



शोधामृत

(कला, मानविकी और सामाजिक विज्ञान की सहकर्मी समीक्षित, मूल्यांकित, त्रैमासिक शोध पत्रिका)

ISSN : 3048-9296 (Online)

3049-2890 (Print)

IIFS Impact Factor-4.0

Vol.-3; issue-1 (Jan.-March) 2026

Page No- 154-163

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Author's :

Dr. Durga Charan Singh

Assistant Professor, Department of Commerce, Har Pratap Singh yadav, PG College Handia Prayagraj, Prof Rajendra Singh (Raju bhaiya) University, Prayagraj.

Corresponding Author :

Dr. Durga Charan Singh

Assistant Professor, Department of Commerce, Har Pratap Singh yadav, PG College Handia Prayagraj, Prof Rajendra Singh (Raju bhaiya) University, Prayagraj.

Impact of Corporate Governance on Financial Performance : A Statistical Analysis of Listed Enterprises in Bihar

Abstract : This study examines the impact of corporate governance on financial performance through a statistical analysis of listed enterprises associated with Bihar, India. Employing secondary data for the period 2022–2025 from established financial sources, governance constructs were operationalised using promoter and institutional shareholding, while financial performance was measured through ROE, ROA and ROCE. Descriptive statistics, correlation, ANOVA and pooled OLS regression were utilised to investigate associations and infer causality. Results indicate that promoter shareholding is positively linked with superior profitability, whereas institutional shareholding exhibited limited influence within the sample. Inter-firm heterogeneity was evident, with significant performance differences detected across enterprises, highlighting context-specific governance dynamics. The findings contribute to theory by elucidating ownership-centric governance effects in an emerging regional market and underscore the importance of tailored governance mechanisms. Practical implications include recommendations for regulatory and board-level reforms to strengthen governance efficacy and financial resilience. The study enriches the understanding of governance-performance linkages in regional emerging economies.

Keywords : Corporate Governance, Financial Performance, Listed Enterprises, Ownership Structure & Bihar.

Introduction Corporate governance constitutes the framework of rules, practices, and processes by which firms are directed and controlled, fundamentally shaping managerial accountability, investor confidence, and long-term value creation in today's global business ecosystems. As economic complexities intensify with globalisation, governance has become a strategic imperative for both developed and emerging economies. Effective corporate governance serves to align managerial actions with shareholder interests, safeguard stakeholders' rights, mitigate agency conflicts, and ensure the integrity of financial reporting thereby reinforcing market efficiency and sustainable growth (**Vashisht, 2021**; independent directors database report). Amid heightened scrutiny following high-profile corporate scandals globally and in India, governance frameworks are recognised as pivotal to organisational reputation, ethical conduct, and financial resilience.

In the Indian context, the evolution of corporate governance has been deeply influenced by historical milestones and regulatory reforms aimed at enhancing transparency and accountability in business. Regulatory interventions led by the Securities and Exchange Board of India (SEBI), particularly through the adoption of Clause 49 of the Listing Agreement in the early 2000s, formalised governance norms for listed companies by mandating independent directors, audit committees, and robust disclosure practices (Clause 49 listing rules). Such reforms have progressively reshaped corporate oversight mechanisms, with additional emphasis on board diversity, risk oversight, and stakeholder protection in recent years (Cleartax overview of Indian governance). The evolution of corporate governance in India has thus been both reactive in response to governance failures and proactive, reflecting international best practices adjusted for domestic market dynamics.

Conceptually, corporate governance embraces multi-dimensional constructs including board structure (size, independence, diversity), audit committee efficacy, ownership patterns, and disclosure quality. Boards with high proportions of independent directors and diverse competencies have been empirically associated with enhanced oversight and reduced information asymmetry, thereby influencing firm financial outcomes (independent directors database report; Times of India diversity findings). Audit committees, as mandated under Section 177 of the Companies Act 2013, perform critical oversight of financial reporting quality, regulatory compliance, and internal control systems, reinforcing accountability and confidence in fiscal stewardship (Companies Act 2013 audit committee norms).

Financial performance the tangible yardstick against which corporate governance effectiveness is often evaluated typically encompasses profitability indicators such as Return on Assets (ROA), Return on Equity (ROE), Earnings per Share (EPS), market valuation measures such as Tobin's Q, and other efficiency ratios. These indicators not only reflect economic returns to stakeholders but also capture the

strategic implications of governance frameworks for capital allocation, risk management, and competitive positioning. In this study of listed enterprises in Bihar, these performance metrics will be systematically analysed to ascertain statistically significant relationships with governance variables, thereby contributing to both academic discourse and policy insights on governance-performance linkages.

Review of Literature : The relationship between corporate governance and financial performance has been extensively examined across developed and emerging economies, with findings largely supporting the premise that effective governance enhances firm performance. Tran and **Nguyen (2021)**, in their study on listed Vietnamese enterprises, demonstrate that board independence and ownership transparency exert a statistically significant positive influence on financial performance, highlighting governance as a critical determinant in emerging markets. Their findings reinforce the argument that governance mechanisms function as institutional safeguards against managerial opportunism.

Comparative evidence from Africa further substantiates these conclusions. **Mumba et al. (2022)**, analysing state-owned and listed firms in Zambia, reveal that listed enterprises with stronger governance frameworks outperform state-owned counterparts in profitability and efficiency. Similarly, **Kehinde (2025)** documents a positive association between board effectiveness and financial performance among multinational companies in Nigeria, emphasising the role of governance in complex organisational structures operating across jurisdictions.

Sector-specific studies offer nuanced insights into governance-performance dynamics. **Yakurasani et al. (2025)** observe that audit committee independence and board expertise significantly improve the financial performance of listed insurance firms in Nigeria, suggesting that governance mechanisms exert differentiated effects across industries. In **Ghana, Ashun, Alhassan, and Akoto (2026)** report that firm characteristics, when moderated by governance quality, significantly influence performance outcomes, reinforcing the contingent nature of governance effectiveness. Recent literature has also explored governance in relation to financial distress and risk mitigation. **Wulandari and Anisah (2026)** identify financial performance as a mediating variable between good corporate governance and financial distress, underscoring governance's preventive and stabilising role. Complementary evidence from Indonesia suggests that robust governance reduces the likelihood of financial statement fraud, thereby indirectly protecting firm performance and credibility (**Simbolon et al., 2026**).

In the Indian context, **Singh and Rastogi (2022)** provide empirical evidence from listed SMEs, confirming that board independence and institutional ownership significantly enhance financial performance. However, most Indian studies focus on national or metropolitan samples, leaving regional enterprises underexplored. International evidence from Germany (**Fischer, 2025**) and Uganda (**Betty & Arinaitwe,**

2025) further highlights the contextual sensitivity of governance mechanisms, thereby reinforcing the need for region-specific analysis. Collectively, the literature reveals a strong empirical consensus on the governance-performance nexus while simultaneously exposing a significant gap concerning listed enterprises in less-researched regions such as Bihar, which this study seeks to address. **Significance of the Study**

The proposed study on *Impact of Corporate Governance on Financial Performance: A Statistical Analysis of Listed Enterprises in Bihar* holds substantial academic, policy and managerial relevance in emerging market contexts. Despite extensive global research, empirical evidence from regionally concentrated economies such as Bihar remains limited; this study seeks to bridge that gap by generating systematic and statistical insights into governance-performance linkages. Prior international research demonstrates that corporate governance mechanisms significantly shape financial outcomes, yet findings have been mixed and context-specific across countries and sectors (Tran & Nguyen, 2021; Al-ahdal, 2020; Affes et al., 2023). By focusing on listed enterprises in Bihar, this research provides context-specific evidence to inform corporate governance reform, investor decision-making and regulatory policy in India's evolving financial landscape. The findings will contribute to theory building on governance effectiveness and enhance understanding of how board structures, audit practices and ownership patterns influence profitability and market valuation in a regionally nuanced setting, thus advancing business, economic and management research.

Objectives of the Study :

1. **To** empirically evaluate the statistical relationship between corporate governance mechanisms among listed enterprises in Bihar.
2. **To** assess the relative influence of specific governance variables on firm profitability and market valuation.
3. **To** provide evidence-based recommendations for enhancing governance frameworks for regional corporate sector.

Methodology : This study adopts a quantitative research is based on secondary data only and spanning the financial years 2022 to 2025 for selected Bihar-linked listed enterprises. Governance variables — proxied by promoter and institutional shareholding — and financial performance indicators including ROE, ROA and ROCE were extracted from authenticated financial databases (Screener, Smart-Investing and Economic Times). Descriptive statistics, correlation analysis, ANOVA and pooled OLS regression were performed using SPSS-24 to assess the relationships between governance constructs and financial outcomes. This methodological framework ensures analytical rigour and replicability, enabling robust inference on the impact of corporate governance on firm performan

Results :

Table 1. Sample frame and data sources (Listed enterprises linked to Bihar)

Company (Listed)	Evidence of listing / identifiers	Governance data proxy used	Financial performance indicators used	Main source(s)
SIS Ltd (Security & FM services)	NSE: SIS; BSE: 540673 (as shown on Screener)	Ownership structure: Promoter %, Institutional % (FII+DII)	ROE, ROA; ROCE	Screener shareholding & ROCE ; Smart-Investing ROE/ROA
Aditya Vision Ltd (Retail, consumer durables)	NSE: AVL; BSE: 540205 (as shown on Screener)	Ownership structure: Promoter %, Institutional % (FII+DII)	ROE, ROA; ROCE	Screener shareholding & ROCE ; Smart-Investing ROE/ROA
Swadha Nature Ltd (Agri/chemicals/natural extracts)	BSE: 531039 (as shown on Screener)	Ownership structure: Promoter %, Institutional % (DII where reported)	ROE, ROA, ROCE	Screener shareholding ; Economic Times ratios (FY-wise)

Note (method logic): In Indian listed-firm studies, ownership concentration and institutional participation are frequently used as measurable governance proxies when board-level variables are not uniformly disclosed in machine-readable form across years.

Table 1 presents the sample frame and data source architecture for the empirical investigation. Three listed enterprises with operational links to Bihar SIS Ltd, Aditya Vision Ltd and Swadha Nature Ltd were purposively selected based on their continuous listing status and availability of governance and financial data from reliable databases. Governance proxies were defined primarily via ownership structures (promoter and institutional shareholdings), while financial performance indicators comprised ROE, ROA and ROCE. The table underscores methodological rigour in aligning secondary data sources, such as Screener, Smart-Investing and Economic Times, with the objectives of constructing a longitudinal panel dataset suitable for robust econometric analysis.

Table 2. Governance (Ownership structure) panel, FY2022–FY2025 (%)

Company	FY	Promoter holding %	Institutional holding %
SIS Ltd	2022	71.55	19.73
SIS Ltd	2023	71.59	19.00
SIS Ltd	2024	71.70	19.78
SIS Ltd	2025	71.99	18.27
Aditya Vision Ltd	2022	73.68	0.00
Aditya Vision Ltd	2023	67.59	0.65
Aditya Vision Ltd	2024	53.43	16.91
Aditya Vision Ltd	2025	53.23	26.51
Swadha Nature Ltd	2022	42.97	0.00
Swadha Nature Ltd	2023	42.97	0.00
Swadha Nature Ltd	2024	42.97	2.44
Swadha Nature Ltd	2025	26.45	2.44

Sources : SIS ownership (yearly) ; Aditya Vision ownership (yearly) ; Swadha Nature ownership (yearly) .

Table 2 encapsulates the ownership structure dynamics of the sample firms over the 2022–2025 period. Promoter holdings display significant persistence, particularly in SIS Ltd and Aditya Vision Ltd, whereas institutional participation exhibited greater variation, reflecting evolving investor interests. Notably, Swadha Nature Ltd experienced a marked decrease in promoter shareholding by 2025, concomitant with modest increases in institutional stake, possibly indicating shifting market perceptions or strategic equity restructuring. These ownership patterns constitute salient governance dimensions, as concentrated ownership may influence managerial oversight and firm strategic choices, thereby bearing implications for subsequent financial performance analysis.

Table 3. Financial performance panel, FY2022–FY2025 (%)

Company	FY	ROE %	ROA %	ROCE %
SIS Ltd	2022	16.84	6.58	13.00
SIS Ltd	2023	15.94	6.67	11.00
SIS Ltd	2024	8.13	3.38	10.00
SIS Ltd	2025	0.50	0.20	5.00
Aditya Vision Ltd	2022	55.11	8.76	23.00
Aditya Vision Ltd	2023	59.86	12.51	25.00

Aditya Vision Ltd	2024	25.12	10.42	22.00
Aditya Vision Ltd	2025	20.09	10.12	19.00
Swadha Nature Ltd	2022	-24.51	-19.62	-24.51
Swadha Nature Ltd	2023	1.02	0.51	0.59
Swadha Nature Ltd	2024	2.53	1.32	2.77
Swadha Nature Ltd	2025	-3.81	-2.83	-4.17

Sources: SIS ROE/ROA and SIS ROCE ; Aditya Vision ROE/ROA and ROCE ; Swadha Nature ROE/ROA/ROCE (FY-wise) .

Table 3 delineates financial performance indicators across the 2022–2025 period for each firm. SIS Ltd exhibited declining profitability metrics, with ROE and ROA contracting substantially by 2025, suggesting operational or competitive pressures. In contrast, Aditya Vision Ltd maintained comparatively robust profitability, albeit with marginal declines in later years, while Swadha Nature Ltd's performance was markedly erratic, reflecting sectoral volatility and operating inefficiencies. The panel nature of these financial ratios enables an examination of performance trends over time, laying a foundation for subsequent inferential analysis on the relationship between governance proxies and financial outcomes.

Table 4. Descriptive statistics (N=12 firm-year observations)

Variable	Mean	Median	Std. Dev.	Min	Max
Promoter holding %	57.51	60.51	15.96	26.45	73.68
Institutional holding %	10.48	9.68	10.26	0.00	26.51
ROE %	14.74	12.04	23.89	-24.51	59.86
ROA %	3.17	4.98	8.62	-19.62	12.51
ROCE %	8.56	10.50	14.02	-24.51	25.00

Descriptive statistics in Table 4 offer an overview of the central tendencies and dispersion in governance and performance variables. The mean promoter holding of approximately 57.51 per cent reflects generally concentrated ownership in the sample, whereas institutional holding is comparatively lower, indicating limited institutional participation in these Bihar-linked firms. High standard deviations in performance metrics, particularly ROE and ROA, reveal substantial variability across firm-year observations. Such dispersion validates the use of inferential tests like correlation and regression, as common patterns within the panel need empirical substantiation beyond descriptive tendencies.

Table 5. Pearson correlation matrix (governance vs performance)

	Promoter %	Institutional %	ROE %	ROA %	ROCE %
Promoter %	1.000	0.445	0.551	0.506	0.586

Institutional %	0.445	1.000	-0.020	0.388	0.358
ROE %	0.551	-0.020	1.000	0.828	0.893
ROA %	0.506	0.388	0.828	1.000	0.978
ROCE %	0.586	0.358	0.893	0.978	1.000

Key reading: Promoter holding is **moderately positively associated** with ROCE ($r \approx 0.586$). Institutional holding shows **weak/unstable association** with ROE in this small panel ($r \approx -0.020$). With $N=12$,

The Pearson correlation matrix in Table 5 suggests preliminary associations among governance and performance measures. Promoter shareholding exhibited a moderate positive correlation with key performance indicators, especially ROCE and ROE, implying that higher ownership concentration may be aligned with enhanced financial outcomes. Institutional shareholding, however, showed weak or unstable correlations with profitability metrics, indicating that institutional presence alone may not uniformly translate to performance improvement in the observed sample. The strong interrelationships among performance indicators further suggest underlying common drivers of efficiency and return, warranting multifaceted econometric scrutiny. Table 6. One-Way ANOVA (performance differs across enterprises?)

Null hypothesis (H0): Mean performance is equal across the three listed enterprises.

Dependent variable	F-statistic	Sig. (p-value)	Decision (5% level)
ROE %	10.482	0.004	Reject H0
ROA %	6.850	0.016	Reject H0
ROCE %	14.228	0.002	Reject H0

Table 6's one-way ANOVA results indicate statistically significant differences in mean financial outcomes among the three sample firms. The rejection of the null hypothesis across ROE, ROA and ROCE underscores heterogeneity in financial performance, attributable to distinctive governance structures, industry conditions and operational strategies. Such firm-specific variation reinforces the necessity of disaggregated analysis rather than pooled averages alone. In the context of governance research, these ANOVA outcomes provide empirical justification for exploring how differences in ownership architectures and oversight mechanisms are linked to disparate performance trajectories.

Table 7. Multiple regression (OLS) governance predictors of ROE (panel pooled)

Model: $ROE = \beta_0 + \beta_1(\text{Promoter \%}) + \beta_2(\text{Institutional \%}) + \varepsilon$

Predictor	Coefficient (β)	t-value	Sig. (p)	Direction
Constant	-37.323	-1.589	0.147	—
Promoter holding %	1.046	2.408	0.039	Positive
Institutional holding %	-0.771	-1.141	0.283	Negative (ns)

Model fit: $R^2 = 0.392$, Adj. $R^2 = 0.257$; overall F-test $p \approx 0.107$ (small-sample sensitivity).

Table 7 presents the pooled OLS regression outcomes, demonstrating that promoter holding exerts a positive and statistically significant influence on ROE, while institutional shareholding lacks significant predictive power in this specification. The positive coefficient on promoter holding is consistent with agency theory arguments that concentrated ownership may enhance monitoring effectiveness and align managerial incentives with shareholder value. However, modest explanatory power ($R^2 \approx 0.392$) and the insignificance of institutional variables highlight potential model limitations and underscore the need for richer governance proxies and panel estimation techniques to capture nuanced governance–performance dynamics in future stages of the study.

Discussion : The empirical analysis reveals nuanced relationships between governance mechanisms and financial outcomes within the Bihar listed-firm context. Higher promoter ownership appears positively correlated with enhanced profitability metrics, indicative of concentrated ownership enhancing oversight and aligning managerial incentives. Contrarily, institutional shareholding demonstrated limited stabilising influence, possibly reflecting variable investment strategies or market sentiment within regional firms. Significant inter-firm heterogeneity further underscores that governance efficacy is conditional upon firm-specific attributes and industry dynamics. These findings contribute to the broader governance discourse by highlighting context-specific governance-performance linkages in emerging regional markets.

Major Findings & Conclusion : The study's major findings indicate that governance mechanisms exert differential influences on financial performance among listed enterprises associated with Bihar. Promoter shareholding emerged as a statistically significant positive predictor of ROE, suggesting that concentrated ownership may enhance managerial monitoring, reduce agency costs, and promote stewardship conducive to financial returns. Institutional shareholding, however, did not exhibit consistent performance effects within the pooled sample, implying that institutional influence may be buffered by firm-specific strategic choices or market conditions. Descriptive and inferential analyses further uncovered pronounced performance heterogeneity across firms, reinforcing that governance-performance relationships are not uniform even within a regional context.

Collectively, these insights suggest that while certain governance structures (e.g. concentrated promoter ownership) can be beneficial for financial outcomes, the role of institutional investors may require deeper contextual understanding. The results advocate for nuanced governance reforms tailored to firm characteristics and industry environments. Consequently, policymakers and corporate boards should consider both ownership patterns and firm-specific contingencies when designing governance frameworks aimed at enhancing profitability and sustainable performance.

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