Advances in Consumer Research
https://acr-journal.com/
Volume-3 | Issue-11 |0ct: 2026
Original Researcher Article

Corporate Governance Compliance and Financial Performance: A Legal–Managerial Analysis of Listed Firms

Dr. Varun Saini[1], Dr. Yashika Guleria[2] ,·Sumeet Kumar[3], Ammar Bahadur Rokaya[4], Suraj Raj Bhandari[5]·,Bhim Bahadur Khadka[6]
[1] Department of Commerce, Central University of Himachal Pradesh, Dharamshala, Himachal Pradesh, India
Email: varunsaini@hpcu.ac.in
ORCID: https://orcid.org/0009-0008-5103-3933
[2] Department of Commerce, Government Degree College Chamba, Chamba, Himachal Pradesh, India
Email: yashikaguleria999@gmail.com
ORCID: https://orcid.org/0009-0006-5620-9673
[3] Department of Applied Science and Humanities (Mathematics), Motihari College of Engineering, Motihari, Bihar, India
Email: itssumeetkumar@gmail.com
[4] Graduate School of Management, Mid-West University, Nepal
Email: ammarskt2020@gmail.com
[5] Graduate School of Management, Mid-West University, Nepal
Email: bhandarisuraj148@gmail.com
[6] Graduate School of Management, Mid-West University, Nepal
Email: bhim.khadka@mu.edu.np

ABSTRACT
The rationale behind corporate governance laws requiring board structures, committees, and disclosures is that compliance enhances firm performance, but there is controversy in the empirical connection between compliance and performance. The present study integrates a doctrinal review of the regulatory framework for Indian listed companies (Companies Act, 2013, and SEBI Listing Obligations and Disclosure Requirements Regulations, 2015), assessed in light of the G20/OECD Principles (2023) and the OECD Corporate Governance Factbook 2025 (52 countries), with a systematic evidence synthesis of 19 peer-reviewed empirical studies, published between 2022 and 2026. Coding was done on the basis of an independent sample × governance mechanism, resulting in 22 mechanism-level results out of 15 independent samples. Of these, 16 (72.7%; Wilson 95% confidence interval 51.8–86.8%) find a statistically significant, governance-consistent relationship with performance, six are inconsistent or non-significant, and zero is contrary. There is high concentration of support in board-structure mechanisms (13 of 16 results, 81.3%; board independence, CEO–chair separation, audit committee quality, board committees and composite compliance indices), while spending-type provisions like mandatory CSR receive none (0 of 2). Market-based measures (Tobin's Q, stock prices) react more frequently than accounting-based returns, and numerous research findings show that compulsory gender diversity increases representation but helps improve performance only when women play independent or committee roles. The Indian reversal of the mandate of CEO-chair duality in 2022, which followed a compliance of less than half among the leading 500 corporations despite the requirement being in effect since 2018, is an example of the gap between law and management in the context of what the literature shows and what the regulated population would adopt.
Keywords: corporate governance compliance, firm performance, board independence, SEBI LODR, Companies Act 2013, legal–managerial analysis, evidence synthesis.

1. INTRODUCTION

The phenomenon of corporate governance is at once a legal requirement and a management activity. The laws and listing requirements determine the number of independent directors to be included on the board of directors, the committees that should be formed by the board of directors, and the disclosures to be made by it. It is up to the managers and the board itself to choose whether to comply with these laws and requirements simply as a matter of form or whether to take advantage of the law to monitor and provide advice strategically. Compliance with the laws and regulations, therefore, is both a factual and a design issue.

New developments in regulation have made the topic pressing. The G20/OECD Principles of Corporate Governance were updated in 2023 to increase the responsibilities of the board, sustainability disclosures, and investors' rights (OECD, 2023). In the OECD Corporate Governance Factbook 2025, a quick intensification in the regulatory development related to boards is noted in 52 countries, with an increase in the share of one-tier jurisdictions requiring or recommending the CEO/chair separation from 44% to 76% in the period

of 2014-2024 (OECD, 2025). India, among six jurisdictions that mandate at least half of the board to be independent in certain situations, serves as a good case because its regulation is elaborate, mandatory and regularly updated (Securities and Exchange Board of India [SEBI], 2025).

1.1 Background

The studies of governance and firm performance are based upon agency theory, which considers the board as a mechanism to curb the opportunistic behavior of managers and controlling shareholders, and resource dependence theory, which regards directors as channels of expertise and external networks (Singh, 2025). Additionally, there are stakeholder and signalling theories suggesting that disclosure requirements along with social responsibilities could enhance the reputation of the firm, which will instill investor confidence without impacting short-term profitability (Gherghina, 2023). In the case of emerging economies, which have promoters and corporate groups at their center, the primary conflict will be between controlling and non-controlling shareholders instead of managers (Sasidharan et al., 2024).

1.2 Need of Research

There are three aspects about the latest body of knowledge that support the need for a new and integrated approach. To begin with, there have been rapid developments in governance in India, with an average annual growth of 24% between 2004 and 2022, although the existing studies have been focused on single governance mechanisms like board size, gender diversity, and ownership (Abhilash et al., 2023). Secondly, systematic reviews demonstrate that the mixed evidence on the CEO duality and audit committee effects is caused by the use of different performance metrics and endogeneity problems (Altin, 2024; Yu, 2023). Finally, very little research addresses the relationship between the structure of the rule and the reaction it triggers.

1.3 Motivation

1. The regulators have kept adding quantitatively-oriented board requirements, but compliance with at least one major requirement in India got stuck at roughly half of the targeted companies prior to being made optional (Das, 2022).
2. The studies that have been published in the years from 2022 to 2026 have used better identification approaches (such as system GMM, instrumental variables, quantile regression, and event studies) compared to their predecessors.
3. The practitioners and the boards require insights into the compliance investments that can lead to value creation and those that are more symbolic in nature.

1.4 Challenges

Endogeneity: high-performance firms may practice better corporate governance, as opposed to better corporate governance leading to improved performance.
Measurement: the variable may be operationalized using a binary indicator, an index or a rating, each of which represents a separate construct.
Heterogeneity: legal origins, ownership concentration and business group structure modify the impact of governance practices.
Publication Bias: findings related to governance that are not statistically significant are unlikely to be published.

2. LITERATURE REVIEW

2.1 Composite compliance and governance quality

The compliance hypothesis is tested directly by means of compliance indices. Using a compliance index of the six principles of Ghana's 2010 SEC guidelines, which includes 33 listed firms over 2009-2020, Antwi et al. (2025) find a statistically significant relationship between compliance and both return on assets (ROA) and Tobin's Q where the principles of financial affairs, audit, and disclosure have the strongest effect on the results. The companion analysis of the same sample demonstrates that compliance, board size, gender diversity, and committees are significant factors for Tobin's Q, while only committee-related factors are significant for ROA (Antwi et al., 2026). In the GCC region, Alshdaifat et al. (2024) use data on 2,238 firm-year observations for 373 non-financial firms (2017-2022) and demonstrate that board effectiveness increases ROA, while audit committee effectiveness increases Tobin's Q both pre-COVID and during the pandemic for large companies. Compliance hypothesis is confirmed, although the samples used in the studies are relatively small and regional.

2.2 Board independence and leadership structure

Based on a longitudinal data set of 2,689 Indian listed companies, Singh (2025) finds board independence, CEO-chairperson separation and board network centrality to be significant contributors to better performance, with the contribution of board independence being moderated by strong levels of family ownership and director networks. In 754 Indian non-financial firms over 2000-2020, Krishnankutty (2026) uses fixed-effects, instrumental-variable and panel quantile regressions and finds that both board independence and number of board committees positively contribute to higher firm value in higher-performing firms, whereas CEO duality decreases firm performance. In Pakistan, M. Azam et al. (2023) find that board independence positively contributes to firm value for 172 listed firms (2011-2021); in addition, there is no evidence of duality as stand-alone contributor to performance, while duality increases managerial discretion and its effects are mitigated by board independence. Using two-step system GMM for 133 GCC listed companies, Batoun and Mahmood (2026) find that economic growth positively influences the value of larger boards but neither moderates nor moderates the effects of board independence and CEO duality. In his review of 314 studies on duality, Yu (2023) attributes the lack of consistency to methodological issues.

2.3 Board gender diversity under mandate

The Companies Act of India 2013 and LODR Regulation 17 mandate one woman director, and top 1,000 listed companies should have at least one independent woman director (SEBI, 2025). Saha (2023) reports through the analysis of top 100 Indian companies using panel data and

two-stage least square regression models that female directors enhance performance but the impact comes from independent women directors and not executive women. Similarly, M. S. Azam et al. (2025) have found a positive relationship in 379 BSE-500 firms in the period 2010-2020 using instrumental-variable regression. But, Singhania et al. (2024) reveal that gender diversity positively impacts the market performance of firms only if the women hold positions on nomination and remuneration committee; Krishnankutty (2026) also concludes that the change in gender diversity post-2013 is largely compliance-driven and has inconsistent performance relationships. In Europe, Fernández-Méndez and Pathan (2023) find positive abnormal returns around 2022 EU directive on board gender diversity mainly for those companies which are far from the target.

2.4 Audit committees

According to Altin's (2024) random-effects meta-analysis based on 39 studies for the period of 2012–2022, audit-committee independence, expertise, size, and membership among the Big Four are positively correlated with firm performance while meeting frequency is not. The results from India are more complex. According to Singhania and Panda (2024), in the case of 133 companies listed at the National Stock Exchange of India (NSE) and operating in the non-financial sector (2016–2020), a weighted composite of audit-committee composition by means of partial least square-structural equation modelling (PLS-SEM) is positively associated with performance where the exclusion of executive directors is the most influential component and independence and expertise carry insignificant weight; according to A. K. Singhania (2024), who uses the same data but computes panel-corrected standard errors, the overall impact of eleven committee attributes is positive while committee independence is negatively correlated with market capitalisation.

2.5 Ownership, disclosure, CSR mandates and enforcement

Ownership determines the effect of governance on performance. Sasidharan et al. (2024) document that the relation of promoter ownership to firm value is negative in India (1,532 NSE firms) and positive in China (450 SSE firms) due to entrenchment that can be addressed by board oversight alone. Disclosure-based regulation is more clearly effective than spending requirements. Bhatnagar et al. (2023) show that business responsibility reporting (BRR) score is associated with better performance of 165 BSE firms; mandated corporate social responsibility (CSR) spending adversely affects accounting performance, although market performance increases in general; Iqbal et al. (2025), employing system GMM on 191 firms (2016-2022), do not find any effect of mandatory CSR spending on financial performance indicators. Governance ratings have inconclusive results. Maji and Lohia (2023) document positive relationships between CRISIL ESG scores and performance of 222 Indian firms; Dwibedi et al. (2024) observe that the Refinitiv governance pillar is associated with better market performance, but lower accounting performance of NSE-500 firms. Finally, Jain (2022) finds that stock-price reactions to announcements of SEBI and MCA interventions against listed firms are significantly negative; reactions to fraud and payment default news are stronger than those to disclosure problems.

Table 1 summarises the reviewed empirical studies, their methods and principal limitations.

Table 1: Recent empirical studies (2022–2026) on governance compliance and firm performance

No.	Author(s) (year)	Context & sample	Method	Key finding	Limitation
1	Jain (2022)	India; SEBI/MCA regulatory actions	Event study	Enforcement news → negative returns; larger for fraud/default	Announcement effects only; long-run impact untested
2	Bhatnagar et al. (2023)	India; 165 BSE firms, 9 yrs	Content analysis; panel regression	BRR score +; mandated CSR lowers accounting but raises market performance	Non-linear CSR effects hard to generalise
3	Fernández-Méndez & Pathan (2023)	EU listed firms; 2022 directive	Event study	Positive abnormal returns, strongest far from 33% target	Short-window valuation; no operating outcomes
4	Maji & Lohia (2023)	India; 222 firms; CRISIL ESG	OLS; quantile regression	ESG and components +, strongest at upper quantiles	Cross-sectional; rating-provider dependence
5	Saha (2023)	India; top 100 firms, 5 yrs	Panel; 2SLS	Female directors +, driven by independent women	Large firms only; short panel
6	M. Azam et al. (2023)	Pakistan; 172 firms, 2011–2021	GMM, FE, RE	Independence +; duality n.s.; independence moderates duality	Single country; lower-tier journal

No.	Author(s) (year)	Context & sample	Method	Key finding	Limitation
7	Alshdaifat et al. (2024)	GCC; 373 firms, 2017–2022	Fixed-effects panel	Board index → ROA +; AC index → Tobin's Q +	Composite indices mask individual items
8	Dwibedi et al. (2024)	India; 59 NSE-500 firms, 2010–2021	System GMM	G-pillar: market +, accounting −	Small sample; Refinitiv coverage
9	Sasidharan et al. (2024)	India 1,532 & China 450 firms	Panel regression	Promoter ownership − (India), + (China)	Ownership only; mechanism inferred
10	S. Singhania et al. (2024)	India; listed firms	Fixed effects; Blau/Shannon indices	Committee gender diversity → market +; accounting n.s.	Sample details limited in abstract
11	Singhania & Panda (2024); A. K. Singhania (2024)	India; 133 NSE firms, 2016–2020	PLS-SEM, Gaussian copula; PCSE	AC composite +; independence weight n.s./negative on market cap	Same sample; five-year window
12	Antwi et al. (2025, 2026)	Ghana; 33 firms, 2009–2020	Compliance index; regression	Compliance + (ROA, Q); committee effects robust	Small sample; same data in both papers
13	Iqbal et al. (2025)	India; 191 firms, 2016–2022	System GMM	Mandatory CSR spending n.s. for ROA/ROE/Q	Reputation benefits not measured
14	M. S. Azam et al. (2025)	India; 379 BSE-500 firms, 2010–2020	IV regression	Female representation + (ROE, ROS, ROA)	Accounting measures only
15	Singh (2025)	India; 2,689 listed firms	Longitudinal panel	Independence, CEO–chair separation, network centrality +	Independence benefit falls with family ownership
16	Krishnankutty (2026)	India; 754 firms, 2000–2020	FE, IV, panel quantile	Independence, committees +; duality −; gender mixed	Effects vary across performance distribution
17	Batoun & Mahmood (2026)	GCC; 133 firms, 2016–2023	Two-step system GMM	Growth amplifies board-size effect; no moderation of independence/duality	Main effects not reported in abstract

Note. + = positive and significant; − = negative and significant; n.s. = not significant; AC = audit committee; BRR = business responsibility report; FE/RE = fixed/random effects; IV = instrumental variables. Studies 11 and 12 each comprise two papers on one sample. Source: compiled by the author from the cited articles.

2.6 Research gap

Four lacunas are observed in the literature review. First, most of the research has considered only one mechanism at a time. Thus, it is not clear whether compliance support is universal or applies only to specific mechanisms. Second, it is observed that the literature does not differentiate between structural mandates (who shall be present on the board and committees) and expenditure or disclosure mandates. There is a difference in economic reasoning for these types of mandates. Third, divergent findings have been observed between the accounting and market-based measures; however, the explanation for these findings is usually ignored. Fourth, almost all of the research does not establish any link between performance evidence and legal design and enforcement of the law.

3. PROBLEM STATEMENT AND OBJECTIVES

Despite significant compliance costs for listed companies, regulatory agencies and boards have no integrated framework of which mandated practices contribute to better financial performance through what channels (accounting vs. market) and in what circumstances (legal and ownership environments). Accordingly, the research aims to achieve the following objectives:

1. To identify the main requirements of corporate governance that listed companies must follow according to the Companies Act, 2013 and SEBI LODR, 2015 and compare with best international practice.
2. To summarise 2022–2026 evidence on the link between governance mechanisms related to compliance with mandates and financial performance.

3. To see whether the link varies depending on mandate type (structural vs. expenditure/disclosure) and performance measure (accounting vs. market).
4. To draw managerial and regulatory implications from the findings.

There are three propositions underlying the research (Figure 1). P1: Structural mandates compliance is positively correlated with market value. P2: The link with accounting performance is weaker and more conditional. P3: High ownership concentration, group ownership, firm size, and crisis situation mitigate the link.

4. METHODOLOGY

4.1 Research design

The research uses a mixed method approach, wherein the dominant approach is the qualitative one, and the research methodology includes two streams of research. In the legal stream of the research, a doctrinal analysis of the primary sources of law is done, including the Companies Act, 2013; SEBI LODR Regulations, 2015 as amended up to 19 November 2025; SEBI's 2021 circular on Business Responsibility and Sustainability Reporting (BRSR); and the G20/OECD Principles (OECD, 2023). The laws in India have been compared with the cross-jurisdictional data from the OECD Corporate Governance Factbook 2025, covering 52 jurisdictions (OECD, 2025).

4.2 Search and eligibility

The studies were obtained from targeted searches on publisher's websites (Emerald, Elsevier, Taylor & Francis, MDPI, Virtus Interpress, Business Perspectives), RePEc/IDEAS, DOAJ and institutional repositories in October 2026 based on keywords such as corporate governance, compliance, independence of the board, CEO duality, audit committee, gender diversity, CSR mandate, and firm performance. The inclusion criteria used were as follows: (a) the study must have been published in a journal in the period 2022-2026; (b) a sample of listed firms; (c) statistical estimation of the impact of the governance mechanism on an accounting- or market-based measure of performance, or the market reaction to a particular governance regulation or enforcement; and (d) a verifiable DOI or a publisher's record. Studies in the form of a thesis, conference abstracts, and those where it was not possible to verify bibliographic information were excluded. A total of 19 primary studies met these criteria (Table 1). Three review articles (Abhilash et al., 2023; Altin, 2024; Yu, 2023) were included for background purposes only and not coded to avoid duplication of their primary studies. Since this is a targeted literature search and not an exhaustive database protocol, the literature base is purposive.

4.3 Coding protocol

The unit of analysis is the independent sample × mechanism finding. Papers which analyze the same sample were grouped (Antwi et al., 2025, 2026; Singhania & Panda, 2024 and A. K. Singhania, 2024). Each finding was coded based on the direction of the effect as per the governance code into one of the three categories: supportive (statistically significant and consistent with the governance code, such as independence improves performance or duality deteriorates it), mixed/non-significant (either non-significant or significant in the opposite direction of measures or quantiles), and contrary (statistically significant in the direction inconsistent with the code). Findings which did not have the sign (Antwi et al., 2026), purely interaction effects (Batoun & Mahmood, 2026) and ownership mechanisms for which codes specify no direction (Sasidharan et al., 2024) were qualitatively analyzed but not coded. Thus, a total of 22 coded findings based on 15 independent samples were obtained

.

Table 2: Coded governance mechanisms, legal anchors and coding rules

Mechanism	Legal anchor (India)	Core obligation	Governance-consistent direction coded
Board independence	Companies Act s. 149(4); LODR Reg. 17(1)(b)	≥ one-third independent directors; ≥ one-half where the chair is executive or no regular non-executive chair	Higher share of independent directors
CEO–chair separation	LODR Reg. 17(1B) (mandate deferred to 2022, then made voluntary)	Voluntary for top 500 entities since February 2022	Roles separated (duality = 0)
Board gender diversity	Companies Act s. 149(1) proviso; LODR Reg. 17(1)(a)	≥ one woman director; ≥ one independent woman director for top 1,000	Higher female representation
Audit committee quality	Companies Act s. 177; LODR Reg. 18	Minimum three directors, two-thirds independent; financially literate members	Composite or item-level quality
Board committees	LODR Regs. 18–21	Audit, nomination & remuneration, stakeholder relationship and risk management committees	Number/functioning of committees
Composite compliance	National codes (e.g., Ghana SEC 2010)	Adherence to code principles	Index score
Governance rating	Commercial ESG ratings (CRISIL, Refinitiv)	Not a legal requirement	G-pillar or ESG score

Mechanism	Legal anchor (India)	Core obligation	Governance-consistent direction coded
Mandated disclosure	LODR Reg. 34(2)(f); SEBI (2021) BRSR circular	BRR/BRSR for top 1,000 listed entities (BRSR mandatory from FY 2022–23)	Disclosure score
Mandatory CSR spending	Companies Act s. 135	2% of average net profits of the preceding three years for qualifying companies	Spending level/compliance
Regulatory enforcement	SEBI Act; Companies Act penalty provisions	Adjudication and penalty orders against listed firms	Market reaction to enforcement

Source: Companies Act, 2013; SEBI (2021, 2025); Das (2022). The legal anchor describes the Indian provision; non-Indian studies were coded against the analogous national rule.

4.4 Analysis

Legal strand: The provisions were coded along three axes – bindingness (mandatory or comply-or-explain), threshold specificity, and enforcement approach. Empirical strand: Vote-counting of results by mechanism was used in combination with the Wilson score 95% confidence interval for the total proportion of supportive results and exact two-sided sign test for the decisive (supportive versus contradictory) results. The vote counting technique takes no account of effect size and sample size; thus, the published literature is prone to overrepresentation of significant results; the proportions are regarded as an indication of the trend and consistency of findings, but not a summary measure of effect size. Divergences between accounting and market measures were quantified descriptively for those studies that provided both types of measures

.

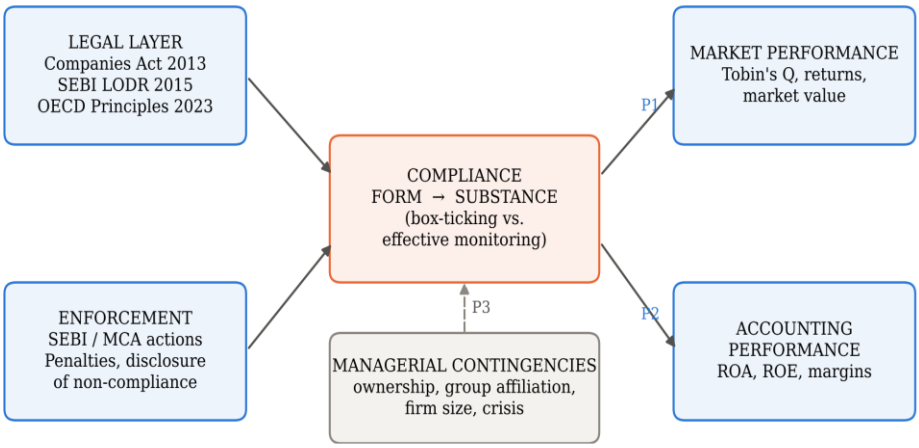


Figure 1: Proposed legal–managerial framework linking governance law, enforcement and compliance substance to performance (P1–P3)

Figure 1 positions compliance as the bridge between legal inputs (statutes, listing rules and enforcement) and performance outcomes, and distinguishes formal from substantive compliance. Managerial contingencies, namely ownership, group affiliation, size and crisis, condition how far formal compliance becomes substantive.

5. RESULTS AND DISCUSSION

5.1 Legal benchmarking: India within the international regime

Table 3 contrasts some of the core obligations of India with the rule distribution in the 52 Factbook jurisdictions. India is at the stricter end of the independence requirement scale. It ranks with only five other jurisdictions which have a binding rule of 50% or more independent members under specified conditions, namely, Hungary, Korea, Portugal, South Africa, and the United States, whereas 20 other jurisdictions prescribe that at least 50% independence is needed by way of a comply or explain recommendation (OECD, 2025). Concerning gender diversity, India imposes a binding rule that "at least one woman" should be on the board; it is a very weak gender quota requirement, particularly when 35% of jurisdictions impose gender quotas for boards. The Factbook notes there are five jurisdictions with an "at least one" rule, five having a requirement of 40% of the underrepresented sex. Regarding CEO/chair separation India has gone counter to the international trend and changed a rule to a recommendation (Das, 2022).

Table 3: Indian governance obligations benchmarked against 52 OECD Factbook jurisdictions

Dimension	India (Companies Act 2013 / SEBI LODR)	International position (OECD Factbook 2025)
Independent directors	Binding: ≥ 1/3; ≥ 1/2 if chair is executive (Reg. 17(1)(b))	50 of 52 require or recommend a minimum; 6 bind at ≥ 50%; 20 recommend ≥ 50% on comply-or-explain
CEO–chair separation	Voluntary since Feb 2022 after compliance stalled	76% of one-tier jurisdictions require or encourage separation (44% in 2014)
Audit committee	Mandatory; two-thirds independent (Reg. 18)	All jurisdictions require or recommend; 31 require independent majority; 33 require independent chair
Board gender	≥ 1 woman; ≥ 1 independent woman for top 1,000	35% mandate quotas (24% in 2020); 5 require ≥ 40%; 5 require "at least one"
Board meetings	≥ 4 per year; maximum gap 120 days (Reg. 17(2))	Not tabulated in the Factbook chapter consulted
Sustainability disclosure	BRSR mandatory for top 1,000 from FY 2022–23	Sustainability committees required/regulated in 4 jurisdictions (1 in 2022)

Source: SEBI (2021, 2025); Companies Act, 2013; OECD (2025, ch. 4); Das (2022).

Figure 2 shows that board-related rules have tightened globally across four indicators. The most rapid change concerns board leadership, followed by gender quotas, while audit-firm rotation, already common, rose modestly from 68% to 74% of jurisdictions between 2022 and 2024.

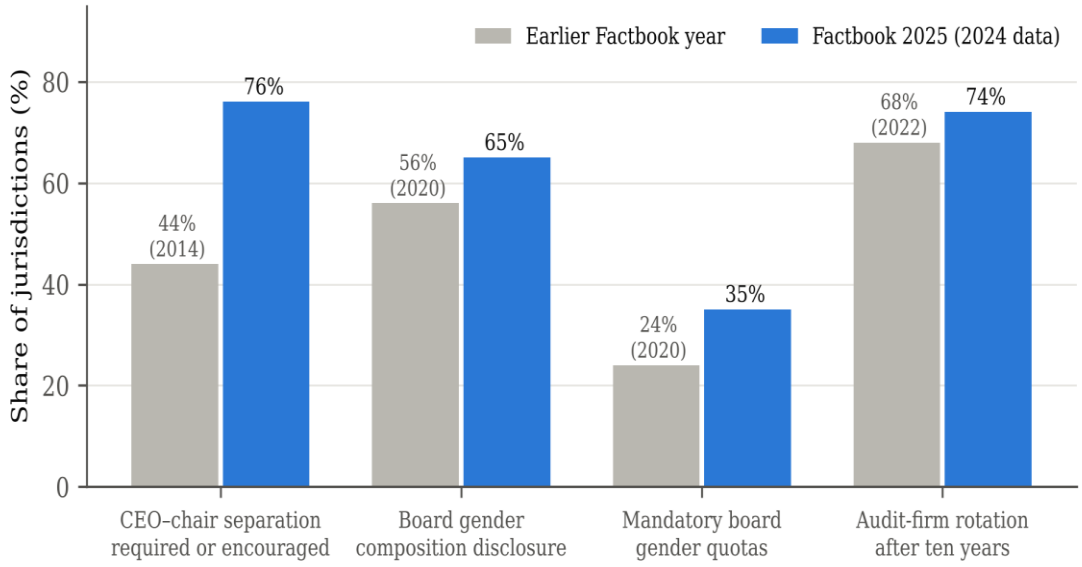


Figure 2: Diffusion of selected board-governance rules across jurisdictions (OECD Corporate Governance Factbook 2025)

Legal mandates clearly change compliance outcomes. As shown in the Factbook, the average proportion of women on listed firm boards increased from 22% in 2019 to 29% in 2024, and stood at about 33-34% in quota countries compared to 23% in those that lack a quota and a target (OECD, 2025). Whether such changes improve financial outcomes remains a question that this evidence synthesis attempts to answer.

5.2 Evidence synthesis: does compliance pay?

The evidence coded by Table 4 and Figure 3 consists of 22 findings at the mechanism level. Sixteen (72.7%), of them are supportive, six (27.3%) are either mixed or non-significant, and none is contrary. For the supportive proportion, the Wilson 95% confidence interval is 51.8%-86.8%, while the exact sign test on the 16 decisive findings confirms unequal probabilities of the two outcomes at $p < .001$. Considering the inevitable publication bias, the best interpretation of this result is that no recent and verifiable study reports structural compliance as detrimental to performance.

Table 4: Vote-count synthesis of governance-mechanism findings (15 independent samples, 2022–2026)

Mechanism	k	Supportive	Mixed / n.s.	Contrary	% supportive	Contributing studies
Board independence	3	3	0	0	100.0	Singh (2025); Krishnankutty (2026); M. Azam et al. (2023)
CEO–chair separation	3	2	1	0	66.7	Singh (2025); Krishnankutty (2026); M. Azam et al. (2023) (n.s.)
Board gender diversity	5	3	2	0	60.0	Saha (2023); M. S. Azam et al. (2025); Fernández-Méndez & Pathan (2023); Krishnankutty (2026) and S. Singhania et al. (2024) (mixed)
Audit committee quality	2	2	0	0	100.0	Alshdaifat et al. (2024); Singhania & Panda (2024)/A. K. Singhania (2024)
Board committees	1	1	0	0	100.0	Krishnankutty (2026)
Composite compliance index	2	2	0	0	100.0	Antwi et al. (2025); Alshdaifat et al. (2024)
Subtotal: structural mandates	**16**	**13**	**3**	**0**	**81.3**	
Governance rating / G-pillar	2	1	1	0	50.0	Maji & Lohia (2023); Dwibedi et al. (2024) (mixed)
Mandated disclosure (BRR)	1	1	0	0	100.0	Bhatnagar et al. (2023)
Mandatory CSR spending	2	0	2	0	0.0	Iqbal et al. (2025) (n.s.); Bhatnagar et al. (2023) (mixed)
Regulatory enforcement	1	1	0	0	100.0	Jain (2022)
Subtotal: ratings, disclosure, spending, enforcement	**6**	**3**	**3**	**0**	**50.0**	
Total	**22**	**16**	**6**	**0**	**72.7**	Wilson 95% CI: 51.8–86.8%

Note. k = number of independent-sample findings. Percentages computed as supportive ÷ k. Source: author's coding of the studies in Table 1 under the protocol in Section 4.3

.

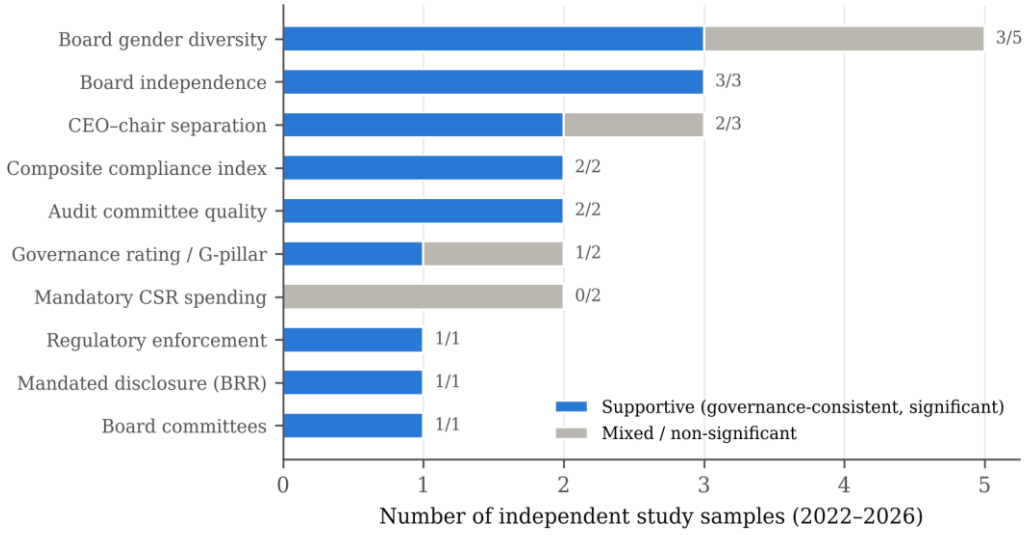


Figure 3: Evidence map of governance mechanisms and financial performance, by direction of finding

The classification of the mechanisms is the key outcome of Objective 3. Structural mandates (independence, separation of leadership, gender diversity, various committees, and composite compliance) are supportive in 13 out of 16 findings (81.3%), while ratings, disclosure, spending, and enforcement are supportive in 3 out of 6 findings (50.0%). The least favorable category is mandatory spending of money on CSR, which yields no financial returns consistently in two samples from India (Bhatnagar et al., 2023; Iqbal et al., 2025). It aligns with the legal logic of Section 135: the spending minimum provides money to the social purpose, and whatever returns there are are supposed to be received via reputation and legitimacy, not profitability (Iqbal et al., 2025). In contrast, the BRR disclosure score correlates positively with performance (Bhatnagar et al., 2023), implying that markets appreciate the value of information provided by a mandate better than the spending minimum compliance. Such subgroup analyses are based on a small k.

5.3 Market versus accounting performance

Table 5 highlights the seven papers presenting both accounting and market measures, leading to eight study-variable combinations. In five out of eight cases, the governance measure is statistically significant for the market measure while it does not have an impact or even negatively affects the accounting measure; in one case (board effectiveness measure of Alshdaifat et al., 2024), the situation is reversed; and in two cases, there is an effect in both measures. This finding corroborates P2: investors seem to incorporate the quality of corporate governance in their stock prices by lowering the cost of capital and reducing the expropriation risk prior to any improvement in the returns on operations.

Table 5: Divergence between accounting- and market-based outcomes in studies reporting both

Study	Governance variable	Accounting measure (ROA/ROE)	Market measure (Q/returns)	Where effect appears
Alshdaifat et al. (2024)	Audit committee index	Not reported as significant	Positive	Market only
Alshdaifat et al. (2024)	Board effectiveness index	Positive	Not significant	Accounting only
S. Singhania et al. (2024)	Gender diversity on key committees	Not significant	Positive	Market only
Dwibedi et al. (2024)	Governance pillar score	Negative	Positive	Market only
Bhatnagar et al. (2023)	Mandated CSR spending	Negative	Generally positive	Market only
Antwi et al. (2026)	Compliance, board size, gender diversity	Not significant (committees only significant)	Significant	Market only
A. K. Singhania (2024)	Collective AC characteristics	Positive (ROA)	Positive (market capitalisation)	Both
Maji & Lohia (2023)	ESG score and components	Positive	Positive	Both

Note. Alshdaifat et al. (2024) contributes two rows (eight study–variable pairs from seven studies). Antwi et al. (2026) reports significance without sign in the verifiable record. Source: cited studies.

5.4 Compliance form versus substance

In terms of two such episodes in the law, there are CEO-chair separation and women on boards. SEBI mandated separation for the top 500 listed companies by 1 April 2020, later postponed the deadline to 1 April 2022, and on 15 February 2022, made separation voluntary at its board meeting. At this time, compliance was 50.4% in September 2019 and increased by only about four percent by December 2021 (Das, 2022). Nevertheless, two Indian large panels in the present synthesis link separation or non-duality to higher performance (Krishnankutty, 2026; Singh, 2025). Thus, the present step back from the requirement can be explained as the response to the resistant regulated population, mainly consisting of promoter-controlled companies, rather than lack of value of separation itself. Comply-or-explain approach, with mandatory explanation of the reasons, which is the prevailing approach internationally (OECD, 2025), would ensure the signal and flexibility simultaneously.

The second one relates to gender mandates. Law has increased representation (Figure 4), but the performance effect is dependent on the type of position held by women. The effect is observed for independent women directors and women directors sitting on nomination and remuneration committees (Saha, 2023; S. Singhania et al., 2024) and the post-2013 reforms are characterized by Krishnankutty (2026) as being compliance-focused. Having one woman on the board is possible by appointing a relative to the position of executive or non-committee director.

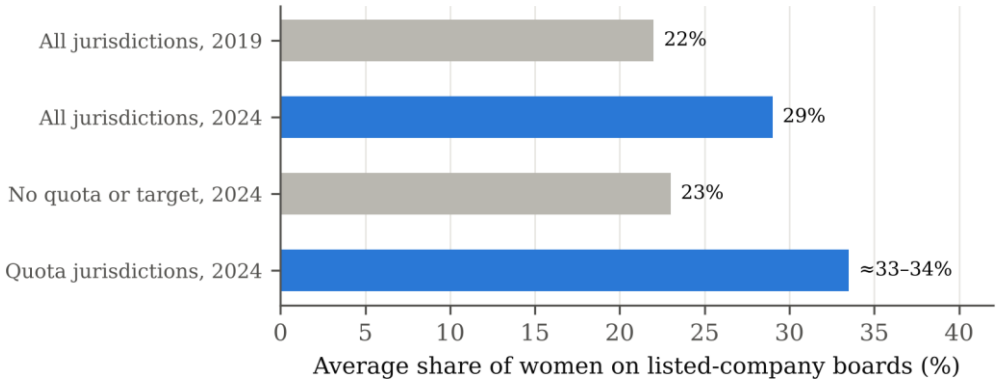


Figure 4: Women's average share of listed-company board seats, by year and quota regime (OECD, 2025). The quota-jurisdiction value is reported in the source as roughly 33–34% and is plotted at its midpoint

Ownership is the most significant contingent factor in management. Promoter ownership is inversely associated with firm value in India (Sasidharan et al., 2024), and value for board independence diminishes as family ownership and relationships between directors increase (Singh, 2025). In situations where there is a controlling shareholder who appoints the "independent" directors, independence and weak monitoring may co-exist. Size and crisis situations are also relevant factors: governance effects in the GCC were greater in larger firms and sustained during COVID-19 (Alshdaifat et al., 2024), while Krishnankutty's (2026) quantile estimates reveal that independence works best for high-performing firms. Finally, the findings by Jain (2022) that markets punish fraud and payment defaults much more severely than disclosure errors indicate that governance is punished by credible enforcement, not rule proliferation.

5.5 Discussion

The findings generally confirm P1: structural compliance is invariably linked to higher market valuation in the recent evidence, with no study found in the synthesis reporting an adverse impact. P2 also receives support: returns calculated on accounting measures do not show as clear a pattern, indicating that the main economic effect of compliance comes from its contribution to investor protection and risk reduction, and not operational efficiency. Ownership, role assignment, and enforcement credibility determine how well formal compliance translates into substantive, according to P3.

This does not mean that previous literature should be discounted. For instance, meta-analysis of the positive effects of audit committee independence and expertise (Altin, 2024) exists along with Indian evidence that independence matters little after executive exclusion and committee effectiveness have been considered (Singhania & Panda, 2024; A. K. Singhania, 2024). Likewise, the issue of CEO duality (Yu, 2023) turns out to be more tractable after effects have been studied in a range of performance outcomes (Krishnankutty, 2026) and in the context of board independence (M. Azam et al., 2023). The key is that governance systems operate through who makes the judgements and under what incentives, a management problem captured only inadequately by headcounts.

Table 6: Legal–managerial implications derived from the synthesis

Observed pattern	Implication for regulators	Implication for boards and managers
Headcount mandates satisfied formally (independence, women directors)	Shift emphasis to functional tests: committee membership, tenure limits, evaluation disclosures and minority-shareholder approval of independent directors	Assign independent and women directors to substantive committees; document board evaluations
Low adoption of value-relevant voluntary practices (CEO–chair separation)	Use comply-or-explain with mandatory disclosure of reasons rather than abandoning the norm	Disclose rationale for duality; appoint a lead independent director
Spending mandates with weak financial payoff (CSR)	Evaluate mandates by disclosure quality and outcomes, not expenditure alone	Integrate CSR with strategy and BRSR reporting to capture reputational value
Market rewards credible enforcement	Prioritise timely, severity-graded enforcement and publication of orders	Strengthen internal controls and audit-committee oversight of related-party transactions

Source: author's synthesis of Sections 5.1–5.4.

6. CONCLUSION

This paper sought to establish whether compliance with corporate governance was related to financial performance in listed companies and how legal design and management affected this relationship. By doing a doctrinal benchmarking analysis of the regime in India to 52 jurisdictions and a structured synthesis of 19 empirical studies spanning from 2022-2026, it is found that structural governance is positively associated with financial performance in 81.3% of the findings coded, with no contradictory results and that the relationship seems to occur more robustly in market valuation compared to accounting returns. Expenditure requirements such as CSR expenditure have no significant financial benefits while disclosure requirements and credible enforcement are valued by the market. Although the regime in India is one of the most prescriptive internationally on independence, its reversal of mandatory CEO–Chair separation and compliance-induced gender appointments reveal that legal design alone does not lead to substantive corporate governance. This study contributes a framework of legal and management analysis for corporate governance (Figure 1).

7. LIMITATIONS AND FUTURE SCOPE

There are multiple shortcomings in the analysis presented. First, the data sources are not exhaustive, but rather purposively selected, limited to India (13 out of 19), and are potentially affected by publication bias. Second, vote-counting does not take into account precision and sample size of the studies, while some study characteristics were verified based on abstracts and publisher data. Third, no original dataset was estimated using firms in India, so these are associational syntheses of prior findings, and not new causal estimates. In the future research, one should (i) construct Indian firm-level panel data, e.g., from CMIE Prowess or NSE/BSE filings, around rule changes, such as reversal of CEO-chairman separation rule in 2022, and BRSR rule; (ii) perform meta-analysis, once sufficient number of comparable effect sizes become available; (iii) measure substantive compliance by looking at committee duties, director turnover, and minority shareholder voting on independent directors; and (iv) assess whether BRSR requirement improves value relevance of disclosures

REFERENCES

1. Abhilash, A., Shenoy, S. S., & Shetty, D. K. (2023). Overview of corporate governance research in India: A bibliometric analysis. Cogent Business & Management, 10(1), Article 2182361. https://doi.org/10.1080/23311975.2023.2182361
2. Alshdaifat, S. M., Hamid, M. A. A., Ab Aziz, N. H., Saidin, S. F., & Alhasnawi, M. Y. (2024). Corporate governance effectiveness and firm performance in global crisis: Evidence from GCC countries. Corporate Governance: The International Journal of Business in Society. Advance online publication. https://doi.org/10.1108/CG-12-2023-0518
3. Altin, M. (2024). Audit committee characteristics and firm performance: A cross-country meta-analysis. Management Decision. Advance online publication. https://doi.org/10.1108/MD-04-2023-0511
4. Antwi, I. F., Carvalho, C., Carmo, C., & Nkansah, E. (2025). Corporate governance compliance practices and financial performance of listed companies in the emerging market. Business Performance Review, 3(2), 119–133. https://doi.org/10.22495/bprv3i2p10
5. Antwi, I. F., Carvalho, C., Carmo, C., & Nkansah, E. (2026). Corporate governance quality and firm performance: Evidence from the emerging market. Journal of Governance and Regulation, 15(2), 241–252. https://doi.org/10.22495/jgrv15i2art21
6. Azam, M., Elahi, A. R., & Shahbaz-Ul-Haque. (2023). Managerial discretion and corporate governance mechanism: A case study of public limited firms of Pakistan. Bulletin of Business and Economics, 12(4), 564–576.
7. https://doi.org/10.61506/01.00171
8. Azam, M. S., Tiwari, S. C., Chakraborty, D., & Kaur, H. (2025). Women on corporate boards in emerging economies: Relevance with firm performance in India. Investment Management and Financial Innovations, 22(4), 289–302.
9. https://doi.org/10.21511/imfi.22(4).2025.23
10. Batoun, F. A. S., & Mahmood, R. (2026). Corporate governance and firm performance: The moderating role of economic growth. Journal of Risk and Financial Management, 19(7), Article 480. https://doi.org/10.3390/jrfm19070480
11. Bhatnagar, C. S., Bhatnagar, D., & Bhullar, P. S. (2023). Social expenditure, business responsibility reporting score and firm performance: Empirical evidence from India. Corporate Governance, 23(6), 1404–1436. https://doi.org/10.1108/CG-04-2022-0173
12. Companies Act, 2013, No. 18, Acts of Parliament, 2013 (India).
13. https://indiacode.nic.in/handle/123456789/2114
14. Das, P. (2022, February 24). Voluntary separation of chairperson and MD/CEO roles: Analysing SEBI's recent move. IndiaCorpLaw.
15. https://indiacorplaw.in/2022/02/24/voluntary-separation-of-chairperson-and-md-ceo-roles-analysing-sebis-recent-move/
16. Dwibedi, P., Pahi, D., & Sahu, A. (2024). Unveiling the relationship between ESG scores and firm performance in India: A system GMM approach. Australasian Accounting, Business and Finance Journal, 18(3), 26–49.
17. https://doi.org/10.14453/aabfj.v18i3.03
18. Fernández-Méndez, C., & Pathan, S. (2023). The valuation impact of gender quotas in the boardroom: Evidence from the European markets. Finance Research Letters, 54, Article 103699. https://doi.org/10.1016/j.frl.2023.103699
19. Gherghina, Ș. C. (2023). Corporate finance, governance, and social responsibility. Journal of Risk and Financial Management, 16(6), Article 297. https://doi.org/10.3390/jrfm16060297

20. Iqbal, U. P., Jose, S. M., & Daniel, T. M. (2025). Levels of mandatory CSR compliance and the payoff: Evidence from India. Social Responsibility Journal, 21(2), 378–390.
21. https://doi.org/10.1108/SRJ-03-2024-0142
22. Jain, P. (2022). Regulatory actions against corporate irregularities in India: Analyzing the stock market impact. Cogent Economics & Finance, 10(1), Article 2122187.
23. https://doi.org/10.1080/23322039.2022.2122187
24. Krishnankutty, R. (2026). Heterogeneous
25. governance effects on firm performance: Panel
26. quantile evidence on board structures, gender diversity, and group affiliation in Indian firms. Studies in Business and Economics, 21(2), 22–51. https://doi.org/10.2478/sbe-2026-0020
27. Maji, S. G., & Lohia, P. (2023). Environmental, social and governance (ESG) performance and firm performance in India. Society and Business Review, 18(1), 175–194. https://doi.org/10.1108/SBR-06-2022-0162
28. OECD. (2023). G20/OECD principles of corporate governance 2023. OECD Publishing.
29. https://doi.org/10.1787/ed750b30-en
30. OECD. (2025). OECD corporate governance factbook 2025. OECD Publishing.
31. https://doi.org/10.1787/f4f43735-en
32. Saha, R. (2023). The impact of board-level female directors on firm performance: Evidence from India. Equality, Diversity and Inclusion: An International Journal, 42(8), 945–967.
33. https://doi.org/10.1108/EDI-07-2022-0172
34. Sasidharan, A., Sukumaran, R., & Jose, S. (2024). The impact of promoter on firm value: Evidence from emerging economies. Asian Academy of Management Journal, 29(2), 91–108.
35. https://doi.org/10.21315/aamj2024.29.2.4
36. Securities and Exchange Board of India. (2021, May 10). Business responsibility and sustainability
37. reporting by listed entities [Circular].
38. https://nsearchives.nseindia.com/web/sites/default/files/inline-files/SEBI_Circular_10052021.pdf
39. Securities and Exchange Board of India. (2025). Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (last amended on November 19, 2025). https://www.sebi.gov.in/legal/regulations/nov-2025/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirement-regulations-2015-last-amended-on-november-19-2025-_98010.html
40. Singh, D. (2025). Corporate governance, board networks and firm performance. Journal of
41. International Management, 31(4), Article 101261. https://doi.org/10.1016/j.intman.2025.101261
42. Singhania, A. K. (2024). Audit committee
43. characteristics and firm performance: Evidence from India. Acta Universitatis Sapientiae,
44. Economics and Business, 12, 240–263.
45. https://doi.org/10.47745/auseb-2024-0011
46. Singhania, A. K., & Panda, N. M. (2024). Does audit committee composition influence firm
47. performance? Evidence from the top NSE-listed non-financial companies of India. Asian Journal of Accounting Research, 10(1), 2–18.
48. https://doi.org/10.1108/AJAR-10-2023-0333
49. Singhania, S., Singh, J., & Aggrawal, D. (2024). Board committees and financial performance: Exploring the effects of gender diversity in the emerging economy of India. International Journal of Emerging Markets, 19(6), 1626–1644.
50. https://doi.org/10.1108/IJOEM-03-2022-0491
51. Yu, M. (2023). CEO duality and firm performance: A systematic review and research agenda. European Management Review, 20(2), 346–358.
52. https://doi.org/10.1111/emre.12522