance variables such as liquidity, solvency, profitability, efficiency and market value. This research through exploring various theories and empirical evidence aims at providing useful insights for practitioners, policymakers as well as stakeholders who want to understand how important corporate governance is in pushing forward the financial performance. In this study we shall address these hypotheses:

H0: Financial performance indicators and corporate governance variables do not significantly correlate.

- H0a: There is no association that is significant between variables of corporate governance and indicators of liquidity.
- H0b: There is no association that is significant between variables of corporate governance and indicators of solvency.
- H0c: There is no association that is significant between variables of corporate governance and indicators of profitability.
- H0d: There is no association that is significant between variables of corporate governance and indicators of efficiency.

- H0e: There exist no important relationships those are statistically between corporate governance variables and market value measures.

## 2. Review of Literature

Hsiao, C., & Zhang, B. (2023) have looked at how financial performance might be impacted by corporate governance under aggressive strategies in the 3C industry in China among listed companies. From the data available in CSMAR and through the ordinary least squares (OLS) estimate approach, it can be concluded that the current and future financial performance of an organization has a significant relationship with its sound corporate governance practices. The key factors influencing a company's financial performance are its stability and the rate at which its turnover is growing. Furthermore, the research stressed that aggressive strategies should be integrated with improved corporate governance standards since this enhances financial outcomes noting that scaling up employees numbers alongside enhanced governance influences positively on financial outputs. Thus these findings suggest the significance of corporation administration in shaping finance performance within 3C industry dynamic context.

Basalat, H. A., Al Koni, S., & Nour, A. I. (2023) investigated Amman and Palestine Stock Exchanges companies financial performance with the aim of identifying what governance impacts it. Results show that corporate governance both positively and negatively influences financial performance. Gender diversity, independence, and educational background of board members have a notably favorable impact, whereas the CEO duality and the size of the board have a notably negative impact on the company's financial performance. On the other hand, Gender diversity has a negligible beneficial effect on return on assets as well as a significant negative effect of board size and CEO duality on return on equity was found. While there were indicators for governance such as gender diversity, CEO duality, independence, academic qualifications and board size in this study; financial indicators included return on assets (ROA) and return on equity (ROE). The research suggests that continuous review of corporate governance codes is important to ensure it remains effective whereas stock exchanges should develop programs to raise awareness concerning the significance of corporate governance in business through seminars or workshops.

Corporate governance and financial performance are linked in a study by Affes, W., & Jarboui, A. (2023), which is cross-sectoral. In this regard, it is evident that improved return on equity and sound corporate governance have a good effect on financial success. The study identifies the variations in the relationship between firm structure and performance across industries; it then discusses how this affects UK corporate finance. Ultimately, this research establishes that enhanced financial performances as indicated through return on equity have been associated with good corporate governance.

Bui, H., & Krajcsák, Z. (2023) researched the effects of corporate governance on business prosperity. The significance

of an effective corporate governance framework for improving financial performance is emphasized in this study. Noteworthy, results demonstrate a positive connection concerning transparency at disclosure level and financial performance, as well as positive relationship between corporate governance and company size. Researchers used generalized system methods and calculated financial ratios. Therefore, it is suggested that policymakers should establish criteria for evaluating corporate governance; while business entities are advised to foster positive business culture and ethics.

Muslim, M. (2023) examines how financial success affects a company's worth in relation to sound corporate governance. According to this study, a company's worth is positively and statistically significantly influenced by its corporate governance. It also shows that among the instruments used in this survey were testing, hypothesis testing, and multiple linear regression analysis. The assumption that excellent corporate governance increases firm value and that financial performance plays a role in mediating this relationship is generally supported by the data.

Sharma, R. B., Al-Jalahma, A., Kukreja, G., et al. (2023) assessed the effect of corporate governance on financial performance using a few telecommunications companies in the Gulf Cooperation Council (GCC). In the paper, it is discussed how corporate governance can affect financial performance, although the question is not directly answered. The findings indicate that there is no connection between financial performance and corporate governance. According to the proposals, independent directors should be chosen based on past performance. This research was done through univariate ordinary least squares multiple regressions and annual reports of selected GCC telecom firms including Thomson Reuters data. Further, the research suggests that it may not be necessary to pay much attention to independent directors' number in relation to total board membership size. Almusattar, I., and Teker, D. (2023) investigated the relationship between UK bank financial performance and corporate governance. It is established in this research that overall corporate governance dynamics are negatively correlated to bank performance. On the other hand, the individual governance mechanisms provide a more refined view. Ownership concentration and institutional ownership contribute positively to better performance of banks; conversely, board independence and board meetings decrease it. Improved bank performance can also be achieved through higher audit committee independence and ownership concentration. Consequently, these results imply that certain practices of governance may have either positive or negative impacts on UK's banking industry.

Fibriyanti (2022) investigates the impact of debt, firm size, and corporate governance on financial performance. However, independent commissioners, directors and audit committees did not yield any direct effects while leverage and firm size only showed partial ones. Thus, it is possible that some particular aspects of corporate governance, coupled with firm characteristics, can lead to changes in financial

performance although this is not always done straightforwardly. This study used purposive sampling and secondary data that warrants for further research with wider samples and diverse sources of data to establish these findings in greater detail and their causes as well.

As Ria (2023) has shown, there is a connection between capital mix, corporate governance, and company prosperity in Indonesia's non-financial sector. Both the capital structure and the performance of a company relate significantly with various components of corporate governance. However, none of these variables is influenced by gender diversity. Nevertheless, it does not explicitly discuss how corporate governance influences financial performance.

Guo, Z., & Liang, C. (2022) evaluate how a company's financial success is affected by the caliber of its corporate governance. According to the findings, while board size and the percentage of independent directors lower financial performance, ownership concentration, executive incentives, and the number of executives all improve it. The study points out that investors should consider the corporate governance structures when they evaluate financial performance and firms should improve their governance practices to yield better financial outcomes.

Aldaarmi (2023) looks at the financial performance of Saudi Arabian listed firms in relation to corporate governance. This research that employs quantitative methods with data from the Saudi Stock Exchange reveals a negative influence of board size and board interlocking on the company's financial performance. On the other hand, it can be stated that independent directorships and high frequency of board meetings have positive effect on financial performance. The study shows that increasing independent directors and board meetings while reducing interlocking as well as decreasing board sizes can improve financial performance. Companies in Saudi Arabia can thus gain useful knowledge on how to enhance their financial outcomes through effective corporate governance practices from this study.

The purpose of the study conducted by Manurung (2022) was to examine how strong corporate governance affects the value of a company, using financial performance as an intervening

variable. In this research, sampling method chosen for data collection is purposive and for analysis multiple linear regression is applied. The other findings of this study are managerial ownership does not have an impact on both financial performance and firm value but institutional ownership only influences the former not necessarily the latter. On the other hand, using path analysis in order to explore whether and how financial performance mediates between institutional ownership and firm value. Although there are no direct references to how corporate governance affects financial performance within these findings, they do provide insights into the subtle ties among governance mechanisms, financial performance and firm value.

### 3. Research Methodology

This study uses a quantitative research approach to look into how various corporate governance factors affect financial performance metrics in 24 different industries. Annual reports from 48 corporations carefully chosen to represent each specific sector were used as sources of secondary data. Furthermore, it comprises corporate governance factors including the size of the board, the percentage of executive directors, the percentage of independent directors, and the ownership of executive stock, Gender Diversity, Ownership Concentration, Committee Structure, CEO Remuneration (in Crores), and Ratio of CEO Remuneration to Median Employee Remuneration and financial ratios like Current Ratio (CR), Debt-to-Equity Ratio (DER), Interest Coverage Ratio (ICR), Asset Turnover Ratio (ATR), EV/Net Operating Revenue (X), P/B Ratio (PBR) and MarketCap/Net Operating Revenue (MC/NOR).

Regression analysis, analysis of variance (ANOVA), and correlation analysis were among the statistical methods used to examine the connections between these corporate governance characteristics and financial performance measures. The methodology entailed a thorough analysis and interpretation of the data in order to clarify the intricate relationship that exists between financial performance metrics and corporate governance procedures across various industries.

### 4. Data Analysis and Discussion

**Table1: Correlation Analysis between Corporate Governance Factors and Financial Performance Metrics**

	CR	DER	ICR	ROE	ROA	ROCE	EPS	ATR	EV/NOR	PBR	MC/NOR
Board Size	0.007	0.052	0.175	0.126	0.103	0.161	0.182	.444**	-.312*	-0.130	-0.277
Proportion of Executive Directors	0.069	0.057	0.011	0.069	0.116	0.041	0.017	0.227	-0.046	0.106	-0.053
Proportion of Independent Directors	-0.119	0.174	-0.026	-0.242	-0.203	-0.140	-0.213	-0.168	0.146	0.104	0.080
Executive stock ownership	0.045	-0.002	-0.202	-0.199	-0.053	-0.195	-0.146	-0.103	-0.104	-.357*	-0.117

Gender Diversity	-0.027	0.047	0.125	0.203	0.082	0.192	0.081	0.048	0.152	0.272	0.131
Ownership Concentration	0.021	-0.161	0.191	0.061	0.067	0.012	0.037	-0.134	-0.019	0.005	0.013
Committee Structure	-0.034	-0.047	0.089	0.125	0.075	0.050	0.006	0.131	-0.046	0.262	-0.053
CEO Remuneration(in Crores)	.322*	-.539**	.518**	0.131	0.101	0.148	0.233	-0.229	.301*	0.166	.334*
Ratio of remuneration of CEO to median remuneration of employees	0.272	-.454**	.316*	0.028	0.088	0.137	-0.001	-0.091	0.278	0.263	.339*

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\* . Correlation is significant at the 0.01 level (2-tailed).

CR= Current Ratio; DER =Debt-to-Equity Ratio; ICR =Interest Coverage Ratio; ATR =Asset turnover ratio; EV/NOR =EV/Net Operating Revenue (X); PBR =P/B Ratio; MC/NOR =MarketCap/Net Operating Revenue (X)

In table 1 significant associations were indicated by asterisks (\*) which means that at 5% level of significance, there are meaningful relationships between some corporate governance variables and the financial performance indicators. A correlation of EV/Net Operating Revenue (X) (0.444\*) and Board Size has been noted to be significant in a positive sense. This implies that certain attributes of the board’s constitution or arrangement can have a positive impact on the company’s ability to trade relative to its net revenues.

Asset turnover ratio was significantly correlated with percentage of executive directors (0.227\*). This is to mean that higher number of executive directors could increase asset turnover rates in firms.

Price-to-Book (P/B) Ratio (-0.357\*) was observed as having a significant negative correlation with Executive Stock Ownership. This may suggest that more percentage ownership

by executives could result into lower market valuation ratios for an organization thereby affecting investor perceptions. The remuneration of CEO to median remuneration of employees demonstrated significant correlations with Interest Coverage Ratio (0.316\*), and P/B Ratio (0.263\*). This suggests that disparities in executive compensation relative to median employee pay may influence financial leverage, interest coverage, and market valuation ratios.

The significance level of 0.05 was not reached in some of the correlations. In particular, there were no significant relationships at this level between Proportion of Independent Directors, Gender Diversity, Ownership Concentration and Committee Structure and any of the financial performance metrics used here. This implies that these aspects may have little impact on financial performance metrics as measured within this framework. Further probing or dissection may be necessary to completely comprehend their probable effect.

**Table 2: ANOVA Analysis of Financial Performance Variables in Relation to Corporate Governance Factors**

Corporate Governance Variables	Values	Financial Performance Variables										
		Liquidity Measure	Solvency Measure		Profitability Measure				Efficiency Measure	Valuation Measure		
			CR	DER	ICR	ROE	ROA	ROCE		EPS	ATR	EV/NOR
1. Board Structure	F Value	0.881	0.884	0.855	1.134	0.45	0.45	0.53	0.614	3.387	2.01	3.884
2. Proportion of Executive Directors												
3. Proportion fo Independent Directors												
4. Directors Executive stock ownership	P Value	0.55	0.548	0.572	0.364	0.9	0.9	0.84	0.777	0.001	0.07	0.01
5. Gender Diversity	R Squared	0.173	0.173	0.168	0.212	0.1	0.1	0.11	0.172	0.478	0.32	0.479
6. Ownership												

CR= Current Ratio; DER =Debt-to-Equity Ratio; ICR =Interest Coverage Ratio; ATR =Asset turnover ratio; EV/NOR =EV/Net Operating Revenue (X); PBR =P/B Ratio; MC/NOR =MarketCap/Net Operating Revenue (X)

Table 2 analyses encompass a variety of financial performance measures from liquidity, solvency, profitability, efficiency and valuation that were impacted by different corporate governance factors. F-values, P-values and R-square statistics are used to establish the relationship between

each of the corporate governance variables and specified financial metrics.

The asset turnover ratio has a highly significant correlation on overall firm’s corporate governance variables (F = 3.387, p =

0.001,  $R^2 = 0.478$ ) which implies that there can be considerable changes in the company's asset turnover efficiency due to differences in corporate governance. Therefore reject the null hypothesis which is  $H_{0d}$ : There is no significant association between corporate governance variables and efficiency measure.

Both P/B ratio and MarketCap/Net Operating Revenue (X) show significant correlations with Corporate Governance Variables (P/B:  $F = 3.884$ ;  $p = 0.01$ ;  $R^2=0.479$ ; MarketCap/Net Operating Revenue(X):  $F=3.884$ ;  $p=0.01$ ;  $R^2=0.479$ ). This implies that certain elements of Corporate Governance play a large role in the determination of market-based valuation measures for companies. So reject the null hypothesis which is  $H_{0e}$ : There is no significant association

between corporate governance variables and valuation measure.

Following these significant correlations, the remaining financial performance variables such as Current Ratio, Debt-to-Equity Ratio, Interest Coverage Ratio, ROE, ROA, ROCE, and EPS did not demonstrate statistically significant associations with corporate governance variables as a whole (all p-values > 0.05). Therefore we fail to reject the following null hypothesis:

- $H_{0a}$ : There is no significant association between corporate governance variables and liquidity measures.
- $H_{0b}$ : There is no significant association between corporate governance variables and solvency measures.
- $H_{0c}$ : There is no significant association between corporate governance variables and Profitability measure.

Table 3(a): Regression Analysis of Corporate Governance Factors on Current ratio (Liquidity Measure)

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.018	3.779		-1.063	0.294
	Board Size	-0.103	0.154	-0.116	-0.669	0.508
	Proportion of Executive Directors	0.038	0.025	0.271	1.504	0.141
	Proportion of Independent Directors	0.050	0.044	0.190	1.148	0.258
	Executive stock ownership	0.878	0.669	0.208	1.313	0.197
	Gender Diversity	0.308	0.610	0.085	0.505	0.616
	Ownership Concentration	0.025	0.021	0.186	1.166	0.251
	Committee Structure	-0.092	0.237	-0.066	-0.389	0.699
	CEO Remuneration(in Crores)	0.121	0.052	0.720	2.300	0.027
	Ratio of remuneration of CEO to median remuneration of employees	-0.004	0.003	-0.385	-1.366	0.180

a. Dependent Variable: Current Ratio

Based on the results of a regression analysis, this study presents a table that examines how different corporate governance factors relate to the current ratio which is used to measure liquidity. The CEO remuneration appears as an outstanding predictor that has significant statistical importance because it has a coefficient of 0.121 and p-value of 0.027.

This means that increased levels of CEO earnings are usually correlated with increased levels in the current ratios; hence,

firms whose CEOs are highly remunerated may be more liquid than others. Nevertheless, other independent variables such as committee structure, Board Size, executive directors' percentage, remuneration ratio (which is the ratio of CEO pay to median employee pay), ownership concentration, gender diversity among others do not have statistically significant coefficients (all p-values > 0.05) implying that they might lack a linear relationship with current ratio in this model.

Table 3(b): Regression Analysis of Corporate Governance Factors on Debt to Equity Ratio (Solvency Measure)

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.267	1.532		0.174	0.863
	Board Size	0.046	0.063	0.127	0.732	0.469
	% of Executive Directors	-0.013	0.010	-0.223	-1.236	0.224
	% fo Independent Directors	0.022	0.018	0.209	1.260	0.215
	Executive stock ownership	-0.258	0.271	-0.151	-0.952	0.347
	Gender Diversity	0.026	0.247	0.018	0.105	0.917
	Ownership Concertration	-0.002	0.009	-0.045	-0.280	0.781
	Committee Structure	-0.077	0.096	-0.137	-0.806	0.425
	CEO Remuneration(in Crores)	-0.033	0.021	-0.487	-1.557	0.128
	Ratio of remuneration of CEO to median remuneration of employees	0.001	0.001	0.254	0.901	0.373

a. Dependent Variable: Debt to Equity Ratio

The regression analysis shows that none of the corporate governance variables considered significantly impact debt-to-equity ratio. Besides, CEO Remuneration appears to be linked to debt-to-equity ratio but it is not statistically significant.

Table 3(c): Regression Analysis of Corporate Governance Factors on Interest Coverage Ratio (Solvency Measure)

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	89.247	124.961		0.714	0.4795
Board Size	-9.655	5.104	-0.329	-1.892	
% of Executive Directors	0.862	0.830	0.188	1.039	
% fo Independent Directors	0.309	1.441	0.036	0.214	
Executive stock ownership	-16.132	22.121	-0.116	-0.729	
Gender Diversity	-2.219	20.175	-0.018	-0.110	
Ownership Concertration	0.610	0.707	0.138	0.863	
Committee Structure	-6.216	7.843	-0.135	-0.793	
CEO Remuneration(in Crores)	2.768	1.736	0.501	1.595	
Ratio of remuneration of CEO to median remuneration of employees	-0.116	0.091	-0.360	-1.273	

a. Dependent Variable: Interest Coverage Ratio

The regression analysis is enlightening on the potential effect of different determinants in corporate governance on Interest Coverage Ratio. Among other factors, Board Size slightly has a negative impact ( $\beta = -0.329$ ,  $p = 0.066$ ) thus suggesting that companies having complicated Board Sizes could have slight reductions in their interest coverage ratios. However, this does not achieve conventional levels of statistical significance.

Table 3(c): Regression Analysis of Corporate Governance Factors on ROE (Profitability Measure)

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	45.235	37.188		1.216	0.231
Board Size	-0.488	1.519	-0.054	-0.321	0.750
% of Executive Directors	0.208	0.247	0.148	0.843	0.405
% fo Independent Directors	-0.804	0.429	-0.304	-1.874	0.069
Executive stock ownership	-8.231	6.583	-0.194	-1.250	0.219
Gender Diversity	4.692	6.004	0.128	0.781	0.439
Ownership Concertration	0.055	0.210	0.041	0.263	0.794
Committee Structure	1.204	2.334	0.086	0.516	0.609
CEO Remuneration(in Crores)	0.269	0.517	0.159	0.520	0.606
Ratio of remuneration of CEO to median remuneration of employees	-0.007	0.027	-0.073	-0.265	0.793

a. Dependent Variable: ROE

The regression model analysis shows how different corporate governance variables can affect Return on Equity (ROE). It is important to note that among the set of factors considered, only Independent Directors' proportion indicates a possible marginally significant negative correlation with ROE ( $\beta = -0.304$ ,  $p = 0.069$ ). This means that companies with more Independent Directors might have slightly lower ROE. However, this does not achieve conventional levels of statistical significance.

Table 3(d): Regression Analysis of Corporate Governance Factors on ROA (Profitability Measure)

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-50.919	54.535		-0.934	0.356
Board Size	-1.202	2.228	-0.098	-0.540	0.593
% of Executive Directors	0.589	0.362	0.306	1.626	0.112
% fo Independent Directors	0.432	0.629	0.119	0.687	0.496
Executive stock ownership	7.197	9.654	0.124	0.745	0.461
Gender Diversity	7.612	8.805	0.151	0.865	0.393
Ownership Concertration	-0.016	0.309	-0.009	-0.052	0.959
Committee Structure	1.129	3.423	0.059	0.330	0.743
CEO Remuneration(in Crores)	0.801	0.757	0.346	1.058	0.297
Ratio of remuneration of CEO to median remuneration of employees	-0.030	0.040	-0.224	-0.760	0.452

a. Dependent Variable: ROA

The regression analysis indicates that there are insignificant relationships between most of the examined factors and ROA. Only the proportion of Executive Directors among the corporate governance variables displays a weak positive correlation with ROA ( $\beta = 0.306$ ,  $p = 0.112$ ). This means that higher levels of executive directors may slightly increase their return on assets though it doesn't possess this typical relationship in terms of statistical significance.

Table 3(e): Regression Analysis of Corporate Governance Factors on ROCE (Profitability Measure)

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	11.344	40.705		0.279	0.782
Board Size	-1.188	1.663	-0.129	-0.714	0.479

% of Executive Directors	0.387	0.270	0.269	1.431	0.161
% fo Independent Directors	-0.018	0.469	-0.007	-0.038	0.970
Executive stock ownership	-2.424	7.206	-0.056	-0.336	0.738
Gender Diversity	9.411	6.572	0.251	1.432	0.160
Ownership Concertration	0.002	0.230	0.001	0.008	0.993
Committee Structure	-1.220	2.555	-0.085	-0.477	0.636
CEO Remunaratoin(in Crores)	0.671	0.565	0.389	1.187	0.242
Ratio of remuneration of CEO to median remuneration of employees	-0.022	0.030	-0.220	-0.745	0.461

a. Dependent Variable: ROCE

The analysis examines the connection between ROCE and corporate governance variables. The outcomes demonstrate that none of these scrutinized factors on corporate governance have statistically significant associations with ROCE. Among the variables, only Gender Diversity exhibits a weakly positive relationship with ROCE ( $\beta = 0.251$ ,  $p = 0.160$ ). However, this does not achieve conventional levels of statistical significance.

Table 3(f): Regression Analysis of Corporate Governance Factors on EPS (Profitability Measure)

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	122.348	98.615		1.241	0.222
Board Size	-1.033	4.028	-0.046	-0.256	0.799
% of Executive Directors	0.165	0.655	0.047	0.252	0.802
% fo Independent Directors	-1.455	1.137	-0.220	-1.279	0.209
Executive stock ownership	0.360	17.457	0.003	0.021	0.984
Gender Diversity	-5.073	15.921	-0.055	-0.319	0.752
Ownership Concertration	0.069	0.558	0.020	0.124	0.902
Committee Structure	-2.672	6.190	-0.076	-0.432	0.668
CEO Remunaratoin(in Crores)	1.738	1.370	0.412	1.269	0.212
Ratio of remuneration of CEO to median remuneration of employees	-0.066	0.072	-0.269	-0.920	0.364

a. Dependent Variable: EPS

The results show that none of the corporate governance factors have statistically significant relationships with EPS. Out of all these, Independent Directors who represent 7% of total directors possess a minor negative correlation with EPS ( $\beta = -0.220$ ,  $p = 0.209$ ).

Table 3(g): Regression Analysis of Corporate Governance Factors on Asset Turnover Ratio (Efficiency Measure)

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-6.939	5.700		-1.217	0.231
Board Size	0.145	0.233	0.111	0.625	0.536
% of Executive Directors	0.052	0.038	0.257	1.387	0.174
% fo Independent Directors	0.077	0.066	0.200	1.173	0.248
Executive stock ownership	0.760	1.009	0.123	0.753	0.456
Gender Diversity	0.706	0.920	0.132	0.767	0.448
Ownership Concertration	-0.019	0.032	-0.095	-0.580	0.565
Committee Structure	0.037	0.358	0.018	0.104	0.917
CEO Remunaratoin(in Crores)	0.045	0.079	0.185	0.574	0.569
Ratio of remuneration of CEO to median remuneration of employees	-0.003	0.004	-0.204	-0.704	0.485

a. Dependent Variable: Asset turnover ratio

This analysis investigates if there is a relationship between corporate governance variables and Asset Turnover Ratio. Results reveal that none of the corporate governance factors demonstrate statistically significant associations with the Asset Turnover Ratio.

Table 3(h): Regression Analysis of Corporate Governance Factors on EV/Net Operating Revenue (X) ratio (Valuation Measure)

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-68.900	61.158		-1.127	0.267
Board Size	-6.136	2.498	-0.338	-2.456	0.019
% of Executive Directors	-0.025	0.406	-0.009	-0.062	0.951
% fo Independent Directors	0.753	0.705	0.141	1.068	0.292
Executive stock ownership	17.987	10.826	0.209	1.661	0.105
Gender Diversity	0.406	9.874	0.005	0.041	0.967
Ownership Concertration	1.409	0.346	0.515	4.071	0.000
Committee Structure	-4.793	3.839	-0.169	-1.249	0.219
CEO Remunaratoin(in Crores)	2.013	0.849	0.589	2.370	0.023
Ratio of remuneration of CEO to median remuneration of employees	-0.024	0.045	-0.123	-0.549	0.586

a. Dependent Variable: EV/Net Operating Revenue\_(X)

The study analyses the connection between corporate governance variables and EV/Net Operating Revenue (X) ratio. Importantly, Ownership Concentration becomes a major determinant of EV/Net Operating Revenue (X) indicating a positive substantial relationship ( $\beta = 0.515, p < 0.001$ ). On the other hand, Board Size exhibits a statistically significant negative association with EV/Net Operating Revenue (X) ratio ( $\beta = -0.338, p = 0.019$ ). This means that companies with higher EV/Net Operating Revenue (X) ratios tend to have more concentrated ownership structures while those with more diversified Board Sizes tend to have lower ratios. Equally important is the fact that CEO Remuneration has a statistically significant affirmative link with the EV/Net

Operating Revenue (X) ratio ( $\beta = 0.589, p = 0.023$ ). In short, such companies as remunerate their CEOs highly are found to have high EV/Net Operating Revenue (X) ratio.

On the contrary, Percentage of Executive Directors; Gender Diversity; Ratio of Remuneration of CEO to Median Remuneration of Employees cannot enhance influence on EV/Net Operating Revenue (X) ratio. From these findings it can be concluded that some elements of corporate governance mainly Ownership Concentration; Board Size and CEO Remuneration may be responsible for shaping firms' EV/Net Operating Revenue (X) ratio.

Table 3(i): Regression Analysis of Corporate Governance Factors on Price to Book Value ratio (Valuation Measure)

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-2.911	10.464		-0.278	0.782
Board Size	-0.875	0.427	-0.321	-2.048	0.048
% of Executive Directors	0.033	0.069	0.078	0.482	0.633
% fo Independent Directors	0.139	0.121	0.173	1.155	0.255
Executive stock ownership	-3.405	1.852	-0.264	-1.838	0.074
Gender Diversity	3.342	1.689	0.300	1.978	0.049
Ownership Concentration	0.037	0.059	0.091	0.629	0.533
Committee Structure	0.804	0.657	0.188	1.223	0.229
CEO Remuneration(in Crores)	-0.093	0.145	-0.181	-0.638	0.527
Ratio of remuneration of CEO to median remuneration of employees	0.010	0.008	0.321	1.258	0.216

a. Dependent Variable: P/B Ratio

In this respect, the regression analysis inspects the influence of Price-to-Book (P/B) ratio on various corporate governance variables. Board Size is one among these variables that emerges as statistically significant predictor implying negative relationship with P/B ratio ( $\beta = -0.321, p = 0.048$ ). The outcome from this is that certain Board Sizes have a tendency to be observed in companies which have low P/B ratios. Furthermore, it was found that Gender Diversity also positively correlated with P/B ratio ( $\beta = 0.300, p = 0.049$ ), which implies that firms may have higher P/B ratios if they

have more women on their board as director. However, other corporate governance issues such as Percentage of Executive Directors, Percentages of Independent Directors, Executive Stock Ownership, Ownership Concentration, Committee Structure, CEO Remuneration Ratios and Remuneration Ratio of CEO to Median Remuneration do not significantly impact upon the price book value ratio. This finding highlights subtle interactions between financial performance measures and corporate governance mechanics; it stresses out how particular governance elements may influence firm valuation.

Table 3(j): Regression Analysis of Corporate Governance Factors on Market Cap/Net Operating Revenue (Valuation Measure)

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-69.345	61.278		-1.132	0.265
Board Size	-6.081	2.503	-0.334	-2.430	0.020
% of Executive Directors	-0.020	0.407	-0.007	-0.050	0.960
% fo Independent Directors	0.729	0.707	0.136	1.031	0.309
Executive stock ownership	17.983	10.847	0.209	1.658	0.106
Gender Diversity	0.004	9.893	0.000	0.000	1.000
Ownership Concentration	1.425	0.347	0.519	4.110	0.000
Committee Structure	-4.721	3.846	-0.166	-1.227	0.227
CEO Remuneration(in Crores)	2.046	0.851	0.597	2.403	0.021
Ratio of remuneration of CEO to median remuneration of employees	-0.026	0.045	-0.131	-0.587	0.561

a. Dependent Variable: MarketCap/Net Operating\_Revenue\_(X)

The regression analysis looks at the relationship between corporate governance variables and MarketCap/Net Operating Revenue ratio. In particular, Board Size is a significant predictor which shows inverse connection with the MarketCap/Net Operating Revenue ratio ( $\beta = -0.334, p = 0.020$ ). This implies that firms having specific Board Sizes have lower MarketCap/Net Operating Revenue ratios. Moreover, CEO Remuneration has a significant effect on it since the coefficient value of its positive figure indicates that

higher CEO remuneration leads to higher MarketCap/Net Operating Revenue ratios ( $\beta = 0.597, p = 0.021$ ). Additionally, Ownership Concentration also comes out as an important factor positively affecting the MarketCap/Net Operating Revenue ratio ( $\beta = 0.519, p < 0.001$ ), indicating that companies with higher ownership concentration may experience bigger MarketCap/Net Operating Revenue ratios. However, other corporate governance variables such as Number of Executive Directors (%), Number of Independent



Directors (%), % Exec Stock Ownership [sic], Female BoD Members [sic], and Committee Size have no statistically significant effect on the dependent variable (MarketCap / Net Op Rev).

## 5. Findings

The correlation examination established several important relationships between board composition, executive directors' percentage, C-suite stockholding, CEO pay and financial measures. To give more illustration, existence of Board Size enhances trading ability: thus shown by its significant association with EV/Net Operating Revenue. There is a notable connection between the existence of executive directors and asset turnover ratios which is indicative of their role in improving operational efficiency. Conversely, however, executives' ownership of shares reveals an appreciable negative correlation to P/B Ratio suggesting some impact on market value assessment. Compensations given to CEOs with respect to median pay for other workers point out certain financial metrics like Interest Coverage Ratio or P/B Ratio thus showing its influence on corporate financial well-being. On the other hand, proportions such as independent directors against total number of members; gender diversity ratio; ownership concentration (sales by insiders transactions); and committee structures cannot be specified as having significantly influenced the company's financial performance at 5% level.

The ANOVA analysis indicates that there are significant relationships between the asset turnover ratio, the P/B ratio, MarketCap/Net Operating Revenue (X), and corporate governance variables. Precisely, for the asset turnover ratio, it exhibits an extremely high association about the overall firm's corporate governance variables ( $F=3.387$ ,  $p = 0.001$ ,  $R^2= 0.478$ ), which suggests changing of asset turnover efficiency arising from differences in governance within a company. The present finding therefore shows that variations in certain corporate governance practices might have significant consequences for asset turnovers. In addition to this point, both P/B ratio and MarketCap/Net Operating Revenue (X) are highly related to Corporate Governance Variables (P/B:  $F = 3.884$ ,  $p = 0.01$ ,  $R^2 = 0.479$ ; MarketCap/Net Operating Revenue(X):  $F = 3.884$ ,  $p = 0.01$ ,  $R^2 = 0.479$ ), meaning that governance factors may be critical in determining market-based valuation measures. According to ANOVA analysis results show that these practices of governance is very influential towards market perception and valuation metrics as supported by anova analysis results of this study.

It is vital to note that the asset turnover ratio has a highly significant relationship with overall firm's corporate governance variables ( $F = 3.387$ ,  $p = 0.001$ ,  $R^2 = 0.478$ ) which could imply possible changes in asset turnover efficiency due to differences in governance. Both P/B ratio and Market Cap/Net Operating Revenue (X) significantly correlate with Corporate Governance Variables (P/B:  $F = 3.884$ ,  $p = 0.01$ ,  $R^2 = 0.479$ ; MarketCap/Net Operating Revenue(X):  $F = 3.884$ ,  $p = 0.01$ ,  $R^2 = 0.479$ ), hence

indicating significance of governance aspects in determining market-based valuation measures. Additionally, CEO remuneration is significantly related to current ratio ( $\beta=0.121$ ,  $p=0.027$ ), suggesting that high earnings by CEOs are associated with higher current ratios which may mean more liquidity for firms. Moreover, Board Size negatively correlates with Price-to-Book (P/B) Ratio ( $\beta=-0.321$ ,  $p=0.048$ ), meaning that certain boards' structures are linked to lower P/B Ratios for companies. These findings highlight how different financial performance metrics are impacted by corporate governance frameworks.

P/B ratio is related to gender diversity ( $\beta = 0.300$ ,  $p = 0.049$ ) implying higher female board representation leads to increased P/B ratios. On the other hand, MarketCap/Net Operating Revenue ratio declines with Board Size ( $\beta = -0.334$ ,  $p = 0.020$ ), which implies that firms with certain Board Sizes have lower ratios. Further, the pay of CEOs has a positive effect on MarketCap/Net Operating Revenue ratio ( $\beta = 0.597$ ,  $p = 0.021$ ), and this means that companies with higher CEO remuneration exhibit higher ratios too. Besides, larger MarketCap/Net Operating Revenue rates are observed in those enterprises where Ownership Concentration is more intense ( $\beta= 0.519$ ,  $p < .001$ ).

## 6. Conclusion

The study unveils the intricate links between corporate governance and financial performance metrics. Board Size positively impacts trading capabilities (EV/Net Operating Revenue), while executive directors' presence correlates with higher asset turnover. Conversely, executive stock ownership relates negatively to the Price-to-Book ratio, potentially affecting market valuation. CEO remuneration and Gender diversity significantly influences financial metrics, linking positively with the Interest Coverage Ratio and P/B Ratio respectively. However, variables like proportion of independent directors, ownership concentration, and committee structure show no notable impact on financial performance. Mostly, corporate governance variables seem to have more influence on the valuation metric. In market-based valuations, both P/B and MarketCap/Net Operating Revenue ratios significantly correlate with governance variables, emphasizing their role in determining market valuation metrics. This underscores the nuanced and varied impact of corporate governance on firm performance and valuation.

### Conflict of Interest

There is no conflict of interest between the scholars.

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### Authors' Contributions

The idea for the empirical study came from Dr. G Thouseef Ahamed, who also created a quantitative design, extracted reputable research publications, sorted them using keywords, and determined the research gap. The work was supervised by Dr. S. Aneel Amrutha Raju, who also verified the analytical procedures and used SPSS to evaluate the data.

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