

DOES CORPORATE GOVERNANCE PRACTICES INFLUENCE FINANCIAL PERFORMANCE AND CORPORATE GROWTH? INDIAN PERSPECTIVE

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Abstract This article endeavours to investigate the impact of corporate governance practices on financial performance and corporate growth considering a sample of leading 88 non-financial companies listed on the National Stock Exchange for the period 2011–2020. Using static panel data technique, the results show that the proportion of female directors in boardrooms maintains a significant and positive association with corporate financial performance, while board independence and corporate financial performance are associated negatively. On the other hand, no noticeable relationships are found between board size, CEO duality, and corporate financial performance. Moreover, the results show that the proportion of female directors on boards and corporate growth are associated positively, whereas board size, board independence and CEO duality appears to have no significant associations with corporate growth. The results are re-examined by employing several tests, including sensitivity analysis and alternative model specifications and are held robust. The empirical findings offer considerable impetus for corporate policy makers or regulators to set up the needed policies and regulations in the light of strengthening corporate governance practices.

Keywords: Corporate Governance, Corporate Financial Performance, Corporate Growth, NSE 100, Non-Financial Companies, Static Panel Data Technique, Fixed-Effects Model, Robustness Tests, Emerging Market, India

JEL Classification: G32, G34, M14

INTRODUCTION

There has been renewed interest in corporate governance in the last two decades caused by a number of economic changes, a regional market crisis, and a number of major company failures involving Enron, WorldCom, Global Crossing, Tyco and numerous others (Korent et al., 2014). Corporate governance, as a ‘fraud-prevention system’ (Berk & DeMarzo, 2016), ‘monitors organisational effectiveness and ensures compliance with the law by preventing irrational and immoral behaviour’ (Briano-Turrent & Rodríguez-Ariza, 2016). In this sense, governments and regulatory organisations continue to place a major emphasis on the formulation of various rules, guidelines and good governance norms across the world (Buallay et al., 2017; Briano-Turrent & Rodríguez-Ariza, 2016; Van Horne & Wachowicz, 2015). For instance, in India, one sign of the seriousness of this

concern is an enactment of the Companies Act, 2013, where significant reforms are made relevant to the board structure and board composition, among others.

Good corporate governance is believed to ensure that management course of actions are in the best interests of shareholders (Kanagaretnam et al., 2007, cited in Foo & Zain, 2010). Good governance practices can improve the monitoring and control of management actions (Akbar et al., 2016), encouraging managers to pursue value-maximising initiatives and avoiding resource expropriations (Love, 2011). It has further been argued that good governance is likely to improve the possibility of better access to external finance, lowering the risk of company insolvency (Amana & Nguyen, 2012; Fich & Slezak, 2008; Denis & McConnell, 2003). As such, the importance of corporate governance cannot be exaggerated.

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According to stewardship theory, executives of a firm act as stewards and work towards attaining organisational goals instead of self benefits (Donaldson & Davis, 1991). On the contrary, the proponents of agency theory argue that when ownership and control of the firm are separated, executives who are entrusted to protect the interest of the shareholders may not work as it is desired. Executives or managers are motivated by opportunism and are likely to maximise their own self-interest at the expense of principles (Nguyen et al., 2020), resulting in conflict of interest between principals (i.e., shareholders) and agents (i.e., executives/managers) in an organisation (Akbar et al., 2016). It is believed that good and efficient governance mechanism may assist to control the rift between the management and shareholders (Dissanayake et al., 2022; Sehrawat et al., 2019). An appropriate governance structure boosts investors' confidence, corporate image, investment opportunities and the firm performance (Ngatno et al., 2021; Mittal et al., 2019).

Empirical research on the link between corporate governance and corporate financial performance showed mixed results. For example, Arora and Sharma (2016) showed that good governance practices are associated with better corporate performance. More recently, Kiradoo (2019) observed that firms having better compliance to corporate governance codes performed better. In the same line, Akbar et al. (2016), Spanos (2005) and Brown and Taylor (2004) found that corporate governance improves corporate financial performance significantly. On the contrary, several studies (e.g., Borlea et al., 2017; Tata & Sharma, 2012; Gupta et al., 2009; Weir et al., 2002) have documented an insignificant association between governance practices and corporate performance. The very similar results like the aforementioned (i.e., from significant positive to insignificant) have been documented in considerable number of studies. Strictly speaking, existing evidence on the relationship between corporate governance and firm financial performance is ambiguous and inconclusive. This suggests that the mechanism underlying the influence of corporate governance on such target variable remain to be clarified. Notably, besides a steady financial performance, enterprise growth is crucial in recent times; enterprise growth not only brings sustainable competitive advantages for business, but also has the potentiality to spur economic growth and employment (Gupta et al., 2013; Ahlstrom, 2010). Given the importance of corporate growth, a great deal of empirical research has generally focused on the corporate financial performance, which arrests the short-run performance only; evidence concerning the link between corporate governance practices and corporate growth, which is considered to be the measure of long-run performance remains quite sparse, particularly from emerging markets. In fact, no study until now that to the best of our knowledge has looked into the said relationship taking sample from an emerging market, like India.

With a growth rate of about 8.7% during the Financial Year 2021 to 22, India has overtaken China as the country with the fastest expanding economy in the world (Ara, 2021). India started its journey towards economic liberalisation over 31 years ago, opening its doors to globalisation and market forces (Sugre, 2018). Since then, it has become an increasingly important part of the global economic landscape (Cagliarini & Baker, 2010), contributing immensely to the increase in trade and economic activity and thus to world economic growth (Krishnan, 2011). The rapidly expanding consumer market, rising infrastructure, sizable youth population and its sizable and dynamic industrial sector have made India more reliable investment destination for both international investors and international organisations (Thippeswamy, 2018). It is anticipated that the said economy would surpass the major Western European powers, Germany, France and the United Kingdom, by the year 2030 (IHS, 2022). And by the year 2035, according to a recent report shared by the Global Investment Bank, India would be the third largest economy of the world, joining the race with US and the China (Babu et al., 2019). India's such an incredible transformation and meteoric rise, deserving of the global attention that it has commanded.

Therefore, this study endeavours to investigate the impact of corporate governance on financial performance and corporate growth in India. Herewith, this article contributes to the extant corporate governance literature in a number of ways. First, this study provides the first ever evidence from an emerging market, India on the influence of corporate governance practices on financial performance and corporate growth. Second, the current study extends the corporate governance literature by providing new empirical evidence on the impact of corporate governance on two crucial performance dimensions, namely short-run performance and long-run performance under one roof. Third, the prior research (e.g., Zitouni, 2016; Varshney et al., 2012; Bebchuk et al., 2009; Khiari et al., 2007; Gompers et al., 2003) has generally quantified the mechanism of corporate governance by using a single-metric framework (i.e., indices). Unlike these studies, the current study considers a catalogue of varied corporate governance components, such as board size, board gender diversity, board independence and CEO duality to grasp the effects of corporate governance practices on such selected two crucial performance dimensions more holistically. Fourth, this study employs several alternative specifications and estimation techniques, including 2SLS, 3SLS and dynamic Sys-GMM to validate the empirical results. Empirical corporate finance research, explaining the causes and effects of financial decisions, quite often suffers from serious endogeneity issues. Unfortunately, previous research on the concerned constructs has not often addressed the said problem. Unlike prior studies, we use the aforementioned techniques to control for endogeneity issues

effectively. Finally, in practical terms, the findings of this study have direct implications for corporate policy makers or regulators and managers of Indian non-financial listed firms.

The rest of the article is organised as follows: Section 2 presents a systematic review of existing literature pertaining to the on-going issue and development of hypotheses. The very next section describes the data and sample, research variables and the method. Section 4 presents the empirical results and discussion thereon, and the final section concludes the article.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Theoretical Underpinning

Several theories have been proposed in the academic literature to characterise the nexus between corporate governance and corporate performance over time. Among them, the three widely recognised theories, namely agency theory, stewardship theory and resource dependence theory are discussed as under:

Agency theory, in the context of corporate governance, is arguably the most endemic theoretical perspective (Roberts et al., 2005, cited in Lizares, 2020) that defines the agency relation among two parties, the principal (owner) and the agent (manager) from a behavioural and a structural standpoint (Jensen & Meckling, 1976). This theory takes an economic approach to governance, assuming that agents (e.g., managers or top management) are individualistic, opportunistic and self-serving (Donaldson & Davis, 1991; Jensen & Meckling, 1976). To be more precise, the theory postulates given the opportunity, agents will act in their own self-interest, which may clash with the interests of the principal (Cuevas-Rodríguez et al., 2012). This translates to the premise that the board should be independent (Chrisman et al., 2007; Jensen & Meckling, 1976) – serving as the ultimate control, monitoring top management's actions (Roberts et al., 2005; Fama & Jensen, 1983, cited in Lizares, 2020).

The notion of 'trust' is crucial in leadership. Unlike agency theory, stewardship theory takes a sociological and psychological approach to governance (Lizares, 2020), and assumes that an agent (managers) is not 'individualistic, opportunistic and self-serving', but rather 'collectivistic, pro-organization and trustworthy' (Davis et al., 1997, cited in Torfing & Bentzen, 2020). To be more specific, this theory views managers as steward (Pandey, 2015), and postulates that steward will behave in a pro-social manner

aimed at safeguarding the interest of the principal and thus the enterprise (Zahra et al., 2009, cited in Madison, 2014). The theory is based on the humanistic model (Madison, 2014) that explains 'managers are goal-oriented and self-motivated and feel constrained if they are controlled by outside directors' (Pandey, 2015, p. 849). This extends to involvement-oriented governance structure and mechanism that empowers managers providing high authority, responsibility and discretion (Van Thiel, 2016; Donaldson & Davis, 1991).

Another popular theoretical lens for understanding boards is resource dependence theory (Hillman et al., 2009, p. 1408). It discusses 'the role and implications of inter-corporate ownership linkages in managing input-output dependencies' (McNaughton & Cozzarin, 2014, p. 3). The resource dependence theory posits that a company's internal environment, including its resources and capabilities, is important for gaining a competitive advantage (Teece et al., 1997, cited in Arosa et al., 2013). This translates to the view that a board of directors is a strategic resource for obtaining and securing the firm's critical resources (Pfeffer & Salancik, 1978). A company can use their boards of directors as vehicles to interact with potential companies with whom it is interconnected (Pfeffer, 1972). This, as a result, can reduce the organisation's reliance on external contingencies (Pfeffer & Salancik, 1978), reduce the firm's uncertainty (Pfeffer, 1972), cut transaction costs (Williamson, 1984), and eventually aid in the firm's survival (Krause et al., 2016; Nicholson & Kiel, 2007; Singh et al., 1986).

Hypotheses Development

Board Size

A board of directors is essentially an elected group of individuals tasked with overseeing managers, setting management rules, overseeing the business or organisation and making critical decisions concerning the company's or organisation's concerns. Given the importance of a board of directors, the size of the board is believed matters the most in controlling the internal governance mechanism of a company (Shahid et al., 2020; Rahman & Saima, 2018; Palaniappan, 2017). The board size, according to Lipton and Lorsh (1992), must be restricted to seven or eight, since it becomes difficult for directors to communicate or convey their thoughts and opinions when the board size is expanded (Cheng, 2008). Besides, larger boards are less efficient in terms of functioning (Jensen, 1993). Because when the board becomes too big, it often takes on a more symbolic role rather than executing its core managerial duties (Hermalin & Weisbach, 2001). As a result, unlike smaller boards, larger boards make poorer decisions that ultimately tend to

deteriorate corporate performance (Yermack, 1996). Adams and Ferreira (2007), on the other hand, argued that a larger board brings in a greater depth of intellectual expertise, improving the quality of strategic choices that are likely to have an influence on performance. Moreover, an additional director adds to the company's human capital, enhancing board information and particular business experience (De Andrés & Rodríguez, 2008). This, in turn, is expected to improve the efficiency of the advising function, and thereby the firm financial performance (Linck et al., 2008).

Empirical studies have reported mixed results. For example, Murtaza et al. (2020) have found that board size has a significant positive relationship with firm performance in Pakistan, supporting resource dependence theory. Handriani and Robiyanto (2018) showed that board size and enterprise performance, as measured by Tobin's Q are associated positively in Indonesia. In the same line, Tulung and Ramdani (2018) have observed that in the Indonesian context, firm performance improves when boards having more number of directors. Using Indian sample, Kalsie and Shrivastav (2016) found that board size has a strong positive influence on the enterprise performance, as measured by market-based and accounting-based measures, indicating that larger boards improves corporate performance. On the contrary, Rutledge et al. (2016) and Arosa et al. (2013) showed that board size and enterprise performance are associated negatively in US and Spain, respectively. In a similar vein, Guest (2009) observed that board size maintains significant negative associations with profitability, Tobin's Q, and share returns in UK. Using Indian sample, Shivani et al. (2017) have also observed that board size is negatively related to firm performance measured by return on asset (ROA) and return on equity (ROE), indicating that larger boards tends to deteriorate corporate performance. Likewise, Bhatt and Bhattacharya (2015) found that board size is associated with the firm's financial performance negatively. Several other studies across the globe found the very similar results (e.g., Khan et al., 2019; Makhlouf et al., 2017; Rizwan et al., 2016; Hasan and Halbouni, 2013). More recently, Bayu and Hunde (2020) on the other hand, found no significant association between board size and firm performance in Ethiopia.

Based on the above discussions, we posit the following:

H_{1a} : There is a significant negative impact of board size on corporate financial performance.

H_{1b} : There is a significant negative impact of board size on corporate growth.

Board Gender Diversity

In the study of corporate governance, board gender diversity is a "trendy studied variable" that has drawn scholarly and

policy-making interest (Klettner et al., 2016; Terjesen et al., 2015). 'Women are important,' and their participation in boardrooms is hypothesised to have beneficial effects (Ye et al., 2019). The presence of female directors in boardrooms enhance the team's diversity, in terms of both social structure and human capital (Adams & Ferreira, 2007) along with cognitive variety (Oppong, 2014) which, in turn, tends to improve monitoring function of the board (Adams & Ferreira, 2009), board communication (Joy, 2008) and decision-making ability of the board (Dezsö & Ross, 2012). This, as a result, is expected to enhance the board effectiveness (Moreno-Gómez et al., 2018) and hence the corporate performance (Kirsch, 2018). Torchia et al. (2015) though argued that increasing heterogeneity in boardrooms by involving more female directors may impede team communication and collaboration. Such situations could suffer more conflicts of interest (Miller et al., 1998), more discrepancies (Smith et al., 2006), slower decision-making (Erhardt et al., 2003), higher monitoring costs (Campbell & Mínguez-Vera, 2008) and lower financial performance (Bøhren & Størm, 2010).

Existing empirical research on the effects of gender-balancing quotas on company performance is mixed and ambiguous, indicating positive, negative or no performance effects (Yang et al., 2019). For example, Sen and Mukherjee (2019) and Gulamhussena and Santa (2015) showed that the presence and percentage of female directors on board has a favourable influence on the financial performance of the firm. Using Malaysian sample, Julizaerma and Sori (2012) found that the percentage of women directors on a company's board and firm performance are associated positively. More recently, El-Khatib and Joy (2021) have observed that having more female directors on board improves firm performance and reduces firm bankruptcy risk. In Ethiopian sample, Bayu and Hunde (2020) showed that participation of female directors in boardrooms improves corporate performance, as measured by ROA. Similarly, Wang (2020), Papangkorn et al. (2019) and Reguera-Alvarado et al. (2017) found the very similar results. In contrast, Yang et al. (2019) showed that the presence of female directors in boardrooms has a strong negative impact on enterprise performance, as measured by using both accounting-based and market-based measures. Using KSE data, Mirza et al. (2012) found that female participation in boardrooms and firm performance are associated negatively. In the same line, Adams and Ferreira (2009) have discovered that women representation on board is associated with corporate performance negatively. On the other hand, Rahman and Saima (2018) have documented no significant linkage amid female participation on board and firm performance in Bangladesh. Likewise, Yasser (2012) observed that the presence of female directors in boardrooms has no significant linkage with enterprise performance in Pakistan.

Based on the above discussions, we posit the following:

H_{2a} : There is a significant positive impact of the proportion of female directors in boardrooms on corporate financial performance.

H_{2b} : There is a significant positive impact of the proportion of female directors in boardrooms on corporate growth.

Board Independence

Board independence is considered a key tenet of corporate governance (Zubeltzu-Jaka et al., 2019) that enables a board to function more effectively (Muniandy & Hillier, 2015; Fama & Jensen, 1983; Fama, 1980). The inclusion of outside directors in boardrooms can strengthen the supervisory function (Brown et al., 2011; Erhardt et al., 2003) and prevents opportunistic behaviour on the part of the manager (Martín & Herrero, 2018). Besides, non-executive directors' adds independent considerations in decision-making and enhances business expertise (Arosa et al., 2013). Also, outside directors can be an effective means for addressing the human capital constraints (Huse, 1990); their inclusion brings in additional expertise and competencies that may complement, or compensate for, those of managers and internal directors (Johnson et al., 1996; Huse, 1990). As such, a significant number of non-executive directors in boardrooms could have a favourable influence on firm performance (Fama & Jensen, 1983; Shleifer & Vishny, 1997). On the other side, it is argued having more independent directors in boardrooms does not guarantee better company performance (Fuji et al., 2016). Internal directors have more and better information about specific aspects of the company (Raheja, 2005). So, the presence of outsiders in boardrooms, who are not familiar of the firm's constraints and opportunities are unlikely to increase the firm's performance (Fama & Jensen, 1983).

Empirical studies have showed mixed and inconclusive results. For example, Brown and Caylor (2004) found that a high proportion of non-executive directors in boardrooms have a favourable influence on enterprise performance, supporting agency and resource dependence theory. In the same line, Tulung and Ramdani (2018) have observed that firms having a more proportion of non-executive directors on their boards performed better in Indonesia. In contrast, using Spanish sample, Arosa et al. (2013) showed that the proportion of independent directors on boards maintains a noticeable negative association with corporate performance, supporting stewardship theory. More recently, Al-Saidi (2021) found that board independence and enterprise performance, as measured by Tobin's Q are associated negatively in Kuwait. Several other studies have reported the very similar results (e.g., Lizares, 2020;

Zhang & Wang, 2013; Cornett et al., 2008; Subrahmanyam et al., 1997; Yermack, 1996; Agrawal & Knoeber, 1996). On the other hand, using Malaysian sample, Zabri et al. (2016) have documented no significant association between board independence and corporate performance, as measured by ROA and ROE. Likewise, the research by Alshetwi (2017) showed an insignificant relationship between the proportion of independent directors on boards and enterprise performance in Saudi Arabia. In the same line, using listed firms on the Dhaka Stock Exchange as a sample, Rashid (2018) and Rahman and Saima (2018) found that board independence and corporate financial performance are unrelated.

Based on the above discussions, we posit the following:

H_{3a} : There is a significant negative impact of board independence on corporate financial performance.

H_{3b} : There is a significant negative impact of board independence on corporate growth.

CEO Duality

One of the most debated and an inconclusive issue in corporate governance is represented by CEO duality (Caiffa et al., 2021). The term "CEO duality" refers to a board leadership arrangement in which the CEO also serves as Chairman of the Board of Directors (Yang & Zhao, 2014). Stewart et al. (1991) argued that both roles have their distinctive domain and hence separation of CEO and board chairman function can produce beneficial effects. Moreover, dual leadership, as suggested by agency theory, lead to serious concentration of power in the hands of one person occupying the two top managerial positions in a firm, the CEO and the Chairman of the Board of Directors (Syriopoulos & Tsutsaronis, 2012; Jensen, 1993). Such an imbalance of power may spur agency conflicts by reducing the level of board independence (Isik, 2017), which affects the internal control mechanism and board effectiveness (Yermack, 1996; Jensen, 1993) and eventually, corporate performance (Elsayed, 2007a, 2007b; Schulze et al., 2001). On the other hand, Dalton et al. (1998) argued that a CEO with consolidated power provides more clarity regarding the leadership and direction of the firm, allowing for more productive dealings with external parties. Besides, concentration of power in one's hand, allows firms to make speedier decisions (Larcker & Tayan, 2011) and respond faster to external events (Harris & Helfat, 1998), because of unification and integration of the command chain (Peng et al., 2007); such effective actions and choices, as a result, tends to improve firm performance (Boyd, 1995).

Empirical studies have reported mixed results, indicating positive, negative, or no performance effects. For example,

Sharma and Dey (2022), Lizares (2020) and Peng et al. (2007) showed that CEO duality is significantly and positively associated with firm performance, supporting stewardship theory. In Canadian sample, Gill and Mathur (2011a, 2011b) have observed that CEO duality maintains significant positive associations with profitability and value of the firm. Likewise, taking US firms as sample; Brickley et al. (1997) found that duality firms are associated with better performance. In contrast, Syriopoulos and Tsutsaronis (2012) showed that separation of CEO and board chairman function improves firm performance in US, supporting agency theory. Using Sri Lankan sample, Wijethilake and Ekanayake (2019) have observed that CEO duality exerts a strong negative influence on enterprise performance, especially in times the CEO does have additional informal power. In the same line, the research by Nazar (2016) found that CEO duality is significantly and negatively associated with firm performance after controlling the effects of board size, firm size and leverage. Several other studies have reported the very similar results (e.g., Dogan et al., 2013; Pi & Timme, 1993; Rechner & Dalton, 1991). On the other hand, Yasser et al. (2014) have documented an insignificant relationship between CEO duality and enterprise performance in Pakistan. Similarly, Larcker and Tayan (2011) have observed that there is no noticeable linkage between duality status and abnormal returns.

Based on the above facts and figures, we posit the following:

H_{4a} : There is a significant negative impact of CEO Duality on corporate financial performance.

H_{4b} : There is a significant negative impact of CEO Duality on corporate growth.

RESEARCH DESIGN

Data and Sample

The required data, financial or otherwise have been collected from varied secondary sources. Financial data and data for corporate governance variables have been gathered

Diversity (BGD) to be positive, while the coefficients on BS, BIND, and CDUA are expected to be negative.

$$FFP_{it} = \beta_1 + \beta_2 BS_{1it} + \beta_3 BGD_{2it} + \beta_4 BIND_{3it} + \beta_5 CDUA_{4it} + \beta_6 FS_{5it} + \beta_7 FAGE_{6it} +$$

$$\beta_8 LEV_{7it} + \epsilon_{it}$$

Model (2) examines the impact of corporate governance practices on corporate growth. More specifically, to test the

$$GWTH_{it} = \beta_1 + \beta_2 BS_{1it} + \beta_3 BGD_{2it} + \beta_4 BIND_{3it} + \beta_5 CDUA_{4it} + \beta_6 FS_{5it} +$$

$$\beta_7 FAGE_{6it} + \beta_8 LEV_{7it} + \epsilon_{it}$$

and compiled from companies' annual reports, and other pertinent information as needed to develop the conceptual framework of this study are obtained from different scholarly articles, books and periodicals, among others. The initial sample consists of National Stock Exchange listed leading 100 companies for the period 2011–2020. This selection is made following the purposive sampling technique. To ensure uniformity, the current study has been conducted based on the consistently arranged data as per financial years. The banks and other financial institutions have been excluded because of their unusual operational characteristics and accounting information (Garcia-Meca & Palacio, 2018). Neither the companies' with unusual financial years and data unavailability are included. The final balanced panel comprised 88 companies and 880 firm-year observations. It's worth noting that the recent financial year, 2021 has certainly not been a normal operating year on an account of COVID-19; thereby been excluded from the study time frame. The sample selection procedure is shown in Table 1.

Table 1: Sample Selection

Details	
No. of companies primarily selected	100
Less: No. of banks and financial institutions	08
	92
Less: No. of companies with unusual financial year	04
	88
Less: No. of companies with data unavailability	00
Final Sample Size	88

Source: Author's own tabulation.

Model Specification

To examine the impact of corporate governance practices on financial performance and corporate growth, the following two regression models have been employed:

Model (1) examines the impact of corporate governance practices on corporate financial performance. More specifically, to test the hypotheses H_{1a} , H_{2a} , H_{3a} and H_{4a} , this model is used. We expect the coefficient on Board Gender

hypotheses this model is used. We expect the coefficient on

BGD to be positive, while the coefficients on BS, BIND and CDUA are expected to be negative.

Model (2)

Where i identifies each firm (i.e., 1, 2,.....88), t indicates the year of observation (from 1 to 10), β indicates the coefficients to be estimated, and ϵ is the error term.

The econometric models are investigated by using panel data technique. This technique eradicates the shortcomings of cross-section and time-series, improving the consistency and explanatory power (Petersen, 2009). To test the alternatives of panel data (i.e., fixed and random effects, respectively) against the pooled regression, the F-test (Baltagi, 1995), and the Breusch and Pagan LM test (1980) are performed (Elsayed & Wahba, 2016). The results (unreported) are significant for both these tests, which suggest using the panel data model. At this juncture, Hausman’s (1978) specification test is carried out to determine whether the fixed effects model or the random effect model should be employed (Baltagi, 1995). The estimates (reported in Tables 5-7) of Hausman test points in favour of the fixed effects model; accordingly, the fixed effects model is retained and being employed to test the hypotheses of this study.

Variables of Interest

In line with prior research, the first target variable, viz. corporate financial performance is measured using return on asset (Kaur & Singh, 2018; Elsayed & Wahba, 2016), and the next target variable, viz. corporate growth has been proxied by growth rate in sales (Moratis & Egmond, 2018; Majumdar, 2013). Return on asset is calculated by the net

income to total assets ratio. Growth in sales is estimated by the ratio change in sales at time period t over sales at time period t ratio.

Corporate governance is the independent variable in this study. Following previous studies (e.g., Al-Saidi, 2021; Rahman & Saima, 2018; Duppatti et al., 2017; Al Manaseer et al., 2012), corporate governance has been quantified by using four variables, viz. board size, board gender diversity, board independence and CEO duality. Board size is proxied by the total number of directors on a company’s board at time period t (Buerthey et al., 2019). Board gender diversity represents the proportion of female directors on a company’s board at time period t (Mukherjee & Sen, 2019b). Board independence represents the proportion of independent directors on a company’s board at time period t (Mukherjee & Sen, 2019b). And finally, CEO duality is measured using binary variable; in particular, binary variable ‘1’ is assigned in case, CEO playing a dual role at time period t and ‘0’ otherwise (Kaur & Singh, 2018).

Following prior literature, we control for firm size (Mukherjee & Sen, 2019b; De Andrés et al., 2017; De Andrés et al., 2005), firm age (Mukherjee & Sen, 2019a, 2019b) and leverage (Mukherjee & Sen, 2019a; Mukherjee & Sen, 2019b; De Andrés et al., 2017). Firm size is proxied by taking natural logarithm of firm’s total assets at period t . Firm age is estimated by considering the difference between current year and year of incorporation. Leverage is calculated by the ratio total debt over total assets at period t . The definition and measurement of variables of interest are presented in Table 2.

Table 2: Research Variables

Sr. No.	Variables of Interest	Measurement
1.	<i>Dependent Variable(s):</i> a) Corporate Financial Performance (FFP) b) Corporate Growth (GWTH)	$ROA = \frac{Net\ Income}{Total\ Assets}$ $Growth\ rate\ in\ Sales = \frac{Current\ Sales - Previous\ Sales}{Previous\ Sales}$
2.	<i>Independent Variable(s):</i> a) Corporate Governance Practices	(i) Board Size (BS) = Total no. of directors on board at time period t (ii) Board Gender Diversity (BGD) = Proportion of female directors on board at time period t (iii) Board Independence (BIND) = Proportion of independent directors on board at time period t (iv) CEO Duality (CDUA) = Binary variable ‘1’ in case, CEO playing a dual role and ‘0’ otherwise
3.	<i>Control Variable(s):</i> a) Firm Size (FS) b) Firm Age (FAGE) c) Leverage (LEV)	FS = Natural log of firm’s total asset FAGE = No. of years from the date of incorporation $LEV = \frac{Total\ Debt}{Total\ Assets}$

Source: Authors’ own tabulation.

RESULTS AND DISCUSSION

Descriptive Statistics

Table 3 presents the descriptive statistics of the selected variables employed in this study. The number of firm-year observations is 880 for each variable. The mean value of corporate financial performance is 0.18, with a minimum and maximum value of -0.40–1.26 respectively, indicating that on an average, the selected Indian companies have generated 18 per cent profit by utilising their assets. The growth ranges from a minimum of -0.90 to a maximum of 7.76 with a mean of 0.15, which suggests that on an average, the selected companies have attained 15 per cent of growth in sales annually. The statistics for board size ranging from 2.00 to 20.00 with a mean value of 11.19, indicating that

on average the selected companies have 11 directors on board. Concerning gender diversity on board, the statistics suggest that on average 12 per cent of the directors on board represent female directors. The statistics for board independence ranging from 0.00 to 0.90 with a mean value of 0.49, suggesting that on average 49 per cent of the directors on board are independent directors. The mean value of CEO duality is 0.39, which indicates that around 39 per cent of the companies have CEOs who serve dual roles in conjunction. Regarding control variables, the mean firm size is 9.42 with a maximum and minimum value of 12.70 and 6.40, respectively. The mean of the next control variable, firm age is 46.78 with minimum and maximum values of 7.00 and 110.00, respectively. The leverage has a mean of 0.39 with the minimum and the maximum number of 0.05 and 0.97, respectively.

Table 3: Descriptive Statistics

Sr. No.	Variables	No. of Observation	Minimum	Maximum	Mean	Standard Deviation
1	FFP	880	-0.40	1.26	0.18	0.13
2	GWTH	880	-0.90	7.76	0.15	0.55
3	BS	880	2.00	20.00	11.19	2.68
4	BGD	880	0.00	0.43	0.12	0.08
5	BIND	880	0.00	0.90	0.49	0.14
6	CDUA	880	0.00	1.00	0.39	0.49
7	FS	880	6.40	12.70	9.42	1.30
8	AGE	880	7.00	110.00	46.78	23.39
9	LEV	880	0.05	0.97	0.39	0.19

Source: Authors' tabulation using STATA software.

Notes: The definition and measurement of variables have been shown in Table 2.

Panel Unit-Root Test

Before adopting the panel data technique, the panel unit-root test must be implemented (Shao & Yu, 2015). Following previous studies (e.g., Dakhlallah et al., 2021; Eluyela et al., 2020; Shao & Yu, 2015), we used Levin-Lin-Chu (LLC) (2002) unit-root test to check whether the data is stationary. This is because, amongst the varied methods for panel unit root testing, LLC (2002) unit-root test is the most feasible method for relatively moderately-sized panel data; LLC limits individual correlation, and the cross-sectional averages can't erase correlation (Dakhlallah et al., 2021).

The estimates of LLC unit-root test are shown in Table 4. The results demonstrate that adjusted t-statistics for all the variables are significant at the 1% level. This indicates that none of the variables have a unit root and are stationary at the level or I(0).

Table 4: Estimates of Panel Unit-Root Test

Sr. No.	Variables	Adjusted <i>t</i> -Statistic
1	FFP	-45.62*
2	GWTH	-6.97*
3	BS	-10.24*
4	BGD	-3.54*
5	BIND	-14.50*
6	CDUA	-
7	FS	-7.81*
8	AGE	-
9	LEV	6.07*

Source: Author's tabulation using STATA software.

Notes: * denotes significant at 1% level and ** denotes significant at 5% level. The definition and measurement of variables have been shown in Table 2. Panel unit-root test is not performed for binary coded variables and firm age.

Correlation Analysis

Table 5 presents the Pearson’s correlation analysis showing the relationships between the variables employed in this study. The predictor variable, board size has a significant and negative association with corporate financial performance, while no significant linkage is observed between board size and corporate growth. The next predictor variable, board gender diversity maintains significant positive linkages with financial performance and corporate growth. In contrast, board independence and corporate financial performance are associated negatively, whereas board independence seems to have no significant association with corporate growth. CEO duality, on the other hand, appears to have

no significant associations with financial performance and corporate growth. On the contrary, control variables, viz. firm size, firm age and leverage have significant associations with corporate financial performance. Likewise, the control variable, namely firm size and firm age maintains significant associations with corporate growth, while no noticeable linkage could be traced amid leverage and corporate growth. Moreover, the table show that the correlation coefficient amongst the predictor variables is below the threshold limit, that is, 0.80 (Gujarati, 1995). The maximum variance inflation factor (VIF) values for the explanatory variables are also within the acceptable threshold of 10 (see Hair et al., 1995). This allows us to rule out the possibility of multicollinearity between variables in the examined model.

Table 5: Correlation Matrix

Variables	FFP	GWTH	BS	BGD	BIND	CDUA	FS	AGE	LEV	VIF
FFP	1.00									
GWTH	-0.02	1.00								
BS	-0.04**	0.02	1.00							1.04
BGD	0.08*	0.05**	-0.06	1.00						1.07
BIND	-0.07*	0.04	-0.18	0.16	1.00					1.21
CDUA	-0.01	-0.07	0.20**	-0.04	0.03	1.00				1.09
FS	0.04*	0.17*	-0.26	-0.12	-0.21	-0.05	1.00			1.11
AGE	0.05*	-0.10**	-0.31	-0.06*	-0.36*	-0.10	0.60**	1.00		1.36
LEV	0.05**	-0.34	0.33	-0.02	-0.21	0.27	0.11*	0.03**	1.00	1.13

Source: Author’s tabulation using STATA software.

Notes: * denotes significant at 1% level and ** denotes significant at 5% level. The definition and measurement of variables have been shown in Table 2.

Impact of Governance Practices on Corporate Financial Performance

Table 6 presents the results of fixed-effects regression model (as suggested by Hausman test) showing the impact of corporate governance practices on financial performance. The first predictor variable, board size appears to have no significant relationship with corporate financial performance. This result supports the research by Bayu and Hunde (2020), Alshetwi (2017) and Sarpal and Singh (2013), but contradicts resource dependence theory and the research by Kalsie and Shrivastav (2016). The estimates (coef.= 0.09, t = 1.98) for BGD demonstrate a significant and positive association with financial performance, indicating that having more female directors on the board leads to a better corporate financial performance. This result is in line with resource dependence theory and the findings of Bayu and Hunde (2020), Martin-

Ugedo et al. (2019) and Reguera-Alvarado et al. (2017), who argued expanding quantities of female directors on the board positively affect corporate financial performance. The possible explanation for this result is that female directors have the ability to improve managerial duties through their preparation of meetings, different point of view and leadership skills compared to men. Thereby, they encourage and boost corporate financial performance. In contrast, the estimates of board independence (coef.= -0.14, t = -2.76) show a significant and negative association with corporate financial performance, suggesting that firms with a majority of outside directors on board leads to a poorer financial performance. This result is in line with the findings of Al-Saidi (2021) and Arosa et al. (2013), but contradicts both agency and resource dependence theories and the research by Zubeltzu-Jaka et al. (2019) and Muniandy and Hillier (2015). The logical reasoning behind this phenomenon is that

inside directors have a better understanding and knowledge of the company than outside directors, who are invariably incompatible with how it operates (Raheja, 2005, cited in Arosa et al., 2013). As a result of that lack of knowledge, they make serious mistakes at critical times; consequently, the company loses potential business prospects and lead to a poorer corporate performance. On the other hand, CEO duality appears to have no significant association with

corporate financial performance. This result is consistent with the findings of Kaur and Singh (2018), but contradicts our hypothesis.

In terms of control variables, firm size and leverage maintains significant and negative associations with corporate financial performance, while firm's age is found to have no significant relationship with corporate financial performance.

Table 6: Estimates of Fixed-Effects Regression - Model (1)

Variables	Corporate Financial Performance		
	Model (1)		
	Coefficient	S.E.	t
BS	-0.01	0.03	-0.26
BGD	0.09**	0.09	1.98
BIND	-0.14*	0.05	-2.76
CDUA	0.01	0.02	0.73
FS	-0.03*	0.02	-2.06
AGE	-0.00	0.01	-1.58
LEV	-0.22*	0.05	-4.76
Constant	0.86*	0.11	7.60
No. of Obs.	880		
F-Statistic	28.37*		
R ² within	0.29		
: between	0.21		
: overall	0.19		
Hausman Test (chi2)	18.24*		

Source: Authors' tabulation using STATA software.

Notes: * denotes significant at 1% level and ** denotes significant at 5% level. The definition and measurement of variables have been shown in Table 2.

Impact of Governance Practices on Corporate Growth

Table 7 presents the results of fixed-effects regression model (as suggested by Hausman test) showing the impact of corporate governance practices on corporate growth. The results show that board size, as measured by total number of directors on board at time period t has no significant association with corporate growth; accordingly, we failed to find support for our hypothesis. The next predictor variable, BGD (coef.= 0.97, t = 2.01) on the other hand, appears to have a significant and positive association with corporate growth, indicating that firms having more female directors on board are more likely to attain corporate growth. This result supports resource dependence theory and our hypothesis.

As mentioned, female directors have the ability to improve managerial duties through their preparation of meetings, different point of view and leadership skills compared to men. Thereby, they encourage and boost corporate financial performance and hence the growth of the firm. The estimates (coef.= -0.26, t = -0.76) for board independence demonstrate an insignificant relationship with corporate growth, contradicting our hypothesis. Likewise, the final manifested variable, CEO duality is found to have no significant relationship with corporate growth; accordingly, we failed to find support for our hypothesis.

In terms of control variables, firm size and leverage as expected, maintains a significant and positive association with corporate growth, whereas firm's age is found to have a significant negative linkage with corporate growth.

Table 7: Estimates of Fixed-Effects Regression - Model (2)

Variables	Corporate Growth		
	Model (2)		
	Coefficient	S.E.	t
BS	0.02	0.01	1.00
BGD	0.97**	0.09	2.01
BIND	-0.26	0.35	-0.76
CDUA	0.06	0.11	0.56
FS	0.22*	0.10	2.06
AGE	-0.03**	0.02	-1.99
LEV	0.82*	0.31	2.65
Constant	-1.32	0.75	-1.76
No. of Obs.	880		
F-Statistic	17.21*		
R^2 within	0.22		
: between	0.19		
: overall	0.16		
Hausman Test (chi2)	25.88*		

Source: Authors' tabulation using STATA software.

Notes: * denotes significant at 1% level and ** denotes significant at 5% level. The definition and measurement of variables have been shown in Table 2.

Robustness Tests

To examine the robustness of our results, initially we re-estimate the baseline models reported in Table (6) and Table (7) by employing three alternative model specifications, namely the 2SLS method (see Zellner & Theil, 1992), 3SLS method (see Zellner & Theil, 1992) and two-stage dynamic sys-GMM method (see Blundell & Bond, 1998; Arellano & Bover, 1995). As stated earlier, empirical corporate finance research, explaining the causes and effects of financial decisions, quite often suffers from serious endogeneity issues (Wintoki et al., 2012). It is also possible that our baseline model(s) faces the potential problem of endogeneity in parameter estimation. Even though we utilise the fixed-effects estimator to control for the issue of omitted variables (see Arora & Sharma, 2016), this could still be affected by other potential factors of endogeneity, say simultaneity, and measurement error. Neglecting these sources can have serious consequences for inference (Wintoki et al., 2012). Thus to address these endogeneity issues, a set of alternative model specifications have been adopted by following prior research.

Table 8 presents the results of the robustness test with alternative model specifications, namely 2SLS, 3SLS and two-stage dynamic sys-GMM as in Panel A, Panel B and

Panel C, respectively. The results presented in Panel A, Panel B and Panel C echo those obtained from fixed-effect estimates of a static model reported in Tables 6 and 7. Except for a minor change in the magnitude of the estimated coefficients on the variables of interest, the results presented in the aforementioned panels corroborate our main findings (both in sign and significance) and remain robust.

Next, we use alternative measures for quantifying financial performance and corporate growth and re-run our baseline models. More distinctively, following previous studies (e.g., Zamfir et al., 2016; Kalsie & Shrivastav, 2016; Al Manaseer et al., 2012), we use net profit margin, as measured by the ratio net earnings over net sales and return on invested capital, as measured by the ratio net earnings over total invested capital to proxy financial performance and re-run our baseline model (1); likewise, corporate growth is estimated by using two alternative proxies, namely growth rate in assets (see Abolarinwa et al., 2020), as measured by the ratio change in assets over total assets at time period t-1 and growth rate in market capitalisation (see McDougall et al., 1992), as calculated by the ratio change in market capitalisation over market capitalisation time period t-1, and we re-run our baseline model (2). The models are presented as under:

$$FFP_{it}(NPM) = \beta_1 + \beta_2 BS_{1it} + \beta_3 BGD_{2it} + \beta_4 BIND_{3it} + \beta_5 CDUA_{4it} + \beta_6 FS_{5it} + \beta_7 FAGE_{6it} + \beta_8 LEV_{7it} + \varepsilon_{it}$$

Model (9)

$$FFP_{it}(ROIC) = \beta_1 + \beta_2 BS_{1it} + \beta_3 BGD_{2it} + \beta_4 BIND_{3it} + \beta_5 CDUA_{4it} + \beta_6 FS_{5it} + \beta_7 FAGE_{6it} + \beta_8 LEV_{7it} + \varepsilon_{it}$$

Model (10)

$$GWTH_{it}(GIA) = \beta_1 + \beta_2 BS_{1it} + \beta_3 BGD_{2it} + \beta_4 BIND_{3it} + \beta_5 CDUA_{4it} + \beta_6 FS_{5it} + \beta_7 FAGE_{6it} + \beta_8 LEV_{7it} + \varepsilon_{it}$$

Model (11)

$$GWTH_{it}(GIMC) = \beta_1 + \beta_2 BS_{1it} + \beta_3 BGD_{2it} + \beta_4 BIND_{3it} + \beta_5 CDUA_{4it} + \beta_6 FS_{5it} + \beta_7 FAGE_{6it} + \beta_8 LEV_{7it} + \varepsilon_{it}$$

Model (12)

where NPM stands for net profit margin, ROIC represents return on invested capital, GIA stands for growth rate in assets, GIMC is growth rate in market capitalisation, *i* identifies each firm (1, 2, 3,.....88), *t* indicates the year of observation (from 1 to 10), β indicates the coefficients to be estimated and ε is the error term.

Table 9 shows the estimates of fixed-effects regressions (as suggested by Hausman test), where model (9) and model (10) investigates the impact of corporate governance practices on financial performance, and model (11) and model (12) examines the impact of corporate governance practices on corporate growth. As expected, except for a small difference in the magnitude of the coefficients, the results for model

(9) and model (10) are in line with those of our baseline model (1), as shown in Table 6. Similarly, the results for model (11) echoes the findings of our baseline model (2) reported in Table 7. Surprisingly, however, we do not find any significant relationship between board gender diversity and corporate growth, when corporate growth is measured by using growth rate in market capitalisation in model (12). This suggests that female representation on board has a weak positive association with corporate growth.

In summary, to a large extent, the results of our baseline model (1) and model (2) are robust to alternative model specifications and to alternative measures. The hypotheses remarks are presented in Table 10.

Table 8: Estimation Results for Alternative Model Specifications

Variables	Panel A: 2SLS		Panel B: 3SLS		Panel C: SYS-GMM	
	Corporate Financial Performance	Corporate Growth	Corporate Financial Performance	Corporate Growth	Corporate Financial Performance	Corporate Growth
	Model (3)	Model (4)	Model (5)	Model (6)	Model (7)	Model (8)
BS	-0.02 (0.05)	0.06 (0.06)	-0.01 (0.07)	0.05 (0.02)	-0.01 (0.05)	0.05 (0.04)
BGD	0.08* (0.09)	0.11* (0.07)	0.09* (0.09)	0.11* (0.07)	0.05* (0.13)	0.13* (0.08)
BIND	-0.07* (0.03)	-0.02 (0.02)	-0.09* (0.04)	0.03 (0.05)	-0.012* (0.01)	0.03 (0.03)
CDUA	-0.01 (0.03)	0.03 (0.02)	0.01 (0.05)	0.01 (0.01)	0.00 (0.02)	0.03 (0.00)
FS	-0.08* (0.002)	0.18* (0.11)	-0.07* (0.000)	0.21 (0.13)	-0.07* (0.005)	0.20* (0.09)
AGE	-0.01 (0.00)	-0.07* (0.02)	0.01 (0.00)	-0.06* (0.02)	0.01 (0.00)	-0.04* (0.01)
LEV	0.07* (0.09)	0.38* (0.07)	-0.05* (0.01)	0.36* (0.06)	-0.07* (0.02)	0.32* (0.11)
Year Dummy	Yes	Yes	Yes	Yes	Yes	Yes
Industry Dummy	No	No	No	No	No	No

Variables	Panel A: 2SLS		Panel B: 3SLS		Panel C: SYS-GMM	
	Corporate Financial Performance	Corporate Growth	Corporate Financial Performance	Corporate Growth	Corporate Financial Performance	Corporate Growth
	Model (3)	Model (4)	Model (5)	Model (6)	Model (7)	Model (8)
R^2	0.19	0.11	0.21	0.14		
Chi2 (x^2)			579.38*	357.610*		
Wald Chi 2 (x^2)	545.90*	255.45*			1240.84*	1121.12*
AR(1) test (p-value)					(0.23)	(0.29)
AR(2) test (p-value)					(0.27)	(0.39)
Hansen test (p-value)					(0.33)	(0.37)
N	792	792	792	792	792	792

Source: Authors' own tabulation using STATA software (version 13.1).

Notes: This table presents the estimates of the robustness test with alternative model specifications. The endogenous variables are instrumented by lagged variables no more than one period. One lag of each exogenous variable has been used as instruments in the equation. The regressions are estimated after controlling for time-fixed effects and using the robust standard error option. The definition and measurement of all the variables are provided in Table 2. * and ** indicate statistical significance at the 1% and 5% levels, respectively. Robust standard errors are reported in parentheses.

Table 9: Estimates of Robustness Tests

Variables	Corporate Financial Performance		Corporate Growth	
	Model (9) NPM	Model (10) ROIC	Model (11) GIA	Model (12) GIMC
BS	-0.01 (0.05)	-0.01 (0.01)	0.02 (0.02)	0.01 (0.01)
BGD	2.25* (0.09)	0.22** (0.13)	0.28** (0.12)	0.01 (0.47)
BIND	-0.84** (0.05)	-0.15** (0.08)	-0.04 (0.29)	-0.06 (0.25)
CDUA	0.04 (0.17)	-0.01 (0.17)	0.10 (0.09)	0.14 (0.08)
FS	-0.13** (0.03)	-0.05** (0.03)	0.57* (0.09)	0.30* (0.07)
AGE	-0.09 (0.16)	-0.01 (0.01)	-0.06** (0.02)	-0.14* (0.01)
LEV	-1.71* (0.47)	-0.23* (0.07)	0.61** (0.26)	0.05** (0.22)
Constant	3.94* (1.15)	1.28* (0.17)	-3.01* (0.63)	-0.78* (0.53)
No. of Obs.	380	380	380	380
F-Statistic	9.40*	9.40*	9.57*	7.47*
R^2 : within	0.09	0.14	0.17	0.13
: between	0.07	0.11	0.14	0.08
: overall	0.04	0.09	0.08	0.03
Hausman Test (chi2)	15.27**	13.02**	71.38**	30.52**

Source: Authors' tabulation using STATA software.

Notes: * denotes significant at 1% level and ** denotes significant at 5% level. The definition and measurement of variables have been shown in Table 2. Standard errors are reported in parentheses.

Table 10: Hypotheses Remarks

Hypothesis	Remarks
H_{1a} : There is a significant negative impact of board size on corporate financial performance	Rejected
H_{1b} : There is a significant negative impact of board size on corporate growth.	Rejected
H_{2a} : There is a significant positive impact of the proportion of female directors in boardrooms on corporate financial performance	Accepted
H_{2b} : There is a significant positive impact of the proportion of female directors in boardrooms on corporate growth.	Accepted
H_{3a} : There is a significant negative impact of board independence on corporate financial performance.	Accepted
H_{3b} : There is a significant negative impact of board independence on corporate growth.	Rejected
H_{4a} : There is a significant negative impact of CEO duality on corporate financial performance.	Rejected
H_{4b} : There is a significant negative impact of CEO duality on corporate growth.	Rejected

Source: Authors' own tabulation.

CONCLUSION

This study investigates the impact of corporate governance practices on financial performance and corporate growth in India. The results show that board gender diversity, as measured by proportion of female directors on board has a significant and positive association with corporate financial performance, indicating that having more female directors on the board leads to a better corporate financial performance. This result supports resource dependence theory and the research by Bayu and Hunde (2020), Martín-Ugedo et al. (2019) and Reguera-Alvarado et al. (2017). Moreover, the results demonstrate that board independence and corporate financial performance are associated negatively, supporting stewardship theory and the research by Al-Saidi (2021) and Arosa et al. (2013). However, no significant linkages are found between board size, and CEO duality and corporate financial performance. The results also show that the proportion of female directors on board maintains a weak positive association with corporate growth, suggesting that firms having more female directors on board might have a propensity to attain corporate growth. Surprisingly, board size, board independence and CEO duality are found to have no significant linkages with corporate growth, contradicting our hypotheses.

Overall, our empirical findings provide evidence that good corporate governance system not only facilitate organisations in attaining the short-term goals, but also their long-term vision. Therefore, especially in emerging markets, a good governance system is a pre-requisite for attaining corporate sustainability.

This study has some theoretical and practical implications. The present study contributes to the corporate governance literature by showing the impact of corporate governance practices on financial performance and corporate growth

using sample from emerging market. In practical terms, the results of this research have direct implications for corporate policy makers and managers of Indian non-financial listed firms. To be more specific, the results show that board independence maintains a significant and negative association with corporate financial performance, suggesting that firms with a majority of outside directors on board leads to a poorer financial performance. This provides considerable impetus for corporate policy makers or regulators to set up the needed policies and regulations for achieving optimal board composition, strengthening corporate governance system. Further, the results demonstrate that board gender diversity has significant and positive associations with financial performance and corporate growth, indicating that having more female directors on the board encourages and boosts corporate financial performance, and hence the growth of the firm. This allows for policy makers or regulators or boards to take more and more initiatives and set policies to support for greater participation of female directors in boardrooms. Besides, this study provides for corporate managers with a valuable source of information that would facilitate them in their short as well as long-range strategic planning and decision-making processes.

Further research could consider examining the mediating role of corporate governance practices on the CSR-corporate outcomes link. Moreover, it would be interesting to see whether corporate governance practices have an impact on corporate sustainable growth. The researchers could also extend the present study by increasing the number of firm-year observations or by considering alternative measures of financial performance and corporate growth or by considering other factors of corporate governance such as frequency of board meetings, ownership structure, audit committee, remuneration and the existence of other committees.

DECLARATION OF CONFLICTING INTEREST

The authors declared no potential conflicts of interest with respect to the research, authorship and publication of this article.

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