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# Sustainability-Oriented Governance and Firm Valuation: Evidence from Indian Companies

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**Abstract:** This study examines the relationship between corporate governance practices and company performance, emphasizing sustainability in Indian firms by evaluating governance parameters and their influence on firm value and sustainability. A quantitative methodology was employed, utilizing secondary data from 171 firms across six sectors. Multiple regression analysis is used to assess the relationships among several governance characteristics and performance metrics, including Tobin's Q, return on assets, and market capitalization. The findings show that certain governance practices, such as the frequency of board meetings and managerial and foreign ownership, yield positive results. However, a lack of gender diversity and high levels of corporate social responsibility have an unfavorable impact on performance. This study relies on secondary data, which may not accurately represent real-time changes in governance. It underscores the necessity for appropriate governance models tailored to each industry to improve organizational performance and promote sustainability. These study findings may aid policymakers and business leaders in aligning company practices with the objectives of the Sustainable Development Goals (SDGs), as governance has been demonstrated to foster wealth creation and benefit society. This study is one of the few that seeks to delineate the relationship between corporate governance and business performance in India, focusing on sector-specific variations and sustainability. It offers the reader practical measures to achieve this alignment.

**Keywords:** Corporate Governance; Firm Performance; Sustainability Practices; ESG Assets; Ownership Structure; Company Performance; Sustainable Development Goals.

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## 1. Introduction

In the contemporary business world, sustainability is not an afterthought but a primary goal for enterprises. Environmental, social, and governance (ESG) is deeply important to business value-creation strategies [1]. The predicted increase in global ESG assets to $53 trillion by 2025 highlights the importance of businesses adopting sustainable practices [2]. Even though

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environmental and social issues are usually in focus, it is corporate governance that enables social and environmental initiatives by providing the necessary levels of accountability, integrity, and ethics [3]. In India, sustainability issues are more complex, especially in corporate governance. Consider the recent failures of corporates like IL&FS and Punjab National Bank; the adverse effects of these failures are directly attributable to governance gaps [4]. These instances show that poor governance not only causes financial losses but also compromises stakeholder relationships and puts the business at risk [5]. The relationship between good governance and sustainability is that poorly governed companies suffer from low profits, tarnished images, and greater exposure to business risks [6]. Today's corporate governance goes beyond adhering to preset rules and begins to facilitate sustainable development [7]. Effective governance frameworks supported by stakeholder engagement, comprehensive risk management, and transparent reporting enhance the achievement of several UN Sustainable Development Goals, including decent work and economic growth (SDG 8), Industry, Innovation, and infrastructure (SDG 9), and Peace, Justice, and strong institutions (SDG 16) [8].

Firms that implement best governance practices stand a better chance of achieving both sustainability goals and competitive benefits. Indian Consumer Goods, Energy, Information Technology, Metal and Mining, and Textiles recorded major sustainability progress from 2018 to 2023 [9]. These sectors, while at the forefront of economic prosperity, face unique sustainability challenges that require specialized governance solutions [10]. They can be measured using various economic indicators (Tobin's Q, ROA, Market Capitalization) and governance-related parameters, such as board composition, ownership structure, and operational control [11]. In India, this study fills an important void by addressing the effect of industry-specific governance mechanisms on sustainability outcomes in a way that is both applicable and practical [12]. Unlike other research that analyzed national governance frameworks, this study focuses on the much-needed integration between sustainability governance and industrial analysis [13]. Indian economies are witnessing technological advancements, demographic shifts, and regulatory changes that create new opportunities and nuances for Governance for Sustainability [14]. These changes make effective communication and transparency increasingly challenging, but it is also necessary [15]. This study aims to explore the complex relationships between governance paradigms and sustainable value in India, examining both sides of the coin. Some of these issues highlight the opportunities inherent in the governance value chain. It makes practical suggestions on how organizations can use governance processes to promote economic growth [16].

As the Sustainable Development Goals gain broader recognition, businesses will face greater pressure to meet these targets, making understanding these governance developments necessary to create long-term value for the business and the economy [17]. Additionally, the growing integration of sustainability expectations into capital markets has made it even more important for corporate governance structures to be strong, clear, and future-focused. Investors today want more than just traditional financial information [18]. They are increasingly relying on ESG-linked performance metrics to determine whether a company will be around for a long time [19]. In this case, governance is the framework that connects strategic sustainability efforts to measurable business results. Indian companies, especially those listed on public exchanges, are gradually reporting more ESG-related information [20]. However, many of them are still working to align their internal governance systems with those used worldwide. Companies must rethink how they lead, involve stakeholders, and manage risk during this transition period to achieve long-term growth [21]. At the same time, there are significant differences between sectors in the maturity of their governance and the speed at which they adopt sustainability practices [22]. For example, while industries like Information Technology tend to perform better in areas such as board diversity and digital compliance, more traditional sectors like Real Estate or Metals and Mining often lag in transparent reporting and inclusive governance [23].

These differences show that researchers need governance models that can adapt to the needs of different sectors, rather than a single set of rules that works for everyone [24]. As globalization and digitization change the way businesses compete, companies that embed sustainability into their core decision-making processes will likely have a strategic edge [25]. Also, as regulatory scrutiny grows from both domestic bodies, such as SEBI, and international bodies, such as GRI and TCFD, Indian companies are under increasing pressure to improve their governance systems, not just to comply with the rules, but also to be strong in the long term [26]. Also, younger investors and consumers are becoming more loyal to brands and companies that demonstrate values such as transparency, environmental stewardship, and strong leadership [27]. This change means that governance is no longer just a boardroom issue; it is now a big part of how people see the brand in the market [28]. Strong governance structures not only reduce the risk of financial mismanagement or ethical lapses but also build trust among stakeholders, thereby strengthening the company's social license to operate [29]. Because of this, Indian companies need to rethink how they run their businesses and adopt transparent, collaborative, and inclusive practices that encompass a wide range of voices [30]. This changing environment needs empirical studies like this one that look at governance traits not in isolation, but in terms of how they affect sustainability, firm valuation, and stakeholder expectations across sectors [31].

### 1.1. Objectives

- To explore the relationship between corporate governance characteristics and company performance for selected Indian industries.

- To investigate the sector-specific dynamics and their outcomes on financial results, including Tobin's Q, Return on Assets, and Market Capitalization.
- To recommend appropriate measures of change within governance of specific sectors aimed at increasing the economic value of firms, their profitability, and the development of sustainable goals.

## 2. Literature Review

There is extensive research indicating a link between corporate governance and business performance. Some of these include the company's size, its members' profiles, the board's ownership structure, the level of borrowing, and leverage, among others [32]. All these factors are deemed important in leadership and company success. But it is also crucial to examine these variables in greater detail and understand how they affect different environments, regions, and industries, given the dearth of research [33]. According to Chinese manufacturing companies, greater attention to ESG policies translates into greater corporate value but only if financial constraints are viewed as a moderating factor [34]. This underscores the need for better governance to address the financial constraints businesses face and to fully realize the potential of their sustainable approaches [35]. On the contrary, the governance aspect of ESG does not always have the same effect, suggesting that, in certain settings, the governance effect may depend on the firm's innovative capability [36]. This understanding shows that following ESG policies is not sufficient; firms need to develop a culture of innovation to leverage them fully [37]. Governance clearly emerges as critical in preventing the firm from making financial errors; it acts as a buffer when policies that constrained the firm's desire to be socially responsible were implemented, which, in turn, improved the firm's ESG strategy and, consequently, the firm's value over time [38]. The more recent results complement the earlier ones and say that firms with greater ESG practices do have a positive effect on their cumulative abnormal returns [39].

The ownership structure is also an important part of the theory relating to the overall relationship between ESG and firm value. For instance, in India, high promoter shareholding and moderate levels of transparency appear to encourage the relationship, although the effect is not linear [40]. Such evidence suggests that ownership's influence is likely not straightforward but rather facilitates the use of equity practices in moderation alongside ESG practices. The practices organizations have been following worldwide have changed due to the COVID-19 pandemic [41]. In China, for instance, ESG reports have seen a surge in post-COVID-19 as there has been a transition from the usual economy-driven stakeholders to an investor clientele that requires durability and accountability from businesses [42]. In Indonesia, the interaction between foreign and domestic ownership increases the extent of ESG reporting practices, but when the audit committee is effective, the effect is moderate [43]. As a result of the global financial crisis, the effectiveness of units in the United Kingdom declined across both economic and ESG areas [44]. Good governance has been associated with above-average performance, suggesting that governance is a form of risk management [45]. These results, therefore, indicate a more complex situation in which corporate governance enhances the positive effects of ESG practices while simultaneously protecting firms from the adverse effects of the business cycle [46]. In view of the growing public concern over the business's ethics and accountability, the nature of the said relationship underscores the need for greater strategic integration of ESG and governance within the business enterprise [47].

The decision to appoint active professionals and external experts to the board of directors substantially increased the company's value [48]. In recent studies, ESG outperforms firm value and profitability metrics across all regions. Quintiliani [13] derived a firm's value from Overall ESG scores [49]. The firm value depends on the firm's score on social and government aspects [75]. Their combined effect on firm value is also positive [50]. The firm's performance in the environment doesn't appear in the rating and doesn't correlate with the firm's value. Conversely, firm profitability has a significant correlation with the firm's environment score [51]. High ESG firms score well on both combined and individual profitability metrics [52]. There is a need to develop more appropriate research designs, incorporate a mix of accounting and marketing variables, extend the study period, increase sample sizes, and adopt more robust data analysis methods to better understand and mitigate the impact of principal-agent issues in the business environment [53]. There is extensive research showing that various aspects of corporate governance, such as board structure, ownership concentration, leverage, debt characteristics, and ESG policies, are linked to firm performance [54]. However, researchers continue to stress the need for more in-depth studies examining how these governance mechanisms may operate differently across firm size, industry dynamics, market maturity, the regulatory environment, and macroeconomic disruptions [55]. For example, research on Chinese manufacturing companies shows that paying closer attention to ESG policies increases corporate value, but only when companies face strict financial constraints [56]. This shows that capital availability affects the effectiveness of ESG-driven governance.

In these emerging markets, governance practices that facilitate capital raising, such as clear corporate controls and auditor oversight, not only help address financing problems but also strengthen the value of sustainable governance [57]. However, the link between governance and performance is not always the same or the same everywhere [58]. For example, research shows that in some areas, such as technology-focused companies in Europe and Asia, ESG governance adds value only when there is a strong culture of innovation and R&D investment [59]. These means governance mechanisms must be combined with strategic capabilities to have the greatest impact. Governance, then, has two main roles: as a protective barrier that keeps companies

from making financial mistakes (studies show that accounting and market performance improve when formal governance structures are in place during times of environmental or social standardization) and as a strategic enhancer that helps companies take advantage of ESG-driven opportunities [60]. Ownership structure also affects how well governance works. For example, Indian companies with high promoter stakes and moderate levels of transparency show a stronger link between ESG and firm value. Still, this effect is not linear, suggesting that ownership concentration and disclosure are complex factors in governance outcomes [61]. The COVID-19 pandemic further changed the way governance works. For example, in China, investors sought greater accountability after the crisis, leading to a significant increase in ESG disclosures [62]. In Indonesia, the positive effect of ownership structure on ESG reporting was even stronger in companies with active and independent audit committees. This shows how crisis and context can change how well governance works. Studies conducted in the UK after the global financial crisis also show that companies with stronger governance frameworks achieved better ESG and financial performance than their peers with weaker governance frameworks [63].

This supports the idea that good governance helps manage risk during economic downturns [64]. In support of good governance, hiring skilled, independent outside directors to the board has been shown to greatly improve market value and operational effectiveness by connecting strategic oversight with stakeholder credibility [65]. The literature shows that debt contracts are effective ways to govern, alongside ESG disclosure and board structure [66]. According to agency theory, high leverage forces management to be more financially responsible by reducing free cash flow and increasing companies' openness to creditor scrutiny [67]. Stein [79] develops a theoretical framework that shows how debt covenants, such as limits on dividend payments, asset sales, and minimum liquidity ratios, serve as formal constraints that prevent managers from acting in their own best interests and ensure that executive decisions align with shareholders' interests [68]. This is backed by real-world evidence: in China, companies with more short-term debt perform better than their peers during governance crises because creditors keep a closer eye on them, lower agency costs, and prevent them from investing in papers that generate little profit [69]. In areas where governance is important, such as sub-Saharan Africa, case studies show that having the board involved in debt renegotiation and covenant compliance is a key way to prevent managers from making bad decisions, helping the company survive and building stakeholder trust [70]. But the value of debt in terms of governance depends on quality, not just quantity. When debt comes from lenders who are hard to see or related to the borrower, the discipline signal weakens and may even worsen agency risk [71]. This shows how important it is to have clear debt agreements and market oversight.

Similarly, managerial ownership acts as an internal governance tool. When CEOs and other top executives own a large share of the company's stock, they are at risk of the company not doing well, which aligns their interests with those of outside shareholders [72]. Recent research from Indonesia supports the idea that moderate levels of managerial ownership lead to conservative leverage strategies and more efficient investments, thereby adding to the firm's value. However, this relationship is not straightforward: when managerial ownership exceeds a certain level—usually 20–30%—the entrenchment effect kicks in, reducing external oversight and shareholder value by protecting executives from market discipline [73]. This dual effect—alignment at moderate stakes and entrenchment at high levels—underscores the importance of adjusting ownership concentration to achieve optimal governance outcomes [74]. In the field of corporate governance, people often talk about two very different ideas: Agency Theory and Stewardship Theory. Jensen and Meckling [45] developed Agency Theory, which holds that managers are self-interested and not aligned with shareholder goals. This makes formal governance controls, such as monitoring, board independence, performance-linked pay, debt, and the separation of the roles of chair and CEO, very important for protecting shareholder interests [76]. This is backed by real-world evidence: companies with independent audit committees, performance-based pay, and clear disclosures have lower agency costs, as shown by narrower bid-ask spreads and higher Tobin's Q [77]. These institutional mechanisms are considered preemptive measures to prevent management issues.

Stewardship Theory, on the other hand, holds that managers are more likely to act as loyal stewards of company assets when they are trusted, given psychological power, and integrated into the company's strategy through role consolidation (e.g., combining the CEO and Chair positions) [78]. Family- and mission-driven businesses in Europe and North America provide strong empirical support: they often perform better when they have high-trust cultures, a long-term focus, and less agency risk when formal checks are seen as unnecessary or counterproductive. Still, some people say that stewardship dynamics might not work if financial pressures are stronger than psychological ones, especially in publicly traded companies where social bonds are weaker [79]. Recent contributions suggest an integrative governance framework that combines external discipline (debt governance, market controls), internal alignment (managerial ownership, ESG compliance), formal oversight (independent boards and audit committees), and trust-based mechanisms (stewardship-oriented structures) to maximize resilience and shareholder value [80]. Studies comparing the US, the UK, and emerging markets show that companies that use hybrid governance systems perform better than those that rely solely on external or internal mechanisms [81]. This is especially true in industries that are uncertain or that require significant innovation. However, differences in economic growth, investor protection, and cultural norms in different regions affect which configuration works best. For example, in family-owned Latin American companies, stewardship-style governance may compensate for weak legal enforcement, whereas in multinational corporations, formal control mechanisms remain necessary. The introduction of ESG frameworks has also made things more

complicated. Now, modern governance measures success not only by shareholder returns but also by environmental resilience, social impact, and sustainable performance [82].

This broader focus on stakeholders requires governance structures that embed ESG oversight into board mandates, such as dedicated ESG committees and manager bonuses tied to meeting sustainability goals. The literature also identifies new trends that expand the body of knowledge on governance [83]. These include how the gender and ethnic diversity of a board affects the quality of decisions and risk management. Studies show that boards with a mix of genders report less earnings manipulation and better crisis response. Digital transformation governance is another trend. It requires new ways to monitor cybersecurity and data privacy. When boards have digital experts or IT audit committees, companies exhibit greater cybersecurity maturity and lower breach risk. Scholars are also looking into governance in the context of stakeholder capitalism. In this model, companies in Western Europe and Canada use multi-stakeholder governance systems that ensure that community, employee, and environmental interests are represented on boards. These models are already showing signs of better reputation, employee loyalty, and long-term profitability [84]. Researchers suggest a variety of strict designs, such as panel data models with fixed and random effects to account for unobserved firm heterogeneity; difference-in-differences approaches to take advantage of regulatory or institutional shocks (like mandatory ESG disclosure laws in the EU); natural experiments like sudden changes in debt covenants; and mixed-method case studies in emerging markets to figure out how governance affects performance. There is also a growing interest in using machine learning and textual analysis to find governance signals in ESG disclosures and board minutes. This is a promising area of research that could help us better understand how governance narratives affect investor behavior. Even with these improvements, important gaps remain in the research.

First, there isn't much research comparing how debt governance, managerial ownership, and ESG oversight work together in weak legal systems, especially in Africa and South Asia. Second, it is still not empirically clear what the best mix of governance mechanisms is: there are only a few studies that offer parametric solutions showing the best combinations for different industries, sizes, or levels of risk. Third, researchers don't yet have a complete picture of how traditional governance (such as board independence) and new-age governance (such as digital risk oversight and ESG activism) work together [85]. Fourth, crisis research is still developing and lacks long-term follow-ups. This research examines how governance changed during COVID-19 and other geopolitical shocks. Finally, the endogeneity problem persists; it's still hard to determine whether good governance leads to good performance or vice versa. This shows that researchers need carefully planned identification strategies. The literature strongly supports the idea that well-designed, contextually appropriate governance systems that include formal controls (like boards, debt, and disclosure), incentive alignment (like managerial ownership and ESG-linked pay), and trust-based stewardship lead to better outcomes for firms, such as better financial performance, higher market valuation, more innovation capacity, greater risk resilience, and greater sustainability. At the same time, they protect against agency costs and make stakeholders accountable. But figuring out exactly how to calibrate these governance elements, adapt them to different markets and cultures, and use them to address new business problems such as digital transformation and stakeholder capitalism remains an important area of research. So, this integrated review provides both a strong academic foundation and many ideas for future research on the best ways to run a business.

## 3. Framework and Sampling Design

The study uses a quantitative research methodology to examine the relationship between corporate governance and firm performance in select industries in India. The sample size (refer to Table 1) for the firms included in the study was 171 firms selected using purposive sampling, representing all six selected sectors, which were Consumer Goods (29), Energy (30), Information Technology (30), Metal and Mining (26), Real Estate (28), and Textiles and Apparel (28). The purposive sampling method was considered appropriate because it facilitates the inclusion of firms that meet certain criteria, such as possessing corporate governance data, being active in the capital market, and having stable financial data. The firm's performance is measured against three performance measurement elements: Tobin's Q (TOBINQ), Return on Assets (ROA), and Market Capitalization (MCAP).

**Table 1:** Sample size

| No. | Sectors | Legends | Final Samples |
|---|---|---|---|
| 1 | Consumer Goods | CG | 29 |
| 2 | Energy | EN | 30 |
| 3 | Information Technology | IT | 30 |
| 4 | Metal and Mining | MM | 26 |
| 5 | Real Estate | RE | 28 |
| 6 | Textiles and Apparel | TA | 28 |
| Total Number of Samples | | | 171 |

The independent variables include Audit Committee (AC), Board Gender Diversity (BGD) and Board Independence (BI), Board Meeting Frequency (BMF), Board Size (BS), CEO Duality (CEOD), CSR Intensity (CSRIN), Firm's Age (FAGE) and Firm's Size (FSIZE), Foreign Ownership (FO), Institutional Ownership (IO) and Managerial Ownership (MO). The choice of these variables is consistent with the existing corporate governance literature and is justified in relation to firm value. The data for the study were collected from the CMIE Prowess IQ from April 2018 through March 2024. Descriptive statistics are used to summarize a dataset by providing central tendency and dispersion measures that characterize the sample firms. Multiple regressions help examine the relationships between the specified governance variables and performance variables. This allows identification of significant predictors of firm value while accounting for differences arising from the firm and its sector. The variable definitions are provided in Table 2.

**Table 2:** Construction of variables

| Variables | Legends | Definitions | |
|---|---|---|---|
| Tobin's Q | TOBINQ | = | (Market Capitalization + Total Liabilities) / Total Assets |
| Return on Assets | ROA | = | (Net Income / Total Assets) * 100 |
| Market Capitalization | MCAP | = | Total Outstanding Shares * Current Share Price |
| Audit Committee | AC | = | No. of Audit Committee Members |
| Board Gender Diversity | BGD | = | (No. of Female Directors / Total Board Members) * 100 |
| Board Independence | BI | = | (No. of Independent Directors / Total Board Members) * 100 |
| Board Meeting Frequency | BMF | = | No. of Board Meetings |
| Board Size | BS | = | No. of Directors |
| CEO Duality | CEOD | = | 1 if the CEO is also the Chairperson, otherwise 0 |
| CSR Intensity | CSRIN | = | (Total CSR Expenditure / Net Profit) * 100 |
| Firm Age | FAGE | = | Current Year – Incorporated Year |
| Firm Size | FSIZE | = | Natural Logarithm of Total Assets |
| Foreign Ownership | FO | = | (Shared Owned by Foreign Investors / Total Outstanding Shares) * 100 |
| Institutional Ownership | IO | = | (Shared Owned by Institutional Investors / Total Outstanding Shares) * 100 |
| Managerial Ownership | MO | = | (Shared Owned by Management / Total Outstanding Shares) * 100 |

This methodology, however, has limitations that should be considered when analyzing the effects of corporate governance on firm performance. First, purposive sampling, even though targeted, might make it difficult to generalize the results to firms in other sectors that were not included. Second, there is reliance on secondary data, which are likely to present gaps from sector to sector, with reporting varying and governance practices not necessarily consistent across firms. Thirdly, corporate governance and firm performance are likely to be affected by a long-term approach. Notwithstanding these constraints, this strategy offers a robust framework for the relationship between governance and firm value in the Indian context. The study aims to deliver results that benefit policymakers, investors, and business leaders by demonstrating the importance of governance for sustainable business growth.

## 4. Data Analysis

The descriptive statistics reveal considerable disparities between sectors in the company performance, governance, and ownership characteristics. The average Tobin's Q and ROA are considerably greater in the Consumer Goods (CG) and Information Technology (IT) sectors, indicating stronger market value and profitability. On the other hand, the firm performance measurements of Real Estate (RE) and Telecommunications (TA) are substantially lower. The ownership structures across the sectors are also quite different. The CG and EN sectors have greater FO and IO, while the RE and TA sectors have higher MO and BI. Overall, the results suggest that the sampled industries vary with respect to corporate governance standards, ownership structures, and financial characteristics (Table 3).

**Table 3:** Summary statistics of corporate governance and firm value

| Variable | Sector | Obs. | Mean | Median | Std. Dev. | Min. | Max. |
|---|---|---|---|---|---|---|---|
| TOBINQ | CG | 29 | 11.45 | 9.36 | 6.73 | 2.90 | 29.83 |
| | EN | 30 | 4.87 | 2.52 | 4.99 | 0.98 | 18.22 |
| | IT | 30 | 9.16 | 8.83 | 5.68 | 0.91 | 22.74 |
| | MM | 26 | 4.42 | 2.50 | 6.01 | 0.95 | 31.26 |
| | RE | 28 | 3.41 | 3.20 | 2.10 | 0.78 | 10.07 |
| | TA | 28 | 3.57 | 2.02 | 4.26 | 0.87 | 22.61 |
| ROA | CG | 29 | 123.11% | 115.34% | 48.13% | 35.96% | 233.00% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | EN | 30 | 73.32% | 48.70% | 69.77% | 12.88% | 272.76% |
| | IT | 30 | 79.86% | 80.79% | 31.85% | 19.90% | 146.70% |
| | MM | 26 | 93.04% | 75.51% | 55.25% | 33.10% | 263.92% |
| | RE | 28 | 19.54% | 16.59% | 17.00% | 0.44% | 92.30% |
| | TA | 28 | 109.89% | 107.81% | 40.70% | 38.58% | 240.84% |
| MCAP | CG | 29 | 1029922.39 | 527386.33 | 1447323.10 | 100095.30 | 5900821.88 |
| | EN | 30 | 1941650.92 | 1248983.28 | 3183825.85 | 147895.03 | 17969339.96 |
| | IT | 30 | 1323700.54 | 185753.92 | 3023585.93 | 4419.76 | 14680571.01 |
| | MM | 26 | 569970.43 | 231965.49 | 716297.40 | 21470.16 | 2308141.73 |
| | RE | 28 | 256734.86 | 59092.95 | 438999.53 | 506.86 | 1923317.20 |
| | TA | 28 | 69669.32 | 35238.76 | 101973.26 | 4591.55 | 480047.12 |
| AC | CG | 29 | 4.86 | 4.00 | 1.57 | 3.00 | 9.00 |
| | EN | 30 | 4.60 | 4.00 | 1.48 | 3.00 | 8.00 |
| | IT | 30 | 4.73 | 4.50 | 1.48 | 3.00 | 8.00 |
| | MM | 26 | 4.42 | 4.00 | 1.14 | 3.00 | 7.00 |
| | RE | 28 | 4.14 | 4.00 | 1.15 | 3.00 | 8.00 |
| | TA | 28 | 4.36 | 4.00 | 0.99 | 3.00 | 7.00 |
| BGD | CG | 29 | 16.86% | 16.67% | 8.34% | 6.67% | 38.46% |
| | EN | 30 | 16.20% | 15.38% | 9.13% | 0.00% | 42.86% |
| | IT | 30 | 20.09% | 19.09% | 9.67% | 0.00% | 40.00% |
| | MM | 26 | 13.90% | 14.29% | 7.45% | 0.00% | 30.77% |
| | RE | 28 | 12.55% | 12.50% | 7.92% | 0.00% | 28.57% |
| | TA | 28 | 4.56% | 0.00% | 7.24% | 0.00% | 22.22% |
| BI | CG | 29 | 47.06% | 46.67% | 7.21% | 27.27% | 55.56% |
| | EN | 30 | 43.73% | 44.95% | 8.39% | 23.53% | 63.64% |
| | IT | 30 | 57.25% | 57.14% | 10.10% | 41.67% | 75.00% |
| | MM | 26 | 41.34% | 40.83% | 10.03% | 21.43% | 60.00% |
| | RE | 28 | 60.56% | 58.57% | 11.50% | 33.33% | 85.71% |
| | TA | 28 | 60.39% | 60.00% | 10.17% | 42.86% | 85.71% |
| BMF | CG | 29 | 6.22 | 5.80 | 1.17 | 4.80 | 9.80 |
| | EN | 30 | 6.91 | 6.70 | 1.00 | 5.20 | 8.80 |
| | IT | 30 | 6.83 | 6.50 | 1.07 | 5.40 | 10.60 |
| | MM | 26 | 4.97 | 4.70 | 0.91 | 4.00 | 8.20 |
| | RE | 28 | 21.11 | 23.00 | 5.88 | 5.00 | 31.00 |
| | TA | 28 | 22.14 | 22.00 | 1.56 | 20.00 | 26.00 |
| BS | CG | 29 | 12.93 | 13.00 | 2.63 | 9.00 | 23.00 |
| | EN | 30 | 12.33 | 13.00 | 3.15 | 6.00 | 18.00 |
| | IT | 30 | 10.20 | 11.00 | 2.71 | 4.00 | 15.00 |
| | MM | 26 | 11.65 | 11.50 | 2.30 | 7.00 | 17.00 |
| | RE | 28 | 8.64 | 8.00 | 2.09 | 5.00 | 14.00 |
| | TA | 28 | 8.96 | 9.00 | 1.64 | 7.00 | 13.00 |
| CEOD | CG | 29 | 0.10 | 0.00 | 0.31 | 0.00 | 1.00 |
| | EN | 30 | 0.37 | 0.00 | 0.49 | 0.00 | 1.00 |
| | IT | 30 | 0.17 | 0.00 | 0.38 | 0.00 | 1.00 |
| | MM | 26 | 0.42 | 0.00 | 0.50 | 0.00 | 1.00 |
| | RE | 28 | 0.82 | 1.00 | 0.39 | 0.00 | 1.00 |
| | TA | 28 | 0.54 | 1.00 | 0.51 | 0.00 | 1.00 |
| CSRIN | CG | 29 | 2.08% | 2.16% | 0.76% | 0.00% | 3.69% |
| | EN | 30 | 1.52% | 1.84% | 1.30% | -2.91% | 3.45% |
| | IT | 30 | 1.57% | 1.77% | 0.98% | -1.82% | 2.73% |
| | MM | 26 | 2.24% | 1.85% | 1.41% | 0.81% | 6.33% |
| | RE | 28 | -0.08% | 1.06% | 5.57% | -27.48% | 4.75% |
| | TA | 28 | 2.45% | 1.98% | 2.03% | 0.60% | 11.30% |
| FAGE | CG | 29 | 57.00 | 49.00 | 28.79 | 9.00 | 114.00 |
| | EN | 30 | 43.53 | 42.00 | 22.49 | 9.00 | 105.00 |
| | IT | 30 | 32.37 | 32.00 | 13.75 | 6.00 | 79.00 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | MM | 26 | 46.54 | 44.00 | 19.56 | 14.00 | 117.00 |
| | RE | 28 | 40.71 | 34.50 | 29.24 | 16.00 | 153.00 |
| | TA | 28 | 42.64 | 35.00 | 27.20 | 16.00 | 145.00 |
| FSIZE | CG | 29 | 11.04 | 10.96 | 0.93 | 9.62 | 13.58 |
| | EN | 30 | 13.07 | 12.82 | 1.49 | 10.71 | 16.03 |
| | IT | 30 | 10.54 | 10.03 | 1.54 | 8.68 | 13.97 |
| | MM | 26 | 11.54 | 10.75 | 1.69 | 9.21 | 14.59 |
| | RE | 28 | 10.50 | 10.36 | 1.20 | 8.44 | 12.91 |
| | TA | 28 | 9.92 | 9.83 | 0.73 | 8.75 | 11.53 |
| FO | CG | 29 | 34.86% | 24.18% | 26.41% | 3.29% | 80.55% |
| | EN | 30 | 22.33% | 15.51% | 19.99% | 3.94% | 86.42% |
| | IT | 30 | 22.17% | 17.20% | 18.06% | 0.82% | 79.46% |
| | MM | 26 | 15.06% | 7.81% | 18.36% | 0.27% | 69.68% |
| | RE | 28 | 14.79% | 8.55% | 20.60% | 0.17% | 91.73% |
| | TA | 28 | 9.46% | 2.70% | 15.48% | 0.17% | 66.13% |
| IO | CG | 29 | 33.47% | 30.36% | 18.67% | 13.14% | 86.02% |
| | EN | 30 | 32.43% | 34.82% | 10.53% | 15.61% | 58.09% |
| | IT | 30 | 30.41% | 28.36% | 18.95% | 2.62% | 89.16% |
| | MM | 26 | 19.26% | 17.01% | 14.83% | 0.30% | 53.48% |
| | RE | 28 | 17.60% | 16.14% | 14.04% | 0.18% | 48.64% |
| | TA | 28 | 12.28% | 6.05% | 14.37% | 0.30% | 55.63% |
| MO | CG | 29 | 54.83% | 61.90% | 19.59% | 0.00% | 75.00% |
| | EN | 30 | 57.30% | 55.45% | 10.81% | 32.50% | 75.00% |
| | IT | 30 | 43.32% | 44.03% | 21.62% | 0.00% | 73.73% |
| | MM | 26 | 58.70% | 60.99% | 12.61% | 29.07% | 75.89% |
| | RE | 28 | 56.98% | 60.89% | 19.37% | 0.00% | 81.49% |
| | TA | 28 | 58.75% | 59.68% | 14.37% | 9.85% | 74.26% |

**Tobin's Q (TOBINQ):** The TOBINQ Ratio is a determinant of a firm's value. It shows significant differences across the sectors. When the ratios' means are calculated, the CG sector comes out on top with a mean of 11.45. This indicates that this sector has a higher market valuation than other sectors, with the highest valuation at 29.83. Both the EN Sector and the RE Sector report the lowest average TOBINQ values, at 4.87 and 3.41, respectively. This indicates that these firms are not highly preferred in the market. Furthermore, the greater standard deviations in the MM and CG sectors indicate a significant difference in firm value across these fields.

**Return on Assets (ROA):** A metric used to value an organization's profitability, ROA varies widely across sectors. For CG, the mean ROA is 123.11%, reflecting efficient asset utilization, followed by TA at 109.89%. On the other hand, RE shows the lowest average ROA of 19.54%, indicating that its profitability relative to total assets is indeed weak. In the EN sector, ROA has the largest range of values, with reported values ranging from over 12% and 288%.

**Market Capitalization (MCAP):** MCAP shows significant differences across sectors. The EN sector reports the highest average MCAP of 1,941,650.92, but this is heavily weighted toward a few organizations, with a max of 17,969,339.96. TA has the smallest mean MCAP (69,669.32) and a maximum value of 480,047.32, indicating that it has small firms in its industry. (Note: Market Capitalization is expressed in millions of Indian Rupees.)

**Board of Gender Diversity (BGD):** The IT sector has the highest average BGD (20.09%) because it is more progressive than the other sectors. The lowest mean BGD has reportedly come from TA, standing at 4.56%, making this sector unbalanced in terms of gender diversity. While some sectors have made headway, overall female representation remains low, as shown by the generally low median values across sectors.

**Board of Independence (BI):** BI status, one of the major governance characteristics of organizations, shows significant differences. The RE and TA sectors have the highest BI at 60.56% and 60.39%, respectively, indicating a significant presence of independent directors. On the contrary, the MM sector registered the lowest mean BI of 41.34%, suggesting poor governance quality.

**CEO Duality (CEOD):** CEOD serves as an indicator of governance concentration and shows significant differences across sectors. For the CEO, the mean ROCE of 0.82, the RE sector shows the highest duality for real estate CEO's being able to

fulfill both roles. In the case of CG, the mean CEO coverage is only 0.10, suggesting that governance best practices improve with the separation of the CEO and the chairman.

**Corporate Social Responsibility Intensity (CSRIN):** The mean CSRIN in the TA sector is 2.45%, indicating a greater commitment to CSR activities. At the other end, the RE sector's CSRIN is -0.08%, and a few firms have spent negative amounts on their net profits. So, there is very little engagement with CSR in this sector.

**Firm Age (FAGE):** The oldest firms, on average, are in the CG sector, with an average age of 57 years, suggesting the presence of older companies. Whereas the IT sector consists of the youngest companies with an average age of 32 years, suggesting this industry is rather new.

**Firm Size (FSIZE):** The EN sector has the highest average FSIZE at 13.07, followed by MM industries at 11.54. The TA sector is the last due to having a mean FSIZE of 9.92, indicating the lowest gross firm size.

**Foreign Ownership (FO):** The CG sector has the highest mean FO (34.86%), suggesting significant foreign investment. TA has the lowest mean FO of 9.46%, indicating that this field attracts little international attention.

**Institutional Ownership (IO):** The CG and EN sectors have the highest mean IOs at 33.47 and 32.43, respectively, indicating strong institutional participation. The TA sector, on the other hand, has the lowest mean IO percentage at 12.28%, indicating minimal institutional intervention.

**Managerial Ownership (MO):** The MM sector has the highest mean MO at (58.70%), implying there is maximum alignment of manager and shareholder interests. The IT sector has the lowest mean MO percentage (43.32%), indicating that managerial positions within the firm hold the majority of ownership. Table 4 presents the results of the regression analysis, highlighting the sector-specific dynamics of Corporate Governance variables that affect Tobin's Q. In CG, BMF, and FO, the effect on Tobin's Q is positive. In EN, BI, FO, MO, and FSIZE, each influences Tobin's Q. In IT, BMF, IO, and MO positively affect Tobin's Q. In MM, BMF, CSRIN, BI, FO, IO, and FSIZE, each influences Tobin's Q.

**Table 4:** Multiple regression for Tobin's Q

| Corporate Governance | (1) CG | | (2) EN | | (3) IT | | (4) MM | | (5) RE | | (6) TA | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AC | -0.031 | 0.97 | 0.680 | 0.16 | -1.054 | 0.15 | -0.454 | 0.39 | -0.421 | 0.15 | -0.659 | 0.38 |
| BGD | 0.086 | 0.58 | 0.101 | 0.23 | 0.016 | 0.88 | -0.124 | 0.10 | 0.032 | 0.44 | 0.145 | 0.16 |
| BI | -0.097 | 0.59 | **0.175*** | 0.03 | -0.004 | 0.97 | **0.152**** | 0.01 | **-0.077*** | 0.02 | **0.098*** | 0.09 |
| BMF | **2.290*** | 0.06 | 0.501 | 0.50 | **2.758*** | 0.01 | **5.224**** | 0.00 | 0.091 | 0.13 | **0.863*** | 0.05 |
| BS | 0.236 | 0.71 | 0.351 | 0.14 | **1.233*** | 0.01 | 0.407 | 0.14 | -0.303 | 0.14 | -0.013 | 0.97 |
| CEOD | **4.329**** | 0.39 | -0.093 | 0.94 | -4.422 | 0.14 | -0.641 | 0.61 | **2.064*** | 0.01 | 0.073 | 0.94 |
| CSRIN | -2.871 | 0.18 | -0.389 | 0.44 | -0.704 | 0.61 | **1.675**** | 0.00 | 0.000 | 0.99 | 0.167 | 0.53 |
| FAGE | -0.030 | 0.60 | 0.013 | 0.63 | **-0.169*** | 0.02 | **0.085**** | 0.02 | **0.019*** | 0.08 | 0.022 | 0.48 |
| FSIZE | -1.905 | 0.32 | **-1.026*** | 0.09 | -0.037 | 0.96 | **-1.751**** | 0.00 | 0.106 | 0.76 | **-2.892**** | 0.01 |
| FO | **0.136*** | 0.01 | **0.090*** | 0.01 | 0.090 | 0.19 | 0.040 | 0.27 | -0.017 | 0.40 | **0.179**** | 0.00 |
| IO | 0.309 | 0.35 | 0.142 | 0.35 | **0.138*** | 0.07 | **0.186**** | 0.02 | **0.135**** | 0.00 | **0.260**** | 0.01 |
| MO | 0.324 | 0.27 | **0.292*** | 0.04 | **0.160*** | 0.02 | -0.004 | 0.95 | 0.018 | 0.25 | **0.249**** | 0.00 |
| ***Note(s):** *: p < 10%, **: p < 5%, ***: p < 1%.* | | | | | | | | | | | | |

In RE, CEOD, FAGE, IO, and BI influence Tobin's Q. In TA, BI, BMF, FO, IO, and MO, positive impacts on Tobin's Q are observed. The study finds that AC, BGD, and CSRIN do not significantly impact Tobin's Q across sectors. The consistent, effective impact of BMF, FO, IO, and MO across several sectors accentuates their significance in areas such as control, ownership patterns, and management's ability to meet its objectives. There is little or no effect from AC, BGD, and CSRIN, which may be due to poor application of such practices. These insights suggest a more nuanced approach to governance that responds to a sector's specific operational and strategic needs.

**Table 5:** Return on assets

| Corporate Governance | (1) CG | | (2) EN | | (3) IT | | (4) MM | | (5) RE | | (6) TA | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AC | **-17.50***** | 0.002 | -17.714 | 0.156 | -0.089 | 0.982 | 10.775 | 0.190 | 2.465 | 0.478 | -4.352 | 0.749 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BGD | 0.138 | 0.858 | -0.144 | 0.946 | 0.279 | 0.651 | 0.922 | 0.405 | -0.070 | 0.889 | 1.017 | 0.581 |
| BI | 0.321 | 0.723 | 3.449 | 0.101 | -0.195 | 0.714 | **1.872**** | 0.044 | 0.406 | 0.310 | 2.098** | 0.048 |
| BMF | **10.626*** | 0.078 | 7.972 | 0.673 | **9.919*** | 0.085 | **31.504***** | 0.008 | **-1.817**** | 0.020 | 7.753 | 0.313 |
| BS | **7.393**** | 0.034 | 9.348 | 0.129 | **-5.159**** | 0.042 | **7.567*** | 0.073 | 2.991 | 0.231 | 2.834 | 0.652 |
| CEOD | -16.599 | 0.511 | -44.206 | 0.223 | -11.979 | 0.449 | 11.187 | 0.560 | 1.547 | 0.869 | -9.318 | 0.650 |
| CSRIN | **29.243**** | 0.011 | -3.234 | 0.802 | 1.314 | 0.862 | -4.872 | 0.532 | 0.243 | 0.711 | -2.776 | 0.562 |
| FAGE | **-0.695**** | 0.024 | 0.836 | 0.249 | **-0.681*** | 0.088 | **-1.004*** | 0.077 | -0.052 | 0.684 | -0.089 | 0.876 |
| FSIZE | -3.617 | 0.703 | -10.429 | 0.493 | **8.361*** | 0.061 | **-19.291**** | 0.028 | **-9.046**** | 0.047 | -22.504 | 0.220 |
| FO | **1.111***** | 0.000 | 0.455 | 0.608 | -0.153 | 0.676 | -0.264 | 0.626 | 0.330 | 0.181 | 0.447 | 0.544 |
| IO | -1.696 | 0.304 | 0.108 | 0.978 | **0.855**** | 0.042 | 1.281 | 0.245 | 0.174 | 0.610 | 0.856 | 0.486 |
| MO | -0.883 | 0.542 | -0.713 | 0.841 | **0.904**** | 0.018 | -1.388 | 0.199 | 0.212 | 0.260 | 0.906 | 0.453 |
| ***Note(s):** *: p < 10%, **: p < 5%, ***: p < 1%.* | | | | | | | | | | | | |

Table 5 presents the regression results, which indicate that some corporate governance attributes significantly explain ROA across sectors. In contrast, in some sectors, they have no effect. In CG, BMF, and FO, there is a positive relationship with ROA, thus confirming that board members with expertise and foreign involvement enhance profitability. For IT, BMF, FSIZE, and IO, positive effects on ROA are likely, while BS is unlikely to have a positive effect due to the inefficiency associated with larger boards. In MM, BI, BMF, and BS, board specialists and board structure have a positive influence on firm performance, underscoring their importance in the industry. In RE, BMF, and FSIZE influence ROA. For TA, BI is positively correlated with ROA, signifying the importance of board members to the firm's profit. Nevertheless, EAC, BGD, CSRIN, FO, IO, and MO are not statistically significant in most sectors, perhaps due to a lack of focus on the degree of implementation or because their benefits take a long time to materialize in terms of profit.

**Table 6:** Market capitalization

| **Corporate Governance** | **(1) CG** | | **(2) EN** | | **(3) IT** | | **(4) MM** | | **(5) RE** | | **(6) TA** | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AC | 32485.713 | 0.816 | 352541.90 | 0.471 | **536542**** | 0.050 | -82029.400 | 0.373 | -50677.503 | 0.310 | -2677.224 | 0.889 |
| BGD | -1519.251 | 0.946 | 28299.837 | 0.742 | 22691.155 | 0.581 | 17229.348 | 0.183 | **22751.08***** | 0.006 | 293.963 | 0.910 |
| BI | -4554.872 | 0.864 | 114732.42 | 0.167 | 41469.421 | 0.252 | 13030.348 | 0.198 | 2168.048 | 0.699 | 1636.676 | 0.255 |
| BMF | 134554.467 | 0.427 | -1256909 | 0.109 | **1003719**** | 0.013 | 187296.973 | 0.131 | -1484.219 | 0.884 | 16198.773 | 0.144 |
| BS | 162650.202 | 0.102 | 218313.84 | 0.365 | **-288056.1*** | 0.083 | -37889.336 | 0.409 | **75749.334**** | 0.042 | -4750.893 | 0.594 |
| CEOD | 342435.725 | 0.643 | 677461.90 | 0.635 | -801270.5 | 0.447 | -46019.793 | 0.833 | 100542.600 | 0.456 | 26214.065 | 0.373 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CSRIN | -68373.297 | 0.821 | 41411.940 | 0.936 | -300956.6 | 0.551 | 86832.469 | 0.335 | 9011.409 | 0.341 | 3081.445 | 0.649 |
| FAGE | 461.894 | 0.956 | -35394.59 | 0.224 | **-62664**** | 0.023 | -6790.966 | 0.276 | -1349.002 | 0.464 | -198.270 | 0.806 |
| FSIZE | **1068132***** | 0.001 | **2247753***** | 0.002 | **1768446***** | 0.000 | **298846***** | 0.005 | **192941***** | 0.005 | -6981.022 | 0.783 |
| FO | 9686.618 | 0.190 | 51147.868 | 0.160 | 797.024 | 0.974 | -1542.296 | 0.802 | 2086.278 | 0.544 | **3760.62***** | 0.002 |
| IO | 24800.223 | 0.604 | 25074.506 | 0.871 | -16227.078 | 0.539 | 14277.653 | 0.257 | -906.660 | 0.851 | **5932.68***** | 0.003 |
| MO | 29011.137 | 0.495 | -4271.655 | 0.976 | -1626.600 | 0.944 | -6186.702 | 0.607 | 4378.409 | 0.110 | **5687.97***** | 0.004 |
| ***Note(s):*** **: p < 10%, **: p < 5%, ***: p < 1%.* | | | | | | | | | | | | |

The analysis highlights that proper, effective sector-specific corporate governance structures and practices should be implemented to improve the business's financial performance. Table 6 shows that several aspects of corporate governance significantly affect a firm's MCAP across all sectors. In CG and EN, FSIZE has a significant influence on MCAP, pointing to the importance of size in the firm's market value. In IT, BMF and FSIZE are positively associated with MC, indicating the significance of board qualifications and size in that industry. While in MM, FSIZE positively affects market performance. In RE, BGD, BS, and FSIZE have a strong positive influence on MCAP, suggesting that board diversity, structure, and firm size play a key role in increasing the firm's market value. In TA, FO, IO, and MO, a substantial positive relationship indicates that ownership structure and firm size play a role. AC, BI, CEOD, CSRIN, and FAGE do not, in many cases, either positively or negatively affect MCAP, as some relationships may be indirect or take time to reflect in market values.

## 5. Discussion

This study examines how corporate governance structures affect company performance across a wide range of Indian industries. One of the clearest results is that companies that hold board meetings more often tend to perform better in terms of both profit and market perception. This makes sense: regular communication among board members ensures that decisions are made on time, strategies are continually reviewed, and oversight is maintained. This trend was clearest in fields where the market changes quickly, like Consumer Goods, Information Technology, and Textiles and Apparel, where strong leadership seems particularly important. Patterns of ownership are also very important. For example, foreign, institutional, and managerial ownership are all strongly linked to better business outcomes. Foreign investors bring best practices, global standards, and strategic discipline, while institutional investors usually want strong transparency and a long-term focus. When managers own a part of the company, they feel personally responsible and accountable, which makes them more likely to do what's best for the company.

On the other hand, gender diversity on boards, even when well-intentioned, didn't lead to much better financial results in most sectors. This is probably just a surface sign of diversity, not real inclusion in decision-making. In the same way, having independent directors has different effects; while independence is good, its benefits depend on how much those directors really participate and affect strategy. Investing in CSR also didn't pay off right away. Companies that spent more on CSR in sectors like real estate and textiles didn't always see better financial results. This could mean that CSR's value is more long-term or

reputational than it is immediately reflected in financial metrics. Also, sectors in which CEOs served as board chairs tended to have weaker governance outcomes. This shows how important it is to keep these roles separate to avoid too much control and conflicts of interest. Additionally, older companies, especially those in Consumer Goods and Metals, seemed to perform better due to their legacy advantages. On the other hand, younger companies, such as those in IT, performed better due to their modern governance and flexibility. In general, larger companies had higher market values, but whether this size advantage led to better performance depended on the quality of their governance. These results are even more interesting when you look at them from a sector-specific point of view. Companies that made consumer goods had mature governance and involved many stakeholders, and they consistently performed well. The IT sector showed progressive thinking in how it set up its boards, but the benefits of diversity weren't always financial. On the other hand, real estate companies faced structural issues, such as having two CEOs and limited involvement in CSR. Metals and Mining did well due to the internal alignment of ownership. Textiles and Apparel showed growth potential through CSR and better governance frameworks. In the end, this study shows that good governance must be grounded in industry needs. There is no one-size-fits-all solution. Instead, businesses should change how they run their boards, lead, and own things to align with how they work and their strategic goals. Good governance isn't just about following rules; it's an ongoing process of accountability, transparency, and alignment with a company's business practices.

## 6. Conclusion

Based on evidence across multiple variables, strong, responsive governance mechanisms are key determinants of a company's value and long-term viability. Companies that emphasize structured board engagement, keep executive and oversight roles separate, and have a diverse yet focused ownership structure tend to perform better financially and in the market. These parts of governance help build a foundation for effective strategy, faster responses to change, and greater strength in times of uncertainty. The study also shows that not all parts of governance are equally helpful, and they don't work the same way across sectors. Investing in CSR or promoting gender diversity on boards is important from a social and moral perspective. Still, it may not pay off financially right away, especially if it is done for show rather than for real change. This means that businesses need to stop just following the rules and start really integrating governance with their bigger business goals. Policymakers should also go beyond regulatory quotas and make rules that promote real participation, accountability, and sector-specific governance maturity. This means that business leaders need to build boards that are not only diverse in terms of background but also well-experienced, strategic thinkers, and morally committed. From an investor's point of view, companies with clear rules for running their business and leaders who act consistently are better places to invest. In the future, more research could build on this by examining governance in small- and medium-sized businesses that aren't listed, the long-term effects of CSR on brand equity and stakeholder trust, or how technology such as digital boards or AI-driven compliance tools is changing governance. Also, looking at diversity in more than just gender, like age, profession, or culture, could help us understand better how different points of view affect the direction of a company. In the end, governance needs to shift from a box-ticking exercise to the main goal of every company's mission. In the constantly changing Indian and global markets, companies that view governance as a continuous, flexible process shaped by their environment and stakeholders' needs will do well. This study adds to that understanding by showing that good governance is not just about following rules; it's also about shaping a sustainable future.

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