

**STUDY ON INVESTMENT DECISIONS OF INDIVIDUAL INVESTORS -  
WITH A SPECIAL REFERENCE TO CORPORATE GOVERNANCE**

Thesis Submitted for the Award of the Degree of

**DOCTOR OF PHILOSOPHY**

in

**Management**

By

**Swathi.G**

**Registration Number:41900232**

**Supervised By**

**Dr.Anurag Pahuja(27255)**

**Professor**

**Mittal School of Business**




**LOVELY PROFESSIONAL UNIVERSITY, PUNJAB**

**2025**

## **DECLARATION**

I, hereby declared that the presented work in the thesis entitled “STUDY ON INVESTMENT DECISIONS OF INDIVIDUAL INVESTORS - WITH A SPECIAL REFERENCE TO CORPORATE GOVERNANCE” in fulfilment of degree of **Doctor of Philosophy (Ph.D.)** is outcome of research work carried out by me under the supervision of Dr. Anurag Pahuja, working as Professor, in the Department of Management, Mittal School of Business of Lovely Professional University, Punjab, India. In keeping with general practice of reporting scientific observations, due acknowledgements have been made whenever work described here has been based on findings of other investigator. This work has not been submitted in part or full to any other University or Institute for the award of any degree.



### **(Signature of Scholar)**

Name of the scholar: Swathi.G

Registration No.: 41900232

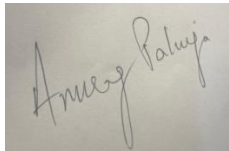
Department/school: Management/Mittal School of Business

Lovely Professional University,

Punjab, India

## **CERTIFICATE**

This is to certify that the work reported in the Ph.D. thesis entitled “STUDY ON INVESTMENT DECISIONS OF INDIVIDUAL INVESTORS - WITH A SPECIAL REFERENCE TO CORPORATE GOVERNANCE” submitted in fulfillment of the requirement for the award of degree of **Doctor of Philosophy (Ph.D.)** in the Management, Mittal school of Business, is a research work carried out by Swathi.G, -41900232 is bonafide record of his/her original work carried out under my supervision and that no part of thesis has been submitted for any other degree, diploma or equivalent course.

A handwritten signature in black ink, reading 'Anurag Pahuja', on a light-colored background.

**(Signature of Supervisor)**

Name of supervisor: Dr.Anurag Pahuja

Designation: Professor

Department/school: Management/Mittal School of Business

University: Lovely Professional University

## ACKNOWLEDGEMENT

I am deeply grateful to each and every individual who has provided invaluable support, guidance, and inspiration throughout the process of writing this thesis. This journey was not an easy one, and it would not have been possible without the encouragement and assistance I received along the way.

First and foremost, I would like to extend my heartfelt thanks to my thesis advisor, Dr. Anurag Pahuja, and the late Dr. Sukhpreet Kaur. Their mentorship and expertise were instrumental in the successful completion of this project, and I am truly indebted to them for their invaluable contributions.

I am also deeply thankful to the faculty members of the Mittal School of Business for their continuous support and encouragement throughout my academic journey. Their guidance has been a constant source of motivation.

A special note of thanks goes to my parents, Mr. Yadhagiri G. and Mrs. Hymavathi G., as well as my brother, Mr. Sharath Kumar G. Their unwavering support has been the bedrock of my strength during this journey.

I would also like to express my gratitude to my in-laws, Mr. Laxmaiah A. and Mrs. Santosha A., for their understanding and encouragement.

"I extend my deepest appreciation to my husband, Mr. Pramod Amanchi, who has stood by me through every challenge of the thesis writing process. His unwavering support has been the cornerstone of this accomplishment, and it would not have been possible without him.

"Lastly, I dedicate this thesis to my children and husband, Reyansh Amanchi, Sridithya Amanchi and Pramod Amanchi. Their love and joy have been my greatest inspiration.

Thank you all for your continuous support and guidance. Your contributions have been instrumental in helping me achieve this significant milestone in my academic career.



# TABLE OF CONTENTS

| <b>S.NO</b> | <b>Description</b>  | <b>Page No</b> |
|-------------|---|----------------|
| <b>1</b>    | <b>CHAPTER -1 :INTRODUCTION</b>   | <b>1-50</b>    |
| <b>1.1</b>  | <b>INTRODUCTION OF THE CHAPTER</b>  | <b>2</b>       |
| <b>1.2</b>  | <b>AN OVERVIEW OF CG</b>  | <b>4</b>       |
| <b>1.3</b>  | <b>AN OVERVIEW OF INVESTMENT</b>  | <b>36</b>      |
| <b>1.4</b>  | <b>NEED OF THE STUDY</b>  | <b>47</b>      |
| <b>1.5</b>  | <b>STATEMENT OF THE PROBLEM</b>   | <b>48</b>      |
| <b>1.6</b>  | <b>CONCLUSION</b>   | <b>49</b>      |
| <b>2</b>    | <b>CHAPTER-2 : REVIEW OF LITERATURE</b>   | <b>51-101</b>  |
| <b>2.1</b>  | <b>INTRODUCTION OF THE CHAPTER</b>  | <b>53</b>      |
| <b>2.2</b>  | <b>REVIEW OF LITERATURE RELATED TO INVESTMENT DECISIONS OF INDIVIDUAL INVESTORS</b> | <b>53</b>      |
| <b>2.3</b>  | <b>REVIEW OF LITERATURE RELATED TO CORPORATE GOVERNANCE</b>                         | <b>77</b>      |
| <b>2.4</b>  | <b>INDIVIDUAL INVESTORS AND CORPORATE GOVERNANCE</b>                                | <b>84</b>      |
| <b>2.5</b>  | <b>CORPORATE GOVERNANCE AND FIRM'S PERFORMANCE</b>                                  | <b>87</b>      |
| <b>2.6</b>  | <b>CORPORATE GOVERNANCE AND STOCK MARKET PERFORMANCE</b>                            | <b>88</b>      |
| <b>2.7</b>  | <b>RESEARCH GAP</b>   | <b>98</b>      |
| <b>2.8</b>  | <b>CONCLUSION</b>   | <b>100</b>     |
| <b>3</b>    | <b>CHAPTER -3-RESEARCH METHODOLOGY</b>  | <b>102-118</b> |
| <b>3.1</b>  | <b>INTRODUCTION OF THE CHAPTER</b>  | <b>104</b>     |

|            |   |                  |
|------------|---|------------------|
| <b>3.2</b> | <b>RESEARCH OBJECTIVES OF THE STUDY</b>   | <b>105</b>       |
| <b>3.3</b> | <b>HYPOTHESES OF THE STUDY</b>  | <b>106</b>       |
| <b>3.4</b> | <b>RESEARCH METHODOLOGY</b>   | <b>111</b>       |
| <b>3.5</b> | <b>SCOPE OF THE STUDY</b>   | <b>117</b>       |
| <b>3.6</b> | <b>CHAPTERISATION SCHEME OF THE THESIS</b>  | <b>117</b>       |
| <b>3.7</b> | <b>CONCLUDING SUMMARY</b>   | <b>118</b>       |
| <b>4</b>   | <b>CHAPTER-4: DATA ANALYSIS</b>   | <b>120-208</b>   |
| <b>4.1</b> | <b>INTRODUCTION OF THE CHAPTER</b>  | <b>121</b>       |
| <b>4.2</b> | <b>EMPIRICAL ANALYSIS OF DATA OBTAINED IN PILOT STUDY</b>   | <b>122</b>       |
| <b>4.3</b> | <b>EMPIRICAL ANALYSIS OF DATA OBTAINED IN THE STUDY</b>   | <b>130</b>       |
| <b>4.4</b> | <b>EMPIRICAL ANALYSIS RELATED TO DEMOGRAPHIC PROFILES VERSUS INV DEC</b>  | <b>143</b>       |
| <b>4.5</b> | <b>EMPIRICAL ANALYSIS RELATED TO MEDIATING ROLE OF AWARENESS LEVEL BETWEEN CGPS AND INV DEC</b>                                 | <b>157</b>       |
| <b>4.6</b> | <b>EMPIRICAL ANALYSIS RELATED TO MEDIATING ROLE OF PROFESSIONAL BACKGROUND OF INDIVIDUAL INVESTORS BETWEEN CGPS AND INV DEC</b> | <b>175</b>       |
| <b>4.7</b> | <b>EMPIRICAL ANALYSIS RELATED TO IDENTIFYING THE FACTORS OF CG THAT HAVE IMPACT ON INV DEC</b>                                  | <b>195</b>       |
| <b>5</b>   | <b>CHAPTER-5 : FINDINGS, SUGGESTION'S AND CONCLUSION</b>  | <b>210 – 237</b> |
| <b>5.1</b> | <b>INTRODUCTION OF THE CHAPTER</b>  | <b>211</b>       |

|            |                                     |            |
|------------|-------------------------------------|------------|
| <b>5.2</b> | <b>FINDINGS OF THE STUDY</b>        | <b>211</b> |
| <b>5.3</b> | <b>CONCLUSION</b>                   | <b>216</b> |
| <b>5.4</b> | <b>IMPLICATIONS OF THE STUDY</b>    | <b>218</b> |
| <b>5.5</b> | <b>RECOMMENDATIONS OF THE STUDY</b> | <b>226</b> |
| <b>5.6</b> | <b>LIMITATIONS OF THE STUDY</b>     | <b>233</b> |
| <b>5.7</b> | <b>SCOPE FOR FUTURE RESEARCH</b>    | <b>234</b> |
| <b>5.8</b> | <b>CONCLUDING SUMMARY</b>           | <b>237</b> |
|            | <b>REFERENCES</b>                   |            |
|            | <b>QUESTIONNAIRE</b>                |            |
|            | <b>CONFERENCES ATTENDED</b>         |            |

## LIST OF TABLES

| <b>Table No</b> | <b>Description</b>  | <b>Page No</b> |
|-----------------|---|----------------|
| Table 1         | 2.1 Table of Literature Review  | 95             |
| Table 2         | Table 4.1: Reliability Test Results (Pilot Study) for the Statements Related to ‘Mediating Role of Awareness Level between CGPs and Investment Decisions’   | 123            |
| Table 3         | 4.2: Reliability Test Results (Pilot Study) for the Statements Related to ‘Mediating Role of Professional Background between CGPs and Investment Decisions’ | 125            |
| Table 4         | Table 4.3: Reliability Test Results (Pilot Study) for the Statements Related to ‘Identifying the Factors of CG that have Impact on Investment Decisions’    | 127            |
| Table 5         | 4.4: Reliability Test Results for the Statements Related to ‘Mediating Role of Awareness Level between CGPs and Investment Decisions’                       | 131            |
| Table 6         | 4.5: Validity Test Results for the Statements Related to ‘Mediating Role of Awareness Level between CGPs and Investment Decisions’                          | 133            |
| Table 7         | 4.6: Reliability Test Results for the Statements Related to ‘Mediating Role of Professional Background between CGPs and Investment Decisions’               | 135            |
| Table 8         | 4.7: Validity Test Results for the Statements Related to ‘Mediating Role of Professional Background between CGPs and Investment Decisions’                  | 137            |
| Table 9         | 4.8: Reliability Test Results (Pilot Study) for the Statements Related to ‘Identifying the Factors of CG that have Impact on Investment Decisions’          | 138            |
| Table 10        | 4.9: Validity Test Results for the Statements Related to ‘Identifying the Factors of CG that have Impact on Investment Decisions’                           | 141            |
| Table 11        | 4.10: Classification of Sample Respondents Based on Demographic Profiles  | 144            |
| Table 12        | 4.11: ANOVA Test Results  | 146            |
| Table 12.1      | 4.12: ANOVA Test Results  | 147            |

|          |  |     |
|----------|--|-----|
| Table 13 | 4.13: ANOVA Test Results (Age versus Investment Decisions)   | 148 |
| Table 14 | 4.14: Paired Samples' t-Test Results (Gender versus Investment Decisions)  | 149 |
| Table 15 | 4.15: ANOVA Test Results (Educational Qualification versus Investment Decisions)   | 150 |
| Table 16 | 4.16: ANOVA Test Results (Marital Status versus Investment Decisions)  | 151 |
| Table 17 | 4.17: ANOVA Test Results (Family Size versus Investment Decisions)   | 152 |
| Table 18 | 4.18: ANOVA Test Results (Occupation versus Investment Decisions)  | 153 |
| Table 19 | 4.19: ANOVA Test Results (Annual Income Level versus Investment Decisions)   | 155 |
| Table 20 | 4.20: Paired Samples' t-Test Results (Type of Accommodation versus Investment Decisions)   | 156 |
| Table 21 | 4.21: Reliability Test Results of the Model – 1 ( $\rho_a$ ) (Mediating Role of Awareness Level between CGPs and Investment Decisions)                               | 158 |
| Table 22 | 4.22: Internal Consistency Test Results of Model – 1 (Cronbach's Alpha) (Mediating Role of Awareness Level between CGPs and Investment Decisions)                    | 160 |
| Table 23 | 4.23: Composite Reliability Test Results of Model – 1 (Mediating Role of Awareness Level between CGPs and Investment Decisions)                                      | 162 |
| Table 24 | 4.24: Convergent Validity Test Results of Model – 1 (AVE) (Mediating Role of Awareness Level between CGPs and Investment Decisions)                                  | 164 |
| Table 25 | 4.25: Multi-Collinearity Test Results of Model – 1 (Mediating Role of Awareness Level between CGPs and Investment Decisions)   | 167 |
| Table 26 | 4.26: HTMT Discriminant Validity Test Results of Model – 1 (Mediating Role of Awareness Level between CGPs and Investment Decisions)                                 | 169 |
| Table 27 | 4.27: Association among Research Variables in the Model – 1 (Mediating Role of Awareness Level between CGPs and Investment Decisions)                                | 172 |
| Table 28 | 4.28: Reliability Test Results of the Model – 2 ( $\rho_a$ ) (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions) | 176 |

|          |   |     |
|----------|---|-----|
| Table 29 | 4.29: Internal Consistency Test Results of Model – 2 (Cronbach’s Alpha) (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions) | 178 |
| Table 30 | 4.30: Composite Reliability Test Results of Model – 2 (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions)                   | 180 |
| Table 31 | 4.31: Convergent Validity Test Results of Model – 2 (AVE) (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions)               | 182 |
| Table 32 | 4.32: Multi-Collinearity Test Results of Model – 2 (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions)                      | 185 |
| Table 33 | 4.33: HTMT Discriminant Validity Test Results of Model – 2 (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions)              | 187 |
| Table 34 | 4.34: Association among Research Variables in the Model – 2 (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions)             | 191 |
| Table 35 | 4.35: Comparative Ranks of Various Attributes Affecting Individual Investors’ Investment Decisions  | 194 |
| Table 36 | 4.36: Results of Kaiser-Meyer-Olkin (KMO) Test  | 196 |
| Table 37 | 4.37: Communalities of the Statements Used for Factor Formation   | 197 |
| Table 38 | 4.38: Total Variance Explained by the Factors   | 199 |
| Table 39 | 4.39 : Results of Rotated Component Matrix  | 202 |
| Table 40 | 4.40: Factors Extracted along with their Corresponding Statements   | 204 |
| Table 41 | 4.41: Regression Specifications for Various Factors Related to CGPs   | 207 |

## LIST OF FIGURES

| <b>Figure No.</b> | <b>Description</b>  | <b>Page No.</b> |
|-------------------|---|-----------------|
| Figure 1          | 3.1: Mediating Analysis Model with 2 Mediating Variables  | 112             |
| Figure 2          | 4.1: Reliability Test Results of the Model – 1 ( $\rho_a$ ) (Mediating Role of Awareness Level between CGPs and Investment Decisions)   | 159             |
| Figure 3          | 4.2: Internal Consistency Test Results of Model – 1 (Cronbach's Alpha) (Mediating Role of Awareness Level between CGPs and Investment Decisions)                                | 161             |
| Figure 4          | 4.3: Composite Reliability Test Results of Model – 1 (Mediating Role of Awareness Level between CGPs and Investment Decisions)  | 163             |
| Figure 5          | 4.4: Convergent Validity Test Results of Model – 1 (AVE) (Mediating Role of Awareness Level between CGPs and Investment Decisions)  | 165             |
| Figure 6          | 4.5: Multi-Collinearity Test Results of Model – 1 (Adjusted R <sup>2</sup> ) (Mediating Role of Awareness Level between CGPs and Investment Decisions)                          | 168             |
| Figure 7          | 4.6: SEM Model Fitting with t – Values for Model – 1 (Mediating Role of Awareness Level between CGPs and Investment Decisions)  | 170             |
| Figure 8          | 4.7: SEM Model Fitting with P – Values for Model – 1 (Mediating Role of Awareness Level between CGPs and Investment Decisions)  | 171             |
| Figure 9          | 4.8: Importance – Performance Map Analysis of Model – 1 (Mediating Role of Awareness Level between CGPs and Investment Decisions)   | 174             |
| Figure 10         | 4.9: Reliability Test Results of the Model – 2 ( $\rho_a$ ) (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions)             | 177             |
| Figure 11         | 4.10: Internal Consistency Test Results of Model – 2 (Cronbach's Alpha) (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions) | 179             |

|           |  |     |
|-----------|--|-----|
| Figure 12 | 4.11: Composite Reliability Test Results of Model – 2 (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions)            | 181 |
| Figure 13 | 4.12: Convergent Validity Test Results of Model – 2 (AVE) (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions)        | 183 |
| Figure 14 | 4.13: Multi-Collinearity Test Results of Model – 2 (Adjusted R2) (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions) | 186 |
| Figure 15 | 4.14: SEM Model Fitting with t – Values for Model – 2 (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions)            | 189 |
| Figure 16 | 4.15: SEM Model Fitting with P – Values for Model – 2 (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions)            | 190 |
| Figure 17 | 4.16: Importance – Performance Map Analysis of Model – 2 (Mediating Role of Professional Background of Individual Investors between CGPs & Investment Decisions)         | 192 |
| Figure 18 | 4.17: Scree Plot Signifying the Components of Corporate Governance   | 201 |



## **LIST OF ABBREVIATIONS**

**CG-CORPORATE GOVERNANCE**  
**IND INV- INDIVIDUAL INVESTORS**  
**LSE-LONDON STOCK EXCHANGE**  
**AC-AUDIT COMMITTEE**  
**BOD-BOARD OF DIRECTORS**  
**INV-INVESTORS**

## ABSTRACT

The main objective of this thesis is to conduct a study on investment decisions of IND INV with reference to CG. This objective is further divided into four sub-objectives viz. (i) to study the effect of demographic variables of IND INV on investment decisions, (ii) to examine the mediating role of awareness level of IND INV in relationship between CG practices and investment decisions, (iii) to examine the mediating role of professional background of IND INV in relationship between CG practices and investment decisions, and (iv) to identify the variables of CG those impact the investment decision of IND INV.

The *research design* adopted is descriptive in nature. The primary data is collected by administering a structured questionnaire to the respondents who are IND INV and reside in five (5) states of South India viz. Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Telangana. The questionnaire contained questions pertaining to different aspects related to – INV’ demographic profile; their awareness levels regarding CG practices; their professional background; and finally, the investment behavior of IND INV. Then, a pilot study is conducted on a sample of 61 respondents. Based on their responses, the questionnaire is modified. The convenience sampling method is used for the purpose of data collection. In all, roughly 550 questionnaires were floated to various respondents. However, upon examining the data for its appropriateness, a sample size of 385 respondents was finalized for the purpose of analysis. The data is collected in last quarter of the year 2022 and early months of the year 2023. *Cronbach’s Alpha Test* is used to test the reliability of the scales used in the questionnaire. In order to test the hypotheses related to research objective – 1, *One Way ANOVA* test and *t- test* are used. In order to test the hypotheses related to research objectives – 2 and 3, *Smart PLS Structural Equation*

*Modelling (PLS – SEM)* is used. In order to test the hypothesis related to research objective – 4, *Exploratory Factor Analysis (EFA)* is used.

*The findings of the study* indicate that there is *no* significant difference in the investment decisions of IND INV with regard to their *home state, area of residence* and *educational qualification* whereas *age, gender, marital status, family size, occupation, annual income level, accommodation (residence) type* have impact on investment decisions. Moreover, it is found that the constructs viz. Disclosure Requirements (DR), Financial Statements (FS), Auditing Requirements (AR), Environment and Social Governance (ESG) have impact on the construct viz. Board of Directors (BOD) which in turn has mediating effect on the construct viz. Investment Decisions (ID) of IND INV. Further, it is found that the constructs viz. Education and Occupation (EO), Social Networks (SN), Market Information (MI) have impact on the construct viz. Investing Behaviour (IB) which in turn has mediating effect on the construct viz. Investment Decisions (ID) of IND INV. Finally, the empirical results of the study have found the six (6) factors which have impact on the investment decision of the INV viz. (i) Board Related Compliances, (ii) Auditors' Reports and External Ratings, (iii) Board Meetings (iv) Shareholders' Involvement, (v) Social Development, (vi) Financial Disclosures.

*The research limitations* include considering only 5 South Indian states (but not all Indian states), using convenience sampling method to select the sample (rather than going for random sampling). Development in turn puts pressure on companies to interact with INV in a transparent manner and with better CG ([Meman, 2020](#)).

Key words: CG, IND INV, SEM, Factor analysis, investing behaviour.



# **CHAPTER-1**

## **INTRODUCTION**

## **1.1.INTRODUCTION OF THE CHAPTER**

In 1987, B. Ramalinga Raju has founded Satyam Computers, an Indian IT company in Hyderabad. Its shares have been listed on the BSE for the 1990 – 91 fiscal year. He founded Maytas Infrastructure as well as Maytas Properties and began purchasing properties all around India after noticing a significant rise in the real estate business. However, he generated money to pay for these properties by falsifying and altering the financial statements that showed variations in Satyam Computers' profitability. By presenting bigger revenues, profits, obligations, and interests than what they actually were. The board, stakeholders, market, and INV were duped. The increase in share prices caused by this false information attracted INV. Selling their shares allowed Raju and his brother to purchase additional properties, particularly those connected to a large infrastructure project. The beginnings of the great recession in the late 2000s exposed a significant discrepancy between the reported data and the real figures. He finally admitted to his misdeeds in 2009 after selling Maytas Infrastructures and assets, which left him worthless. He and his co-defendants received a 7-year severe jail term and a penalty of Rs. 5 crore. This scandal, which costed Rs. 14,000 crore, was one of the biggest corporate scams in India (Reddy, 2022). This is an illustration of what transpires when a firm lacks an effective CG framework and how corporations exploit INV.

The Reserve Bank of India claimed that during 2015 and 2022, bank fraud and scams costed India not lesser than Rs 100 crore a day (Kumar, 2022). The same report of RBI solely details the losses incurred by banks due to the companies' deficient CG

processes. We may now speculate on the amount of loss other sectors of the economy may be experiencing as a result of these frauds. Therefore, the organizations must have a strong CG framework in place for their organizational structure to work properly.

Dewan Housing Finance Ltd. (DHFL) committed a scam of about Rs 31,000 crore. Through their shell firms, the promoters and their affiliated companies have extracted money totaling Rs. 97,000 crore from bank loans. From November 2018 to November 2019, the share price of the company dropped from Rs. 230/- to Rs. 23/-. INV, or shareholders, have lost close to 90% of the value in a year (Bhardwaj, 2019). This is also a result of poor CG. Scams of this nature affect the behavior of INV. Before making an investment, they are now more selective regarding the CG standards of the businesses. In this context, this thesis examines how individual South Indian INV' INV DEC are impacted by CG practices.

This first chapter's objective is to give a general overview of CG, an overview of investment, and a theoretical connection between CG practices and IND INV' INV DEC followed by the need of the study, problem statement and chapter's concluding summary.

## **1.2. AN OVERVIEW OF CG**

CG has been very successful in capturing the public's attention in recent yrs because it ensures that all of the stakeholders in the company, including the shareholders, board members, managers etc. ought to be granted certain voice in the organization's decision-making process. This compels every organization to work toward serving the best interests of everyone involved with the organization in particular as well as society as a whole. The procedure that companies use for management and governance is known as "CG."The CG framework delineates the protocols and directives for decision-making in company, along with the allocation of duties and rights among various corporate stakeholders, including the board, management, and shareholders. Along with providing a framework for establishing organizational goals, this also provides tools for achieving them and performance monitoring (Das and Mishra, 2020).

### **1.2.1. DEFINITION OF CG**

Different experts define CG in different ways by taking a variety of factors into account. Here are only a few examples of them (Das and Mishra, 2020).

**The Cadbury Committee (1992)** defined, *“CG is the system by which companies are directed and controlled. It encompasses the entire mechanics of the functioning of a company and attempts to put in place a system of checks and balances between the shareholders, directors, employees, auditor and the management.”*

**Institute of Company Secretaries of India (2017)** defined *“CG is the application of best management practices, compliance of law in true letter and spirit and*



*adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders”.*

**Justice Owen, Commissioner of HIHR Commission, Australia (2003)** described, *“CG is the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations. It encompasses the mechanisms by which companies, and those in control, are held to account”.*

According to **Aguilera and Jackson (2003)**, *“CG describes the structure of rights and responsibilities among the parties that have a stake in a firm”.*

**Vishny and Shleifer (1997)** described, *‘CG deals with the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment.’*

Based on the aforementioned definitions, it is clear that CG can be succinctly defined as a framework that influences the direction and management of enterprises. In order to bring harmony to the relationship between the rights and duties of different employees in an organization, CG establishes policies as well as processes by which managers at various levels, including directors, INV, lenders, lawmakers, and others people who have stake in the organization, are able to make choices at the same time work together in ensuing corporate affairs. The word ‘CG’ describes a set of laws as well as moral standards that direct how organizations are operated. It focuses on both internal and external company structures in an effort to monitor management's and directors' behavior while also lowering agency risks that may arise from corporate officials' misbehavior. CG's main objective is to boost economic efficiency by giving

stakeholders' wellbeing first priority. In this situation, the main focus of CG is on minimizing conflicts brought on by conflicting stakeholder interests.

### **1.2.2. WHY CG IS NEEDED?**

Every business house needs a strong CG structure for a number of reasons. A few among them are;

- Many firms presently have a plenty of shareholders dispersed countrywide and even worldwide, the majority of whom are disorganized and ignorant of corporate matters. The concept of shareholders' democracy is still only confined to the law and the articles of association, and not really in implementation. To achieve this shareholders' democracy, there is a need to have a sound CG framework (Das and Mishra, 2020).
- The corporate ownership pattern has seen major modifications in recent times. In most of the private-sector corporations, institutional INV and mutual funds have taken over as the main stockholders. To improve the firms' reputation in society for making the investment, these INV are pressurizing them to adhere to a set of CG principles. Therefore, there is a need have a sound CG framework in this changed scenario (Das and Mishra, 2020).
- Whenever there are scandals brought on by corporate wrongdoing, the public loses faith in company management. Therefore, CG is essential for restoring INV' faith in the business sector and fostering the economic development of society.
- The goal of CG is to increase an organization's long-term value for both its shareholders and partners. Thus, there is a need to have a sound CG framework to achieve it.

- A corporation must treat all of its stakeholders fairly and honestly in all of its dealings. These stakeholders include employees, customers, INV, suppliers, and others. It is essential in the internationally linked corporate climate of today, when businesses must have access to international financial markets as well as find and keep the best people throughout the world. When a company fails to exhibit ethical behavior through excellent CG framework, it is not considered to be successful.
- The trustworthiness that results from sound CG practices upholds and maintains the confidence of both local and foreign INV. There is a need for CG to lower the cost of capital in order to attract more long-term investment.
- If there is no strong CG framework, there may be severe losses in addition to regulatory issues. When organizations compete for scarce capital in open markets, they frequently pay a considerable risk premium for not giving CG sufficient priority. The relationship between profits and CG has gained recognition and understanding among stock market analysts in recent times. Thus, there is a need to have a sound CG framework (Das and Mishra, 2020).
- CG is concerned with moral behavior in the workplace, or the collection of principles and values that help people choose the right course of action from a range of options. A firm that follows ethical standards believes that doing so is sensible because it offers benefits in long period and proves to stakeholders that the leadership team is conducting business as intended.
- Companies should be aware that collaboration between all stakeholders is necessary to foster growth. The maintenance of the highest levels of CG is the only way to enable such collaboration and assistance. However, management must own the

interests of all stakeholders and stop any unequal benefits obtained by other stakeholders (Das and Mishra, 2020).

### **1.2.3. OBJECTIVES OF CG**

The following objectives are the pursuits of an effective CG structure (Pani, 2009).

- **Full Disclosure and Transparency:** A good CG aspires to increase an organization's degree of openness by encouraging full disclosure of business transactions in the financial statements. Full disclosure includes both following the regulations and disclosing any information that is important to shareholders. For instance, it must be disclosed if management has a financial interest in a contract or significant ties to a vendor. Directors must also maintain objectivity in order to conduct unbiased managerial oversight. All potential conflicts of interest must be disclosed in the name of transparency.
- **Accountability:** Management's obligation to their board as well as that of the board to the shareholders is encouraged by a CG structure. By appointing independent directors, a firm aims to promote effective CG. The company's BOD must approve the chief executive officer's compensation in order to ensure that the pay plan is fair and in the shareholders' best interests. The BOD maintains a close eye on any discrepancies in the financial accounts or other abnormalities in operations. The board is empowered to find fault with the choices made by the management in terms of strategy.
- **Equitable Treatment of Shareholders:** Some businesses have a small number of active shareholders who are more willing to defend their interests. High-net-worth people and organizations that have committed a significant percentage of their

financial portfolios to the business are examples of such shareholders. But a strong CG framework in any company makes sure that all shareholders are treated fairly, which is a legal requirement.

- **Self Evaluation:** Before being scrutinized by regulatory bodies, CG helps firms to evaluate their performance. Businesses with sound CG systems are better equipped to manage their risk exposure and legal fines. Ineffectiveness in the company operations can be successfully identified by an active and objective board, which can then offer internal remedies.
- **Increasing Shareholders' Wealth:** Protecting the long run objectives of shareholders is considered to be CG's main objective. Further, the firms with good CG procedures are expected to benefit from higher share value premiums (Millstein, 1998). This shows that the market believes that good CG encourages shareholders to invest in the company.

#### 1.2.4. ELEMENTS OF CG

When formulating policies and making decisions, a solid CG structure is cautious, responsive to the organization's present and future needs, and CG considers concerns of all parties involved. The following eight (8) elements are believed to be important for a successful CG system (Azeez, 2019).

- **Accountability:** Accountability forms the basis of effective governance. '*Who is in charge of what?*' should be made clear in policy statements. In general, a company must be accountable to the people who may be harmed by its decisions and operations as well as to the laws that are now in force.

- **Participation:** Men and women must participate for good governance, either directly or via true representatives. Participation must be organized and informed, and participants must have the freedom to express themselves and really care about the overall best interests of organization and society.
- **Rule of the Law:** Good CG needs an impartial system of law which has been upheld through a neutral regulatory body in order to completely safeguard stakeholders. It will improve the company's reputation.
- **Transparency:** Transparency indicates that information must be simply and readily available to people who may be affected by governance policies, methods, and outcomes. Additionally, all decisions made and their execution must abide by existing rules and regulations.
- **Responsiveness:** Corporate structures and operating processes must be designed to meet the requirements of stakeholders in a timely manner if effective governance is to be achieved.
- **Consensus Oriented:** Effective governance necessitates discussion to understand the varied interests of stakeholders with the objective to develop a wide consensus on what is in the best interests of each stakeholder and how this could potentially be accomplished sustainably and reasonably.
- **Equity and Inclusiveness:** When an organization provides its stakeholders with opportunities to sustain, grow, or improve their well-being, it sends the most explicit message regarding the reason for which it exists and how valuable it is to society.
- **Effectiveness and Efficiency:** When an organization employs effective governance, its policies are designed to suit the requirements of the people it serves while

maximizing the most of the available natural, economic, technical, as well as human resources.

#### **1.2.5. BENEFITS OF CG**

The following benefits for businesses and their stakeholders are provided by an efficient CG system (Das and Mishra, 2020).

- Effective CG promotes economic expansion and commercial success.
- Because it maintains INV' confidence, a company that employs solid CG is able to produce revenue effectively and efficiently. It lowers the capital cost.
- Positive effects are seen on the share price.
- It provides proprietors and management with the essential inducements for seeking objectives which maximizes the benefits to shareholders.
- Proper company governance minimizes deception, poor management, risk, and loss.
- It ensures that the organization operates in the best interests of all parties.

#### **1.2.6. PRINCIPLES OF CG**

A strong CG system must rely on adhering to certain principles in order to beat competitors and attract INV who will invest in a company's continued growth (Dan Byrne, 2023)

- **Fairness:** Since the term "fairness" refers to treating everyone equally, each owner's shareholdings should be treated equally. In India, Companies Act, 2014 provides protection for this. Some firms choose a shareholder agreement because it might offer a more thorough and effective minority protection. Along with treating shareholders equitably, there must also be equity in the treatment of all other stakeholders,

including employees, communities, and governmental authorities. The more equitable it seems to stakeholders, the more likely it is that an institution will withstand pressure from interested parties.

- **Accountability:** Corporate responsibility is the duty and obligation to justify or explain the acts and behavior of the corporation. In essence the board must;
  - Offer an objective as well as honest assessment of the company's current position and future prospects.
  - Determine the level of risk it is ready to face.
  - Follow efficient controlling methods within the organization and risk mitigation methods.
  - Establish official, transparent processes for risk management, corporate reporting simultaneously maintaining good rapport with auditors.
  - Inform all parties involved on a continuous basis how the company is carrying out its objectives in a just, reasonable, and understandable manner.
- **Responsibility:** Because the board has the right to make decisions, it must bear all responsibility for all the authority and assets it has been granted. The BOD is responsible for handling corporate affairs, appointing the CEO, and monitoring the company's effectiveness. Accountability and responsibility go in tandem.
- **Transparency:** A transparent company is ready to share accounting data truthfully. The prompt and truthful reporting of relevant data regarding the organization's performance and activities is crucial to guarantee that every stakeholder gets equal exposure to unambiguous, factual data that correctly represents the company's status. Companies shall define and state publicly about functions and duties of the board as



well as management to ensure it. Transparent management and decision-making procedures can help stakeholders to trust a firm.

- **Independence:** In order for the board to be able to decide on all corporate affairs pursuant to commercial sense, good CG calls for independency board members. Good governance is just a deception unless the organization's board members are independent.

### 1.2.7. THEORIES OF CG

There are a number of CG theories that have addressed the problems that come up with corporate and business governance and have clarified how various business stakeholders interact when such activities are executed. These theories are covered in the subsequent section (Azeez, 2019).

- **Agency Theory:** According to this theory, the business's owners hire agents to do tasks on their behalf. The directors, who serve as representatives of shareholders, are given the task of managing the company by the principles. The INV assume that the agents will make decisions and operate in the principal's best interests. On the other hand, it is not necessary for the agents to make decisions that are in the best interests of the principals. The agent could fail to uphold the principal's expectations by caving into self-interest and opportunistic behavior. The primary tenet of agency theory is the division of ownership and control. According to this theory, agents need to be responsible for their actions. Agents' priorities can be controlled through rewards and penalties.
- **Stewardship Theory:** This theory assumes that a steward maximizes as well as protects shareholders' wealth through excellent performance. Corporate executives

and managers who work to protect and enhance shareholder profits are known as stewards. The stewards experience satisfaction and inspiration when the organization achieves success. It emphasizes that in order to maximize profits for shareholders, CEOs must act with greater independence and employees accept and devotedly carry on their tasks.

- **Stakeholder Theory:** According to this hypothesis, the managers of a firm have ties with clients, employees, and business partners. No category of stakeholder interests is thought to be more significant than the others since all stakeholder interests have intrinsic value.
- **Resource Dependency Theory:** It emphasizes the role of the company's board in granting the corporation access to resources. This theory contends that directors' links to the external community are critical in obtaining or providing necessary resources to a firm. A sufficient supply of resources boosts a company's competitiveness, survival, and organizational success. The directors provide the access to resources of the business as well as other constituents of business such as customers, vendors, lawmakers, and societal groups etc.
- **Transaction Cost Theory:** It asserts that an organization participates in various agreements with its customers as well as different organizations so as to produce profit for itself. A charge known as a "transaction cost" is associated with every agreement company makes with an outside entity. The company would conduct the transaction internally, if there is a higher transaction cost in the market.
- **Political Theory:** According to political theory, shareholders need to be urged to encourage the right to vote rather than purchase it. This theory focuses on the way

favorable government policies affect the allocation of economic authority, profits, as well as rewards.

### **1.2.8. MODELS OF CG**

Usually, stockholders appoint the BOD to run the business which in turn, chooses the capable management to lead the business. The regulations governing company governance vary between countries. There are several kinds of CG models because of these variances. These models can be grouped into the following broad groups. (Kiran, 2018)

- **Anglo American Model:** Under this CG model, shareholder rights are recognized and given priority. The board oversees how the company is operated, and all board members are up for election by the shareholders. This model has the following characteristics.
  - The shareholders are the central focus of this concept. The Anglo-Saxon method of CG serves as the foundation for CG in the United Kingdom, the United States, Canada, as well as certain commonwealth nations such as India.
  - Director independence from management is uncommon.
  - Businesses will be run by qualified managers with little ownership involvement. The distinction between ownership and management is clear.
  - INV in portfolios may be financial entities like banks. If INV are not satisfied with the organization's success, then INV just dispose of them and quit.
  - Insider trading is strictly prohibited, and there are high norms for transparency.

- Small shareholders' interests have been safeguarded, whereas big stockholders have been prevented from getting involved in CG.
- **German Model of CG (European Model):** In this model, workers are given the opportunity to participate in management decisions since they are one of the most significant stakeholders in the company. There are two boards to supervise company.
  - *Supervisory Board:* Its members are chosen by the shareholders. Workers can also choose a representative for their representation on the board. This board's share in the total board is often one-third or half of the board.
  - *Management Board:* The above board selects and supervises this board. This board can be dissolved and reinstated by supervisory board at any point of time, if needed.
- **Indian Model:** The three main types of corporations in India are private, public, and government-owned corporations. Each one of the above mentioned companies has a unique pattern of shareholding. Hence, India's CG system is a combination of the above two models.
- **Japanese Model:** Bankers and other financial companies provide critical funding for Japanese businesses. Because of having significant stakes in enterprises, they collaborate closely with the firm's senior management. Bankers and shareholders jointly elect the board members and president of the firm. This method also takes into account the interests of the lenders in addition to those of the owners.
- **Social Control Model:** This approach promotes a completely operational stakeholder representation within the board. Creating a stakeholder board besides the BOD appointed by stockholders would improve controlling of the organization. This

additional board has the representatives of employees, prominent customers, vendors etc.

### **1.2.9. COMMITTEES ON CG**

Following major committees have been established during CG annals.

- **CADBURY COMMITTEE (1991)**

It is set up by Financial Reporting Council of London Stock Exchange and the Accounting Profession in May 1991. Investor confidence in integrity and transparency of listed companies decreased as a result of the abrupt insolvency of *Polly Peck Consortium* and *Coloroll* – that were never fore shadowed in their ostensibly healthy published accounts. This committee recommended for aboard structure with two tiers i.e. executive directors and non-executives. The following are the report's main contents (Spira and Slinn, 2013).

- Split of CEO and Chairman responsibilities,
  - Complete revelation of chairperson remuneration parameters.
  - No service agreement longer than a three-year period without shareholder consent,
  - A distinct AC with only NED as members,
  - A distinct compensation committee with the majority of its members being NED,
  - Quarterly financial statements including auditor commentary,
  - Complete paid accessibility to independent advice for NED.
- **GREENSBURY COMMITTEE (1995)**

In January 1995, the Confederation of British Industry established the study group on directors' remuneration, chaired by Sir Richard Greensbury. Its mission was to develop a code of conduct for British Public Limited Companies and also find the most effective procedures for deciding director compensation. The group's final report i.e. '*Greensbury report*' was made public on July 17, 1995. The committee advocated against statutory control and in support of boosting accountability through appropriate responsibility sharing for deciding on directors' compensation, accurate reporting to shareholders, and greater process transparency. The key issues addressed by the report include; (Connell and Ward, 2020)

- Accountability,
- Being Responsible,
- Disclose,
- Convergence of goals of stockholders and directors, and
- Enhanced Enterprise Productivity.

- **REPORT OF KING'S COMMITTEE (1994)**

It is related to recommending best CG practices to South African firms. King I, II, and III reports were issued in the year 1994, then in 2002, and thereafter in 2009, respectively. In 2016, a fourth edition, King IV, was released. Companies that are listed on Johannesburg Stock Exchange must adhere to the King's Reports. The King's Report is regarded as the best compilation of the most important international CG norms (Azeez, 2019).

- **King I Report:** It is the first code for the businesses in South Africa, was released in 1994. The main concepts in it include:
  - Composition of board,
  - Who can be appointed as non-executive director and what are his duties.
  - Maximum tenure of executive directors,
  - Making it public the compensation of both type of directors,
  - Frequency of meetings
  - Fair reporting on yearly basis,
  - Prerequisite for flawless auditing etc.
  
- **King II Report:** The second report deals with risk management, CG, and sustainability. This modification to the code of governance came into effect in March 2002. The following concepts were covered in King Report – II.
  - Accountability of directors,
  - Managing risks,
  - In-house auditing,
  - Comprehensive reporting on sustainability etc.
  
- **King III Report:** It focuses on governing, strategy, and sustainability. According to this report, organizations must prepare reports on sustainability in accordance with the sustainability reporting guidelines given by the Global Reporting Initiative. The corporations must release only one consolidated report instead of a yearly accounting statements and an independent sustainability report. The report covered the following globally developing themes in governance in it.

- Resolving the disputes in alternative forms,
  - Internal auditing based on risk,
  - A prior nod by shareholders for the remuneration of NED,
  - Methods of evaluating the performance of board members and director,
  - Governance by using Information Technology,
  - Rescuing the corporation, and
  - During mergers and acquisitions, the way transactions are impacted by the director.
- **King IV Report:** It was released in 2016. It stipulates a two-year interval for the process of drafting and an additional year of grace for organizations to adopt King IV report's guidelines.

- **SECURITIES AND EXCHANGE COMMISSION (SEC) REPORT**

The Securities and Exchange Commission mandated that all the corporations must furnish the underneath details on the composition of their boards. Since the SEC regulates the US capital market, all companies with US listings are obligated to observe its guidelines with regard to the following.

- Which directors meet the required independence requirements to be considered them as 'independent'
- For each and every nominee and director:
  - Full name, gender, how old is he or she, and designation (s) within the organization,
  - Duration for which the director is employed,



- Are there any agreements between the director (or nominee) and the people involved in the director (or nominee) selection process.
- Familial connections with board members etc.
- In the last five yrs, whether the prospective director held any leadership positions in the publicly traded company?
- Professional experience,
- Whether his experience, credentials, attitudinal traits etc are relevant to select him as a director or nominee?
- Whether the nominee or director has participated in any particular legal actions during the previous ten yrs.

#### **1.2.9.2. CG DEVELOPMENT IN INDIA**

Following major committees have been established during CG annals in India.

- **KUMAR MANGALAM BIRLA COMMITTEE (1999)**

In 1999, a committee is created under the chairmanship of Kumar Mangalam Birla, a member of the Securities and Exchange Board of India (SEBI). The committee's principal objective was to create a 'Code' that would be suitable for the Indian business climate while also taking INV' and shareholders' perspectives on CG into account. The committee separated its recommendations into compulsory and optional categories. The key suggestions are;

- The NED within the board should be at least 50% of the board.
- No director can chair over 5 committees.
- Directors are limited to be the members of 10 committees only.

- It is the responsibility of the board to establish an autonomous 'AC'.
  - It is the responsibility of the board to establish 'remuneration committee' which will decide on executive compensation. Director compensation should be disclosed along with all the perks given to him in the annual report under the CG section.
  - It has to furnish promptly, correct and relevant details regarding financial aspects and exclusions.
  - Stringent rules pertaining to disclosure when the firms go for IPOs,
  - Declaration of quarterly results,
  - Timely disclosure of crucial information that might affect the stock price or the company's performance,
  - Send a comprehensive and abridged balance sheet to each home and each stockholder respectively.
- **NARESH CHANDRA COMMITTEE (2002)**

The main reason it was established was to provide a few recommendations that the industry may voluntarily accept. It recommends the Companies Act of 1956 be changed so that businesses have the option of paying NEDs and independent directors a set contractual salary that is unrelated to net profit or loss. Wherever practical, it has been advised to keep the CEO and chairman offices distinct. Listed companies are required to establish an AC consisting of at least three NED, with the majority of the members being independent directors. A board level remuneration committee needs to be established for listed companies. There should be no less than three members on the remuneration committee, with most of them being independent directors. The

remuneration committee shall tell the shareholders about its purpose, authority given by the Board, accomplishments for the year under review, and terms of reference in an additional section titled CG in the yearly report. If a director wishes to participate in board and committee meetings despite being physically absent, a signed transcript a video conference or teleconference must be used as proof of participation in the meetings (CII, 2009).

- **NARAYANA MURTHY COMMITTEE (2003)**

The SEBI established this committee to raise the CG standards in India. The Committee has issued two imperative recommendations (SEBI, 2003).

- **Mandatory Review:** Statements of earnings, draft reports on auditing, management reviews and evaluations of financial condition, reports on legal compliance and risk management, related party transaction records, along with additional insights should all be examined by publicly traded companies' ACs.
- **Financially Literate AC Member:** The AC must be made up of at least one person with experience in accounting or other related fields of finance, and all members have to be knowledgeable about finances. It means the members have the ability to read and comprehend fundamental accounting statements, like income statement and position statement etc. To determine it, the organization has to lay forth the qualifications or factors that can be taken into account. The following is a summary of the other important recommendations:
  - **Audit Report:** The importance of audit reports and audit credentials has been emphasized more. The Committee has issued a mandatory recommendation stating that management must provide justification for any alternative treatment

used by a firm if that treatment differs from that which is required by an accounting standard. In other words, management will be held accountable for their choice to modify standards for accounting.

- **Risk Management:** Companies must be proactive and vigilant about the constantly shifting economic and political landscape. The businesses should implement certain procedures to apprise Board members of the risk evaluation and mitigation strategies. The entire board must get a report from management each quarter outlining what kinds of risks the firm is facing, steps being taken to address and reduce those risks, and any restrictions on the corporation's ability to take risks.
- **Training of Board Members:** Corporations ought to be urged to educate the members of their board about the business strategy of the organization, risk profile, director responsibilities, and the best means to discharge these responsibilities.
- **Related Party Transactions:** These are one of the main concerns of small shareholders. As a result, the committee has issued the required recommendation that the independent AC be presented with a description of all transactions involving related parties for official approval / ratification.
- **J J IRANI COMMITTEE (2004)**

It was founded in 2004 to recommend the Indian government for the creation of an easier-to-understand modern law related to CG. Its principal recommendations are;

- The minimal number of directors in the board must be specified in the (brand-new) company law for different sorts of corporations. The number of directors

that can be appointed by a firm is not restricted in any way. The corporations or its Articles of Association should make this decision. Every corporation should have at least one director who lives in India to assure availability in the event of any issues relating to the board's responsibility.

- Appointments for the managing director and full-time directors shouldn't last longer than five yrs at a time.
- Independent directors are expected to make up at least a third of the board's full strength.
- A person should be allowed to hold a maximum of 15 directorships at a time.
- For improved performance, companies should formulate compensation policies that draw in and keep competent, motivated directors and staff. A direct correlation between responsibilities and productivity in respect to pay ought to be present.
- In 1956's Companies Act, it is required that board meetings must be held not less than four times in a given year and every three months should be upheld. Two board meetings should not be separated by more than four months. At least one independent director should be compelled to attend all meetings.
- A publicly traded company's board needs to be mandated to set up a remuneration committee composed of a minimum of one independent director and NED. An independent director should serve as the committee's chairman.
- Minority shareholders' rights have to be upheld at corporate general meetings. To allow shareholders to participate in meetings, postal ballots and electronic media should be widely used.

- Publicly traded corporations ought to be obligated to follow an internal financial control system. Internal controls should be certified by the chief executive officer and the chief financial officer and stated in the report.

- **UDAY KOTAK COMMITTEE REPORT (2017)**

Under Uday Kotak's leadership, this committee was established in 2017 with an objective of raising CG standards for Indian listed corporations. It was asked to make recommendations on a variety of topics related to accomplishing autonomy of independent directors, strengthening security measures as well as related party transactions' disclosures, board assessment practices, openness and disclosure-related matters, and resolving challenges INV have regarding voting and attending general meetings. The following suggestions from the committee were among those accepted by SEBI without any changes (Institute of Cost Accountants of India, 2020).

- Eight (8) rather than ten (10) listed entity directorships is the highest number that can be held by a person.
- Raising the bar for independent directors' eligibility
- Increased responsibility for the audit, nomination committees etc.
- Publication of how QIP/preferential issue funds were used
- The revelation of qualifications of auditors, audit fees, and the causes of their resignations.
- The revelation of a director's experience or qualifications etc.

### **1.2.10. COMPULSORY POLICIES TO BE FRAMED BY COMPANIES FOR EFFECTIVE CG**

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") are made public in 2015 by SEBI. All listed entities must create the following policies, as per the listing regulations (Das and Mishra, 2020).

- **Policy for Preservation of Documents:** This policy's goal is to divide the listed company's papers, records, and registrations into at least two groups.
  - Records to o be preserved forever
  - Records to be preserved for at least 8 (eight) yrs.
- **Policy for Determining Material Subsidiary:** The goal of this policy is to identify a listed company's material subsidiaries and to set up a governance structure for them. A subsidiary is considered a major subsidiary if its income or net worth surpasses 20% of the listed entity's and its subsidiaries' combined income or net worth, respectively, in the most recent accounting year.
- **Policy Regarding Related Party Transactions' Materiality:** Its goal is to guarantee that related party transactions are properly approved. When a transaction or series of transactions, with a related party surpass listed entity's 10% of yearly consolidated revenue, the transaction with the related party is deemed material. All linked party transactions must have prior clearance from the AC as well as shareholders' approval.
- **Policy for Determination of Materiality:** This policy's goal is to safeguard a listed company's material information's confidentiality and price-sensitive information. Every incident or piece of information that the board deems material must

be disclosed by every listed entity. The following criteria are used to determine whether an event or piece of information is material or not.

- Omission of a particular information that is likely to cause a break in or change an event or information that is already publicly available; or
- If an event or piece of information is omitted, there will likely be a large market reaction if it is discovered later;
- If the aforementioned two criteria do not apply, an event or piece of information may be deemed as material if the board of the listed company deems it to be so.
- **Archival Policy:** This policy's objective is to guarantee that every bit of data supplied to stock exchanges must be in accordance with this regulation and information that the board think to be significant must be revealed to public and other stakeholders on website of the corporation. A listed company's material information must be displayed online in the company's website for at least 5 (five) yrs before being archived for an additional amount of time.
- **Policy on Whistle Blowing:** The aim of it is to protect unethical behavior while still giving people a way to voice legitimate complaints or concerns. Each listed company must have a system in place wherein employees and directors can voice valid issues. In addition to providing immediate accessibility to the chairman of AC in critical situations, the whistle blowing system needs to have adequate safeguards against mistreatment of any directors, staff members, or others who raised the voice.
- **Policy Concerning Directors', Managers', and Other Employees' Compensation:** Every listed company's Remuneration Committee is required to suggest to the board a policy regarding the salary levels of directors, key executives, and various other



employees. This committee must be established by every listed company. It must include at least three members, at least half of whom must be independent and all of whom must be NED. A director who is not on the committee shall serve as chairman. The following functions are carried out by this committee.

- Establishing the criteria for evaluating the credentials, capabilities, and independence of a director,
- Recommending a compensation plan for directors, key managers, and other staff,
- Establishing performance standards for the BOD and independent directors,
- Creating a policy for the BOD' diversity,
- Finding individuals who meet the requirements to serve as directors or who may be assigned to senior management and recommending their appointment to as well as removal from the board,
- Whether or not to further extend the independent director's term of appointment in light of the performance report.
- **The Policy on BOD' Cultural Multiplicity:** It aims at enhancing the effectiveness of the board by composing board members with different backgrounds so that the corporation is benefitted out of such diversity. To achieve it, the company has to evaluate the prospective board members along a number of parameters like skills, industry experience, background, race and gender.

#### **1.2.11. MAJOR CG PRACTICES OF INDIAN FIRMS**

Indian firms' CG policies are grouped into following categories.

### **1. Category – 1: Composition of Board Related CGPs**

- Adequate board size
- Existence of director of Indian origin on board
- Presence of nominated director on board
- Existence of woman director on board
- Presence of independent director on board
- Non-existence of disqualified director in the board
- Resignation or removal of director from the board etc.

### **2. Category – 2: Independency of Board Related CGPs**

- Existence of family members in the board
- Promoters' shareholding in the capital
- Chairman and CEO are different
- At least half of the board's directors must be independent
- Presence of a management-free independent AC

### **3. Category – 3: Processes of the Board Related CGPs**

- Providing training to newly joining directors
- Frequency of meetings
- Immediate circulation of minutes of the meeting
- Existence of evaluation criteria for independent directors, committees etc.
- Existence of periodic reviewing system to check the efficiency of internal control system.
  - Conducting satisfaction surveys of shareholders, employees, vendors etc

- Conducting awareness program on whistle-blower mechanism within the company

#### **4. Category – 4: Transparency and Disclosure Related CGPs**

- Bringing all the material events of all subsidiaries to the attention of holding company at the meeting
- Separate disclosure of financial results of holding and subsidiary companies
- Disclosing the penalties / fines imposed on the company
- Existence of code of conduct document for directors, employees, vendors etc. on the website
- Disclosure of results as per Indian Accounting System or International Integrated Reporting Council (IIRC) framework
- Disclosure of Remuneration paid to directors
  - Disclosure of loan defaults made or rescheduling of payment by vendors etc.
  - Disclosure of credit rating score

#### **5. Category – 5: Auditing and Other Committees Related CGPs**

- Number of committees present inside the organization
- The overall number of directors with independence serving on the AC, remuneration committee etc.
- Auditors' qualifications
- Auditing standards followed by the company
- External auditor report

## **6. Category – 6: Shareholders’ Rights and Value Enhancement Related CGPs**

- Appointing the nodal officer for educating and safeguarding the INV under IEPF Authority
- Existence of physical or electronic voting rights for shareholders in the meeting
- Conducting training for directors to educate shareholders’ rights
- Provision for shareholders to reject Related Party Transaction (RPT) as endorsed by committee meant for auditing
- Mergers and acquisitions of the company
- Increasing net worth of the company

## **7. Category – 7: CSR and Sustainability Related CGPs**

- Percentage of profit spent by the company on CSR
- Percentage of specially enabled persons employed in the company
- Sustainability initiatives of the company towards protection of environment, society etc.
- Publishing annual sustainability report by the company

### **1.2.12. CG ISSUES IN INDIA**

Though from 1990’s India has started liberalizing its regulatory norms related to CG to match those of other industrialized nations, stakeholders still consider attaining good governance as their top priority. These are the key concerns that of CG in India.

- **Getting the Right Board Composition:** Effective CG is greatly influenced by the board. To achieve this, the legislation stipulates that there must be a proportionate number of executive and NED, as well as the nomination of at least one woman director to promote diversity. While board appointments continue to be frequently

made through "word of mouth" or the recommendations of other board members, the majority of Indian businesses opt to simply comply with the law on paper. The appointment of friends and family members to the BOD is quite common among promoters and management.

- **Performance Evaluation of Directors:** The SEBI published a "Guidance Note on Board Evaluation" in January 2017 that included many facets of board performance review. There is a demand that these performance evaluation findings need to be made public. However, appraisal is usually a delicate topic, so making it public might be detrimental. Negative comments may not be revealed during peer review in order to shield the reviewer from public scrutiny. Independent directors are crucial in performance review.
- **True Independency of Directors:** A strict set of guidelines for the selection of independent directors have been established by the regulator. However, the majority of Indian entrepreneurs create a check-the-box method of avoiding the legal obligations. The impartiality of these independent directors chosen by the promoter is questionable since it is unlikely that they will prioritize the interests of minority shareholders over those of the promoter. Consequently, it is necessary to restrict the promoter's power in situations involving the selection of this category of directors.
- **Removal of Directors who are Independent:** It's easy to fire an independent director under the existing legal framework by promoters or the majority shareholders. Independence is directly impacted by clause. In order to promote openness in relation to the nomination and removal of directors, SEBI's International Advisory Board made its suggestion to add additional protections to the removal

procedure to protect them against removal, such as obtaining the consent of the large proportion of the publicly traded shareholders.

- **Being Responsible to Stakeholders:** India's corporate legislation mandates that directors be accountable to the firm, shareholders, and other stakeholders like the natural world, communities, and workforce. To foster more accountability, it could be imperative that the whole board attends shareholders meetings so that interested parties can engage with the board and raise concerns.
- **Compensation for Executive Positions:** To draw talent, businesses need to provide competitive salaries. Stakeholder scrutiny must be extended to such executive compensation, too. Furthermore, the public must be informed of the yearly compensation given to important executives. Companies may think about creating clear pay practices that need shareholder approval to preserve and foster a trusting relationship among stockholders and leadership.
- **Controlling by the Founder and Planning for Succession:** The founders' dominance over company matters within India can taint the entire CG framework. Regardless of how they are legally recognized, founders still have a big say in the significant strategic choices made by the firm and don't see any requirement for planning a successor. Indian family businesses suffer from an inherent inability to relinquish control. One way to solve this problem is to increase the number of stockholders. With the influx of large INV, founders were obliged to consider the succession plan and go with honor.
- **Management of Risk:** According to Indian corporate law, the BOD must submit one statement detailing the creation and execution of the company's policy on

management of risk in its report. Strong risk management guidelines that specify important tenets and procedures for reducing risk in daily operations are vital to a successful governance model.

- **Protecting the Data and Privacy:** Two crucial governance challenges are data protection and privacy, which are integral parts of managing risks. Considering the current era of digital age, every leader should understand the fundamentals of cyber security. To safeguard this data from unwanted abuse, managers must evaluate the risks that might arise from processing it. The members of the board need to allocate an adequate quantity of resources and time to this endeavor.
- **Corporate Social Responsibility (CSR):** Establishing a committee for corporate social responsibility is mandatory for companies that fulfill the criteria. It drafts the framework and provides financing recommendations for corporate social responsibility in light of it. Not less than 2% of average net earnings for the three preceding yrs have to be spent by the business entities. If a company fails to meet CSR spending requirements, the board must disclose the reasons in their report. The board must step up and prioritize CSR projects as they would any other business project, which is a major challenge.

### **1.3. AN OVERVIEW OF INVESTMENT**

According to the National Securities Depository Limited and Central Depository Services Limited, as of the last day of April 2022, the aggregate number of DEMAT accounts is about 9.3 crores. It is nearly three times higher than DEMAT accounts to that of 31<sup>st</sup> March, 2020, indicating more retail INV spending in stocks. As of 2019, net selling of stocks exceeded net purchases, indicating more retail INV sold shares rather than buying. However, in 2020, there was a marked increase in net purchases compared to selling. Retail INV' comfort with the stock market is increasing as they invest more significant disposable income in shares. The share of IND INV in NSE-listed companies hit a record high of 7.42% in the March month of 2022 and IND INV have made total investments of Rs. 16 trillion in NSE. Although, there is a volatile stock market environment and continued Foreign Portfolio Investments' outflow, equity mutual funds have been consistently attracting inflows from retail INV in India. Thus, IND INV are behind the success story of Indian stock market even in tough times like this. (ICICI Direct, 2022)

Shares are purchased and sold on the stock market (Zuravicky, 2005). From its inception, the stock market arose organically and in a very rudimentary manner, Modern science and technology advancements are accompanied by a steady improvement in the speed and volume of stock exchange trading procedures, which is necessary to improve transaction efficiency and quality. Stock exchanges have progressively moved from manual trading to entirely use an electronic trading system throughout the epidemic, transmitting orders via computers. The COVID-19 pandemic's effects have caused a significant increase in the number of individual stock market INV since the beginning of



2020. In actuality, INV flocked to equities as the virus spread. Specifically, five percent of the population has opened accounts to invest in securities, which is three yrs ahead of the government's projected aim. Additionally, cash poured into the market at a rate of one billion US dollars every session on average—a level not seen in the previous eighteen yrs. Nonetheless, there are still a lot of issues with individual individuals' investments. More specifically, the stock market lost a solid point and started to decline in April 2022. The quantity of ordinary INV taking part in India is nearly 8%. Furthermore, money and learning from mistakes are two important aspects that INV should consider, according to an economic expert (Metawa et al., 2019). In addition to the set of investor-related considerations, the macroeconomic circumstances and the investment securities' potential also have an impact on IND INV' INV DEC (Che-Yahya et al., 2023). Consequently, a variety of variables influence the stock investing choices made by IND INV.

After discussing the overview of CG in the above section, this section of this chapter focuses on providing an overview of investment. It initially provides the meaning of investment, then lists out the characteristics of investments, elucidates the process of investment, identifies major types of INV, discusses the factors that affect INV DEC of IND INV, and finally discusses about the CG practices affecting INV DEC of IND INV.

### **1.3.1. MEANING OF INVESTMENT**

Making investments is a form of economic activity. Individuals who practice saving are involved in it. Nevertheless, those who save need not always have to make investments in stocks or other assets. Savings and investing are thus not the same. To various people, the word "investment" might signify several distinct things. When someone lends money to someone else, he views it as an investment. When someone

purchases gold intending to sell it at a higher price later on, he can perceive this as a form of investment. If someone purchases insurance coverage to receive the perks it offers later on in life, he invested. Each of these scenarios entail investing money to increase value or generate extra revenue. Consequently, there are two distinctive features of investments: risk and time. Examples for investing include certificates of deposit, money market funds, equities, bonds, mutual funds etc. Real estate, artwork, and antiques may all be regarded as investments (Rajan, 2019).

To put it simply, investing refers to the act of forgoing current consumption in favor of future profits. Investing money in financial instruments is a deliberate decision made after considering the associated risk and reward. All personal investments, rationally speaking, are made to achieve certain objectives such as acquiring a vehicle or home, or improving one's social standing, security, etc. Therefore, the investor must determine the goals of the investment in addition to the obstacles linked to it. He has to decide about;

- Whether the investment is for long term or for short term?
- Whether the investment has a higher priority or a lower priority?
- Is the investment being made in favor of insurance or tax planning purposes?
- Which limitations exist with regard to liquidity?
- Determine what the future obligations are, and so on; then, make the appropriate investing decisions?

The deployment of assets that were either saved or withheld from present use in anticipation of reaping returns later on is known as investment. However, the definitions given by financial experts for investment are as follows (Rajan, 2019).

In the words of **F Amling**, *'Investment refers to purchase of financial asset that produces a yield that is proportionate to the risk assumed over some future investment period'*.

In the words of **Sharpe**, *'Investment is sacrifice of certain present value for some uncertain future value'*.

We must first ascertain who in India is referred to as a "Retail Investor." A retail investor is defined by SEBI as someone whose annual total investment in the stock market does not exceed Rs. 2 lakh. Retailers may choose to be active or inactive.(Meman, 2020). The people who participate in the equities market are active retail INV.

through the direct use of the Secondary Market (trading on stock exchanges) and Primary Market (the New Issue market of IPOs / FPOs). On the other hand, pension and mutual funds provide passive equity market investing opportunities. According to SEBI requirements, INV in India need to have a Demat Account connected to a PAN from the Income Tax department of the Government of India in order to participate actively in the equities market. For this reason, Demat is required for all INV (Meman, 2020).

Keep track of the two deposits, Central Depository Services (India) Limited (CDSSL) and National Securities Depository Limited (NSDL).

The participation of retail INV is steadily increasing. Data indicates that, albeit at a slower rate than that of institutions and HNIs, the average account of retail INV increased by about 15% in FY17. Data with industry organisation AMFI shows that the average account value of retail INV at the end of March 2017 was Rs 75801, up 24.77% from Rs 60,750 in March 2016. At Rs 11.07 crore per account, institutional INV—including FIIs—had the greatest ticket sizes. A year earlier, this amount was Rs 8.9 cr, HNIs did, however, hold Rs 18.95 lakh per account at the end of FY17, down 3.3% from Rs 19.6 lakh a year earlier. (Meman, 2020)

### **1.3.2. CHARACTERISTICS OF INVESTMENT**

From the above discussion, investment is said to have following major characteristics.

- Investment involves acquisition of either physical or financial asset.
- In investment, acquisition of asset is made from the savings i.e. investment results in postponement of current consumption.
- Returns anticipated may be in the form of capital return or revenue return or both
- Investment involves risk because returns are materialized in future and the future is uncertain.
- Investment can be made either for a long or a short period.

### **1.3.3. PROCESS OF INVESTMENT**

There are five steps in the process of making the investment. They are;

- **Step – 1: Decide about the Investment Objective:** Investor must pose following questions to himself in order to identify his investment objectives.

- What am I expecting? (Capital gain or revenue gain)
- How much return am I expecting?
- When am I expecting this return?
- Which form of return (money, bonus shares etc.) am I expecting?

Once the investment objectives are decided, and then search for the assets which fulfill these objectives. For example, if an investor wants steady annual income, it is better to opt for fixed income securities.

- **Step – 2: Decide about the Risk Tolerance Level:** In this stage, the investor has to decide about the level of risk which he wants to take. He has the choice of high, medium or low risk.
- **Step – 3: Decide about Risk – Return Characteristics:** At this stage, the investor has to acquire knowledge about the risk as well as the return of each feasible investment option. Generally, the return or loss would be larger for higher risk and lower for lesser risk. Such an understanding provides the basis for selecting the investment that meets his investment objectives and risk tolerance level.
- **Step – 4: Build a Portfolio for Making Investment:** Portfolio represents a group of assets in which the investment is made. Portfolio may consist of equity shares, preference shares, debentures, currencies, derivatives, commodities, metals, jewels, real estate, artwork etc.
- **Step – 5: Review Portfolio Performance:** Once the portfolio is formed, the investor has to periodically assess the performance of portfolio selected to find out whether it is meeting the investment objectives or not. If the performance of the portfolio is

satisfactory, then continue with the current assets in the portfolio. If not, drop the assets which are yielding lower returns and add new assets to portfolio.

#### **1.3.4.CATEGORIES OF INV**

INV can be divided into two categories. They consist of individuals as well as institutional INV (Corporate Finance Institute Team, 2019).

- **IND INV:** These are the people (but not representing any financial firm) who invest money. Despite their huge number, these IND INV have relatively lesser wealth for making investment. They generally lack the skills to carry out extensive evaluation and analysis before investing. Moreover, they do not have the time and resources to engage in such an analysis.
- **Institutional INV:** These are investment businesses that make investments with their surplus cash. Organisations such as mutual funds, investment businesses, banking and non-banking enterprises, insurance corporations, etc. own substantial quantities of excess cash that may be allocated towards many lucrative ventures. Compared to IND INV, these institutional INV are less in quantity, but their investable resources are far more. Professional fund managers are hired by the institutional INV to conduct in-depth investigation and evaluation of various investment options. Their investment activity is therefore often more logical and scientific.

### 1.3.5. FACTORS AFFECTING IND INV' INV DEC

Besides the presence of capital, investor decisions are influenced by a multitude of direct and indirect factors. Some of these important factors which have bearing on INV DEC are given below (Rajan, 2019).

- **Return:** The magnitude and regularity of the return influence the investment decision.
- **Risk:** Risk refers to variability in the rate of return. The risk might result from capital loss, capital return delays, or failing to pay of interest etc. Longer the maturity period of an investment, higher is the risk. Similarly, low creditworthiness of borrower makes an investment to have higher risk. The various risks which have are significant impact on investment returns are; (i) Market Risk, (ii), Liquidity Risk and (iii) Credit Risk (Groww, 2023).
- **Safety:** It refers to protection against the loss. When there's not much default, market, interest rate, inflation, and political risks, then investments become safe.
- **Liquidity:** Investment is said to have liquidity if it is capable of being convertible into currency without facing difficulties, delays are or loss in original value. It is possible only when there are plenty of buyers or sellers who are ready to transact with the asset at any time.
- **Maturity:** It refers to life period of the bond. Certain INV prefer higher maturity period investment and certain INV prefer short maturity period investments.
- **Inflation:** It results in loss of purchasing power. If there is a higher inflation rate, then real gains are low when compared to monetary gains.
- **Convenience:** This speaks about how simple it is to make and manage investments.

- **Tax Benefits:** INV have to consider the tax to be paid or tax that can be saved by making an investment. If not considered, all the earnings have to be paid towards tax. Three tax benefits that can be availed in India include;
  - **Initial Tax Benefits:** Sec 80C of Income Tax Act deals with it. Investment in PF and Insurance etc will provide initial tax benefits.
  - **Continuing (Ongoing) Tax Benefits:** This is the tax shelter connected to recurring investment returns. Under this category, a dividend is tax-exempt up to a specified amount.
  - **Terminal Tax Benefits:** These benefits are realized at the time of liquidation or receiving the maturity value of investment. PF is completely tax free under this category.

### 1.3.6.CG PRACTICES AFFECTING INV DEC OF IND INV

Former CEO of NITI Aayog, Mr Amitabh Kant said, *“Multiple startups like BYJU, BharatPe, Zilingo, and Mojocare have been in the news for the wrong corporate practices. We have seen this happening in several startups in recent times. We’ve seen this in a housing company, in a trading company, in a payments company in recent times. Therefore, there are lessons to be learnt from all these examples. Constant stories of failures and bad governance may result in global INV losing confidence in the Indian startup ecosystem”* (Sarkar, 2023).

Experts at the *University of Chicago* estimated that trust in the US financial system wanes at approximately 24%, a lot of respondents expressing ongoing worries about high remuneration but a lack of honesty among top-level executives. Of those who



were interviewed in the study, just 17% said that they have faith in America's big companies (Aguilar, 2014).

Given the importance of trust in investment, this is a severe problem. INV give businesses the money they need to expand, thrive, contend, and generate employment. There will be a financial catastrophe if they begin to lose confidence in the companies. To instill the confidence among the investor community, a sound CG practices are very essential. Now, the question is that which factors i.e. CG practices are considered by the IND INV before making the investment in a company. Let us have a look at them.

- **Composition of Board Related CGPs** which include adequate board size, existence of independent director, presence of women director on board etc.
- **Independency of Board Related CGPs** which include existence of family members in the board, chairman and CEO are different or not etc.
- **Processes of the Board Related CGPs** which include frequency of meetings, immediate circulation of minutes of the meeting etc.
- **Transparency and Disclosure Related CGPs** which include bringing all the material events of all subsidiaries to the attention of holding company at the meeting, disclosing the penalties / fines imposed on the company etc.
- **Auditing and Other Committees Related CGPs** which include number of committees present in the company, number of independent directors in those committees etc.
- **Shareholders' Rights and Value Enhancement Related CGPs** which include existence of physical and / or electronic voting rights for shareholders in the meeting, appointing the nodal officer for investor education and protection fund authority etc.

- **CSR and Sustainability Related CGPs** which include percentage of profit spent by the company on CSR, percentage of specially enabled persons employed in the company etc.

#### **1.4. NEED FOR THE STUDY**

According to the RBI, between 2015 and 2022, every day, not less than Rs. 1 billion is lost by the way of banking scams in India. Satyam computers' scam made by its promoter Mr. Ramalinga Raju granting to Rs. 14,000 crore, was one of the biggest corporate scams in India. He falsified and altered the financial statements and presented bigger revenues, profits, obligations, and interests than what they actually were. The board, stakeholders, market, and INV were duped. In the same way, Dewan Housing Finance Ltd. (DHFL) committed a scam of about Rs 31,000 crore. Through shell firms, the promoters and their affiliated companies have extracted money totaling Rs. 97,000 crore from bank loans. From November 2018 to November 2019, the share price of the company dropped from Rs. 230/- to Rs. 23/-. INV or shareholders have lost close to 90% of the value in a year. The scams like these make the individual as well as institutional INV to lose confidence in the corporate system of India. As a result, entire stock market system may crumble.

In this context, there is a need to undertake research to determine how CG practices affect IND INV' investing decisions and this research work is undertaken under the title of *“A Study on INV DEC of IND INV - with a Special Reference to CG”*.

## 1.5. STATEMENT OF THE PROBLEM

Former NITI Aayog CEO Mr. Amitabh Kant stated, *"A number of businesses, including Mojocare, BYJU, BharatPe, and Zilingo, have made headlines due to their breach of CG spirit. We've seen this kind of poor CG in a real estate company, in a company that trades, and in an electronic payment startup in contemporary days"*. The continuous emergence of new corporate scams in India due to poor and unethical CG practices may make the IND INV to lose the trust and confidence in Indian corporate ecosystem. It is noteworthy that these IND INV are behind the success story of Indian stock market even in tough times when there is a volatile stock market environment and continued Foreign Portfolio Investments' outflow; these IND INV have invested about Rs. 16 trillion in the stock market. Now the research problem is that individual Indian INV' investing decisions are influenced by CGPs or not. If so, which CG practices are significantly influencing their investment behavior and which CG practices are insignificant in influencing their investment behavior. Further, which demographic variables are responsible for such investment behavior in relation to CG practices etc. are the research problems that are addressed in this empirical research study.

## **1.6. CONCLUSION**

The system used to direct and govern businesses is called CG. It covers all aspects of how a business operates and aims to provide a system of checks and balances between the leadership, staff, directors, shareholders, and inspector. Every business house needs a strong CG structure as almost all the firms presently have a plenty of shareholders dispersed countrywide and even worldwide, the majority of whom are disorganized and ignorant of corporate matters. A strong and effective CG system only can protect the interests of these shareholders who invested the money in the firms but do not have knowledge of corporate practices. The objectives of CG include ensuring full disclosure, transparency, accountability, increasing shareholders' wealth etc. There are different theories of CG like agency theory, stewardship theory, stakeholder theory, resource dependency theory etc. The models of CG include Anglo American Model, German Model (European Model), Indian Model, Japanese Model, and Social Control Model. In order to recommend appropriate measures to create a sound CG framework various committees have been established. The main committees include "Cadbury Committee (1991), Greensbury Committee (1995), King's Committee (1994) etc. The major committees established in India in this connection are Kumar Mangalam Birla Committee (1999), Naresh Chandra Committee (2002), Narayana Murthy Committee (2003), Uday Kotak Committee Report (2017)" etc. Based on the literature, the major CG practices can be categorized as composition of board related CGPs, processes of the board related CGPs, transparency and disclosure related CGPs, auditing and other committees related CGPs etc. The CG issues in India include getting the right board composition, removal of

directors who are independent, controlling the board by the founder and planning for succession etc.

Investment refers to purchase of financial asset that produces a yield that is proportionate to the risk assumed over some future investment period. INV can be classified as IND INV and institutional INV. Factors affecting IND INV' INV DEC include return, risk, safety, liquidity, maturity of the investment. Experts at the University of Chicago estimated that just 17% of the respondents said that they have faith in America's big companies. This leads to financial catastrophe if INV lose confidence in the companies. To instill the confidence among the investor community, sound CG practices are very essential. Now, the question is that which CG practices are considered by the IND INV before making the investment in a company. In this context, this study explores the CG practices that affect IND INV' investing decisions. Businesses may assure integrity, stability, and vigorous growth by adhering to CG principles, which also improve the overall process of suitable behaviour in the erratic corporate world (Kells, 2020; Nduhura, 2022; Dalwai et al., 2015). Effective CG policy formulation and implementation emphasise a suitable empirical understanding of the companies in which they operate (Dedman, 2002; Albu et al., 2015; Anginer et al., 2018 and Zulfikar et al., 2020). Due to the protracted history of global business failures and commercial crises, there is a great deal of interest in understanding the intricate problems with governance structures worldwide.

**CHAPTER-2**

**REVIEW OF LITERATURE**

## **2.1.INTRODUCTION OF THE CHAPTER**

An exhaustive research work is done in the past both in India and abroad on the INV DEC of IND INV, CG, and the impact of CG practices on INV DEC of IND INV. A review of some of the previous (about 110) research works is furnished in the following sections. This literature review chapter is organized into following two subsections.

- Review of literature related to INV DEC of IND INV
- Review of literature related to CG practices and INV DEC of IND INV

Besides, this literature review is organized in the reverse chronological order i.e., latest study is reviewed first and older study is reviewed next. At the end of the chapter, research gap is identified for this research study followed by chapter conclusion.

## **2.2.REVIEW OF LITERATURE RELATED TO INV DEC OF IND INV**

**Quang et al (2023)** endeavoured to investigate the behavioural elements impacting IND INV's decision-making in the Vietnamese market. In the Vietnamese stock market, they have employed behavioural characteristics as stand-ins, including mood, overconfidence, under-reaction, over-reaction, and herding behaviour. Using a standardised questionnaire, the study gathered primary data from 400 local, foreign, institutional, and IND INV participants in Vietnam. Partial multiple regression was used. The findings show that herd mentality, Overconfidence, investor emotion, over reaction, or under reaction, and all of these have a significant influence on INV DEC. Furthermore, age, gender, and educational attainment of INV etc have a significant and favorable effect on their INV DEC. Furthermore, when IND INV gained expertise, they began to disregard emotional factors. (Quang et al, 2023).



**Almansour et al (2023)** We out a study with the goal of examining how risk perception functions as a mediating variable in the relationship between behavioural finance characteristics and investing decisions in Saudi equities markets. 150 IND INV were given access to an online survey; 134 of them responded. Structural Equation Modelling is used to analyse the data (SEM). The findings demonstrate the strong beneficial effects of blue chip bias, disposition effect, and herding on risk perception. Only when it comes to making investing decisions, overconfidence is very beneficial; risk perception is unaffected. It has been discovered that making investing decisions is substantially positively correlated with risk perception. Through risk perception, Investing decisions are significantly benefited by the considerable indirect influence of all four behavioral finance components. (Almansour et al, 2023).

**Ahmed et al (2022)** They have begun a project to explore the direct and indirect relationships, via structural equation modelling, between biases in behavior & IND INV INV DEC and role of risk perception as a mediating factor. The participants of the study are IND INV who have been active INV on the Pakistan Stock Exchange for a number of yrs. A sample of 450 respondents was the subject of data collection using the purposeful sampling approach. The results demonstrated that blue-chip stocks and investing decisions are mediated by risk perception. Moreover, disposition impact, bias related to herding and INV DEC are not mediated by risk perception. Nonetheless, there exists a correlation amid disposition effect and perception towards risk (Ahmed et al, 2022).

**Kartini and Nahda (2021)** The purpose of their study was to look at how different psychological elements affected IND INV's choice to invest. The two types of psychological components under investigation are the cognitive and emotive aspects. They looked at the effect of optimism biases, over-confidence, aversion towards loss, representativeness, & anchoring on INV DEC from a cognitive perspective. In the meanwhile, the effect of herding behaviour on the choice of investment is examined from an affective perspective. The study discovered that all of the factors significantly influence investing decisions, including herding behaviour, anchoring bias, representativeness bias, loss aversion (Kartini and Nahda, 2021).

**Somathilake (2020)** studied impact of accounting, neutral data on investment in the stock exchange. The research was conducted in Colombo stock market in 150 IND INV. It was found that respondents are generally biased in providing information. As a result, unbiased information and advocate recommendations have a substantial impact on stock exchange INV DEC (Somathilake, 2020).

**Senthamizh and Ram (2020)** made an attempt to understand the orientation of INV towards portfolio selection and making INV DEC and suggested that IND INV should take help of professional experts to manage their portfolio so that bias can be eliminated. It was also found that human behavior is affected by the emotional process which involves decision-making at various levels. It is observed that Individuals depend not only on the safety and security of amount but also the globalization and other changes (Senthamizh and Ram, 2020).

**Rahman and Gani (2020)** in the study conducted a study to look at the factors those impact INV' INV DEC in Malaysia. Trait anger, anxiety, overconfidence, herding factors, and self monitoring factors have all been examined, and it has been discovered that trait anger and herding behavior have no impact on INV DEC, but others do (Rahman and Gan, 2020).

**Rani and Mann (2020)** carried out exploratory research to determine the investment choices of women in their study. Principal component analysis is used to examine the impact of demographic variables on women's awareness. It is found that investment choices are made by male counterparts of INV. Safety and growth of funds and future planning are the major factors that affect INV DEC (Rani and Mann, 2020).

**Jaiswal (2020)** conducted a research to determine the investment behavior of individuals in their study titled “Study of investment awareness among salaried IND INV of Gujarat”. Factor analysis was adopted for statistical analysis of data. He found that INV are risk averse, preferring low-risk investing options such as bank savings and provident funds (Jaiswal, 2020).

**Thard and Barua (2019)** conducted a comparative study in investment behavior of University teachers in research paper. A sample of 166 respondents was chosen to identify factors to be considered before investment and sources of information for investment. It is found that safety of principal amount is an important consideration while making investment and INV prefer to rely on colleagues for information (Thard and Barua, 2019).

**Singh et al (2019)** explored savings as well as investment behavior of private colleges' teachers in their study. It is found that private college teachers are generally risk-averse and prefer to invest in traditional investment avenues. It is also suggested by researcher that awareness should be created among INV regarding other investment avenues (Singh et al, 2019).

**Punitha and Gayathri (2019)** explained the effects of several psychological variables on investment behavior of 1627 salaried class INV in Tamil Naidu. Risk averse INV have been discovered, and their personality has a significant impact on investment behavior (Punitha and Gayathri, 2019).

**Nguyen et al (2019)** have investigated the impact of risk tolerance and risk perception on asset allocation in their study. A sample of 364 respondents was studied to measure their risk tolerance and risk perception. It found that both the constructs are important in while making decisions regarding investment. They suggested, the client should avail advisory services for INV DEC (Nguyen et al, 2019).

**Mutlu and Ozer (2019)** examined effect of personality factors on while making investment decisions. They have selected 1347 IND INV in Turkey in this research. Using multiple linear regressions, it was discovered that conscientiousness, agreeableness, and openness had a considerable impact on investment behavior, whereas extraversion and neuroticism have a negligible impact (Mutlu and Ozer, 2019).

**Madaan and Singh (2019)** have investigated the impact of behavioral biases on INV DEC. According to a study including 243 NSE participants, overconfidence and herding bias have a positive impact on investment decision-making. INV with insufficient knowledge have also been observed to commit psychological errors (Madaan and Singh, 2019).

**Hemalatha (2019)** conducted an investigation on INV in Chennai. She took into account a number of factors while analysing the investing behaviour, including financial security, tax benefits, projected returns, liquidity, and risk reduction. The author stated that degree of computer expertise and capacity to trade online are additional elements that influence investing behaviour after pointing out that these selection criteria vary depending on the respondents' sociodemographics. (Hemalatha, 2019).

**Hamza and Arif (2019)** in their study examined the effect of financial literacy on INV DEC as well as the mediating effects of personality traits. A total of 235 INV in Karachi were interviewed for the study. Financial literacy has a significant correlation with extroversion, agreeableness, and openness, but has a negative relationship with conscientiousness as evidenced in the study. According to the observations, neuroticism and openness act as mediators between financial literacy and investing decisions (Hamza and Arif, 2019).

**Goel et al (2019)** examined Islamic beliefs and practices' effect on investment behavior among Muslim INV. A field survey was conducted in New Delhi / NCR region and it is found that Islamic law prohibits Muslims to have income from interest. Thus, Muslims prefer not to invest in banks, insurance. It is also found that most Muslims are not adhering to Islamic laws (Goel et al, 2019).

**Asandimitra et al (2019)** in their study determined the investment behavior and problems faced by women in Indonesia during investment. It has been discovered that women are risk cautious and prefer traditional investment methods. Tribe and culture, in addition to demographic considerations, influence women's investment behavior. There are also psychological elements that influence behavior, according to the study (Asandimitra et al, 2019).

**Anjum et al (2019)** in their work sought to determine the influence of psychological biases and personality traits on investor trading behavior. The research was carried out in Pakistan with the participation of 216 INV. To establish the influence of factors, CFA and SEM were used, and it was discovered that psychological biases (overconfidence, loss aversion, and self-control), as well as psychological qualities (extraversion, openness, and agreeableness), have an impact on an investor's trading behavior (Anjum et al, 2019).

**Agrawal et al (2019)** in their study researched 500 INV to find out the factors that dominate the behavior of retail INV. It was observed by the researcher that the behavior of INV is guided by predictive skills, purchase price of stocks and past trading experience (Agrawal et al, 2019).

**Naran (2018)** described the pattern of investment and preference of people in their study titled “A study on investment awareness among working women in Kachchh district”. It is observed by the author that women prefer to invest in growth oriented investment avenues like gold, precious metals but they rely on their counterparts for making final decisions (Naran, 2018).

**Munir et al (2018)** conducted a study to assess the relationship between emotional intelligence and investment behavior in their research paper. The study was conducted in Pakistan on 300 respondents. It is believed that emotionally stable are better decision makers. It was observed that emotional intelligence and financial literacy have significant positive influence on investment behavior (Munir et al, 2018).

**Karpova and Panova (2018)** have studied the relationship among socio-demographic characteristics and individual investment behavior. A survey of 200 adult residents was undertaken in Russia to examine their preferences for long-term investment in tax-advantaged accounts. Individuals' choices are positively influenced by their age, marital status, and occupation (Karpova and Panova, 2018).

**Dhiman and Raheja (2018)** have tried to determine the relationship between risk tolerance and personality traits in their study. The study was conducted on 500 INV of Punjab and showed that risk tolerance is linked to a variety of personality qualities, including agreeableness, extroversion, and openness to new experiences. There also exists a link between emotional intelligence and financial judgments (Dhiman and Raheja, 2018).

**Bhushan and Medury (2018)** conducted a study to analyze the investment behavior of employees on basis of their gender. The research was conducted on 118 employees in Himachal Pradesh and found that respondents prefer to invest in safe deposits. INV are generally satisfied with their investment in recurring deposit, fixed deposits and saving account (Bhushan and Medury, 2018).

**Seetharaman et al (2017)** attempted to trace out the factors which can exert impact on investing decisions. Their study on 250 people revealed that it is important to understand the asset and purpose of investment before making an investment (Seetharaman et al, 2017).

**Sarkar and Sahu (2017)** investigated the elements affecting a single investor's actions in the West Bengal stock market. The core data used in the study were gathered from 500 randomly selected individual Stock Market INVs from various West Bengal districts through the use of a structured questionnaire. In contrast to the affect component of perceived risk attitude, which is concerned with a person's feelings with respect to anything or any person. The study's findings showed that the perceived risk attitude of IND INV was primarily based on cognition. They concluded that a person's perceived risk attitude and demographic characteristics have a big impact on their stock market behaviour. (Sarkar and Sahu, 2017).



**Osamwonyi and Kasimu (2017)** explored the factors which influences investment behavior of INV in Nigerian Stock Market. The study also analyzed that investment behavior is consistent with Cumulative Prospects Theory. The study identified that behavioral bias such as feeling; news of loss etc affect the investment behavior (Osamwonyi and Kasimu, 2017).

**Manek (2017)** discussed the objectives and preferences of IND INV in the study entitled "Investment behavior of professional people of Rajkot City". The study was conducted in Gujrat on 74 professionals. It is found that INV are moderate risk-takers and they prefer to diversify their investments (Manek, 2017).

**Mak et al (2017)** performed an exploratory study to examine how rational, demographic, and emotional factors influence investment behavior. The impact was investigated using regression approaches, and it was discovered that demographic, sociological, and psychological aspects influence investment behavior. Investment behavior is influenced by age, income level, education level, gender, and marital status (Mak et al, 2017).

**Anju and Anuradha (2017)** in their study conducted an empirical study to understand the nexus between annual savings and expected rate of return, as well as an analysis of key determinants of investment behavior on investment portfolio preference. To examine the relationship, a two-way ANOVA and factor analysis were used, and it was discovered that the safety of the primary amount, the maturity of the investment, the low initial amount of investment, health, tax, awareness of new products, liquidity, and regularity of income are all vital factors that impact INV' preferences (Anju and Anuradha, 2017).

**Suzaida (2016)** evaluated the effect of psychological factors on investor's decision making and observed that overconfidence, conservatism, and availability bias all have an impact on decision making, and psychological aspects differ depending on the gender of the investor (Suzaida, 2016).

**Puneeta Goel and R S Ramesh (2016)** examined the link between CG criteria and financial performance. According to the survey, not many businesses have a dedicated ethics committee to handle the moral implications of their business practices. Since SEBI requires it, the majority of businesses have created codes of ethics; nonetheless, only a small number of businesses have created comprehensive codes of ethics that apply to all tiers of management and operations. The study claims that, while the association may not always be extremely strong and substantial, CG measures have a favourable influence on market value and profitability. Puneeta Goel and R S Ramesh (2016).

**Deshmukh and Joseph (2016)** in their study conducted a research on 300 INV to determine the impact of behavioral factors over mutual fund INV DEC. SEM was adopted to analyze the data. It is found that perception, motivation and incentive influence INV DEC of INV (Deshmukh and Joseph, 2016).

**Charles and Kasilingam (2016)** conducted a study to find out how behavioral bias affects investing decisions. A sample of 742 INV from Tamil Nadu who trade in the Indian stock market was selected. The association between heuristics and personality path coefficient is found to be stronger than other associations. Individual emotions also play a crucial influence in the development of heuristics and framing (Charles and Kasilingam, 2016).

**Wendo (2015)** According to her research on the variables affecting IND INV's involvement in the Nairobi securities market, INV DEC are impacted by market sentiment, current trends in profitability and returns, as well as the advice of friends and colleagues (Wendo, 2015).

**Velumoni and Rau (2015)** We out a study to determine the most and least important elements influencing the decision of male and female INVs to invest in equity. The study's aims were attained through the use of a descriptive research design and the administering a structured survey instrument. Fifty respondents are selected from the Tamil Nadu INV' Association and the Madras Stock Exchange by using convenience sampling method. The seven primary factors—accounting, corporate, external, industry, technical, advocacy, and person factors—recognized 41 variables. The promoter's track record was shown to be the most influential aspect, followed by prior experience, the highest-quality products and services, the company's reputation, the industry life cycle, share market expertise, and an affordable share price. Conversely, the least significant elements comprise hearing the brokerage firm's rapid and blunt advise, the views of the majority of shareholders, the advice of acquaintances or coworkers, and the opinions of one's spouse, relatives, or family. Accounting factors have been placed highest on the basis of primary factors, whereas advocacy factors have been ranked lowest. Technical, corporate, and individual variables substantially varied across genders, but accounting, external, industry, and advocacy elements were determined to be unimportant. (Velumoni and Rau, 2015).

**Parimala and Kumar (2015)** have studied the investment behavior of INV' vis-à-vis available investment options in Coimbatore City. To assess investor behavior, Friedman test, Garrett's ranking and factor analysis are used. The outcome of the research was that INV are conservative and awareness is quite low, which makes them to invest in fixed income securities (Parimala and Kumar, 2015).

**Panjali and Kasilingam (2015)** in their study tried to measure the impact of a person's lifestyle on their investment habits. Factor analysis is adopted to determine the various factors that have an impact on behavior. It is found that lifestyle characteristics of individuals influence their investment preferences. There are certain factors that have an impact on lifestyle of INV planning, innovativeness, leadership, self-confidence etc (Panjali and Kasilingam, 2015).

**Lubis et al (2015)** identified the psychological variables which influence the criteria for INV DEC in their study. Independent variables were defense mechanism, emotional intelligence, personality, financial literacy and investment decision was the dependent one. It is stated that behavioral and psychological factors have an impact on financial risk taking behavior which repays decisions have an impact on INV DEC (Lubis et al, 2015).

**Basanta and Santosh (2015)** investigated perceptions of insiders toward factors that influence CG in the banking industry of Nepal. According to the report, accountability and openness play a significant role in establishing CG in Nepal's banking industry. The sample institutions exhibit a rather substantial beneficial effect of discipline in developing CG. Fairness, accountability, independence, and social consciousness are

examples of other explanatory variables that have little bearing on CG (Basanta and Santosh, 2015).

**Chattopadhyay and Dasgupta (2015)** conducted their investigation with the intention of determining how Indian retail INV's financial risk tolerance is impacted by the demographics and socioeconomic characteristics connected to INVs. 200 IND INV who routinely made stock market investments in India were selected for this study. In this investigation, a random sample strategy was used. The study's findings indicate that Indian INV are extremely risk adverse due to their lower risk tolerance level. There is a substantial correlation between age and risk tolerance, with older INV being more risk adverse than younger INV. Additionally, it was discovered that married INV with kids were less risk-taking. Higher incomes tend to make individuals less risk averse, while educated people appear to be more risk-tolerant. and the tendency for INV deposits to reduce risk aversion. The results of this study also indicate that women are more likely than males to be INV, and that a person's work situation has no bearing on their attitude towards risk. (Chattopadhyay and Dasgupta, 2015).

**Viswanadham and Mwakapala (2014)** conducted research in Tanzania's equities market to ascertain the elements influencing INV purchasing behaviour and to pinpoint the significance of sociological, psychological, and economic aspects impacting INV decision-making. To find out what factors influence INV DEC, a stratified sample approach and cross-sectional survey design were used. Various approaches have been employed to get data from participants, including surveys, interviews, and documentary evidence. According to the report, INV prioritises the company's financial sufficiency, market perceptions, and governmental initiatives aimed at fostering market growth. The

findings also showed that all other elements, including psychological, economic, and political ones, are heavily influenced by demographic considerations. (Viswanadham and Mwakapala, 2014).

**Vijaya (2014)** in her study attempted to explore the behavioral elements influencing retail investor behavior and their impact on 200 individuals. To determine the determinants of individual investment behavior, PCA and factor analysis are used. Overconfidence, loss aversion, anchoring, herd behavior, and market dynamics have all been highlighted as key influences on retail INV' investment behavior (Vijaya, 2014).

**Lodhi (2014)** in his research explored the effect of an investor's knowledge of various investment instruments, the relationship between risk and return, the performance analysis method used by the company, and portfolio management strategies on their personal INV DEC. Five (5) independent variables that might influence an investor's decision-making were found for this: age, high experience, financial literacy, usage of accounting information, and the significance of analyzing financial statements. Additionally, five (5) distinct dependent variables – risk aversion, information asymmetry, hazardous investment, risk taking, and shared investment were used. The study's findings demonstrated how accounting knowledge and financial literacy benefit the INV. in reducing information asymmetry and allowing them to make investments in high-risk securities. However, the INV's tastes shift to less hazardous instruments as they get older and more experienced. They would rather invest in shares, but they will do so with the goal of receiving dividends as opposed to capital gains. (Lodhi, 2014).

**Mutswenje and Jagongo (2014)** investigated the variables affecting Nairobi Stock Exchange investing decisions in their study. Sample members were chosen at random and given a standardised questionnaire with 28 items. Descriptive statistics, factor analysis, and Friedman's test were applied in this investigation. Reputation of the company, the standing of the company in the industry, anticipated corporate earnings, historical stock performance, price per share, sentiment towards the economy, and the projected dividend by the INV were the most significant determinants of individual investing decisions. (Jagongo and Mutswenje, 2014).

**Sharma and Kalaivani (2014)** researched on the CG procedures in Indian financial institutions. The research findings indicate that appropriate CG frameworks are necessary to hold firms accountable for matters that are equally significant to the broader public, taking into account the distinct legal environments and cultural norms of each nation. (Drs. Sharma C. and Kalaivani K N ,2014)

**Gunathilaka (2014)** studied the process followed by retail investors in Sri Lanka when they have to make equity investment. The study concluded that the risk and past pricing were the second order components in the process. The study also concluded that expectations for political stability, the state and prospects of the economy, and effective governance all impacted decision-making. The study found that public news, dividend distribution, liquidity, and the firm's goodwill were minor variables affecting INV DEC. Family history, advocates' opinions, religious convictions, and the information in the yearly financial statements (Gunathilaka, 2014).

**Aroni et al (2014)** examined how financial information affected Kenyan retail INV's share investments. The study employed linear regression to analyse primary data that were collected from 311 respondents that were randomly selected among 836 INV engaged at the Nairobi Securities Exchange. It is found that financial information has statistically significant and positive influence on IND INV DEC in Kenya. (Aroni et al, 2014).

**Sellappan et al (2013)** explored the determinants of INV DEC of married women. Factor analysis was adopted to determine the factors and it is found that age and marital status of women have significant effect on investment attitude of the women INV (Sellappan et al, 2013).

**Obamuyi (2013)** tried to determine the variables impacting capital market investment choices in Nigeria. According to the study's findings, the five most important elements that influence investing decisions are the dividend policy, predicted firm earnings, projected security capital bonus etc. According to the study, when choosing investments, things like the advice of family members, hearsay, religious affiliation, brand loyalty, and possible losses on other investments don't actually matter. The research also found that the retail INV's demographic, social, and economic aspects like age, gender and education level have on the investment choices (Obamuyi, 2013).

**Kansal and Singh (2013)** in their research work focused on risk tolerance of INV based on their gender. It is observed that males and females have different investment behavior but preferences made by women are similar to that of men (Kansal and Singh, 2013).



**Yuen (2013)** in his study attempted to explore the investment behavior of tiny INV in stock market located in Hong Kong. The sample includes 1199 respondents. It is found that past performance of company and information received from company influences decision making and investment behavior of an individual investor (Yuen, 2013).

**Bashir et al (2013)** They made an effort to determine the factors influencing Pakistani INV decision-making behaviour in their study. The most important factors are dividends paid, the company's reputation, opinions about its goods and services, the desire to become wealthy quickly, the company's engagement in resolving community issues, and the company's standing in the industry with regard to accounting data and the company's image. The least significant factors are referrals from friends or coworkers, the views of the company's primary shareholders, recent changes in the stock price, religious beliefs, family recommendations, and broker record (Bashir et al, 2013).

**Ansari and Moid (2013)** performed a survey in Lucknow, India, among 200 young INV who were between the ages of 25 and 35. The study's primary goal was to identify the critical variables influencing young INVs' investment behaviour. Convenient sampling was used for the investigation. The findings demonstrated that, before to investing, INV gave careful consideration to volatility in stock market, reputation of the company, risk, return considerations etc. Additionally, it has been determined that for young people, INV investment is gender-, age-, and income-neutral. (Ansari and Moid, 2013).

**Akhter and Ahmed (2013)** carried out research on the stock market in Bangladesh in order to create a framework about the behavioural characteristics of IND INV for investing. Explanatory and descriptive designs were used in this study, and respondents were given standardised questionnaires. A convenience sampling strategy was used to gather information from 225 brokerage companies, which constituted the sample size. The study's findings demonstrated how investor decisions are influenced by a variety of factors, including a company's commercial success, standing, and reputation as well as sentiments about its goods and services, engagement in resolving community issues, and ethical business practices. The accounting data of the company, including EPS, DPS, estimated DPS, historical returns, accounting statements had a big impact on investors' decisions. A single investor's decision was greatly influenced by the counsel of friends (Akhter and Ahmed, 2013).

**Sultana and Pardhasaradhi (2012)** empirically investigated the effect of several factors on the process of making investment decisions and behaviour of IND INV in India. A questionnaire was utilised to gather answers from 1500 individual stock investors; 891 investors replied. Factor analysis was used in the study, which reduced 40 qualities into ten components. Social duties, maximisation of wealth, reduction of risk, perception towards brand, prospects in terms of finance, financial disclosures etc were the categories used to group these elements. The factors were expected to impact market participants' INV DEC to differing degrees (Sultana and Pardhasaradhi, 2012).

**Hossain and Nasrin (2012)** carried out their research in Bangladesh with the aim of determining the elements that INV deem significant when choosing equity shares and investigating the order in which these elements were ranked in terms of significance. A

structured survey was created and sent to 351, retail INVs that were chosen through the use of the purposive sample approach. In order of significance, the main elements that affected INV's decision-making were accounting data, net asset value, and company-specific characteristics. The findings also show that respondents' age, income, education, and experience all differ significantly when it comes to accounting information. (Hossain and Nasrin, 2012).

**Ramesh and Geetha (2012)** An investigation of the importance of demographic determinants in INV DEC was carried out in the Tamil Nadu, South India, district of Naga Pattinam. In order to better understand how demographic parameters affect investment decision-making, frequency and duration of investments, access to information sources, and analytical prowess, the study will examine these elements. The findings showed that INV's most preferred investment avenues were life insurance, real estate, provident funds, bank deposits, post office deposits, and gold and silver. In contrast, fixed interest bonds, corporate debentures, company fixed deposits, equities, and mutual funds were classified as INV's least preferred investment avenues. Additionally, the survey discovered that there is no discernible correlation between demographic characteristics and other influencing (Ramesh and Geeta, 2012).

**Phuoc (2011)** in his study at the Ho Chi Minh Stock Exchange examined the way behavioural aspects show impact on IND INV's judgements at the exchange. The investment performance was shown to be most positively impacted by heuristic behaviours, whilst behaviours related to herding were found to be favorably affects performance of investment. According to the study, market perspective was very

influential. Conversely, it was shown that the outcomes of INV DEC were negatively impacted by the behaviours of prospects (Phuoc and Doan, 2011).

**Chandra and Kumar (2011)** investigated the factors influencing the behaviour of individual investors and found that psychological problems like caution, low self-esteem, conservatism, and informational asymmetry affected how investors made decisions. The study also showed that social and microeconomic variables have an impact on the choice of investment assets, and that psychological aspects dominate investors' decision-making processes (Chandra and Kumar, 2011).

**Bennet et al (2011)** conducted a research in Tamil Nadu to examine how INV perceives the different criteria influencing the choice of equities stocks. Purposive sampling was used in conjunction with a descriptive research strategy for this study. A structured survey instrument was employed to collect primary data from 375 retail INV. The findings show that there was a significant variation in basic and market characteristics based on age group, but no significant differences were detected in components related to education and employment. (Bennet et al, 2011).

**Li et al (2009)** examined the variations in institutional and IND INV herding practices in the Chinese market. Their findings show that institutional investors, who are generally more educated, engaged in intensive herding in contrast to less informed individual investors (IND INV). However, because IND INV tended to depend largely on public information, they were more likely to affect market emotions and demand. (Li et al, 2009).

**Gill and Biger (2009)** focused their investigation on the variables influencing INV's stock INV DEC. The study looked at how INV's choice to buy equities was influenced by investment knowledge, accounting data, impartial information, and advice from investment experts. This study used the convenience sampling approach on a sample of Canadian INV. The findings demonstrated that characteristics including stock investment skill, understanding of neutral information, and adviser engagement favourably impact INV's proportionate stock investment as part of their investment portfolio. There are notable gender disparities in the correlations between several characteristics and stock investment choices. It was discovered that respondents' ages and family situations did not substantially influence their investing choices. (Gill and Biger, 2009).

**Balasubramanian et al (2009)** used data from a 2006 survey of 370 Indian listed businesses at the Bombay Stock Exchange to investigate the relationship between CG standards and firm performance in India. For big enterprises, the data validate this relationship. Additionally, they created a CG Index (CGI) based on 49 company-level characteristics associated with "good" governance, and they discovered a positive (significant) correlation between the CGI and firm market value. Additionally, they discovered that Tobin's Q is greater for organisations with a high concentration of intangible assets than for bigger firms. Furthermore, Tobin's Q was higher in the prosperous companies with greater insider and foreign ownership (Balasubramanian et al, 2009)

**Durand et al (2008)** explored the association of personality with individual INV DEC in their study. Psychological profiles of 21 INV were gathered using Big Five inventory model at Australia and it has been discovered that personality has an impact on INV DEC (Durand et al, 2008).

**Merikas et al (2003)** empirically investigated about the variables that seem to have the biggest impact on a single stock investor on the Greek stock exchange. The participants were requested to assess the significance of 26 variables that might impact judgments about investing in stocks. The study's findings showed that the traditional wealth maximisation criteria, varied decision criteria, speculative criteria, and environmental criteria accounted for the majority of the factors that were deemed significant. The survey also revealed that seasoned INV were independent and disregarded the advice of politicians, coworkers, and family members, relying mostly on wealth maximisation factors. (Merikas et al, 2003).

**Islam et al (1996)** examined how INV behaved in the Bangladeshi stock market. They employed stratified random sampling to get primary data from 409 INV who were questioned in 1993 using a questionnaire. The samples comprised potential and current stock INV. The knowledge score was shown to be the determining factor between prospective and current INV, according to the data. The investor's understanding of the stock market, ability to evaluate stock information, age, financial capacity, and yrs of investing experience are all factors that will favourably impact the quantity of stock invested. Conversely, the quantity of formal education and the number of hours worked each day have a negative impact on the amount invested in stocks. (Islam et al, 1996).

**Nagy and Oben (1994)** conducted a study on the process of making decisions while making investment by IND INV to identify factors that have highest impact on INV for specific stocks. 500 seasoned shareholders received questionnaires for this study, which asked them to rate the significance of 34 variables using factor analysis. Despite the fact that INV uses a variety of factors for selecting equities, the study's findings indicated that traditional wealth maximisation criteria are the most important consideration when making an investment. The company's ethical stance, environmental record, and local or worldwide activities seem to be given merely passing thought. (Nagy and Oben, 1994).

### **2.3.REVIEW OF LITERATURE RELATED TO CG**

**Sarhan and Alnajjar (2023)** They made an effort to scientifically investigate how corporate social responsibility performance is impacted by ownership structure and business governance, as well as how these factors interact. The research evaluated the influence of CG methods on CSR initiatives, as well as the effects of both inside (managerial) and outside (institutional and pension) shareholdings. They made an effort to scientifically investigate how corporate social responsibility performance is impacted by ownership structure and business governance, as well as how these factors interact. They have employed one of the most extensive UK data sets available, encompassing FTSE 350 non-financial listed companies for the yrs 2002–2016. The findings demonstrate that corporate social responsibility benefits from CG. Shareholdings that are institutional (signalling a strong monitoring function) and managerial (serving as a proxy for insider-outsider alignment of interests) have a negative correlation with corporate social responsibility performance. Additionally, the data point to a substitutive link between institutional holdings and CG. When it comes to impacting corporate social responsibility, management shareholding and CG practices work in tandem. (Sarhan and Alnajjar, 2023).

**Alodat et al (2022)** Their study aims at evaluating the impact of ownership structure and the qualities of the BODs and audit committee on company performance. They used an empirical methodology that involved building comprehensive CG metrics and applying it to 81 non-financial firms listed during the period of 2014 – 18 on Amman Stock Exchange. They found that BODs and audit committee features positively and significantly correlated with the two company performance indicators that were examined



i.e. ROE and Tobin's Q. There was a noteworthy and favourable correlation found between institutional and foreign ownership and return on equity. Tobin's Q, however, resulted in a negligible and unfavourable relationship between type of ownership and company performance metrics. (Alodat et al, 2022).”

**Sriram (2020)** in his study constructed the index of CG by considering three sub-indices i.e. ownership structure (OS), Audit Committee (AC) and Board of Directors (BOD), He evaluated eighty seven firms listed on Nifty-500. It obtained such data relating to the variables of CG and financial variables from the companies’ annual reports. The study found a direct relationship of CG on firm performance (Sriram, 2020).

**Saidat et al (2018)** in their study conducted in the Amman stock exchange found that the board size and performance of family owned companies have inverse relationship both in terms of return on assets and Tobin’s Q. Foreign INV have better impact on family and nonfamily firms (Saidat et al, 2018).

**Puneeta (2018)** in her study observed that INV started recognizing good CG companies. However, this research failed to identify effect of CG reforms on financial performance of firms. This study further found that Indian corporations in most of the cases are leveraging benefits of implementing good CG practices and improving the performance in terms of profits (Puneeta, 2018).

**Keschnick and Moussawi (2018)** in their study outlined that the CG influence is antagonistically connected with the firm age. The impedance between the firm age and governance depicts the negative connection. The investigation categorically calls

attention to that the connection between the age of the firm and organization of the board are huge (Keschnick and Moussawi, 2018).

**Mishra and Kapil (2017)** in their study found that CG factors are more approachable towards Tobin's Q than return on assets. They also found that FIIs presence impacted positively on the financial performance of the firms whereas the board failed to show any impact on performance in the study. However, ownership in the hands of promoters negatively impacted firm performance (Mishra and Kapil, 2017).

**Mohamed et al (2016)** in their research work examined the impact of CG firms' stock price of 62 firms in the Egyptian stock market. They have used multiple regression analysis on the data. It is found that trading volume isn't influenced by the strength of CG. They recommended that Egyptian firms need to have better CG for better stock price (Mohamed et al, 2016).

**Arora and Sharma (2016)** assessed the influence of CG on company performance in India. The study found that ROE, profitability, and stock returns are not related to CG and increase in the board size is related to better performance (Arora and Sharma, 2016).

**Amira et al (2015)** developed an index of CG (CG) based on its effect on listed non-financial firms' major shareholders in UK. It found a significant and positive relationship amid 'total major shareholdings' and CG wherein the composition of the board and board independency shown impact 'total major shareholdings.' However, it did not find any relationship between changes in CG that leads to changes in major shareholdings (Amira et al, 2015).

**Aisha et al (2015)** conducted a study by collecting responses from 100 individual investors and managers who are managing equity funds. They analyzed the responses so collected by using both correlation and regression techniques. The study found that firm level CG has positive and significant impact on investment decision making, all behavioral and demographic factors of IND INV play a vital role (Aisha et al, 2015).

**Sarkar et al (2012)** examined the 500 biggest Indian corporations' CG index using information spanning between 2003 and 2008. The ownership framework, the external auditor, the AC, and the BOD framed the index. They identified growing pattern in the Indian CG index. The study suggested, as there is clear correlations among market performance and the CG index, Indian INV tend to value better governed businesses (Sarkar et al, 2012).

**Pham et al (2012)** in their study discovered that increase in the board autonomy altogether decreases the firm's cost of capital. The study found that as independent directors have nominal premium in their own advantages, in contrast to non-independent directors, INV prefer to invest in the firms which have board autonomy which is directly related to number of independent directors in the board (Pham et al, 2012).

**Sharma and Gupta (2011):** "Role of Subjective Norms in Investment Decision Making of Casual INV," discovered a number of factors, including risk, return, peer pressure, financial advisor recommendations, and market trends, that affect corporate INV DEC in the Indian stock market. Sharma and Gupta (2011)

**Ben et al (2010)** examined the effects of inadequate CG on the banking industry in Nigeria. The research looked at and assessed the role that CEOs' personal greed had in

creating the problem of bad CG, as well as the extent to which bank executives' noncompliance with CG regulations contributed to it. The research concluded that these officials' training and retraining need to be intensified immediately (Ben et al, 2010).

**“Sias and Whidbee (2010)** evaluated the relationship between insider trading aspect of CG and INV DEC of INV. Insider trading is favorably correlated with demand by IND INV and adversely correlated with demand by institutional INV, according to the study, Additionally, the study found that insiders are more inclined to think that their stocks are cheap following a time of institutional INV selling and overpriced following a time of institutional INV purchasing (Sias and Whidbee, 2010).”

**Chauhan and Pasricha (2010)** attempted to study the performance of firms based on different variables of the CG. They have selected pharmaceutical and IT industry firms for the study. Tobin's Q analysis is applied on CG variables. They found that existence of more number of independent directors has significant impact on firms' performance (Chauhan and Pasricha, 2010).

**Chang and Wei (2010)** in their study investigated the significance of CG information and financial information to specific Taiwanese INV. It is found that CG strength positively affects Taiwanese IND INV decisions. They found that more-experienced IND INV are in a better position to make their investment decisions when compared to less experienced IND INV. It indicates that information pertaining to CG has larger usefulness while making investment decisions by the experienced IND INV (Chang and Wei, 2010).

**Hartzell et al (2008)** examined the effect of CG structures at the IPO date. The study selected 107 IPOs of REITs (Real Estate Investment Trusts) between 1991 and 1998. It is found that firms who have strong structure of CG have higher valuations in IPO and healthier operating performance in long-term compared to others (Hartzell et al, 2008).

**Bhagat and Bolton (2008)** “In their study on the relationship between CG and firms’ performance, have found that better governance, board members’ stock ownership, and chairperson-CEO separation have direct relationship with improved performance. Moreover, not even a single measure of CG has impact on market performance of the stock in the future. Additionally, given subpar company performance, board independence and stock ownership are positively connected with the likelihood of management turnover. (Bhagat and Bolton, 2008).

**Subramniam et al (2008)** have analyzed 370 Indian firms performance on different practices of CG like board composition, board practices and processes, directors’ background, compensation of executives and non- executives’ directors, shareholders’ rights, etc. They found that large businesses have a better relationship between the company's governance index and market value (Subramniam et al, 2008).

**Almer et al (2007)** have analyzed the decision making criteria of non-professional INV. The non-professional INV make a judgment about managements' financial reporting credibility after reviewing a set of actions taken by a firm after making the statements. The possible actions include changes in four CG mechanisms (i.e., internal audit function, external audit firm, BOD, CFO). They also found that each of the four CG related actions significantly influenced perceived credibility judgments. The CG actions like change in BOD resulted in the least effect on credibility (i.e., 3%) while outsourcing the internal audit function had the greatest effect of over 20% (Almer et al, 2007).

**Sharma (2006)** in his study interviewed forty non-professional INV and thirty three professional INV. He observed that INV's judgments on the board's efficacy play a significant role in influencing their choice of investments. The study also found that Compared to non-professional INV, professional INV tend to be more cautious. Further, if INV believe that the corporate board is more effective, they will invest more money. (Sharma, 2006).

**Allan and Shazali (2005)** have analyzed relationship between CG structures and firms' market performance in Malaysia. They obtained the data between 1996 and 1999 related to 120 Malaysian-listed companies. The study period embraced 1997 - 98 financial crisis of Asia. It included both random and fixed effects models in its panel data regression analysis of the businesses' performance. It is evidenced that the firm size, talented CEOs, and gearing ratio have shown impact on firms' performance (Allan and Shazali, 2005).

**Klapper and Love (2004)** investigate the connection between asymmetric information, governance, and flaws that businesses encounter. They verified that there is a strong correlation between market valuation and operational performance and CG. Additionally, they made the argument that stock markets with shoddy legal systems are more likely to have poor CG standards at the company level (Klapper and Love (2004)).

**Brown and Marcus (2004)** in their study measured CG on 8 broad categories and found that businesses with higher CG tend to be more valued, lucrative, and provide their shareholders larger dividend payments. They also came to the conclusion that the strongest correlation between good performance and good governance is seen when there is a good remuneration for executives and directors (Brown and Marcus, 2004).

## **2.4: INDIVIDUAL INVESTORS AND CORPORAT GOVERNANCE**

**Epstein and Freedman (1994)** have surveyed IND INV and indicated that non-institutional shareholders are interested in having their companies report on certain social aspects.

**Shleifer and Vishny (1997)** analysed that CG deals with the agency problem large INV are invested with the reputation of the managers thinking of getting their amount back and discussed about discuss legal protection of INV and concentration of ownership as complementary approaches to governance. argued that legal protection of investor rights is one essential element of CG.

**Morse (1998)** investigated about the risk taking level of the IND INV which intern depends on their family background. Most of the time was seen in analysis that IND INV can judge about the risk in the investment.

**John Morais (1998)** in his research study analysed the effect of demographics on investment decision. It is found that IND INV investment decision depends on the factors such as age category, gender category, and income level category (John Morais, 1998).

**Brown and Marcus (2004)** measured CG on eight broad categories concluded that firms with superior CG practices have reported better profits, recorded more Market Price per Share (MPS), and distributed more Dividend Per Share (DPS) among share holders. They also came to the conclusion that the strongest correlation between good performance and good governance (Brown and Marcus, 2004)

**Veld and Merkoulova (2008)** illustrated about the IND INV risk perception by considering about 2226 members customers panel. It is observed that semi-variance way of measuring risk is most popular among the INV. They concluded that market return plays a vital role in the perception of risk (Veld and Merkoulova, 2008).

**San grant (2010)** analysed during the period 1981 through 2006, institutions as a group have not outperformed individuals, and in some cases, they have even underperformed (San grant, 2010).



**Manmeet and Kiran (2011)** in their research work found that retail INV who have done an investment tends to be more on CG related things. The study was conducted by selecting sample of 350 small retail investors. By taking the variables like number of directors and independent directors on board, qualification of directors, CEO compensation, CEO-Chairman duality, auditor's appointment, insider trading found that that more importance is given to the CG disclosure by the retail INV (Manmeet and Kiran, 2011).

**Manimegalai (2013)** examined the demographic variables and their impact on INV DEC. It is observed that INV profile has a direct impact on the IND INV investment process (Manimegalai, 2013).

**Ramprasath (2014)** in his study found that demographic variables directly affect the awareness level of IND INV, gender and age play a vital a role in investment behaviour of IND INV (Ramprasath, 2014)

**Schmidt (2016)** in his research work found that the usage of voting rights by retail investors is closely associated with the development of an individual's mindset and process of deciding about investment. He concluded that shareholder voting is an important instrument of CG (Schmidt, 2016).

**Reddy and Sudhakar (2016)** analysed the perception of the IND INV towards mutual fund investment in the twin cities of Hyderabad and Secunderabad. They found that data transparency by mutual fund manager affects IND INV perception (Reddy and Sudhakar, 2016).

## **2.5: CORPORTATE GOVERNANCE AND FIRM'S PERFROMANCE**

**Rajputet et al (2014)** concluded that there is a negative relationship between government ownership and the firm performance. Good CG is important for local and international companies. CGI has a negative impact on ROE. The evidence is taken from the non-financial companies listed on BSE.

**Puneeta (2018)** in her study observed that INV started recognizing good CG companies. However, this research failed to identify effect of CG reforms on financial performance of firms. This study further found that Indian corporations in most of the cases are leveraging benefits of implementing good CG practices and improving the performance in terms of profits (Puneeta, 2018).

**Sriram (2020)** in his study constructed the index of CG by considering three sub-indices i.e. ownership structure (OS), Audit Committee (AC) and Board of Directors (BOD), He evaluated eighty seven firms listed on Nifty-500. It obtained such data relating to the variables of CG and financial variables from the companies' annual reports. The study found a direct relationship of CG on firm performance (Sriram, 2020).

## **2.6: CORPORATE GOVERNANCE AND STOCK MARKET PERFORMANCE**

**Pajuste, A. (2002)** analysed the stock market performance related to the CG among 9 different countries of Europe, concluded that the better shareholder protection better stock market integrity. Pajuste, A. (2002)

**Allan and Shazali (2005)** have analyzed relationship between CG structures and firms' market performance in Malaysia. They obtained the data between 1996 and 1999 related to 120 Malaysian-listed companies. The study period embraced 1997 - 98 financial crisis of Asia. It included both random and fixed effects models in its panel data regression analysis of the businesses' performance. It is evidenced that the firm size, talented CEOs, and gearing ratio have shown impact on firms' performance (Allan and Shazali, 2005).

**Botosan (2006)** found that firms can reduce the cost of equity capital by disclosing the accurate financial figures and the practices of CG (Botosan, 2006)

**Garry B., et al. (2006)** examined the two types of private equity INV (business angels and venture capitalists) in companies that undertaken an IPO in the France and UK, and the performance effects of ownership concentration. It contextualized emerging acceptance of multiple agency theory by investigating the heterogeneity of private equity INV. It used a hand-collected data of 224 IPOs. The findings support the argument of agency theory -concentrated ownership increases the performance of IPO. The business angels and venture capitalists have a distinct impact on performance, and the legal institutions moderate this impact (Garry B et al, 2006).

**Sharma and Divesh (2006).** The paper gives the insight into professional and Non-professional INV Perception of the efficacy of boards in their decisions, Online survey was conducted in the Singapore, and the research is limited to less 50 respondents. Non-Professional INV give a more value to the money. the paper does not have any kind aspect related to an effect of CG changes on a decision making of a different trading market (Sharma and Divesh, 2006).

**Hartzell et al (2008)** examined the effect of CG structures at the IPO (initial public offering) date. It hypothesized that firms who follow the shareholder-oriented governance structures get greater valuations in IPO and have healthier long-term performance. The study selected 107 IPOs of REITs (real estate investment trusts) between 1991 and 1998. It assumed that using a single industry decreases potentially puzzling effects because of differences in transparency, risk, and growth potential. It also assumed that this approach diminishes the endogeneity problem in assessing the impact of CG on seasoned firms' valuation. It found that firms who have strong structure of CG have higher valuations in IPO and healthier operating performance in long-term compared to others (Hartzell et al, 2008).

**Chauhan and Pasricha (2010)** attempted to study the performance of firms based on different variables of the CG. They have selected pharmaceutical and IT industry firms for the study. Tobin's Q analysis is applied on CG variables. They found that existence of more number of independent directors has significant impact on firms' performance (Chauhan and Pasricha, 2010).

**Bruce Hearn (2011)** analysed the impact of CG attributes on under-pricing and firm market value in IPO. The governance attributes like role separation between chairman and Chief Executive Officer, establishment of committees, founder ceding CEO position, board size, etc are analysed. It examined the determining factors of directors retaining ownership and its relationship with under-pricing. It used 37 locally listed IPO firms as a sample size from across West Africa. It found that firms whose directors retained ownership increase under-pricing compared to that of founders (Bruce Hearn (2011)).

**Pham et al. (2012)** discovered that an expansion in board autonomy altogether decreases the association's cost of capital. As independent directors have minimal premium in their own advantages, in contrast to chief non independent directors, INV or speculators accept that independent chief's premium in the issues of the organization is like theirs (Pham et al. (2012)).

**Heshmat and Nesma (2012)** investigated about the female non-professional INV of the Saudi, the author have done the analysis with the structured questioner including the variables like age, income, risk tolerance etc, 210 young females are the targeted respondents. Only females are taken in the study (Heshmat and Nesma, 2012).

**Shank et al (2013)** In this paper discuss the ongoing quest for evidence of good CG contributes to positive operational performance and provides a unique viewpoint. Based on firm size, the paper supports the paradigm of "doing well while doing good " for both investment options of individual and institutional INV by demonstrating the range of companies that practice effective CG can be a long-term strategy to optimize value. (Shank et al.2013)

**Mishra and Mohanty (2014)** investigated the relationship between corporate governance and company execution and find that the valid consistency symbol does not affect the execution of the company (Mishra and Mohanty (2014)).

**Jagongo and Mutswenje (2014)** illustrated the INV behaviour to know the factors influencing investing decision in the Nairobi Stock Market of Kenya with the 50 respondents, by considering the variables of CG (Jagongo and Mutswenje, 2014).

**Javeed et al (2014)** explored the link between capital structure and CG practices, as well as between CG and business value. They used information from 155 non-financial corporations listed in the period of 2008 to 2012 on the Karachi Stock Exchange. They looked at connection between capital structure, business performance, and CG using the fixed effects technique whereby they discovered a substantial (positive) correlation between business performance and capital structure. Additionally, they discovered a strong and positive correlation between business value and board independence (Javeed, et al, 2014)

**Abraham et al (2015)** examined corporate exposure rehearsals of Indian organizations during the pre, between and post mandate time of clause 49. They find that the practice of CG continuity has issues that arise the requisite implementation of the task of CG. They also find that private organizations notice preferable rehearsals of continuity over the organizations of the public sector (Abraham et al, 2015).

**Amira et al (2015)** developed an index of CG (CG) based on its effect on listed non-financial firms' major shareholders in UK. It found a significant and positive relationship amid 'total major shareholdings' and CG wherein the composition of the board and board independency shown impact 'total major shareholdings.' However, it did not find any relationship between changes in CG that leads to changes in major shareholdings (Amira et al, 2015).

**Xiaolu et al (2016)** investigated how INV' confidence is affected by CG. The findings indicate that INV' confidence increases with higher CG levels; however, INV' confidence is also impacted by market macroeconomic factors, and since different industries have different characteristics, the effects of CG levels on INV' confidence vary. Additionally, the empirical findings demonstrate a positive lag impact on investor confidence (Xiaolu et al, 2016)

**Arora and Sharma (2016)i** Identified the influence of corporate administration on company execution for India's huge agent test and find that return on value and efficiency is not recognized by corporate administration markers. ROE, profitability, and stock returns are not related to CG and the increase in the board size will give the better performance (Arora and Sharma, 2016)

**Mohamed et al (2016)** found that the nature of CG can influence firms' stock price while exchanging volume isn't influenced by the strength of CG in the Egyptian market among 62 firms selected for the study. They used multiple regression analysis and stated that the Egyptian firms need to have better CG for better stock price (Mohamed. et al, 2016)

**Mishra and Kapil (2017)** in their study found that CG factors are more approachable towards Tobin's Q than return on assets. They also found that FIIs presence impacted positively on the financial performance of the firms whereas the board failed to show any impact on performance in the study. However, ownership in the hands of promoters negatively impacted firm performance (Mishra and Kapil, 2017).

**Yang et al (2017)** analyzed the INV decision and their attention towards the stock market and pointed out that the institutional INV have better chance of profit booking than the other INV. 425 days daily data of the Chinese stock market of the INV are taken into consideration for the analysis. Trading volume of the stock and turnover are vital aspects of the analysis (Yang et al, 2017)

**Saidat et al (2018)** in their study conducted in the Amman stock exchange found that the board size and performance of family owned companies have inverse relationship both in terms of return on assets and Tobin's Q. Foreign INV have better impact on family and nonfamily firms (Saidat et al, 2018).

**Keschnick and Moussawi (2018)** outlined that the corporate influence is antagonistically connected with the firm age. The impedance between the firm age and governance depicts the negative connection. The investigation emphatically calls attention to that the connection between the age of the firm and organization of the board are huge (Keschnick and Moussawi, 2018).

**Chuhan et al (2019)** investigated the tourism sector stocks by considering 30 hotels listed in the BSE. They considered mainly board directors and the firm size for investigation. They are negatively related with respect to the firm performance.



Companies' annual reports and Prowess IQ database are used for collecting the data. Descriptive statistics are used for the analysis (Chuhan et al, 2019).

**Srivastava et al (2019)** established the relation between the CG and the firms cost of equity. It is calculated with different CG variables. The data is collected for a period of 16 years belonging to 20 listed industries on BSE excluding banking and non-financial services. They found that the firms with good CG enjoy the low cost of equity (Srivastava et al, 2019).

**Shamsabadi et al (2020)** in their study found that there is a positive effect for dividend reinvestment plan and CG in Australia (Shamsabadi et al, 2020).

**Chabachib et al (2020)** in their study found that CG and managerial ownership have effect on the firms performance after analyzing the data related to non-financial companies of Indonesia (Chabachib et al, 2020).

**CG and IND INV:**

| S.No | Detail of the journal/<br>Book / Book chapter/               | Year of<br>Publication | Main findings or conclusion relevant to proposed<br>research work  |
|------|--|------------------------|--|
| 1    | Economic policy<br>Review                                    | 2006                   | The size and structure of boards have evolved endogenously over time. They affect the profitability.   |
| 2    | Financial<br>Management<br>Association                       | 2007                   | Analyzed that changes are frequent, with approximately two-thirds of firms changing either board size or independence during a two year period ( 1991 to 2003).  |
| 3    | Journal of Risk<br>Finance                                   | 2009                   | The financial literacy level and investment behavior of INV is affected by income level, education level, and workplace activity.  |
| 4    | Journal of Corporate<br>Finance                              | 2010                   | Better-governed firms experience significantly better investment.  |
| 5    | Asia Pacific Journal<br>of Management                        | 2010                   | Analyzed the importance of financial information and information on CG to individual Taiwanese INV. Governance strength positively affects Taiwanese IND INV' decisions.   |
| 6    | Journal of Corporate<br>Finance                              | 2011                   | The study was conducted by selecting sample of 350 small retail INV. By taking the variables like number of Directors and independent directors on board, Qualification of directors, CEO Compensation, CEO Chair Duality, Auditor's appointment, Insider trading analyzed that more importance is given to the CG disclosure by the retail INV  |
| 7    | International Journal<br>of Business in<br>Society           | 2013                   | Examine the impact of CG practices on INV' perceptions in Egypt , with a strong level of effectiveness of the board of directors versus weak level of effectiveness of the board of directors and a strong level of effectiveness of the audit committee versus a weak level of effectiveness of the audit committee, the findings of the study reveal that INV significantly assessed board of directors and audit committee. |
| 8    | WMSCI 2014 - 18th<br>World Multi-<br>Conference              | 2014                   | The CG does matter as the market outperformers have above average CG quality and provide trustworthy financial results more often than the underperforming companies.  |
| 9    | International Journal<br>of Academic<br>Research in Business | 2014                   | The study concluded that CG in the Jordanian public companies is effective because it is complying with state and federal statutes, complying with listing standards, and implementing best practices suggested by   |

|    |   |      |   |
|----|---|------|---|
|    | and Social Sciences   |      | investor's activists and professional organizations   |
| 10 | BRQ Business Research Quarterly.  | 2015 | INV react to the kind of practices the company is having any sign of their reaction depends crucially on the nature and extension of the recommendation of the company  |
| 11 | Journal of Accounting, Auditing and Finance   | 2016 | “board composition and independence” is the only CG factor that affects total major shareholdings. Also found that different sub-indices of CG appear to affect different types of major shareholdings.   |
| 12 | International Journal of Innovative Research in Management Studies                    | 2017 | The findings clearly indicate that there is a significant difference between gender and the level of emotional tolerance which in turn affect the investment decision of an investor.   |
| 13 | International Journal of Engineering Business Management                              | 2017 | Age is a statistically significant predictor among both Mainland China and Hong Kong INV.   |
| 14 | European Journal of Business and Management   | 2017 | Based on Pearson correlation analysis researchers found that demographic factors like age, marital status and monthly income have a significant relationship with investment decision while some demographic factors like gender and educational level have no significant relationship with decision making. From one way ANOVA analysis revealed that there is a significant difference in investment decision making amongst individuals from different income groups. |
| 15 | International Journal of Economics and Finance  | 2018 | Analyzed socio demographic attributes experience, education and income affect behavior. The study shows that systematic mistakes are prevalent among German INV:  |
| 16 | Economic Research   | 2018 | Only board leadership duality and board size negatively affect the association between return on equity and executive compensation.   |
| 17 | <a href="http://hdl.handle.net/10603/317663">http://hdl.handle.net/10603/317663</a> . | 2018 | Analysed that Demographic variables like age, gender, education plays a vital role in investment behaviour of IND INV.  |
| 18 | International Journal of Islamic and Middle Eastern Finance and Management            | 2019 | Age, gender and the level of education have significant positive effects on investment decisions by INV   |
| 19 | International Journal of Academic Research in Accounting, Finance                     | 2019 | By using Multiple regression analysis, Analyzed that Good CG affect the Investment Decisions.   |

|    |   |      |  |
|----|---|------|--|
|    | and Management Sciences                                       |      |  |
| 20 | Deligent Insight  | 2019 | Strong governance gets noticed by shareholders, stakeholders, employees and customers alike and has a strong bearing on a company's reputation. The strength of a company's CG principles can lead to either a higher or a lower valuation of a company  |
| 21 | Journal of Economics and Business                             | 2019 | The investment level is higher in the firms with good CG practices. CG exaggerates the impact of investor confidence on corporate investment decisions. Good CG practices improve board members' monitoring function.  |
| 22 | Journal of Islamic Accounting and Busines Research            | 2020 | The presence of foreign directors in Islamic Banks increases boards' effectiveness in impeding management opportunistic behavior, whereas the presence of foreign directors in Conventional Banks reduces boards' effectiveness.   |
| 23 | Asian Online Journal  | 2020 | This study investigates the role of demographic factors on individual investor behavior. The role of demographic factors such as age, wealth, religion, occupation, family size, gender, marital status, education attainment, family type, residence of respondents impact retail INV decision.   |
| 24 | PLOS One  | 2020 | The governance structure of firms with BOD, independent director, institutional INV, audit committee and female directors accelerates firm's performance   |
| 25 | <a href="#">Journal of Financial Reporting and Accounting</a> | 2021 | CG can increase investment efficiency and the effectiveness of CG is found to drop when the level of industry competition is higher.   |
| 26 | OECD  | 2021 | In the fact book OECD said Board members to compare in detail how they are addressing various CG challenges in their regulatory frameworks.  |
| 27 | <a href="#">Meditari Accountancy Research</a>                 | 2021 | Integrated reporting is influenced by board size and board independence  |
| 28 | Journal of Asian and Business and Economic studies.           | 2021 | The authors find five distinct research strands: (1) firm performance and remuneration of top management, (2) the remuneration and independence of boards of directors and the efficiency of boards of directors as a governance system, (3) outside-director remuneration and the efficiency of outside directors as a monitoring system, (4) director remuneration and the CG of |

*(Author's Compilation Table-2.1 Review of literature)*

## **2.7: RESEARCH GAP**

After reviewing the existing literature on INV DEC of IND INV as well as CG, it has been found that;

- In the past, a research study is undertaken to examine the impact of behavioral finance factors on INV DEC in the Saudi equity market by taking risk perception as the mediating variable (Almansour et al, 2023). In another study, an attempt is made to examine the linkage between behavioral biases and investor's INV DEC via the mediating role of risk perception (Ahmed et al, 2022). Further, in another study, the researchers examined the effect of financial literacy on INV DEC as well as the mediating effects of personality traits (Hamza and Arif, 2019). However, no study has been conducted in India to examine the mediating role of awareness level of IND INV between CG practices and INV DEC of IND INV.
- In the past, an empirical study is conducted to examine the effect of CG and shareholding structure on corporate social responsibility performance of the firms in UK (Sarhan and Alnajjar, 2023). Another study assessed the influence of CG on company performance in India (Arora and Sharma, 2016). Further, another study is investigated the impact of CG on performance of listed Indian banks (Thomas et al, 2014). However, no study has been conducted in India to examine the mediating role of professional background of IND INV between CG practices and INV DEC IND INV.
- In the past, an empirical study is conducted to examine the impact of CG practices on INV' perceptions in Egypt (Ebaid, 2013). Another study examined the impact of

financial information and information related to CG on individual Taiwanese INV (Chang and Wei, 2010). Further, in another study is analyzed the impact of credibility of managements' financial reporting on non-professional IND INV (Almer et al (2007). However, no study has been conducted in India to identify the all the possible variables of CG that impact the investment decision of IND INV.

## **2.8: CONCLUSION**

This chapter reviewed the existing literature related to INV DEC of IND INV as well as CG. After reviewing the existing literature related to INV DEC of IND INV, it is found that investor emotion, overconfidence, over reaction or under reaction, and herd behavior have a large impact on investing decisions. Besides, INV' investing selections are significantly and favorably influenced by their age, gender, and degree of education (Quang et al, 2023). Anchoring bias, representativeness bias, loss aversion bias, overconfidence bias, optimism bias, and herding behavior have a significant effect on INV DEC (Kartini and Nahda, 2021). Openness to experience, extraversion, awareness, agreeableness, and risk aversion have a positive significant association with an individual's investment intention, whereas neuroticism has a negative significant relationship with an investor's investment intention (Sarwar et al, 2020). Safety of principal amount is an important consideration while making investment and INV prefer to rely on colleagues for information (Thard and Barua, 2019). The behavior of INV is guided by predictive skills, purchase price of stocks and past trading experience (Agrawal et al, 2019).

A survey of the CG literature reveals that CG enhances corporate social responsibility (CSR) (Sarhan and Alnajjar, 2023). The BOD and AC features have a strong and favourable correlation with the success of the company (Alodat et al., 2022). According to Ngatno et al. (2021), the link between capital structure and firm performance can be strengthened by the size of the BOD, but it cannot be moderated by board size or ownership concentration. CG directly affects how well a company performs (Sriram, 2020). It was discovered that the performance of the company is significantly

harmed by CEO duality and board size, but not by board composition (Aswathy and Chandra, 2018).

After reviewing the existing literature on INV DEC of IND INV as well as CG, it has been found that no study has been conducted in India to examine the mediating role of awareness level and professional background of IND INV between CG practices and INV DEC IND INV. Moreover, no study has been conducted in India to identify the all the possible variables of CG that impact the investment decision of IND INV.



## **CHAPTER-3**

### **RESEARCH METHODOLOGY**

### **3.1.INTRODUCTION OF THE CHAPTER**

In the previous chapter, after reviewing the existing literature on CG practices and their impact on INV DEC, a need is felt to conduct a study on INV DEC of IND INV with reference to CG. Further, it is also found in the previous chapter that past studies on CG practices focused more on assessing the impact of demographic variables on investment decision. Hence, this study focuses on other aspects that are ignored by previous research works. This study aims to conduct factor analysis in order to identify the underlying variables (factors) that are influencing INV DEC of IND INV. Further, this study also aims to assess as to how CG Practices (CGPs) and IND INV' INV DEC are mediated by two variables viz. (i) awareness level of IND INV on CGPs, and (ii) professional experience (in yrs) in making investment.

Moreover, current thesis also aspires to assess association among demographic variables and INV DEC of IND INV. To materialize all these aspects, there is a need to set a group of well defined research objectives, transform them into research hypotheses that they can be statistically tested, and framing of a research design which delineates the tools to be used in this study for data collection, measurement and analysis. This chapter discusses all the above mentioned aspects in detail in the forth coming sections.

### **3.2.RESEARCH OBJECTIVES OF THE STUDY**

For the purpose of assessing investment decision of Individual Investors with reference to Corporate Governance, this research work has set the following research objectives.

1. To study the effect of demographic variables of Individual Investors on investment decision.
2. To examine the mediating role of awareness level of Individual Investors in relationship between Corporate Governance practices and investment decision.
3. To examine the mediating role of professional background of Individual Investors in relationship between Corporate Governance practices and investment decision.
4. To identify the variables of Corporate Governance those impact the investment decision of Individual Investors.

### 3.3.HYPOTHESES OF THE STUDY

A research hypothesis is an assumption or supposition about a population's characteristic feature. This characteristic feature of the population is called, '*parameter*'. The assumption (hypothesis) made by the researcher need not be always true. Sometimes, it may be false also. In all research studies, the researcher has to frame both null and alternative hypotheses for each hypothesis which he wants to test. Always, the researcher frames the null hypothesis (denoted by  $H_0$ ) in such a way that the population parameter's actual value and its expected value do not differ statistically.

In contrast to every null hypothesis, the researcher develops an alternative hypothesis (denoted by  $H_a$  or  $H_1$ ) which is tested simultaneously along with  $H_0$ . An alternative hypothesis assumes that the population parameter's actual value and its expected value differ statistically significantly. These null and alternative hypotheses have to be phrased such that they can be tested by using an appropriate statistical test.

#### 3.3.1. NULL AND ALTERNATIVE HYPOTHESES OF THE STUDY

The following null and hypotheses are postulated and tested in the present study.

- **Null and Alternative Hypotheses Related to the Objective of Studying the Effect of Demographic Variables of IND INV on INV DEC**
  - **Null Hypothesis – 1 ( $H_{01}$ ):** “There is no significant difference in the investment decision of IND INV with regard to their '*home state*'.”
  - **Alternative Hypothesis – 1 ( $H_1$ ):** “There is a significant difference in the investment decision of IND INV with regard to their '*home state*'.”

- **Null Hypothesis – 2 ( $H_{02}$ ):** “There is no significant difference in the investment decision of IND INV with regard to their ‘*area of residence*’.”
- **Alternative Hypothesis – 2 ( $H_2$ ):** “There is a significant difference in the investment decision of IND INV with regard to their ‘*area of residence*’.”
- **Null Hypothesis – 3 ( $H_{03}$ ):** “There is no significant difference in the investment decision of IND INV with regard to their ‘*age*’.”
- **Alternative Hypothesis – 3 ( $H_3$ ):** “There exists statistically significant difference in the investment decision of IND INV with regard to their ‘*age*’.”
- **Null Hypothesis – 4 ( $H_{04}$ ):** “There is no significant difference in the investment decision of IND INV with regard to their ‘*gender*’.”
- **Alternative Hypothesis – 4 ( $H_4$ ):** “There is a significant difference in the investment decision of IND INV with regard to their ‘*gender*’.”
- **Null Hypothesis – 5 ( $H_{05}$ ):** “There is no significant difference in the investment decision of IND INV with regard to their ‘*educational qualification*’.”
- **Alternative Hypothesis – 5 ( $H_5$ ):** “There is a significant difference in the investment decision of IND INV with regard to their ‘*educational qualification*’.”
- **Null Hypothesis – 6 ( $H_{06}$ ):** “There is no significant difference in the investment decision of IND INV with regard to their ‘*marital status*’.”
- **Alternative Hypothesis – 6 ( $H_6$ ):** There exists statistically significant difference in the investment decision of IND INV with regard to their ‘*marital status*’.

- **Null Hypothesis – 7 (H<sub>07</sub>):** “There is no significant difference in the investment decision of IND INV with regard to their ‘*number of family members*’.”
- **Alternative Hypothesis – 7 (H<sub>7</sub>):** “There is a significant difference in the investment decision of IND INV with regard to their ‘*number of family members*’.”
- **Null Hypothesis – 8 (H<sub>08</sub>):** “There is no significant difference in the investment decision of IND INV with regard to their ‘*occupation*’.”
- **Alternative Hypothesis – 8 (H<sub>8</sub>):** “There is a significant difference in the investment decision of IND INV with regard to their ‘*occupation*’.”
- **Null Hypothesis – 9 (H<sub>09</sub>):** “There is no significant difference in the investment decision of IND INV with regard to their ‘*annual income*’.”
- **Alternative Hypothesis – 9 (H<sub>9</sub>):** “There is a significant difference in the investment decision of IND INV with regard to their ‘*annual income*’.”
- **Null Hypothesis – 10 (H<sub>010</sub>):** “There is no significant difference in the investment decision of IND INV with regard to their ‘*accommodation type*’.”
- **Alternative Hypothesis – 10 (H<sub>10</sub>):** “There is a significant difference in the investment decision of IND INV with regard to their ‘*accommodation type*’.”
- **Null Hypothesis – 11 (H<sub>011</sub>):** “There is no significant difference in the investment decision of IND INV with regard to their ‘*number of yrs of experience in investing*’.”

- **Alternative Hypothesis – 11 ( $H_{11}$ ):** “There is a significant difference in the investment decision of IND INV with regard to their *‘number of yrs of experience in investing’*.”
- **Null Hypothesis – 12 ( $H_{012}$ ):** “There is no significant difference in the investment decision of IND INV with regard to their *‘percentage of annual income invested’*.”
- **Alternative Hypothesis – 12 ( $H_{12}$ ):** “There is a significant difference in the investment decision of IND INV with regard to their *‘percentage of annual income invested’*.”
- **Null and Alternative Hypotheses Related to the Objective of Examining the Mediating Role of Awareness Level of IND INV in Relationship Between CG Practices and INV DEC**
  - **Null Hypothesis – 13 ( $H_{013}$ ):** The awareness level of IND INV on CG practices has no mediating effect on their INV DEC.
  - **Alternative Hypothesis – 13 ( $H_{13}$ ):** The awareness level of IND INV on CG practices has mediating effect on their INV DEC.
- **Null and Alternative Hypothesis Related the Objective of Examining the Mediating Role of Professional Background of IND INV in Relationship Between CG Practices and INV DEC**
  - **Null Hypothesis – 14 ( $H_{014}$ ):** The professional experience in making investment (in yrs) of IND INV has no mediating effect between CG practices and their INV DEC.

- **Alternative Hypothesis – 14 ( $H_{14}$ ):** The professional experience in making investment (in yrs) of IND INV has mediating effect between CG practices and their INV DEC.
- **Null and Alternative Hypotheses Related to the Objective of identifying the Variables of CG Those Impact the Investment Decision Of IND INV**
  - **Null Hypothesis – 15 ( $H_{015}$ ):** There are no latent underlying structures to group all variables into meaningful factors (variables) from the responses of IND INV.
  - **Alternative Hypothesis – 15 ( $H_{15}$ ):** There exist latent underlying structures to group all variables into meaningful factors (variables) from the responses of IND INV.



### **3.4.RESEARCH METHODOLOGY**

The various components of research methodology adopted in the study are given below.

#### **3.4.1. Research Design**

The study is descriptive in nature which explains various characteristics (impacts) of the CG practices on INV DEC IND INV.

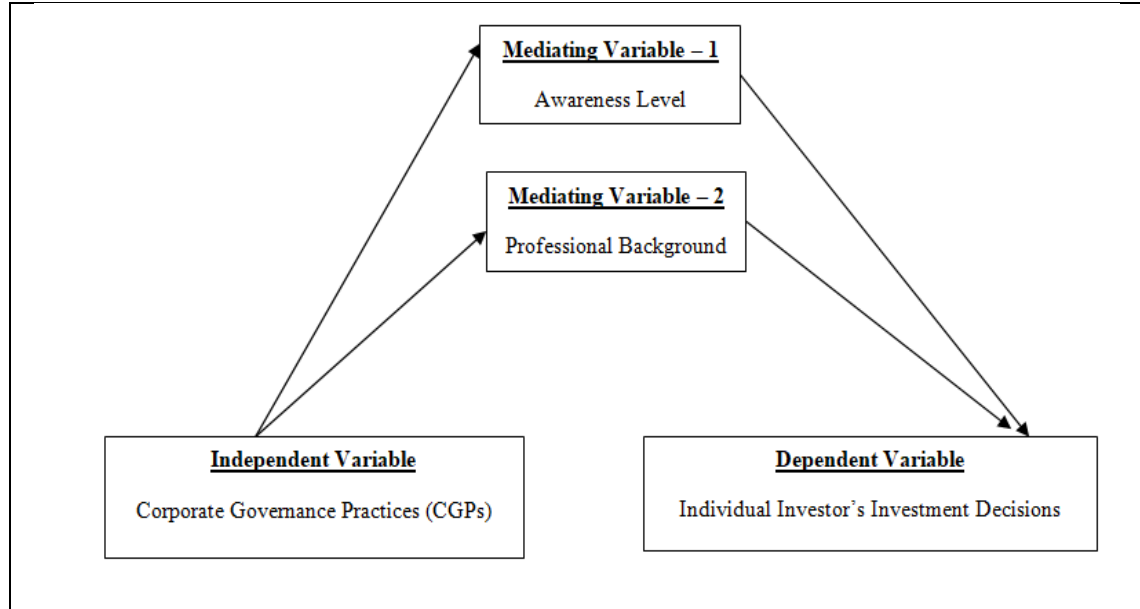
#### **3.4.2. Research Model**

A research model is an illustration of important ideas. It displays the correlation between a number of variables, such as independent, dependent, moderating, mediating variables etc with the help of arrows and other diagrams (Clarke, 2015).

In this study, factor analysis is used to analyze the data. The factor analysis doesn't classify the variables into dependent and independent variables. Hence, there is no dependent and independent relationship as such. However, based on correction coefficient values, factor analysis tries to group the variables into a few meaningful grouped variables called factors (Matsunaga, 2010).

However, the mediating analysis model has the relationship among independent, dependent, and mediating variables. The model of mediating analysis depicted in this thesis is shown below.

**Figure 3.1: Mediating Analysis Model with 2 Mediating Variables**



### **3.4.3. Data Sources**

The study is empirical in nature. Hence, the respondents are given a structured survey instrument to answer, in order to gather the primary data. The respondents reside in five (5) South Indian states i.e. Telangana, Kerala, Tamil Nadu, Karnataka, and Andhra Pradesh. Main reason for selecting these states is that these five states are nearby states to the researcher and the researcher has adopted Purposive sampling technique for sample selection. The questionnaire contained questions pertaining to different aspects related to – INV' demographic profile; their awareness levels regarding CG in firms and the impact of such CG practices on their INV DEC; their professional background and its impact on their INV DEC with focus on firms' CG; and finally, assessing the impact of CG of firms on investment behaviour of IND INV. Important questions pertaining to their demographic profiles such as area of residence; age; gender; educational background; marital status; number of family members; occupation; family income; and

accommodation type etc are included to assess the differences in their investment behaviour based on differences in the demographic profile.

Apart from this, other important aspects pertaining to the CG and INV' awareness and professional background were also included. Responses of the INV are also collected on aspects like firms' financial performance (Iqbal et al, 2019); historical returns (Shank et al, 2013); risk in investment (Eisenhofer and Levin, 2005); CG practices (Mirza et al, 2013); corporate social responsibility (Cohen et al, 2017); ownership structure (Nasrum, 2013); firm's brand image and reputation (Hoffmann and Fieseler, 2012).

The responses are collected as a degree of investor's agreement / disagreement regarding certain statements which discussed various aspects relating to CG in firms. Use of a 5-point Likert scale is made in which the response options were specified as; 1 = Strongly Disagree, 2 = Disagree, 3 = Neither Agree nor Disagree, 4 = Agree, 5 = Strongly Agree.

The secondary data pertaining to various categories of CG practices that have impact on INV DEC of IND INV, various factors that are considered by IND INV before making the investment, thumb rules to be followed for accepting null hypotheses etc. are acquired by the use of books, periodicals, newspapers, internet, etc.

#### **3.4.4. Pilot Study**

A structured questionnaire with the above mentioned aspects is developed after having a series of discussions with the academicians and other prominent people. Then, a pilot study is conducted on a sample of 61 respondents. Based on their responses, the questionnaire is modified.

#### **3.4.5. Sampling Method**

For the purpose of data collection, INV were selected from five Indian states which included Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Telangana. These states were selected because of the convenience factor as the researcher has some acquaintances from each of these five states. Thus, it can be stated that Purposive sampling is being employed in order to gather data. Moreover, respondents are picked up purposefully such a way that they represent India as a whole. In this study, Purposive sampling was employed. One non-probability sampling method that selects participants from the target population based on accessibility from a investors data.(Golzar, Noor, and Tajik, 2022).

#### **3.4.6. Sample Size**

The following formula is used to determine sample size in studies where the goal is to assess the percentage of wins in a binary result variable (yes/no) in an individual population size: (Lisa Sullivan Prof.Statistics)

$$n = p \left( 1 - p \right) \left( \frac{Z}{E} \right)^2$$

Since we don't know what percentage of INV there are, we calculate the sample size using 0.5 as follows:

$$n = 0.5(1 - 0.5) \left( \frac{Z}{E} \right)^2 = 0.5(0.5) \left( \frac{1.96}{0.05} \right)^2 = 384.2$$

A sample of size 385 is required to guarantee that the 95% confidence interval for estimating the proportion of INV is within 5% of the real proportion.

The study includes a data set of respondents across five states of India. An attempt was made to include the respondents from all income classes with varied demographics. In all, roughly 550 questionnaires were floated to various respondents. Evidently, not all of them were used for the purpose of analysis. The responses were received from around 465 respondents. However, upon examining the data for its appropriateness for further examination, many responses were found unfit for use because they are not filled up completely; some of them have given biased responses etc.

At the end, a total of 385 responses were found appropriate for the purpose of data analysis. These respondents are selected by considering various demographic profiles in such a way that they represent the population in the study.

#### **3.4.7. Period of the Study**

The data is collected in last quarter of the year 2022 and early months of the year 2023.

### 3.4.8. Data Analysis Techniques

The following data analysis techniques are used in the study.

- **Cronbach's Alpha Test** is used to test the reliability of the scales used in the questionnaire (Schrepp, 2020).
- To determine whether the questionnaire is valid, **Pearson Correlation Values** of the items / statements are verified, and the comprehensive sum of the items / statements value is compared with the critical value of the Pearson Correlation Table at a degree of freedom of  $N-2$ , where  $N$  is the total sample size (Osborne et al, 2013).
- To test the hypotheses related to research objective – 1, **One Way ANOVA** test is used where there are more than two categories of respondents and when there are two categories of respondents, **t- test** is used for analyzing the data (Stoker et al, 2020).
- In order to test the hypotheses related to research objectives – 2 and 3, **Smart PLS Structural Equation Modeling (PLS – SEM)** is used (Nascimento and Macedo, 2016).
- In order to test the hypothesis related to research objective – 4, **Exploratory Factor Analysis (EFA)** is used to reduce all the variables in the instrument into a fewer number of dimensions or factors. Moreover, **KMO Bartlett's** test is used to test the sampling adequacy before applying exploratory factor analysis to the primary data (Williams et al, 2010).
- SPSS software (Version 22) is used for data analysis.

### **3.5.SCOPE OF THE STUDY**

There exists a large number of IND INV in India. Including all of them in the study makes research burdensome. Thus, the study's purview or scope is confined to following aspects.

- The scope of the study is restricted to South Indian states only.
- The study covers only IND INV but not other categories of INV like institutional INV and its various sub categories.
- The purpose of the study is confined only to evaluate the effect of CG practices on INV DEC of IND INV. However, there are so many other factors that have impact on the INV DEC of INV, but they are excluded from the study.

### **3.6.CHAPTERISATION SCHEME OF THE THESIS**

This thesis is organized into following five (5) chapters.

Chapter – I: Introduction

Chapter – II: Review of Literature and Research Gap

Chapter – III: Objectives and Research Methodology

Chapter – IV: Data Analysis and Interpretation

Chapter – V: Findings, Recommendations and Conclusion

### **3.7.CONCLUDING SUMMARY**

In this chapter, on the basis of the research gap identified in the previous chapter, a set research objectives to be pursued in the study are finalized. Then, these objectives are transformed into hypotheses keeping in mind the appropriate statistical techniques that can be applied to test them. After that, a complete section is devoted to describe research methodology which specifies research design adopted, research model used to explain the relationship among the data variables, sources of collecting the data, details of the pilot study conducted, and other aspects related to sampling design which include sampling method, sample size etc. This section also highlighted the data analysis techniques. Finally, scope of the study and chapterization scheme of the thesis is provided.



## **CHAPTER- 4**

### **DATA ANALYSIS**

#### **4.1.INTRODUCTION OF THE CHAPTER**

In the previous chapter, as per the research objectives of the study and the hypotheses that are developed therein, a complete section is devoted for research methodology to be adopted to carry out this research work in which the tools to be used for data collection, measurement and analysis are delineated along with other aspects pertaining to the research work. However, in this chapter, the data collected is analyzed by using the appropriate statistical tests and the results are interpreted. The data analysis and interpretation is presented under the following heads.

- Section – A: Empirical Analysis of Data Obtained in Pilot Study
- Section – B: Empirical Analysis Related to Reliability and Validity of the Questionnaire
- Section – C: Empirical Analysis Related to Demographic Profiles Versus INV DEC
- Section – D: Empirical Analysis Related to Mediating Role of Awareness Level between CGPs and INV DEC
- Section – E: Empirical Analysis Related to Mediating Role of Professional Background between CGPs and INV DEC
- Section – F: Empirical Analysis Related to Identifying the Factors of CG that have Impact on INV DEC

## **SECTION – A**

### **4.2.EMPIRICAL ANALYSIS OF DATA OBTAINED IN PILOT STUDY**

The pilot study is conducted to test the reliability of the questionnaire. There are 4 parts to the survey instrument i.e. questionnaire. The part – A has the questions pertaining to *demographic profile* of respondents whereas part – B contains the questions (statements) related to *‘Mediating Role of Awareness Level between CGPs and INV DEC’*. Part – C contains the questions (statements) related to *‘Mediating Role of Professional Background between CGPs and INV DEC’*, whereas part – D contains the questions (statements) related to *‘Identifying the Factors of CG that have Impact on INV DEC’*.

Before proceeding to data collection, it is the custom to test the reliability of the questionnaire by conducting a pilot study. For this purpose, the questionnaire is distributed to a sample of respondents and the responses are received from 61 respondents. Reliability test is conducted to the statements included in Part – B, C, and D and their results are interpreted under the following heads.

- Reliability Test Results (Pilot Study) for the statements related to *‘Mediating Role of Awareness Level between CGPs and INV DEC’*.
- Reliability Test Results (Pilot Study) for the statements related to *‘Mediating Role of Professional Background between CGPs and INV DEC’*
- Reliability Test Results (Pilot Study) for the statements related to *‘Identifying the Factors of CG that have Impact on INV DEC’*

The following section provides the results of tests conducted followed by interpretation.

#### 4.2.1. Reliability Test Results (Pilot Study) for the Statements Related to ‘Mediating Role of Awareness Level between CGPs and INV DEC’

The pilot study results on 61 sampled respondents where the items / statements representing the constructs which examine the mediating role of awareness level of IND INV in relationship between CG practices and INV DEC are as follows.

**Table 4.1: Reliability Test Results (Pilot Study) for the Statements Related to ‘Mediating Role of Awareness Level between CGPs and INV DEC’**

| S. No. | Statement  | Cronbach's Alpha if Item Deleted |
|--------|--|----------------------------------|
| 1      | Awareness regarding need & importance of CG (N&I)                      | 0.868                            |
| 2      | Awareness regarding important financial statements of firms (FS)       | 0.768                            |
| 3      | Awareness regarding the role of BOD in a firm (BoD)                    | 0.868                            |
| 4      | Awareness regarding importance of internal & external audits (AUD)     | 0.868                            |
| 5      | Awareness level with respect to ESG (ESG)                              | 0.768                            |
| 6      | Awareness regarding annual reports of firms.                           | 0.968                            |
| 7      | Awareness regarding the rights of INV.                                 | 0.868                            |
| 8      | Awareness regarding important documents to be read before investing.   | 0.969                            |
| 9      | Awareness regarding disclosure relating to CG.                         | 0.870                            |
| 10     | Awareness regarding the sources of financial statements of firms.      | 0.768                            |
| 11     | Awareness regarding financial reporting standards to be followed.      | 0.868                            |
| 12     | Awareness regarding financial reports of holding firms & subsidiaries. | 0.768                            |
| 13     | Awareness regarding important financial parameters to be examined.     | 0.968                            |
| 14     | Awareness regarding tools to examine firms' financial performance.     | 0.868                            |
| 15     | Awareness regarding board composition & its independence.              | 0.768                            |
| 16     | Awareness regarding shareholding guidelines for BOD.                   | 0.969                            |
| 17     | Awareness regarding board meetings & their frequency.                  | 0.968                            |

|                |  |       |
|----------------|--|-------|
| 18             | Awareness regarding performance measures of BOD.                                     | 0.768 |
| 19             | Awareness regarding the role of auditors (internal & external) in a firm.            | 0.969 |
| 20             | Awareness regarding importance of statutory audit of firms.                          | 0.971 |
| 21             | Awareness regarding auditors' remuneration & benefits.                               | 0.868 |
| 22             | Awareness regarding the components in an auditors' report.                           | 0.968 |
| 23             | Awareness regarding the importance of ESG.   | 0.871 |
| 24             | Awareness regarding the impact of firms' operations on environment.                  | 0.871 |
| 25             | Awareness regarding impact of business operations on employees, customers & society. | 0.868 |
| 26             | Awareness regarding steps taken by firms to mitigate ESG risks.                      | 0.968 |
| <b>Summary</b> |  |       |
|                | Cronbach's Alpha   | 0.870 |
|                | Cronbach's Alpha Based on Standardized Items   | 0.890 |
|                | Number of Items  | 26    |

(Source: Primary Data)

The decision criteria regarding the reliability is as follows (Taber, 2018)(George and Mallery, 2003)

- |   |              |
|---|--------------|
| If <u>Cronbach's Alpha</u> < 0.50,            | Unacceptable |
| • If <u>Cronbach's Alpha</u> is 0.50 – 0.59,  | Poor         |
| • If <u>Cronbach's Alpha</u> is 0.60 – 0.69,  | Questionable |
| • If <u>Cronbach's Alpha</u> is 0.70 – 0.79,  | Acceptable   |
| • If <u>Cronbach's Alpha</u> is 0.80 – 0.89,  | Good         |
| • If <u>Cronbach's Alpha</u> is $\geq 0.90$ , | Excellent    |

It has been evident from the summary of above Table 4.1 that, items / statements representing the constructs that examined the mediating role of awareness level between CG practices and INV DEC at the time of the pilot testing of 61 sample size are reliable (acceptable to excellent), as Alpha's value  $> 0.7$ .

Further Alpha's values, for each of 26 statements, if items are deleted are even well above the 0.7 mark, which is a clear indication that responses given by the respondents are meeting the benchmark. Also, it again provides a clear indication that the content in the statements is well understood by the respondents, which signifies that the study can be proceeded by sharing the questionnaire with the final sample size of this research.

#### **4.2.2. Reliability Test Results (Pilot Study) for the Statements Related to 'Mediating Role of Professional Background between CGPs and INV DEC'**

The pilot study's results on 61 sampled respondents where the items / statements representing the constructs which examine the mediating role of professional background between CG practices and INV DEC are as follows.

**Table 4.2: Reliability Test Results (Pilot Study) for the Statements Related to 'Mediating Role of Professional Background between CGPs and INV DEC'**

| <b>S. No.</b> | <b>Statement</b>  | <b>Cronbach's Alpha if Item Deleted</b> |
|---------------|---|---|
| 1             | I was always interested to pursue my education & career in a field closely related to investments (E&C) | 0.763                                   |
| 2             | My colleagues & friends influence my INV DEC (C&F)  | 0.964                                   |
| 3             | I generally buy stocks of firms with good governance practices (CGP)                                    | 0.864                                   |

|                |   |       |
|----------------|---|-------|
| 4              | I consider firms' track record with respect to lapses in CG before investing (LCG)                                  | 0.964 |
| 5              | Nature of my job is closely associated with market investments.   | 0.963 |
| 6              | My occupation allows me time to take informed INV DEC.  | 0.764 |
| 7              | My education & occupation are aligned with financial decision making.   | 0.864 |
| 8              | I have sufficient knowledge & experience of making investments.   | 0.866 |
| 9              | I have earned significant returns from my investments due to the knowledge of markets that my occupation offers me. | 0.766 |
| 10             | I am in contact with people having good knowledge of investments.   | 0.964 |
| 11             | My INV DEC are influenced by the expectations of my family members.   | 0.864 |
| 12             | I overweigh outsiders' suggestions than my own understanding of investments.  | 0.764 |
| 13             | I have earned good returns on my investments based on suggestions from friends/ colleagues.                         | 0.963 |
| 14             | I can pay higher prices for stocks of firms with good governance.   | 0.764 |
| 15             | I overlook CG while taking INV DEC.   | 0.864 |
| 16             | I prefer speculation and don't consider CG as an important aspect to be considered while investing.                 | 0.866 |
| 17             | I consider CG only in case of higher amounts of investments.  | 0.864 |
| 18             | I generally keep track of the market developments with respect to disclosure requirements of firms.                 | 0.863 |
| 19             | I have subscribed for business newspapers/ magazines and read them regularly for updates on CG.                     | 0.766 |
| 20             | I read the documents (annual reports/ other information) sent by the companies to their INV.                        | 0.968 |
| 21             | I am willing to pay higher cost for the information relating to CG practices of firms.                              | 0.864 |
| <b>Summary</b> |   |       |
|                | Cronbach's Alpha  | 0.866 |
|                | Cronbach's Alpha Based on Standardized Items  | 0.867 |
|                | Number of Items   | 21    |

(Source: Primary Data)

It has been evident from the summary of above Table 4.2 that, items / statements representing the constructs that examined the mediating role of professional experience between CG practices and INV DEC at the time of the pilot testing of 61 sample size are reliable (acceptable to excellent), as the value of Cronbach's Alpha is well above the 0.7 level.

Further Cronbach's Alpha values, if item deleted for all 21 statements are even well above the 0.7 mark, which is a clear indication that responses given by the respondents are meeting the benchmark. Also, it again provides a clear indication that the content in the statements is well understood by the respondents, which signifies that the study can be proceeded by sharing the questionnaire with the final sample size of this research.

#### **4.2.3. Reliability Test Results (Pilot Study) for the Statements Related to ‘Identifying the Factors of CG that have Impact on INV DEC’**

The results of the pilot study conducted on a sample of 61 respondents where the items / statements representing the factors of CG that have impact on INV DEC are as follows.

**Table 4.3: Reliability Test Results (Pilot Study) for the Statements Related to ‘Identifying the Factors of CG that have Impact on INV DEC’**

| <b>S. No.</b> | <b>Statement</b>   | <b>Cronbach's Alpha if Item Deleted</b> |
|---------------|--|---|
| 1             | Compliance with respect to “ <i>adequate board size</i> ” influences my decision to invest in a company. | 0.909                                   |
| 2             | “ <i>Existence of Indian director(s) in the board</i> ” influences my decision to invest in a company.   | 0.910                                   |
| 3             | “ <i>Existence of woman director(s) in the board</i> ” influences my decision to invest in a company.    | 0.709                                   |



|    |   |       |
|----|---|-------|
| 4  | <i>“Existence of disqualified director(s) in the board”</i> influences my decision to invest in a company.  | 0.910 |
| 5  | <i>“Existence of family member(s) in the board”</i> influences my decision to invest in a company.  | 0.706 |
| 6  | <i>“Existence of independent AC without presence of management”</i> influences my decision to invest in a company.  | 0.806 |
| 7  | <i>“Frequency of board meetings”</i> influences my decision to invest in a company.   | 0.710 |
| 8  | <i>“Effective circulation&amp; implementation of minutes of the meetings”</i> influences my decision to invest in a company.  | 0.709 |
| 9  | <i>“Conducting periodic performance reviews in the board meetings”</i> affects my decision to invest in a company.  | 0.707 |
| 10 | <i>“Conducting periodic satisfaction surveys of shareholders”</i> influences my decision to invest in a company.  | 0.804 |
| 11 | <i>“Existence &amp; implementation of whistle-blower (corruption reporting) mechanism within the company”</i> influences my decision to invest in a company.  | 0.905 |
| 12 | <i>“Separate disclosure of financial results of holding and subsidiary companies”</i> influences my decision to invest in a company.  | 0.805 |
| 13 | <i>“Disclosure of financial results of company as per the International Financial Reporting Standards (IFRS) or International Integrated Reporting Council (IIRC) framework”</i> influences my decision to invest in a company. | 0.703 |
| 14 | <i>“External credit ratings (ECR) of the company”</i> affects my INV DEC.   | 0.903 |
| 15 | <i>“External auditor report”</i> influences my decision to invest in a company.   | 0.808 |
| 16 | <i>“Auditor’s qualifications”</i> influences my decision to invest in a company.  | 0.801 |
| 17 | <i>“Existence of physical and/ or electronic voting rights of shareholders in the meetings”</i> influences my decision to invest in a company.  | 0.801 |
| 18 | <i>“Provision for shareholders to reject Related Party Transaction (RPT) approved by AC”</i> influences my decision to invest in a company.   | 0.801 |
| 19 | <i>“Sustainability initiatives of the company towards protection of environment, society etc.”</i> influences my decision to invest in a company.   | 0.905 |

|                |  |       |
|----------------|--|-------|
| 20             | <i>“Publishing annual sustainability report by the company”</i> influences my decision to invest in a company. | 0.702 |
| 21             | <i>“Involvement of company in ESG”</i> influences my decision to make investment in that company.              | 0.703 |
| <b>Summary</b> |  |       |
|                | Cronbach's Alpha   | 0.808 |
|                | Cronbach's Alpha Based on Standardized Items   | 0.810 |
|                | Number of Items  | 21    |

(Source: Primary Data)

It has been evident from the summary of above Table 4.2 that, items / statements representing the factors of CG that have impact on INV DEC at the time of the pilot testing of 61 sample size are reliable (acceptable to excellent), as the value of Cronbach's Alpha is well above the 0.7 level. Further Cronbach's Alpha values, if item deleted for all 21 statements are also above the 0.7 mark, which is a clear indication that responses given by the respondents are meeting the benchmark. Also, it again provides a clear indication that the content in the statements is well understood by the respondents, which signifies that the study can be proceeded by sharing the questionnaire with the final sample size of this research.

As the data collected by using the questionnaire in the pilot study has provided the evidence that the questionnaire is reliable. Now, questionnaire is used for actual data collection for the thesis. In all, roughly 550 questionnaires were floated to various respondents and responses were received from around 465 respondents. However, upon examining the data for its appropriateness for further examination, many responses were found unfit for use. At the end, a sample size of 385 respondents was finalized for the purpose of analysis.

## **SECTION – B**

### **4.3.EMPIRICAL ANALYSIS OF DATA OBTAINED IN THE STUDY**

Similar to empirical analysis conducted in the pilot study, the data collected from 385 respondents is checked for its reliability and validity. Both reliability test and validity test are conducted to the statements included in Part – B, C, and D of the questionnaire and their results are interpreted under the following heads.

- Reliability Test Results for the statements related to '*Mediating Role of Awareness Level between CGPs and INV DEC*'.
- Validity Test Results for the statements related to '*Mediating Role of Awareness Level between CGPs and INV DEC*'.
- Reliability Test Results for the statements related to '*Mediating Role of Professional Background between CGPs and INV DEC*'.
- Validity Test Results for the statements related to '*Mediating Role of Professional Background between CGPs and INV DEC*'.
- Reliability Test Results for the statements related to '*Identifying the Factors of CG that have Impact on INV DEC*'.
- Validity Test Results for the statements related to '*Identifying the Factors of CG that have Impact on INV DEC*'.

The results of the tests and their interpretation are as follows.

#### **4.3.1. Reliability Test Results for the Statements Related to 'Mediating Role of Awareness Level between CGPs and INV DEC'**

The results of the final study conducted on a total sample of 385 respondents where the items / statements representing the constructs which examine the mediating role of awareness level of IND INV in relationship between CG practices and INV DEC are as follows.

**Table 4.4: Reliability Test Results for the Statements Related to  
'Mediating Role of Awareness Level between CGPs and INV DEC'**

| <b>S. No.</b> | <b>Statement</b>   | <b>Cronbach's Alpha if Item Deleted</b> |
|---------------|--|---|
| 1             | Awareness regarding need & importance of CG (N&I)                      | 0.867                                   |
| 2             | Awareness regarding important financial statements of firms (FS)       | 0.867                                   |
| 3             | Awareness regarding the role of BOD in a firm (BoD)                    | 0.967                                   |
| 4             | Awareness regarding importance of internal & external audits (AUD)     | 0.867                                   |
| 5             | Awareness level with respect to ESG (ESG)                              | 0.867                                   |
| 6             | Awareness regarding annual reports of firms.                           | 0.767                                   |
| 7             | Awareness regarding the rights of INV.                                 | 0.767                                   |
| 8             | Awareness regarding important documents to be read before investing.   | 0.768                                   |
| 9             | Awareness regarding disclosure relating to CG.                         | 0.968                                   |
| 10            | Awareness regarding the sources of financial statements of firms.      | 0.867                                   |
| 11            | Awareness regarding financial reporting standards to be followed.      | 0.967                                   |
| 12            | Awareness regarding financial reports of holding firms & subsidiaries. | 0.867                                   |
| 13            | Awareness regarding important financial parameters to be examined.     | 0.767                                   |
| 14            | Awareness regarding tools to examine firms' financial performance.     | 0.967                                   |
| 15            | Awareness regarding board composition & its independence.              | 0.967                                   |
| 16            | Awareness regarding shareholding guidelines for BOD.                   | 0.868                                   |

|                |  |       |
|----------------|--|-------|
| 17             | Awareness regarding board meetings & their frequency.                                | 0.867 |
| 18             | Awareness regarding performance measures of BOD.                                     | 0.866 |
| 19             | Awareness regarding the role of auditors (internal & external) in a firm.            | 0.968 |
| 20             | Awareness regarding importance of statutory audit of firms.                          | 0.969 |
| 21             | Awareness regarding auditors' remuneration & benefits.                               | 0.867 |
| 22             | Awareness regarding the components in an auditors' report.                           | 0.967 |
| 23             | Awareness regarding the importance of ESG.   | 0.970 |
| 24             | Awareness regarding the impact of firms' operations on environment.                  | 0.869 |
| 25             | Awareness regarding impact of business operations on employees, customers & society. | 0.767 |
| 26             | Awareness regarding steps taken by firms to mitigate ESG risks.                      | 0.967 |
| <b>Summary</b> |  |       |
|                | Cronbach's Alpha   | 0.968 |
|                | Cronbach's Alpha Based on Standardized Items   | 0.969 |
|                | Number of Items  | 26    |

(Source: Primary Data)

It has been evident from the summary of above Table 4.4 that, items / statements representing the constructs that examined the mediating role of awareness level between CG practices and INV DEC of 385 respondents are reliable (excellent), as the value of Cronbach's Alpha is well above the 0.9 level.

Further Cronbach's Alpha values, if item deleted for all 26 statements are even well above the 0.9 mark, which is a clear indication that responses given by the respondents are meeting the benchmark. Also, it again provides a clear indication that the content in the statements is well understood by the respondents, which signifies that the

study can be proceeded by sharing the questionnaire with the final sample size of this research.

#### 4.3.2. Validity Test Results for the Statements Related to ‘Mediating Role of Awareness Level between CGPs and INV DEC’

In order to find out the validity of the questionnaire, the Pearson correlation values of the items / statements are verified, and the comprehensive sum of the items / statements value is compared with the critical value of the Pearson correlation table at a degree of freedom of  $N - 2$ , where  $N$  is the total sample size.

*If the value of comprehensive (total) correlation is **greater than** the critical value, the questionnaire items or statements are completely valid (Aithal et al, 2020).*

Moreover, in this section construct wise validity is calculated for all six (6) constructs; (i) INV DEC, (ii) Disclosure Requirements, (iii) Financial Statements, (iv) BOD, (v) Auditing Requirements, and (vi) Environmental and Social Governance.

**Table 4.5: Validity Test Results for the Statements Related to ‘Mediating Role of Awareness Level between CGPs and INV DEC’**

| Construct in the Questionnaire         |     | Pearson Correlations (Total) |
|--|-----|------------------------------|
| Construct – 1: INV DEC                 | ID1 | 0.932 (0.00)                 |
|  | ID2 | 0.858 (0.00)                 |
|  | ID3 | 0.907 (0.00)                 |
|  | ID4 | 0.693 (0.00)                 |
|  | ID5 | 0.932 (0.00)                 |
| Construct – 2: Disclosure Requirements | DR1 | 0.875 (0.00)                 |
|  | DR2 | 0.674 (0.00)                 |
|  | DR3 | 0.815 (0.00)                 |
|  | DR4 | 0.738 (0.00)                 |
| Construct – 3: Financial Statements    | FS1 | 0.918 (0.00)                 |
|  | FS2 | 0.874 (0.00)                 |
|  | FS3 | 0.700 (0.00)                 |

|  |       |              |
|--|-------|--------------|
|  | FS4   | 0.884 (0.00) |
|  | FS5   | 0.918 (0.00) |
| Construct – 4: BOD                                 | BOD 1 | 0.874 (0.00) |
|  | BOD 2 | 0.690 (0.00) |
|  | BOD 3 | 0.874 (0.00) |
|  | BOD 4 | 0.775 (0.00) |
| Construct – 5: Auditing Requirements               | AR 1  | 0.860 (0.00) |
|  | AR 2  | 0.712 (0.00) |
|  | AR 3  | 0.709 (0.00) |
|  | AR 4  | 0.863 (0.00) |
| Construct – 6: Environmental and Social Governance | ESG 1 | 0.647 (0.00) |
|  | ESG 2 | 0.690 (0.00) |
|  | ESG 3 | 0.817 (0.00) |
|  | ESG 4 | 0.893 (0.00) |

*(Source: Primary Data, Values in parenthesis indicate p-values at 0.05 LOS for 2-tailed)*

According to Toothaker (1986), df is equal to the total number of predicted parameters minus the number of independent components. The formulation offered by Walker (1940) serves as the foundation for this method, which is the number of observations less the number of required relations that may be inferred from the data ( $df = n - r$ ).

The degree of freedom for the sample under study is  $385 - 2 = 383$ , and after going through the critical value table of the Pearson correlation for a sample size of 300–400, it is found that the critical value for this sample is 0.098. The value of comprehensive (total) correlation for all the six (6) constructs are greater than the critical value i.e. 0.098. Hence, it is evident from the above table the research questionnaire which is used in the study is completely valid for all the six constructs.

Moreover, the p-value is lesser than Level Of Significance (LOS) i.e. 0.05 (Leo & Sardanelli, 2020) for all statements' comprehensive value, which means that the questionnaire items or statements are also completely valid.

#### 4.3.3. Reliability Test Results for the Statements Related to ‘Mediating Role of Professional Background between CGPs and INV DEC’

The results of the final study conducted on a total sample of 385 respondents where the items / statements representing the constructs which examine the mediating role of professional background between CG practices and INV DEC are as follows.

**Table 4.6: Reliability Test Results for the Statements Related to ‘Mediating Role of Professional Background between CGPs and INV DEC’**

| S. No. | Statement   | Cronbach's Alpha if Item Deleted |
|--------|---|----------------------------------|
| 1      | I was always interested to pursue my education & career in a field closely related to investments (E&C)             | 0.962                            |
| 2      | My colleagues & friends influence my INV DEC (C&F)  | 0.963                            |
| 3      | I generally buy stocks of firms with good governance practices (CGP)  | 0.862                            |
| 4      | I consider firms' track record with respect to lapses in CG before investing (LCG)                                  | 0.962                            |
| 5      | Nature of my job is closely associated with market investments.   | 0.962                            |
| 6      | My occupation allows me time to take informed INV DEC.  | 0.963                            |
| 7      | My education & occupation are aligned with financial decision making.   | 0.962                            |
| 8      | I have sufficient knowledge & experience of making investments.   | 0.965                            |
| 9      | I have earned significant returns from my investments due to the knowledge of markets that my occupation offers me. | 0.965                            |
| 10     | I am in contact with people having good knowledge of investments.   | 0.963                            |
| 11     | My INV DEC are influenced by the expectations of my family members.   | 0.962                            |
| 12     | I overweigh outsiders' suggestions than my own understanding of investments.  | 0.962                            |
| 13     | I have earned good returns on my investments based on suggestions from friends/ colleagues.                         | 0.962                            |
| 14     | I can pay higher prices for stocks of firms with good governance.   | 0.963                            |
| 15     | I overlook CG while taking INV DEC.   | 0.962                            |
| 16     | I prefer speculation and don't consider CG as an important aspect to be considered while investing.                 | 0.965                            |



|                |   |       |
|----------------|---|-------|
| 17             | I consider CG only in case of higher amounts of investments.  | 0.962 |
| 18             | I generally keep track of the market developments with respect to disclosure requirements of firms. | 0.962 |
| 19             | I have subscribed for business newspapers/ magazines and read them regularly for updates on CG.     | 0.965 |
| 20             | I read the documents (annual reports/ other information) sent by the companies to their INV.        | 0.966 |
| 21             | I am willing to pay higher cost for the information relating to CG practices of firms.              | 0.962 |
| <b>Summary</b> |   |       |
|                | Cronbach's Alpha  | 0.965 |
|                | Cronbach's Alpha Based on Standardized Items  | 0.965 |
|                | Number of Items   | 21    |

(Source: Primary Data)

It has been evident from the summary of above Table 4.6 that, items / statements representing the constructs that examined the mediating role of professional experience between CG practices and INV DEC on a total sample of 385 respondents are reliable (excellent), as the value of Cronbach's Alpha is well above the 0.9 level.

Further Cronbach's Alpha values, if item deleted for all 21 statements are even well above the 0.9 mark, which is a clear indication that responses given by the respondents are meeting the benchmark. Also, it again provides a clear indication that the content in the statements is well understood by the respondents, which signifies that the study can be proceeded by sharing the questionnaire with the final sample size of this research.

#### 4.3.4. Validity Test Results for the Statements Related to ‘Mediating Role of Professional Background between CGPs and INV DEC’

In order to find out the validity of the questionnaire, the Pearson correlation values of the items / statements are verified, and the comprehensive sum of the items / statements value is compared with the critical value of the Pearson correlation table at a degree of freedom of  $N - 2$ , where  $N$  is the total sample size.

*If the value of comprehensive (total) correlation is **greater than** the critical value, the questionnaire items or statements are completely valid (Aithal et al, 2020).*

Moreover, in this section construct wise validity is calculated for all five (5) constructs; (i) INV DEC, (ii) Education and Occupation, (iii) Social Networks, (iv) Investing Behavior, and (v) Market Information.

**Table 4.7: Validity Test Results for the Statements Related to ‘Mediating Role of Professional Background between CGPs and INV DEC’**

| Construct in the Questionnaire          |      | Pearson Correlations (Total) |
|---|------|------------------------------|
| Construct – 1: INV DEC                  | ID1  | 0.879 (0.00)                 |
|   | ID2  | 0.859 (0.00)                 |
|   | ID3  | 0.896 (0.00)                 |
|   | ID4  | 0.788 (0.00)                 |
| Construct – 2: Education and Occupation | EO1  | 0.891 (0.00)                 |
|   | EO2  | 0.864 (0.00)                 |
|   | EO3  | 0.670 (0.00)                 |
|   | EO4  | 0.810 (0.00)                 |
|   | EO5  | 0.793 (0.00)                 |
| Construct – 3: Social Networks          | SN1  | 0.859 (0.00)                 |
|   | SN2  | 0.896 (0.00)                 |
|   | SN3  | 0.788 (0.00)                 |
|   | SN4  | 0.879 (0.00)                 |
| Construct – 4: Investing Behaviour      | IB 1 | 0.817 (0.00)                 |
|   | IB 2 | 0.887 (0.00)                 |
|   | IB 3 | 0.704 (0.00)                 |
|   | IB 4 | 0.887 (0.00)                 |
|   | AR 1 | 0.877 (0.00)                 |
|   | AR 2 | 0.761 (0.00)                 |

|                                   |      |              |
|-----------------------------------|------|--------------|
| Construct – 5: Market Information | AR 3 | 0.817 (0.00) |
|                                   | AR 4 | 0.849 (0.00) |

(Source: Primary Data, Values in parenthesis indicate p-values at 0.05 LOS for 2-tailed)

The degree of freedom for the sample under study is  $385-2 = 383$ , and after going through the critical value table of the Pearson correlation for a sample size of 300–400, it is found that the critical value for this sample is 0.098. The value of comprehensive (total) correlation for all the five (5) constructs are greater than the critical value i.e. 0.098. Hence, it is evident from the above table the research questionnaire which is used in the study is completely valid for all the five constructs. Moreover, the p-value is lesser than Level Of Significance (LOS) i.e. 0.05 for all statements' comprehensive value, which means that the questionnaire items or statements are also completely valid.

#### 4.3.5. Reliability Test Results for the Statements Related to 'Identifying the Factors of CG that have Impact on INV DEC'

The results of the final study conducted on a total sample of 385 respondents where the items / statements representing the factors of CG that have impact on INV DEC are as follows.

**Table 4.8: Reliability Test Results (Pilot Study) for the Statements Related to 'Identifying the Factors of CG that have Impact on INV DEC'**

| S. No. | Statement   | Cronbach's Alpha if Item Deleted |
|--------|---|----------------------------------|
| 1      | Compliance with respect to “adequate board size” influences my decision to invest in a company.     | 0.873                            |
| 2      | “Existence of Indian director(s) in the board” influences my decision to invest in a company.       | 0.871                            |
| 3      | “Existence of woman director(s) in the board” influences my decision to invest in a company.        | 0.868                            |
| 4      | “Existence of disqualified director(s) in the board” influences my decision to invest in a company. | 0.867                            |

|    |   |       |
|----|---|-------|
| 5  | <i>“Existence of family member(s) in the board”</i> influences my decision to invest in a company.  | 0.864 |
| 6  | <i>“Existence of independent AC without presence of management”</i> influences my decision to invest in a company.  | 0.861 |
| 7  | <i>“Frequency of board meetings”</i> influences my decision to invest in a company.   | 0.864 |
| 8  | <i>“Effective circulation&amp; implementation of minutes of the meetings”</i> influences my decision to invest in a company.  | 0.864 |
| 9  | <i>“Conducting periodic performance reviews in the board meetings”</i> affects my decision to invest in a company.  | 0.862 |
| 10 | <i>“Conducting periodic satisfaction surveys of shareholders”</i> influences my decision to invest in a company.  | 0.863 |
| 11 | <i>“Existence &amp; implementation of whistle-blower (corruption reporting) mechanism within the company”</i> influences my decision to invest in a company.  | 0.864 |
| 12 | <i>“Separate disclosure of financial results of holding and subsidiary companies”</i> influences my decision to invest in a company.  | 0.864 |
| 13 | <i>“Disclosure of financial results of company as per the International Financial Reporting Standards (IFRS) or International Integrated Reporting Council (IIRC) framework”</i> influences my decision to invest in a company. | 0.862 |
| 14 | <i>“External credit ratings (ECR) of the company”</i> affects my INV DEC.   | 0.864 |
| 15 | <i>“External auditor report”</i> influences my decision to invest in a company.   | 0.868 |
| 16 | <i>“Auditor’s qualifications”</i> influences my decision to invest in a company.  | 0.864 |
| 17 | <i>“Existence of physical and/ or electronic voting rights of shareholders in the meetings”</i> influences my decision to invest in a company.  | 0.859 |
| 18 | <i>“Provision for shareholders to reject Related Party Transaction (RPT) approved by AC”</i> influences my decision to invest in a company.   | 0.858 |
| 19 | <i>“Sustainability initiatives of the company towards protection of environment, society etc.”</i> influences my decision to invest in a company.   | 0.863 |
| 20 | <i>“Publishing annual sustainability report by the company”</i> influences my decision to invest in a company.  | 0.861 |

|                |   |       |
|----------------|---|-------|
| 21             | <i>“Involvement of company in ESG”</i> influences my decision to make investment in that company. | 0.859 |
| <b>Summary</b> |   |       |
|                | Cronbach's Alpha  | 0.870 |
|                | Cronbach's Alpha Based on Standardized Items  | 0.869 |
|                | Number of Items   | 21    |

(Source: Primary Data)

It has been evident from the summary of above Table 4.8 that, items / statements representing the factors of CG that have impact on INV DEC on a total sample of 385 respondents are reliable (good), as the value of Cronbach's Alpha is well above the 0.8 level.

Further Cronbach's Alpha values, if item deleted for all 21 statements are also above the 0.8 mark, which is a clear indication that responses given by the respondents are meeting the benchmark. Also, it again provides a clear indication that the content in the statements is well understood by the respondents, which signifies that the study can be proceeded by sharing the questionnaire with the final sample size of this research.

#### **4.3.6. Validity Test Results for the Statements Related to ‘Identifying the Factors of CG that have Impact on INV DEC’**

In order to find out the validity of the questionnaire, the Pearson correlation values of the items / statements are verified, and the comprehensive sum of the items / statements value is compared with the critical value of the Pearson correlation table at a degree of freedom of  $N - 2$ , where  $N$  is the total sample size. *If the value of comprehensive (total) correlation is **greater than** the critical value, the questionnaire items or statements are completely valid* (Aithal et al, 2020).

**Table 4.9: Validity Test Results for the Statements Related to  
‘Identifying the Factors of CG that have Impact on INV DEC’**

| <b>S. No.</b> | <b>Statement</b>  | <b>Pearson<br/>Correlations (Total)</b> |
|---------------|---|---|
| 1             | Compliance with respect to “ <i>adequate board size</i> ” influences my decision to invest in a company.  | 0.7385 (0.00)                           |
| 2             | “ <i>Existence of Indian director(s) in the board</i> ” influences my decision to invest in a company.  | 0.546 (0.00)                            |
| 3             | “ <i>Existence of woman director(s) in the board</i> ” influences my decision to invest in a company.   | 0.713 (0.00)                            |
| 4             | “ <i>Existence of disqualified director(s) in the board</i> ” influences my decision to invest in a company.  | 0.632 (0.00)                            |
| 5             | “ <i>Existence of family member(s) in the board</i> ” influences my decision to invest in a company.  | 0.768 (0.00)                            |
| 6             | “ <i>Existence of independent AC without presence of management</i> ” influences my decision to invest in a company.  | 0.829 (0.00)                            |
| 7             | “ <i>Frequency of board meetings</i> ” influences my decision to invest in a company.   | 0.764 (0.00)                            |
| 8             | “ <i>Effective circulation&amp; implementation of minutes of the meetings</i> ” influences my decision to invest in a company.  | 0.773 (0.00)                            |
| 9             | “ <i>Conducting periodic performance reviews in the board meetings</i> ” affects my decision to invest in a company.  | 0.788 (0.00)                            |
| 10            | “ <i>Conducting periodic satisfaction surveys of shareholders</i> ” influences my decision to invest in a company.  | 0.841 (0.00)                            |
| 11            | “ <i>Existence &amp; implementation of whistle-blower (corruption reporting) mechanism within the company</i> ” influences my decision to invest in a company.  | 0.830 (0.00)                            |
| 12            | “ <i>Separate disclosure of financial results of holding and subsidiary companies</i> ” influences my decision to invest in a company.  | 0.642 (0.00)                            |
| 13            | “ <i>Disclosure of financial results of company as per the International Financial Reporting Standards (IFRS) or International Integrated Reporting Council (IIRC) framework</i> ” influences my decision to invest in a company. | 0.793 (0.00)                            |
| 14            | “ <i>External credit ratings (ECR) of the company</i> ” affects my INV DEC.   | 0.812 (0.00)                            |
| 15            | “ <i>External auditor report</i> ” influences my decision to invest in a company.   | 0.630 (0.00)                            |
| 16            | “ <i>Auditor’s qualifications</i> ” influences my decision to invest in a company.  | 0.849 (0.00)                            |
| 17            | “ <i>Existence of physical and/ or electronic voting rights of shareholders in the meetings</i> ” influences my decision to invest in a company.  | 0.778 (0.00)                            |
| 18            | “ <i>Provision for shareholders to reject Related Party Transaction (RPT) approved by AC</i> ” influences my decision   | 0.857 (0.00)                            |

|    |   |              |
|----|---|--------------|
|    | to invest in a company.   |              |
| 19 | <i>“Sustainability initiatives of the company towards protection of environment, society etc.”</i> influences my decision to invest in a company. | 0.776 (0.00) |
| 20 | <i>“Publishing annual sustainability report by the company”</i> influences my decision to invest in a company.                                    | 0.775 (0.00) |
| 21 | <i>“Involvement of company in ESG”</i> influences my decision to make investment in that company.   | 0.840 (0.00) |

(Source: Primary Data, Values in parenthesis indicate p-values at 0.05 LOS for 2-tailed)

The degree of freedom for the sample under study is  $385 - 2 = 383$ , and after going through the critical value table of the Pearson correlation for a sample size of 300–400, it is found that the critical value for this sample is 0.098. The value of comprehensive (total) correlation for all the twenty one (21) statements are greater than the critical value i.e. 0.098. Hence, it is evident from the above table the research questionnaire which is used in the study is completely valid for all the six constructs.

Moreover, the p-value is lesser than Level Of Significance (LOS) i.e. 0.05 for all statements’ comprehensive value, which means that the questionnaire items or statements are also completely valid.

## **SECTION – C**

### **4.4 EMPIRICAL ANALYSIS RELATED TO DEMOGRAPHIC PROFILES VERSUS INV DEC**

INV DEC of IND INV are influenced by many factors. Demographic factors are among the most prominent ones which have an impact on the individual investor's investment habits. Thus, differences in the demographic profile of INV can lead to differences in their investment behavior. Therefore, it is important to understand the impact of demographic factors on the investment behavior of IND INV (Geetha, 2012).

This section of the thesis deals with this important aspect and tries to investigate into the impact of demographic profile of IND INV on their INV DEC. In this study the demographic variables considered are;

|                           |   |
|---------------------------|---|
| Home State                | Area of Residence                       |
| Age                       | Gender                                  |
| Educational Qualification | Marital Status                          |
| Family Size               | Occupation                              |
| Annual Income             | Accommodation Type                      |
| Professional Experience,  | % of Annual Income Spent on Investments |

The classification of sample respondents based on their demographic profiles is given in the following table.



**Table 4.10: Classification of Sample Respondents Based on Demographic Profiles**

| <b>Home State</b>                   | <b>No. of Respondents</b> | <b>Age</b>                         | <b>No. of Respondents</b> |
|-------------------------------------|---------------------------|------------------------------------|---------------------------|
| Andhra Pradesh                      | 51                        | Less than 20 yrs                   | 7                         |
| Karnataka                           | 40                        | 20 yrs – 30 yrs                    | 110                       |
| Kerala                              | 62                        | 31 yrs – 40 yrs                    | 143                       |
| Tamil Nadu                          | 52                        | 41 yrs – 50 yrs                    | 96                        |
| Telangana                           | 180                       | 51 yrs – 60 yrs                    | 29                        |
| <b>Total</b>                        | <b>385</b>                | <b>Total</b>                       | <b>385</b>                |
| <b>Gender</b>                       |                           | <b>Accommodation Type</b>          |                           |
| Male                                | 248                       | Owned                              | 275                       |
| Female                              | 137                       | Rented                             | 110                       |
| <b>Total</b>                        | <b>385</b>                | <b>Total</b>                       | <b>385</b>                |
| <b>Education</b>                    |                           | <b>No. of Family Members</b>       |                           |
| Illiterate/ Uneducated              | 4                         | Less than 4                        | 95                        |
| Primary (Class V)                   | 158                       | 4 to 5                             | 194                       |
| Secondary (Class X)                 | 187                       | 6 to 7                             | 88                        |
| High School (Class XII)             | 36                        | Above 7                            | 8                         |
| <b>Total</b>                        | <b>385</b>                | <b>Total</b>                       | <b>385</b>                |
| <b>Marital Status</b>               |                           | <b>Annual Income</b>               |                           |
| Unmarried                           | 47                        | Below Rs. 2,50,000                 | 48                        |
| Married (no children)               | 81                        | 2,50,000 - Rs. 5,00,000            | 110                       |
| Married (have dependent children)   | 158                       | 5,00,000 - Rs. 10,00,000           | 131                       |
| Married (have independent children) | 95                        | Rs. 10,00,000 - Rs. 15,00,000      | 59                        |
| Divorced/ Separated                 | 4                         | 15,00,000 - Rs. 20,00,000          | 37                        |
| <b>Total</b>                        | <b>385</b>                | <b>Total</b>                       | <b>385</b>                |
| <b>Occupation</b>                   |                           | <b>Nature of Area</b>              |                           |
| Student                             | 55                        | Urban                              | 11                        |
| Unemployed                          | 77                        | Semi-Urban                         | 103                       |
| Salaried (Private)                  | 223                       | Rural                              | 271                       |
| Salaried (Govt./ PSU)               | 4                         | <b>Total</b>                       | <b>385</b>                |
| Business                            | 15                        |                                    |                           |
| Self Employed Professional          | 11                        |                                    |                           |
| <b>Total</b>                        | <b>385</b>                |                                    |                           |
| <b>No. of Yrs Investing</b>         |                           | <b>% of Annual Income Invested</b> |                           |
| Less than a year                    | 84                        | Less than 10%                      | 44                        |
| 1 – 3 yrs                           | 209                       | 10% - 15%                          | 205                       |
| 4 – 6 yrs                           | 73                        | 16% - 20%                          | 88                        |
| 7 – 10 yrs                          | 19                        | Above 20%                          | 48                        |
| <b>Total</b>                        | <b>385</b>                | <b>Total</b>                       | <b>385</b>                |

(Source: Primary Data)

In order to understand the impact of demographics on the individual investor's investment behavior, appropriate test(s) have been applied. When a demographic variable has three or more categories of INV, then the data is analyzed by using *one-way Analysis of Variance (ANOVA)* to test whether there are any significant differences in the INV' INV DEC depending upon the specific demographic variable being studied (Sullivan, 2017). (Geetha and Ramesh's) study on the influence of demographic dynamics on corporate INV DEC in India revealed that some corporate INV DEC are significantly influenced by demographic considerations.

However, when a demographic variable has only two categories of INV, then the data is analyzed by using *t-test* to test whether there are any significant differences in the INV' INV DEC depending upon the specific demographic variable being studied (Raoul, 2023). The results of ANOVA and t – tests are furnished in the following section by taking one demographic variable at a time.

#### **4.4.1. Home State of the INV Versus INV DEC of IND INV**

The sample respondents (385) belong to five states viz. Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, and Telangana. As there are five categories of respondents, ANOVA test is applied to test whether there is any significant difference in the INV DEC of IND INV with regard to their home state.

The decision criterion is such that if the significance value is *greater than 0.05*, then there is no significant difference in the INV DEC of IND INV with regard to their home state and vice versa (Sullivan, 2017). The results of ANOVA test are given below.

**Table 4.11: ANOVA Test Results  
(Home State of INV versus Investment Decisions)**

| Home State                |                | N                   | Mean        | Std. Dev. | Std. Error           |
|---------------------------|----------------|---------------------|-------------|-----------|----------------------|
| Andhra Pradesh            |                | 51                  | 1.5000      | .51887    | .13868               |
| Karnataka                 |                | 40                  | 1.2727      | .46710    | .14084               |
| Kerala                    |                | 62                  | 1.4118      | .50730    | .12304               |
| Tamil Nadu                |                | 52                  | 1.3571      | .49725    | .13289               |
| Telangana                 |                | 180                 | 1.3061      | .46566    | .06652               |
| Total                     |                | 385                 | 1.3524      | .48000    | .04684               |
|                           |                |                     |             |           |                      |
|                           | Sum of Squares | Degree s of Freedom | Mean Square | F – Value | Significanc e Value. |
| Between Groups (Combined) | 0.540          | 4                   | 0.135       | 0.576     | <b>0.680</b>         |

*(Source: Researcher's Calculations Based on Primary Data)*

The above table indicates that significance value of the test is 0.680 which is greater than 0.05. Hence, it is evident that there is no significant difference in the INV DEC of IND INV with regard to their home state.

#### **4.4.2. Area of Residence Versus INV DEC of IND INV**

The sample respondents (385) can be classified into three categories based on their area of residence i.e. Urban, Semi-Urban and Rural. As there are three categories of respondents, ANOVA test is applied to test whether there is any significant difference in the INV DEC of IND INV with regard to their area of residence. The decision criterion is such that if the significance value is *greater than 0.05*, then there is no significant difference in the INV DEC of IND INV with regard to their area of residence and vice versa (Sullivan, 2017). The results of ANOVA test are given below

**Table 4.12: ANOVA Test Results**  
**(Area of Residence versus Investment Decisions)**

| Area of Residence         |                | N                  | Mean        | Std. Dev. | Std. Error          |
|---------------------------|----------------|--------------------|-------------|-----------|---------------------|
| Urban                     |                | 11                 | 1.6667      | .57735    | .33333              |
| Semi-Urban                |                | 103                | 1.3571      | .48795    | .09221              |
| Rural                     |                | 271                | 1.3378      | .47620    | .05536              |
| Total                     |                | 385                | 1.3524      | .48000    | .04684              |
|                           |                |                    |             |           |                     |
|                           |                |                    |             |           |                     |
|                           | Sum of Squares | Degrees of Freedom | Mean Square | F – Value | Significance Value. |
| Between Groups (Combined) | 0.313          | 2                  | 0.156       | 0.674     | <b>0.512</b>        |

*(Source: Researcher's Calculations Based on Primary Data)*

The above table indicates that significance value of the test is 0.512 which is greater than 0.05. Hence, it is evident that there is no significant difference in the INV DEC of IND INV with regard to their area of residence.

#### **4.4.3. Age Versus INV DEC of IND INV**

The sample respondents (385) can be classified into six categories based on their age i.e. Less than 20 yrs, 20 yrs – 30 yrs, 31 – 40 yrs, 41 yrs – 50 yrs, 51 yrs – 60 yrs, and Above 60 yrs. As there are six categories of respondents, ANOVA test is applied to test whether there is any significant difference in the INV DEC of IND INV with regard to their age. The decision criterion is such that if the significance value is *greater than 0.05*, then

there is no significant difference in the INV DEC of IND INV with regard to their age and vice versa the result go with (Sullivan, 2017). The results of ANOVA test are given below.

**Table 4.13: ANOVA Test Results  
(Age versus INV DEC)**

| Age                       |                | N                  | Mean        | Std. Dev. | Std. Error          |
|---------------------------|----------------|--------------------|-------------|-----------|---------------------|
| Less than 20 yrs          |                | 7                  | 1.0000      | .00000    | .00000              |
| 20 yrs - 30 yrs           |                | 110                | 1.1333      | .34575    | .06312              |
| 31 yrs - 40 yrs           |                | 143                | 1.2821      | .45588    | .07300              |
| 41 yrs - 50 yrs           |                | 96                 | 1.6538      | .48516    | .09515              |
| 51 yrs - 60 yrs           |                | 29                 | 1.6250      | .51755    | .18298              |
| Total                     |                | 385                | 1.3524      | .48000    | .04684              |
|                           |                |                    |             |           |                     |
|                           | Sum of Squares | Degrees of Freedom | Mean Square | F – Value | Significance Value. |
| Between Groups (Combined) | 4.838          | 4                  | 1.210       | 6.325     | <b>0.00</b>         |

*(Source: Researcher's Calculations Based on Primary Data)*

The above table indicates that significance value of the test is 0.00 which is lesser than 0.05. Hence, it is evident that there is a significant difference in the INV DEC of IND INV with regard to their age. The results make perfect sense as INV tend to learn from their experiences as the age changes. In general, investment experience has been found to play an important role in the INV DEC of the INV.

#### 4.4.4. Gender Versus INV DEC of IND INV

The sample respondents (385) can be classified into four categories based on their gender i.e. male, female, third gender, and prefer not to say. However, the data is collected only from male and female respondents and no respondent said that he belongs to latter two options. As there are only two categories of respondents, paired samples' t-test is applied to test whether there is any significant difference in the INV DEC of IND INV with regard to their gender. The decision criterion is such that if the significance value is **greater than 0.05**, then there is no significant difference in the INV DEC of IND INV with regard to their gender and vice versa (Raoul, 2023). The results of t- test are given below.

**Table 4.14: Paired Samples' t-Test Results  
(Gender versus INV DEC)**

| Pair                                | Mean   | Standard Deviation | Standard Error Mean | t – Value | DoF | Significance Value. |
|-------------------------------------|--------|--------------------|---------------------|-----------|-----|---------------------|
| Gender & Percent of Income Invested | -1.010 | 1.079              | 0.105               | -9.591    | 104 | <b>0.00</b>         |

*(Source: Researcher's Calculations Based on Primary Data)*

The above table indicates that significance value of the test is 0.00 which is lesser than 0.05. Hence, it is evident that there is a significant difference in the INV DEC of IND INV with regard to their gender.

#### 4.4.5. Educational Qualification Versus INV DEC of IND INV

The sample respondents (385) are divided into different categories based on their level of educational qualification. As there are more than two categories of respondents in this demographic variable, ANOVA test is applied to test whether there is any significant

difference in the INV DEC of IND INV with regard to their educational qualification. The decision criterion is such that if the significance value is *greater than 0.05*, then there is no significant difference in the INV DEC of IND INV with regard to their educational qualification and vice versa (Sullivan, 2017). The results of ANOVA test are given below.

**Table 4.15: ANOVA Test Results  
(Educational Qualification versus INV DEC)**

| Educational Qualification |                | N                  | Mean        | Std. Dev. | Std. Error          |
|---------------------------|----------------|--------------------|-------------|-----------|---------------------|
| Illiterate/ Uneducated    |                | 4                  | 1.0000      | .         | .                   |
| Primary (Class V)         |                | 158                | 1.4186      | .49917    | .07612              |
| High School (Class XII)   |                | 36                 | 1.5000      | .52705    | .16667              |
| Secondary (Class X)       |                | 187                | 1.2745      | .45071    | .06311              |
| Total                     |                | 385                | 1.3524      | .48000    | .04684              |
|                           |                |                    |             |           |                     |
|                           | Sum of Squares | Degrees of Freedom | Mean Square | F – Value | Significance Value. |
| Between Groups (Combined) | 0.840          | 3                  | 0.280       | 1.223     | <b>0.305</b>        |

*(Source: Researcher's Calculations Based on Primary Data)*

The above table indicates that significance value of the test is 0.305 which is greater than 0.05. Hence, it is evident that there is no significant difference in the INV DEC of IND INV with regard to their educational qualification. Generally, it is perceived that level of educational qualification has impact on INV DEC. However, this study found that there is no impact of level of educational qualification on the INV DEC of IND INV. The findings of this study are in line with the findings of Patel and Modi (2017).

#### 4.4.6. Marital Status Versus INV DEC of IND INV

The sample respondents (385) are divided into five categories which included unmarried respondents; respondents who were married but didn't have children; married respondents having dependent children; married respondents having independent children; and divorced/ separated respondents. As there are more than two categories of respondents in this demographic variable, ANOVA test is applied to test whether there is any significant difference in the INV DEC of IND INV with regard to their marital status. The decision criterion is such that if the significance value is *greater than 0.05*, then there is no significant difference in the INV DEC of IND INV with regard to their marital status and vice versa (Sullivan, 2017). The results of ANOVA test are given below.

**Table 4.16: ANOVA Test Results  
(Marital Status versus INV DEC)**

| Marital Status                      |                | N                  | Mean        | Std. Dev. | Std. Error          |
|-------------------------------------|----------------|--------------------|-------------|-----------|---------------------|
| Unmarried                           |                | 47                 | 1.0769      | .27735    | .07692              |
| Married (no children)               |                | 81                 | 1.2273      | .42893    | .09145              |
| Married (have dependent children)   |                | 158                | 1.4419      | .50249    | .07663              |
| Married (have independent children) |                | 95                 | 1.4615      | .50839    | .09970              |
| Divorced/ Separated                 |                | 4                  | 1.0000      | .         | .                   |
| Total                               |                | 385                | 1.3524      | .48000    | .04684              |
|                                     |                |                    |             |           |                     |
|                                     | Sum of Squares | Degrees of Freedom | Mean Square | F – Value | Significance Value. |
| Between Groups (Combined)           | 2.109          | 4                  | 0.527       | 2.413     | <b>0.04</b>         |

*(Source: Researcher's Calculations Based on Primary Data)*



The above table indicates that significance value of the test is 0.04 which is lesser than 0.05. Hence, it is evident that there is a significant difference in the INV DEC of IND INV with regard to their marital status.

#### 4.4.7. Family Size Versus INV DEC of IND INV

The sample respondents (385) are divided into four categories depending upon their family size. The categorization done was: less than 4 members; four to five members; six to seven members; and more than seven members in the family. As there are more than two categories of respondents in this demographic variable, ANOVA test is applied to test whether there is any significant difference in the INV DEC of IND INV with regard to their family size. The decision criterion is such that if the significance value is *greater than 0.05*, then there is no significant difference in the INV DEC of IND INV with regard to their family size and vice versa (Sullivan, 2017). The results of ANOVA test are given below.

**Table 4.17: ANOVA Test Results  
(Family Size versus INV DEC)**

| Family Size               | N              | Mean               | Std. Dev.   | Std. Error |                     |
|---------------------------|----------------|--------------------|-------------|------------|---------------------|
| Less than 4               | 95             | 1.0769             | .27175      | .05329     |                     |
| 4 to 5                    | 194            | 1.2642             | .44510      | .06114     |                     |
| 6 to 7                    | 88             | 1.8333             | .38069      | .07771     |                     |
| Above 7                   | 8              | 1.5000             | .70711      | .50000     |                     |
| Total                     | 385            | 1.3524             | .48000      | .04684     |                     |
|                           |                |                    |             |            |                     |
|                           | Sum of Squares | Degrees of Freedom | Mean Square | F – Value  | Significance Value. |
| Between Groups (Combined) | 7.981          | 3                  | 2.660       | 16.812     | <b>0.00</b>         |

(Source: Researcher's Calculations Based on Primary Data)

The above table indicates that significance value of the test is 0.00 which is lesser than 0.05. Hence, it is evident that there is a significant difference in the INV DEC of IND INV with regard to their family size.

#### 4.4.8. Occupation Versus INV DEC of IND INV

The sample respondents (385) are divided into six categories on the basis of their occupation. The categorization done was: students; unemployed; salaries (private); salaried (Government / PSU); businessmen/ women; and self employed professionals. As there are more than two categories of respondents in this demographic variable, ANOVA test is applied to test whether there is any significant difference in the INV DEC of IND INV with regard to their occupation. The decision criterion is such that if the significance value is *greater than 0.05*, then there is no significant difference in the INV DEC of IND INV with regard to their occupation and vice versa (Sullivan, 2017). The results of ANOVA test are given below.

**Table 4.18: ANOVA Test Results  
(Occupation versus INV DEC)**

| <b>Occupation</b>          | <b>N</b> | <b>Mean</b> | <b>Std. Dev.</b> | <b>Std. Error</b> |
|----------------------------|----------|-------------|------------------|-------------------|
| Student                    | 55       | 1.6667      | .48795           | .12599            |
| Unemployed                 | 77       | 1.3810      | .49761           | .10859            |
| Salaried (Private)         | 223      | 1.2951      | .45986           | .05888            |
| Salaried (Govt./ PSU)      | 4        | 2.0000      | .00000           | .00000            |
| Business                   | 15       | 1.0000      | .00000           | .00000            |
| Self Employed Professional | 11       | 1.0000      | .00000           | .00000            |
| Total                      | 385      | 1.3524      | .48000           | .04684            |
|                            |          |             |                  |                   |

|                           | Sum of Squares | Degrees of Freedom | Mean Square | F – Value | Significance Value. |
|---------------------------|----------------|--------------------|-------------|-----------|---------------------|
| Between Groups (Combined) | 2.988          | 5                  | 0.598       | 2.820     | <b>0.02</b>         |

*(Source: Researcher's Calculations Based on Primary Data)*

The above table indicates that significance value of the test is 0.02 which is lesser than 0.05. Hence, it is evident that there is a significant difference in the INV DEC of IND INV with regard to their occupation.

#### **4.4.9. Annual Income Level Versus INV DEC of IND INV**

The sample respondents (385) are divided into six categories on the basis of their annual income level. The categorization done was: below Rs. 2, 50,000; Rs. 2, 50,000 - Rs. 5, 00,000; Rs. 5, 00,000 - Rs. 10, 00,000; Rs. 10, 00,000 - Rs. 15, 00,000; Rs. 15,00,000 - Rs. 20,00,000; and above Rs. 20, 00,000. However, none of the respondents belonged to the category of income exceeding Rs. 20, 00,000 per year. As there are more than two categories of respondents in this demographic variable, ANOVA test is applied to test whether there is any significant difference in the INV DEC of IND INV with regard to their annual income level. The decision criterion is such that if the significance value is **greater than 0.05**, then there is no significant difference in the INV DEC of IND INV with regard to their annual income level and vice versa (Sullivan, 2017). The results of ANOVA test are given below.

**Table 4.19: ANOVA Test Results  
(Annual Income Level versus INV DEC)**

| Annual Income Level           |                | N                  | Mean        | Std. Dev. | Std. Error          |
|-------------------------------|----------------|--------------------|-------------|-----------|---------------------|
| Below Rs. 2,50,000            |                | 48                 | 1.1538      | .37553    | .10415              |
| Rs. 2,50,000 - Rs. 5,00,000   |                | 110                | 1.1667      | .37905    | .06920              |
| Rs. 5,00,000 - Rs. 10,00,000  |                | 131                | 1.2500      | .43916    | .07319              |
| Rs. 10,00,000 - Rs. 15,00,000 |                | 59                 | 1.8125      | .40311    | .10078              |
| Rs. 15,00,000 - Rs. 20,00,000 |                | 37                 | 1.8000      | .42164    | .13333              |
| Total                         |                | 385                | 1.3524      | .48000    | .04684              |
|                               |                |                    |             |           |                     |
|                               | Sum of Squares | Degrees of Freedom | Mean Square | F – Value | Significance Value. |
| Between Groups (Combined)     | 7.315          | 4                  | 1.829       | 10.986    | <b>0.00</b>         |

*(Source: Researcher's Calculations Based on Primary Data)*

The above table indicates that significance value of the test is 0.00 which is lesser than 0.05. Hence, it is evident that there is a significant difference in the INV DEC of IND INV with regard to their annual income level.

#### **4.4.10. Type of Accommodation Versus INV DEC of IND INV**

The sample respondents (385) can be classified into two categories based on their accommodation (residence) type i.e. Own house and Rented house. As there are only two categories of respondents, paired samples' t-test is applied to test whether there is any significant difference in the INV DEC of IND INV with regard to their accommodation type. The decision criterion is such that if the significance value is ***greater than 0.05***, then there is no significant difference in the INV DEC of IND INV with regard to their accommodation (residence) type and vice versa (Raoul, 2023). The results of t- test are given below.

**Table 4.20: Paired Samples' t-Test Results  
(Type of Accommodation versus INV DEC)**

| Pair                                       | Mean  | Standard Deviation | Standard Error Mean | t – Value | DoF | Significance Value. |
|--|-------|--------------------|---------------------|-----------|-----|---------------------|
| Accommodation & Percent of Income Invested | -1.20 | 1.307              | 0.092               | -10.582   | 104 | <b>0.01</b>         |

*(Source: Researcher's Calculations Based on Primary Data)*

The above table indicates that significance value of the test is 0.01 which is lesser than 0.05. Hence, it is evident that there is a significant difference in the INV DEC of IND INV with regard to their accommodation (residence) type.

## **SECTION – D**

### **4.5 EMPIRICAL ANALYSIS RELATED TO MEDIATING ROLE OF AWARENESS LEVEL BETWEEN CGPS AND INV DEC**

Literature in the area of CG practices and INV DEC highlights the mediating role of the awareness level of IND INV. In this context, this section of this thesis discusses the six (6) constructs; (i) INV DEC, (ii) Disclosure Requirements, (iii) Financial Statements, (iv) BOD, (v) Auditing Requirements, and (vi) Environmental and Social Governance extracted through a systematic literature review (Alduais, 2023). Of these six constructs, the construct viz. ‘INV DEC’ is assumed to be a dependent construct and remaining are independent. Participants were asked to rate these attributes in order of their perceived importance for each attribute. The scale is designed such that 1 = not at all aware, 2 = slightly aware, 3 = moderately aware, 4 = reasonably aware, and 5 = fully aware. The responses collected from the respondents are analyzed by using Smart PLS. The results of the test are presented under the following heads.

- Testing for Reliability by using rho\_a
- Testing for Internal Consistency by using Cronbach’s Alfa,
- Testing for Composite Reliability of the Model
- Testing for Convergent Validity by using AVE
- Testing for Multi-Collinearity in the Model
- Testing for Discriminant Validity in the Model
- Model Fit with t-values and p-values
- Importance – Performance Map Analysis (IMPA)

#### 4.5.1. Testing for Reliability by using rho\_a

Dijkstra – Henseler’s rho (rho\_a) is used to estimate reliability of the model. The acceptable value for a construct should be greater than 0.7 to indicate that the SEM model used for prediction is reliable (Ramirez and Palos, 2018). The results of the test are tabulated below.

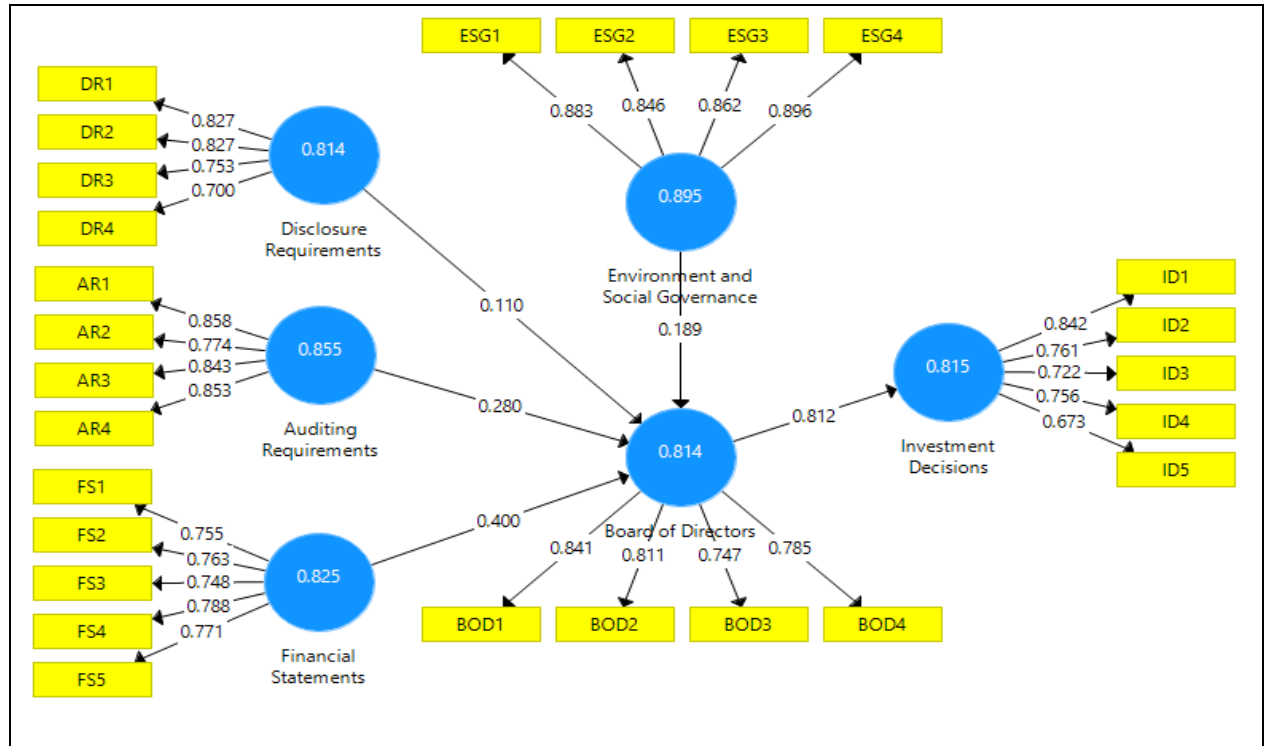
**Table 4.21: Reliability Test Results of the Model – 1 (rho\_a)  
(Mediating Role of Awareness Level between CGPs and INV DEC)**

| Construct in the Questionnaire                     | Research Variable | Variable Loading | rho_a |
|--|-------------------|------------------|-------|
| Construct – 1: INV DEC                             | ID1               | 0.842            | 0.815 |
|  | ID2               | 0.761            |       |
|  | ID3               | 0.722            |       |
|  | ID4               | 0.756            |       |
|  | ID5               | 0.673            |       |
| Construct – 2: Disclosure Requirements             | DR1               | 0.827            | 0.814 |
|  | DR2               | 0.827            |       |
|  | DR3               | 0.753            |       |
|  | DR4               | 0.700            |       |
| Construct – 3: Financial Statements                | FS1               | 0.755            | 0.825 |
|  | FS2               | 0.763            |       |
|  | FS3               | 0.748            |       |
|  | FS4               | 0.788            |       |
|  | FS5               | 0.771            |       |
| Construct – 4: BOD                                 | BOD 1             | 0.841            | 0.814 |
|  | BOD 2             | 0.811            |       |
|  | BOD 3             | 0.741            |       |
|  | BOD 4             | 0.785            |       |
| Construct – 5: Auditing Requirements               | AR 1              | 0.858            | 0.855 |
|  | AR 2              | 0.774            |       |
|  | AR 3              | 0.843            |       |
|  | AR 4              | 0.853            |       |
| Construct – 6: Environmental and Social Governance | ESG 1             | 0.883            | 0.895 |
|  | ESG 2             | 0.846            |       |
|  | ESG 3             | 0.862            |       |
|  | ESG 4             | 0.896            |       |

*(Source: Calculations based on primary data)*

When the above data is presented diagrammatically by using Smart – PLS, the following figure is obtained.

**Figure 4.1: Reliability Test Results of the Model – 1 (rho\_a)  
(Mediating Role of Awareness Level between CGPs and INV DEC)**



(Source: Smart PLS results based on primary data)

From the above table 4.20 and figure 4.1, it is found that rho\_a values of the six constructs viz. INV DEC, disclosure requirements, financial statements, BOD, auditing requirements, and environment and social governance are 0.815, 0.814, 0.825, 0.814, 0.855, and 0.895 respectively. All the constructs have rho\_a value greater than 0.70. Thus, the empirical results provide a clear indication that variables included in the constructs are reliable (Ramirez and Palos, 2018). Hence, the model is reliable for final prediction.



#### 4.5.2. Testing for Internal Consistency by using Cronbach's Alpha

**Cronbach's Alpha** is used to test the internal consistency of the constructs. In other words, it measures the consistency of a construct based on its indicators i.e. the strength with which these elements measure the same latent variable. Cronbach's alpha of a construct lies between 0 and 1. However, the lower limit for the acceptance of internal consistency of a construct is generally established between 0.6 and 0.7. The higher is the value then, higher is the internal consistency of a construct and it is more reliable (Ahire and Devaraj, 2001). The results of the test are tabulated below.

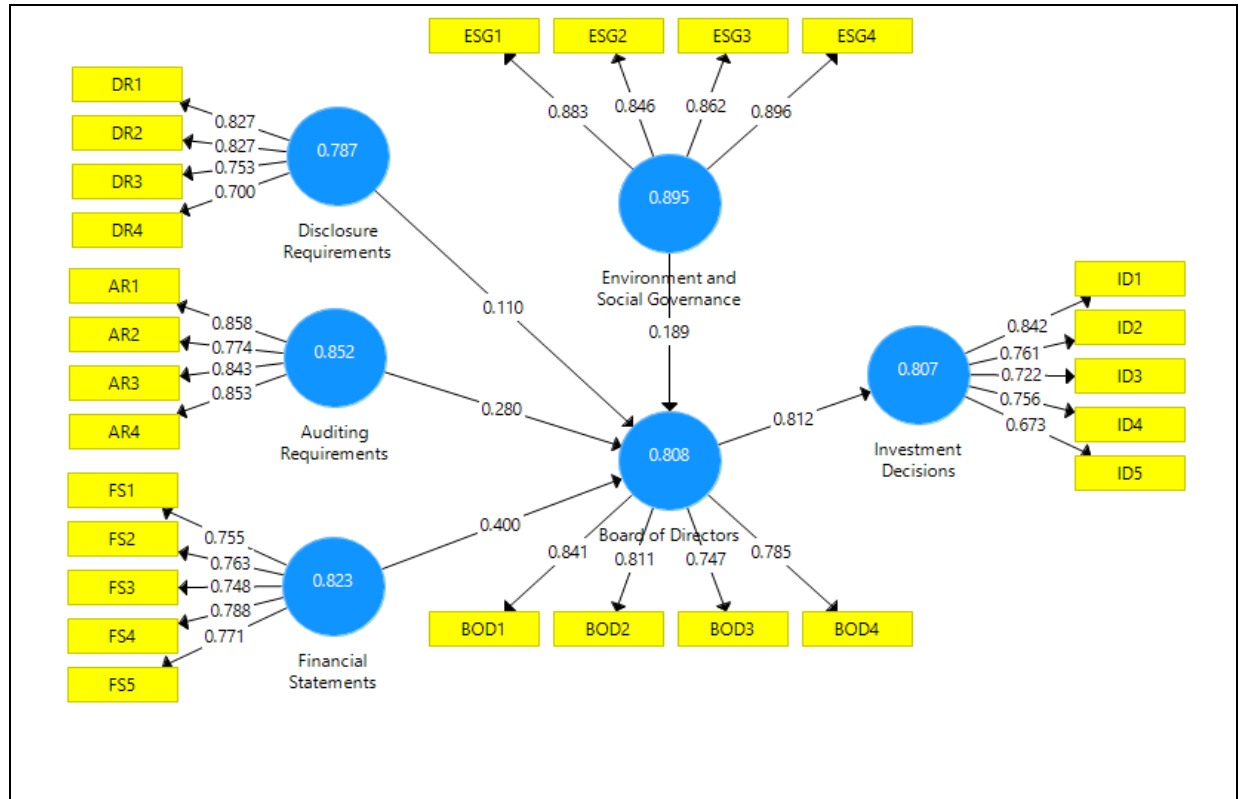
**Table 4.22: Internal Consistency Test Results of Model – 1 (Cronbach's Alpha)  
(Mediating Role of Awareness Level between CGPs and INV DEC)**

| Construct in the Questionnaire                     | Research Variable | Variable Loading | Cronbach's Alpha |
|--|-------------------|------------------|------------------|
| Construct – 1: INV DEC                             | ID1               | 0.842            | 0.807            |
|  | ID2               | 0.761            |                  |
|  | ID3               | 0.722            |                  |
|  | ID4               | 0.756            |                  |
|  | ID5               | 0.673            |                  |
| Construct – 2: Disclosure Requirements             | DR1               | 0.827            | 0.787            |
|  | DR2               | 0.827            |                  |
|  | DR3               | 0.753            |                  |
|  | DR4               | 0.700            |                  |
| Construct – 3: Financial Statements                | FS1               | 0.755            | 0.823            |
|  | FS2               | 0.763            |                  |
|  | FS3               | 0.748            |                  |
|  | FS4               | 0.788            |                  |
|  | FS5               | 0.771            |                  |
| Construct – 4: BOD                                 | BOD 1             | 0.841            | 0.808            |
|  | BOD 2             | 0.811            |                  |
|  | BOD 3             | 0.741            |                  |
|  | BOD 4             | 0.785            |                  |
| Construct – 5: Auditing Requirements               | AR 1              | 0.858            | 0.852            |
|  | AR 2              | 0.774            |                  |
|  | AR 3              | 0.843            |                  |
|  | AR 4              | 0.853            |                  |
| Construct – 6: Environmental and Social Governance | ESG 1             | 0.883            | 0.895            |
|  | ESG 2             | 0.846            |                  |
|  | ESG 3             | 0.862            |                  |
|  | ESG 4             | 0.896            |                  |

*(Source: Calculations based on primary data)*

When the above data is presented diagrammatically by using Smart – PLS, the following figure is obtained.

**Figure 4.2: Internal Consistency Test Results of Model – 1 (Cronbach’s Alpha) (Mediating Role of Awareness Level between CGPs and INV DEC)**



(Source: Smart PLS results)

From the above table 4.21 and figure 4.2, it is found that Cronbach’s Alpha values of the six constructs viz. INV DEC, disclosure requirements, financial statements, BOD, auditing requirements, and environment and social governance are 0.807, 0.787, 0.823, 0.808, 0.852, and 0.895 respectively. All the constructs have Cronbach’s Alpha value greater than 0.70. Thus, the empirical results provide a clear indication that there exists internal consistency in all the constructs developed (Ahire and Devaraj, 2001). Thus, the constructs are reliable. Hence, the model is reliable for final prediction.

#### 4.5.3. Testing for Composite Reliability of the Model

Composite Reliability (CR) is one of the appropriate reliability measures for SEM-based studies. CR is based on the congeneric model that does not require equivalent factor loadings across items. CR also used to test the consistency of the constructs. The minimum value of a construct to have composite reliability is 0.70. The higher is the value then, higher is the internal consistency of a construct and it is more reliable (Norhayati et al, 2015). The results of the test are tabulated below.

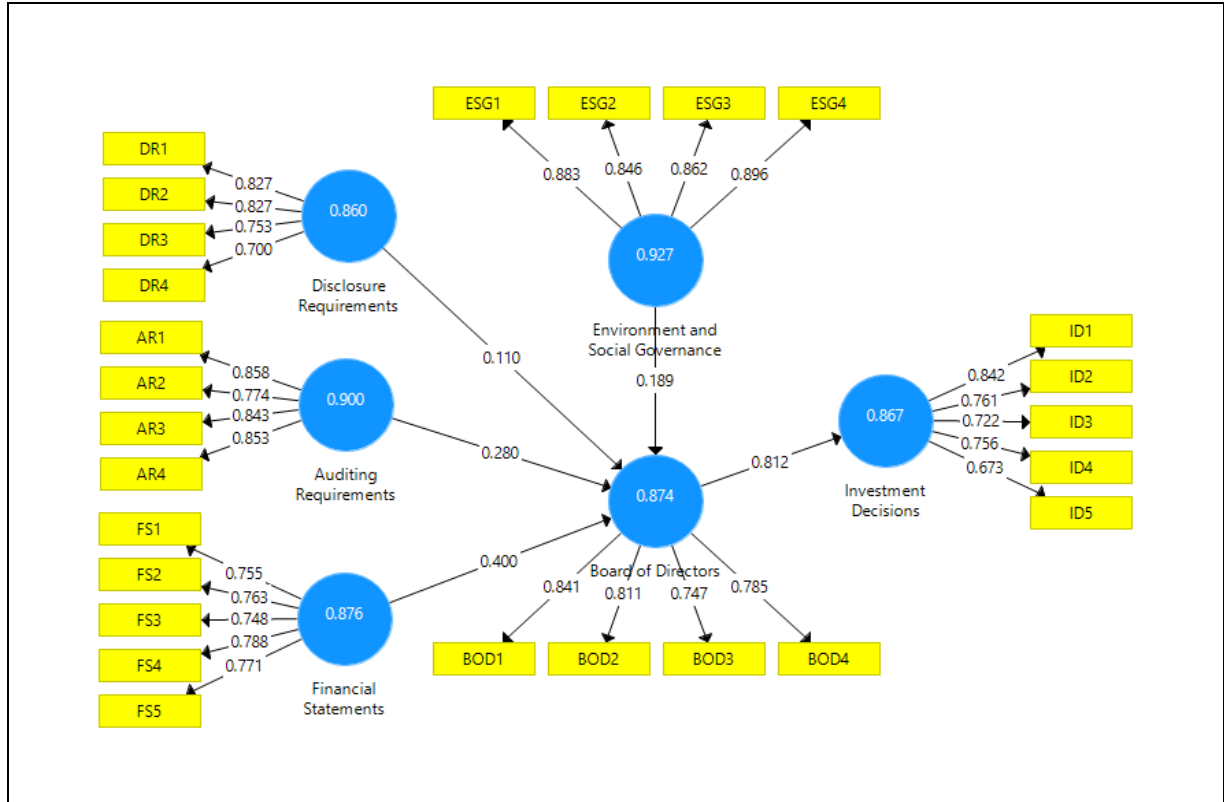
**Table 4.23: Composite Reliability Test Results of Model – 1  
(Mediating Role of Awareness Level between CGPs and INV DEC)**

| Construct in the Questionnaire                     | Research Variable | Variable Loading | Composite Reliability |
|--|-------------------|------------------|-----------------------|
| Construct – 1: INV DEC                             | ID1               | 0.842            | 0.867                 |
|  | ID2               | 0.761            |                       |
|  | ID3               | 0.722            |                       |
|  | ID4               | 0.756            |                       |
|  | ID5               | 0.673            |                       |
| Construct – 2: Disclosure Requirements             | DR1               | 0.827            | 0.860                 |
|  | DR2               | 0.827            |                       |
|  | DR3               | 0.753            |                       |
|  | DR4               | 0.700            |                       |
| Construct – 3: Financial Statements                | FS1               | 0.755            | 0.876                 |
|  | FS2               | 0.763            |                       |
|  | FS3               | 0.748            |                       |
|  | FS4               | 0.788            |                       |
|  | FS5               | 0.771            |                       |
| Construct – 4: BOD                                 | BOD 1             | 0.841            | 0.874                 |
|  | BOD 2             | 0.811            |                       |
|  | BOD 3             | 0.741            |                       |
|  | BOD 4             | 0.785            |                       |
| Construct – 5: Auditing Requirements               | AR 1              | 0.858            | 0.900                 |
|  | AR 2              | 0.774            |                       |
|  | AR 3              | 0.843            |                       |
|  | AR 4              | 0.853            |                       |
| Construct – 6: Environmental and Social Governance | ESG 1             | 0.883            | 0.927                 |
|  | ESG 2             | 0.846            |                       |
|  | ESG 3             | 0.862            |                       |
|  | ESG 4             | 0.896            |                       |

*(Source: Calculations based on primary data)*

When the above data is presented diagrammatically by using Smart – PLS, the following figure is obtained.

**Figure 4.3: Composite Reliability Test Results of Model – 1  
(Mediating Role of Awareness Level between CGPs and INV DEC)**



(Source: Smart PLS results)

From the above table 4.22 and figure 4.3, it is found that composite reliability values of the six constructs viz. INV DEC, disclosure requirements, financial statements, BOD, auditing requirements, and environment and social governance are 0.867, 0.860, 0.876, 0.874, 0.900, and 0.927 respectively. All the constructs have composite reliability value greater than 0.70. Thus, the empirical results provide a clear indication that there exists internal consistency in all the constructs developed (Norhayati et al, 2015). Thus, the constructs are reliable. Hence, the model is reliable for final prediction.

#### 4.5.4. Testing for Convergent Validity by using AVE

Average Variance Extracted (AVE) is the most common measure to assess convergent validity in PLS-SEM. Using the same basis as that used with the individual indicators, an AVE value of 0.50 or higher means that, on average, a construct accounts for more than half of the variance of its own indicators (Cheung et al, 2023). The results of the test are tabulated below.

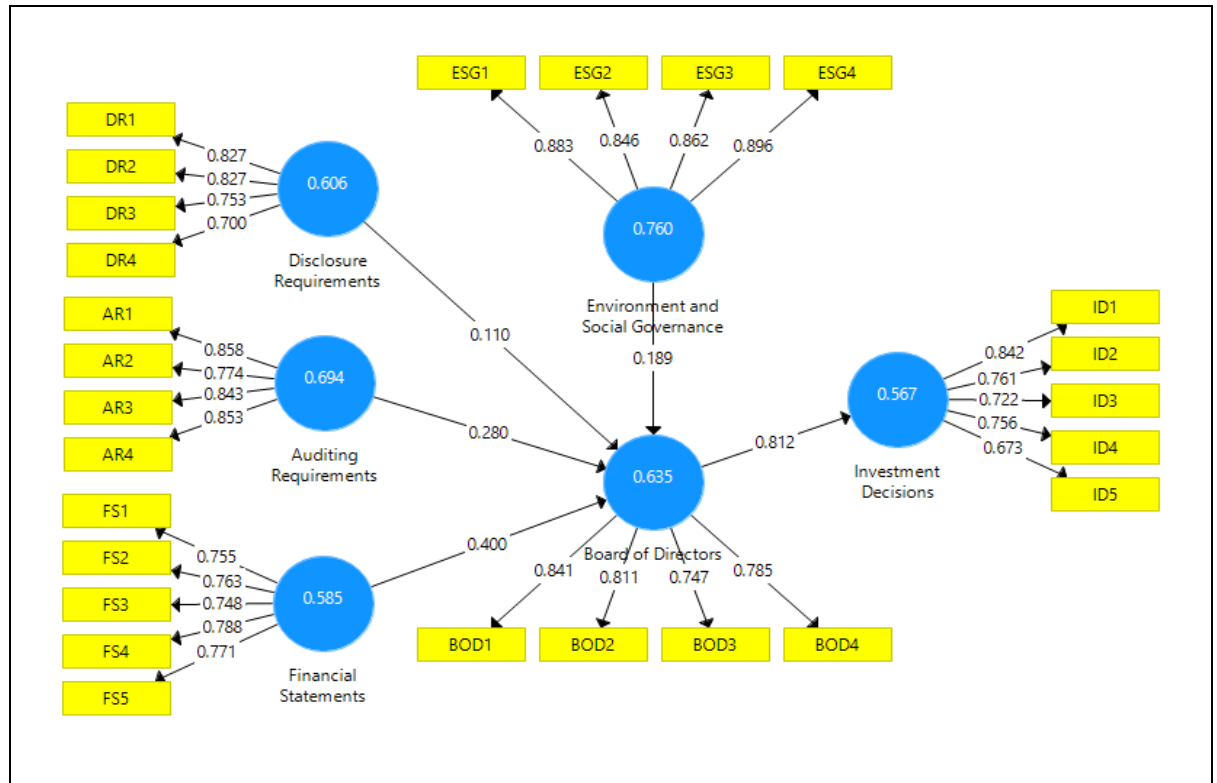
**Table 4.24: Convergent Validity Test Results of Model – 1 (AVE)  
(Mediating Role of Awareness Level between CGPs and INV DEC)**

| Construct in the Questionnaire                     | Research Variable | Variable Loading | Average Variance Extracted (AVE) |
|--|-------------------|------------------|----------------------------------|
| Construct – 1: INV DEC                             | ID1               | 0.842            | 0.567                            |
|  | ID2               | 0.761            |                                  |
|  | ID3               | 0.722            |                                  |
|  | ID4               | 0.756            |                                  |
|  | ID5               | 0.673            |                                  |
| Construct – 2: Disclosure Requirements             | DR1               | 0.827            | 0.606                            |
|  | DR2               | 0.827            |                                  |
|  | DR3               | 0.753            |                                  |
|  | DR4               | 0.700            |                                  |
| Construct – 3: Financial Statements                | FS1               | 0.755            | 0.585                            |
|  | FS2               | 0.763            |                                  |
|  | FS3               | 0.748            |                                  |
|  | FS4               | 0.788            |                                  |
|  | FS5               | 0.771            |                                  |
| Construct – 4: BOD                                 | BOD 1             | 0.841            | 0.635                            |
|  | BOD 2             | 0.811            |                                  |
|  | BOD 3             | 0.741            |                                  |
|  | BOD 4             | 0.785            |                                  |
| Construct – 5: Auditing Requirements               | AR 1              | 0.858            | 0.694                            |
|  | AR 2              | 0.774            |                                  |
|  | AR 3              | 0.843            |                                  |
|  | AR 4              | 0.853            |                                  |
| Construct – 6: Environmental and Social Governance | ESG 1             | 0.883            | 0.760                            |
|  | ESG 2             | 0.846            |                                  |
|  | ESG 3             | 0.862            |                                  |
|  | ESG 4             | 0.896            |                                  |

*(Source: Calculations based on primary data)*

When the above data is presented diagrammatically by using Smart – PLS, the following figure is obtained.

**Figure 4.4: Convergent Validity Test Results of Model – 1 (AVE)  
(Mediating Role of Awareness Level between CGPs and INV DEC)**



(Source: Smart PLS results)

From the above table 4.22 and figure 4.3, it is found that AVE values of the six constructs viz. INV DEC, disclosure requirements, financial statements, BOD, auditing requirements, and environment and social governance are 0.567, 0.606, 0.585, 0.635, 0.694, and 0.760 respectively. All the constructs have AVE value greater than 0.50. Thus, the empirical results provide a clear indication that there exists convergent validity in all the constructs developed (Cheung et al, 2023). Thus, the constructs are reliable. Hence, the model is reliable for final prediction.

#### 4.5.5. Testing for Multi-Collinearity in the Model

In regression analysis, multi-collinearity refers to a situation when two or more of the independent variables demonstrate a linear relationship between them. This can adversely affect the regression results. Variance Inflation Factor (VIF) is a commonly used tool to detect whether multi-collinearity exists in a regression model. VIF measures how much the variance (or standard error) of the estimated regression coefficient is inflated due to multi-collinearity. VIF starts at 1 and has no upper limit. If the value of VIF is *greater than 5*, then variables are highly correlated i.e. there is a severe multi-collinearity (Morrissey and Ruxton, 2018).

Further, effect size ( $f^2$ ), a statistical concept that measures the strength of the relationship between two variables on a numeric scale is also to be computed in the multi-collinearity test. The effect size is interpreted as follows (Steyn, 2014).

- If the value of effect size varies between 0.1 and 0.3, its effect is small. It means that there is a low relationship among variables which in turn means that there is a low level of multi-collinearity.
- If the value of effect size varies between 0.3 and 0.5, its effect is moderate. It means that there is a medium relationship among variables which in turn means that there is a moderate level of multi-collinearity.
- If the value of effect size varies between 0.5 and 1.0, its effect is large. It means that there is a higher relationship among variables which in turn means that there is a high level of multi-collinearity.

The results of the multi-collinearity test are tabulated below.

**Table 4.25: Multi-Collinearity Test Results of Model – 1  
(Mediating Role of Awareness Level between CGPs and INV DEC)**

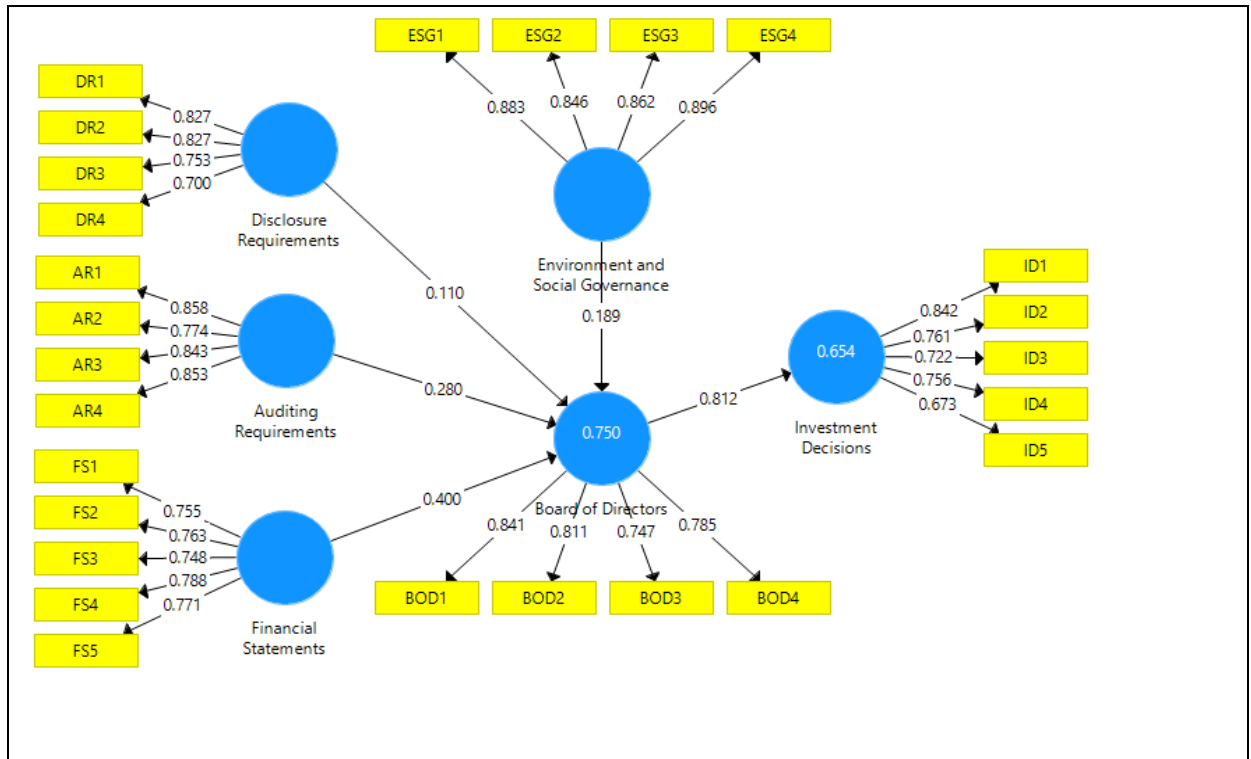
| Construct in the Questionnaire                     | Research Variable | Outer VIF | Effect Size ( $f^2$ ) | $R^2$        |
|--|-------------------|-----------|-----------------------|--------------|
| Construct – 1: INV DEC                             | ID1               | 2.073     | 0.159                 | <b>0.654</b> |
|  | ID2               | 1.533     |                       |              |
|  | ID3               | 1.565     |                       |              |
|  | ID4               | 1.764     |                       |              |
|  | ID5               | 1.395     |                       |              |
| Construct – 2: Disclosure Requirements             | DR1               | 1.691     | 0.175                 |              |
|  | DR2               | 1.667     |                       |              |
|  | DR3               | 1.665     |                       |              |
|  | DR4               | 1.475     |                       |              |
| Construct – 3: Financial Statements                | FS1               | 1.712     | 0.216                 | <b>0.750</b> |
|  | FS2               | 1.741     |                       |              |
|  | FS3               | 1.661     |                       |              |
|  | FS4               | 1.870     |                       |              |
|  | FS5               | 1.687     |                       |              |
| Construct – 4: BOD                                 | BOD 1             | 1.883     | 0.315                 |              |
|  | BOD 2             | 1.900     |                       |              |
|  | BOD 3             | 1.637     |                       |              |
|  | BOD 4             | 1.830     |                       |              |
| Construct – 5: Auditing Requirements               | AR 1              | 2.214     | 0.201                 |              |
|  | AR 2              | 1.648     |                       |              |
|  | AR 3              | 2.093     |                       |              |
|  | AR 4              | 2.068     |                       |              |
| Construct – 6: Environmental and Social Governance | ESG 1             | 2.684     | 0.201                 |              |
|  | ESG 2             | 2.205     |                       |              |
|  | ESG 3             | 2.482     |                       |              |
|  | ESG 4             | 2.941     |                       |              |

*(Source: Calculations based on primary data)*

When the data related to  $R^2$  is presented diagrammatically by using Smart – PLS, the following figure is obtained.



**Figure 4.5: Multi-Collinearity Test Results of Model – 1 (Adjusted R<sup>2</sup>)  
(Mediating Role of Awareness Level between CGPs and INV DEC)**



(Source: Smart PLS results)

From the above table 4.24 and figure 4.5, it is observed that the highest and lowest outer VIFs are 2.941 and 1.395 respectively, which signifies that there is no multi-collinearity problem among the independent variables for the research dependent variable i.e. INV DEC. This further implies that the research model has no common method bias and all independent variables are soundly supported by their items. Moreover, the values of effect size are more or less around 0.3. Hence, it can be inferred that the model is free from multi-collinearity (Steyn, 2014).

#### 4.5.6. Testing for Discriminant Validity in the Model

Discriminant validity, also called as divergent validity refers to the extent to which a test is not related to other tests that measure different constructs. In this context, a construct may be a behavior, attitude, or concept, particularly one that is not directly observable. The expectation is that two tests that reflect different constructs should not be highly related to each other. If they are, then one cannot say with certainty that they are not measuring the same construct. Thus, discriminant validity is an indication of the extent of the difference between constructs. Hetero Trait - Mono Trait (HTMT) criterion is used to assess the discriminant validity. If the HTMT value is below 0.90, discriminant validity has been established between two reflectively measured constructs (Voorhees et al, 2016). The results of HTMT discriminant validity test are furnished below.

**Table 4.26: HTMT Discriminant Validity Test Results of Model – 1  
(Mediating Role of Awareness Level between CGPs and INV DEC)**

| Research Variables                      | ID    | DR    | FS    | BOD   | AR    | ESG |
|---|-------|-------|-------|-------|-------|-----|
| INV DEC (ID)                            |       |       |       |       |       |     |
| Disclosure Requirements (DR)            | 0.347 |       |       |       |       |     |
| Financial Statements (FS)               | 0.501 | 0.387 |       |       |       |     |
| BOD (BOD)                               | 0.601 | 0.429 | 0.467 |       |       |     |
| Auditing Requirements (AR)              | 0.741 | 0.745 | 0.301 | 0.502 |       |     |
| Environment and Social Governance (ESG) | 0.713 | 0.623 | 0.457 | 0.605 | 0.531 |     |

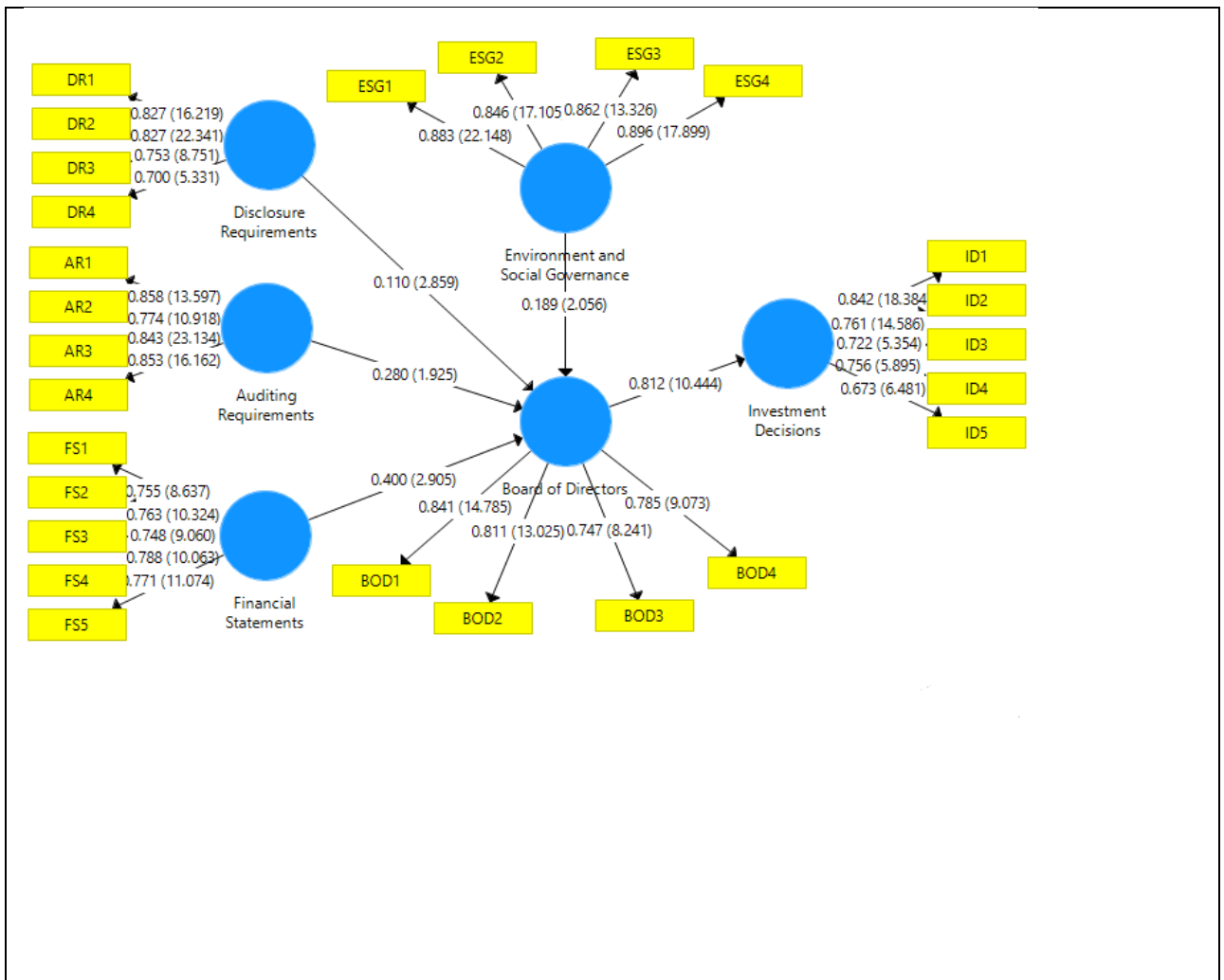
*(Source: Smart PLS results)*

From the above table 4.25, it is evident that the variables under the study have a close relationship and are able to predict the INV DEC of the IND INV because the normal value of all the variables is lesser than 0.9. Hence, it is concluded that model has HTMT discriminant validity (Voorhees et al, 2016).

#### 4.5.7. SEM Model Fit with t-values and P-values

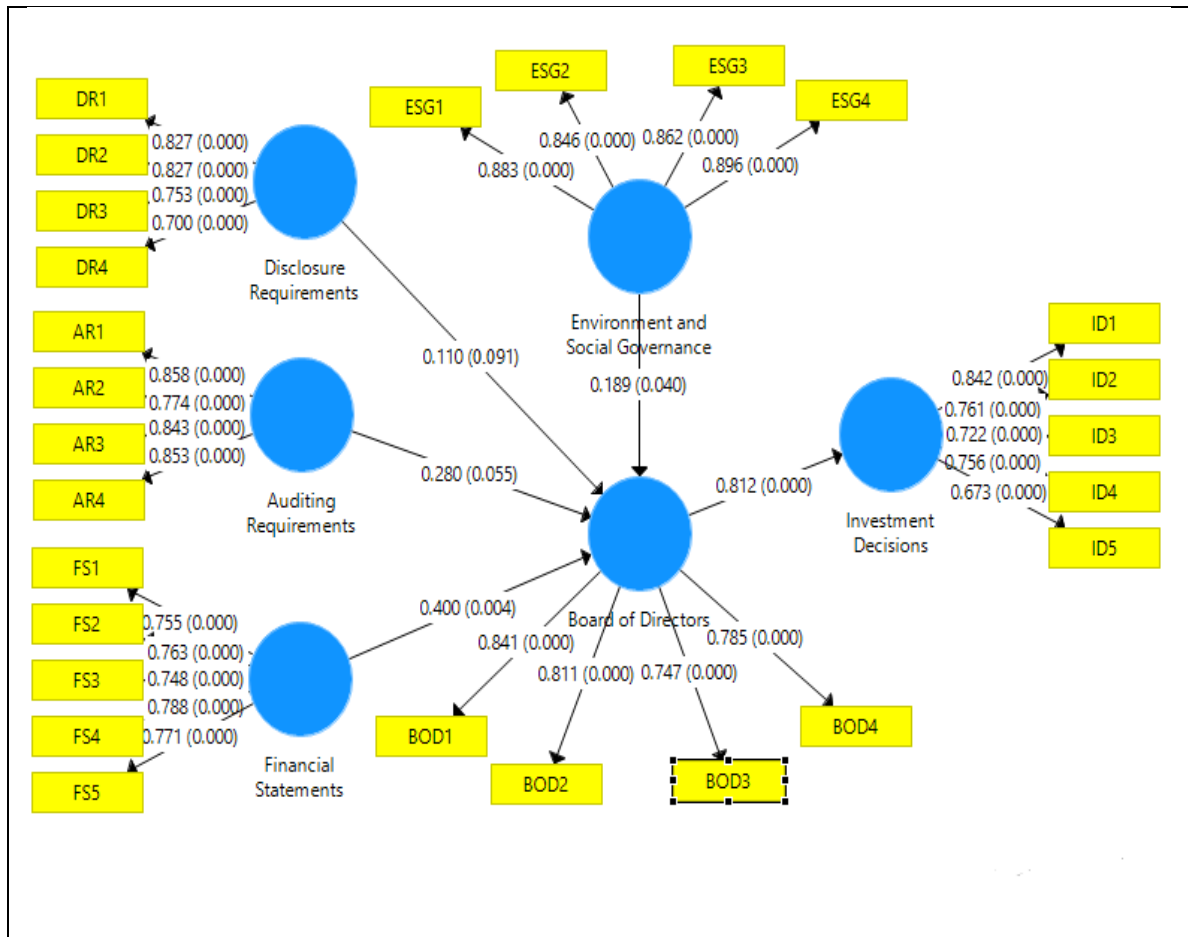
After a thorough testing for the reliability and validity of the model – 1 in the above section, it is found that the model is reliable and valid. Thus, it can be used for final prediction. Now, in the following section, model – 1 of this study is fitted with corresponding t-values and p-values by using Smart PLS. The results of SEM model-fit are depicted in the following figures.

**Figure 4.6: SEM Model Fitting with t – Values for Model – 1  
(Mediating Role of Awareness Level between CGPs and INV DEC)**



(Source: Smart PLS results)

**Figure 4.7: SEM Model Fitting with P – Values for Model – 1  
(Mediating Role of Awareness Level between CGPs and INV DEC)**



(Source: Smart PLS results)

From the above two figures i.e. figure 4.6 and figure 4.7, it is observed by the direction of the arrows that four variables viz. Financial Statements (FS), Auditing Requirements (AR), Disclosure Requirements (DR), Environment and Social Governance (ESG) have direct effect on BOD (BOD) which in turn has mediating effect on INV DEC (ID).

However, in order to test whether these effects are statistically significant or not, the p-values of these effect hypotheses are examined. The decision criteria are as follows (Grace, 2020).

- If p-value < 0.05, the hypothesis is accepted at 5% level of significance. (denoted by \*)
- If p-value lies between 0.051 to 0.099, the hypothesis is accepted at 10% level of significance (denoted by \*\*)

The following table provides the details of these statistical values.

**Table 4.27: Association among Research Variables in the Model – 1  
(Mediating Role of Awareness Level between CGPs and INV DEC)**

| <b>Confirmed Hypothesis from Model Fit Diagrams</b> | <b>Coefficients</b> | <b>p-value</b> | <b>Observation</b>                          |
|---|---------------------|----------------|---|
| H: DR → BOD   | 0.110               | 0.091**        | Accepted @ 10%LOS                           |
| H: FS → BOD   | 0.400               | 0.004*         | Accepted @ 5%LOS                            |
| H: AR → BOD   | 0.280               | 0.055**        | Accepted @ 10%LOS                           |
| H: ESG → BOD  | 0.189               | 0.040*         | Accepted @ 5%LOS                            |
| <b>Mediation Variable</b>                           |                     |                |   |
| H :BOD → ID   | 0.805               | 0.000*         | Accepted @5%LOS<br>and there is Full Effect |

(Source: Smart PLS results,  $p^* < 0.05$ ,  $p^{**} < 0.10$ )

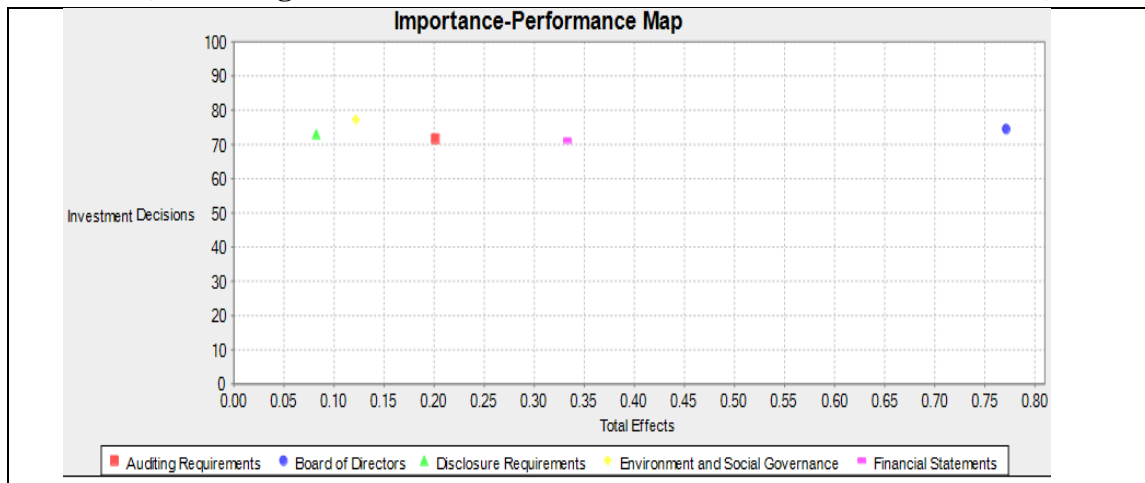
From the results, it is evident that model is fitted well for all of the independently developed constructs and hypotheses, as well as the model also shown measurable favorable direct and indirect impacts. H: Disclosure Requirements ( $p = 0.091^{**}$ ), H: Financial Statements ( $p = 0.004^*$ ), H: Auditing Requirements ( $p = 0.055^{**}$ ), and H: Environment and Social Governance ( $t = 2.056$ ;  $p = 0.040^*$ ) have been found to have direct influence on the BOD, and finally the mediating effect of H: BOD on INV DEC of

IND INV ( $p = 0.000^*$ ). Further the model is found with the maximum described variance of  $R^2 (=0.654)$ .

#### **4.5.8. Importance – Performance Map Analysis (IPMA)**

It is necessary to have the knowledge on the construct which is more important or relevant for drawing conclusions. The smart PLS-SEM analysis provides information on the relative importance of constructs in explaining other constructs in the structural model. The Importance – Performance Map Analysis (IPMA) extends the results of PLS-SEM by taking the performance of each construct into account. As a result, conclusions can be drawn on two dimensions (i.e., both importance and performance), which is particularly important in order to prioritize managerial actions. Consequently, it is preferable to primarily focus on improving the performance of those constructs that exhibit a large importance regarding their explanation of a certain target construct but, at the same time, have a relatively low performance (Teeluckdharry et al, 2022). The results of IPMA are depicted in the following figure.

**Figure 4.8: Importance – Performance Map Analysis of Model – 1  
(Mediating Role of Awareness Level between CGPs and INV DEC)**



*(Source: Smart PLS results)*

While developing an awareness model for INV DEC, it is evident from the above figure 4.8 that the independent construct viz. BOD is the most important attribute (as it is located far from the origin), preceded by financial statements, auditing requirements, environment and social governance, and disclosure statements.

## **SECTION – E**

### **4.6 EMPIRICAL ANALYSIS RELATED TO MEDIATING ROLE OF PROFESSIONAL BACKGROUND OF INDIVIDUAL INVESTORS BETWEEN CGPS AND INV DEC**

Literature in the area of CG practices and INV DEC highlights the mediating role of the mediating role of the professional background of IND INV. In this context, this section of this thesis discusses the six (5) constructs; (i) INV DEC, (ii) Education and Occupation, (iii) Social Networks, (iv) Investing Behavior, and (v) Market Information extracted through a systematic literature review. Of these five constructs, the construct viz. ‘INV DEC’ is assumed to be a dependent construct and remaining are independent.

Participants were asked to rate these attributes in order of their perceived importance for each attribute. The scale is designed such that 1 = not at all aware, 2 = slightly aware, 3 = moderately aware, 4 = reasonably aware, and 5 = fully aware. The responses collected from the respondents are analyzed by using Smart PLS. The results of the test are presented under the following heads.

- Testing for Reliability by using rho\_a
- Testing for Internal Consistency by using Cronbach’s Alfa,
- Testing for Composite Reliability of the Model
- Testing for Convergent Validity by using AVE
- Testing for Multi-Collinearity in the Model
- Testing for Discriminant Validity in the Model
- Model Fit with t-values and p-values
- Importance – Performance Map Analysis (IMPA)



#### 4.6.1. Testing for Reliability by using rho\_a

Dijkstra – Henseler’s rho (rho\_a) is used to estimate reliability of the model. The acceptable value for a construct should be greater than 0.7 to indicate that the SEM model used for prediction is reliable (Ramirez and Palos, 2018). The results of the test are tabulated below.

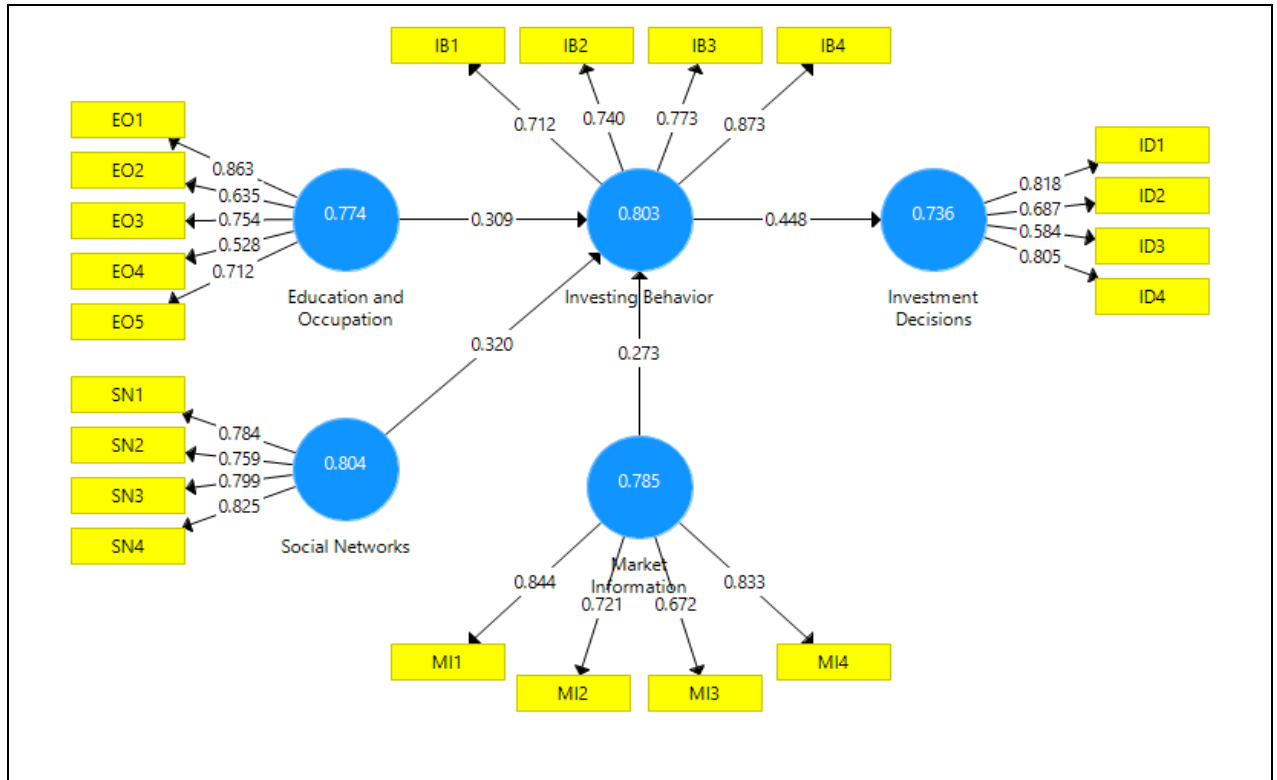
**Table 4.28: Reliability Test Results of the Model – 2 (rho\_a)**  
(Mediating Role of Professional Background of IND INV between CGPs & INV DEC)

| Construct in the Questionnaire          | Research Variable | Variable Loading | rho_a |
|---|-------------------|------------------|-------|
| Construct – 1: INV DEC                  | ID1               | 0.818            | 0.736 |
|   | ID2               | 0.657            |       |
|   | ID3               | 0.584            |       |
|   | ID4               | 0.605            |       |
| Construct – 2: Education and Occupation | EO1               | 0.863            | 0.774 |
|   | EO2               | 0.635            |       |
|   | EO3               | 0.754            |       |
|   | EO4               | 0.528            |       |
|   | EO5               | 0.712            |       |
| Construct – 3: Social Networks          | SN1               | 0.784            | 0.804 |
|   | SN2               | 0.759            |       |
|   | SN3               | 0.799            |       |
|   | SN4               | 0.825            |       |
| Construct – 4: Investing Behaviour      | IB1               | 0.712            | 0.803 |
|   | IB2               | 0.740            |       |
|   | IB3               | 0.773            |       |
|   | IB4               | 0.873            |       |
| Construct – 5: Market Information       | MI1               | 0.844            | 0.785 |
|   | MI2               | 0.721            |       |
|   | MI3               | 0.672            |       |
|   | MI4               | 0.833            |       |

(Source: Calculations based on primary data)

When the above data is presented diagrammatically by using Smart – PLS, the following figure is obtained.

**Figure 4.9: Reliability Test Results of the Model – 2 (rho\_a)  
(Mediating Role of Professional Background of IND INV between CGPs & INV DEC)**



*(Source: Smart PLS results based on primary data)*

From the above table 4.27 and figure 4.9, it is found that rho\_a values of five constructs viz. INV DEC, education and occupation, social networks, investing behavior, and market information are 0.736, 0.774, 0.804, 0.803, and 0.785 respectively. Values over 0.7 are deemed appropriate for the research (Ramírez & Palos-Sánchez, 2018). All the constructs have rho\_a value greater than 0.70. Thus, the empirical results provide a clear indication that variables included in the constructs are reliable (Ramírez and Palos, 2018). Hence, the model is reliable for final prediction.

#### 4.6.2. Testing for Internal Consistency by using Cronbach's Alpha

**Cronbach's Alpha** is used to test the internal consistency of the constructs. In other words, it measures the consistency of a construct based on its indicators i.e. the strength with which these elements measure the same latent variable. Cronbach's alpha of a construct lies between 0 and 1. However, the lower limit for the acceptance of internal consistency of a construct is generally established between 0.6 and 0.7. The higher is the value then, higher is the internal consistency of a construct and it is more reliable (Ahire and Devaraj, 2001). The results of the test are tabulated below.

**Table 4.29: Internal Consistency Test Results of Model – 2 (Cronbach's Alpha)  
(Mediating Role of Professional Background of IND INV between CGPs & INV  
DEC)**

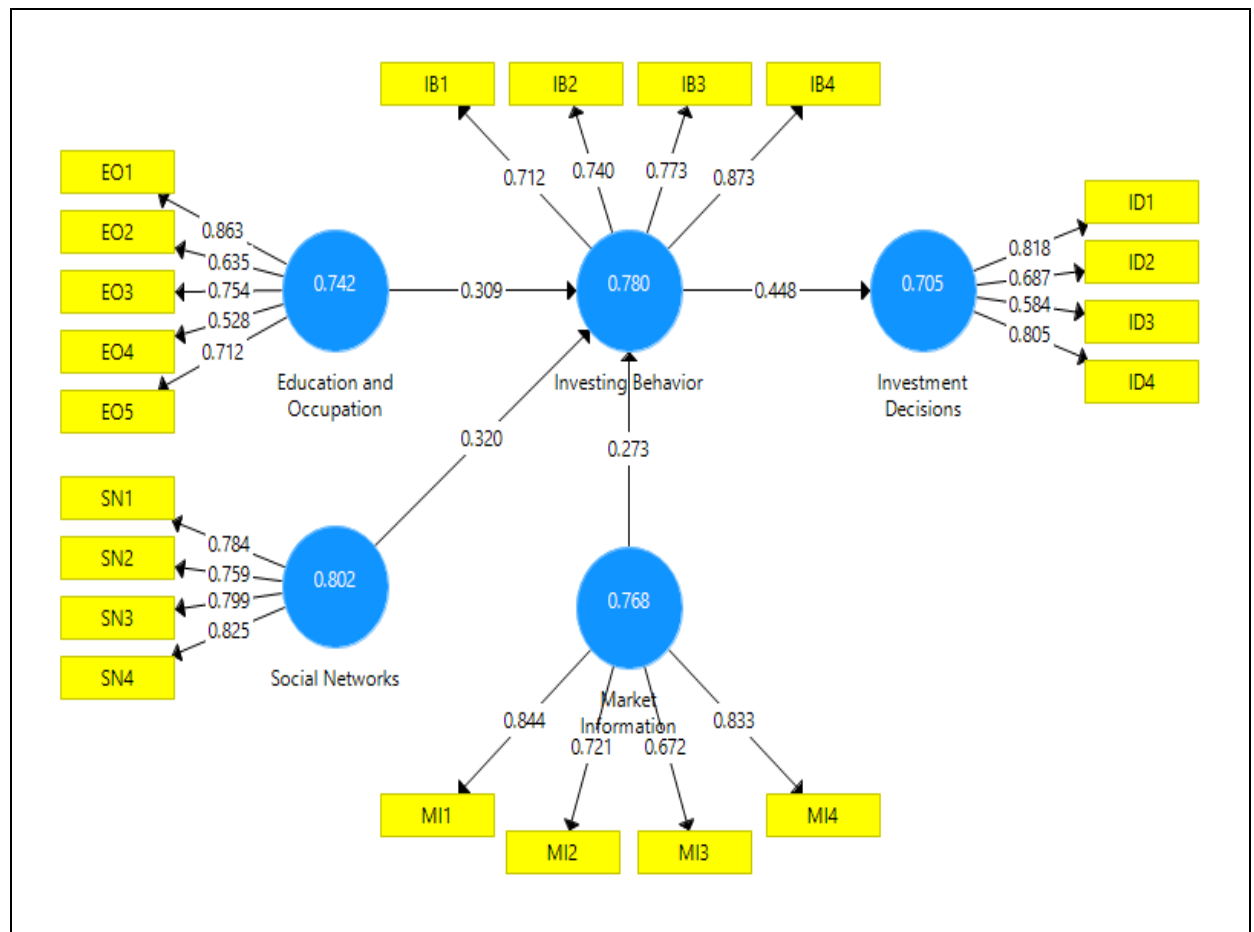
| Construct in the Questionnaire          | Research Variable | Variable Loading | Cronbach's Alpha |
|---|-------------------|------------------|------------------|
| Construct – 1: INV DEC                  | ID1               | 0.818            | 0.705            |
|   | ID2               | 0.657            |                  |
|   | ID3               | 0.584            |                  |
|   | ID4               | 0.605            |                  |
| Construct – 2: Education and Occupation | EO1               | 0.863            | 0.742            |
|   | EO2               | 0.635            |                  |
|   | EO3               | 0.754            |                  |
|   | EO4               | 0.528            |                  |
|   | EO5               | 0.712            |                  |
| Construct – 3: Social Networks          | SN1               | 0.784            | 0.802            |
|   | SN2               | 0.759            |                  |
|   | SN3               | 0.799            |                  |
|   | SN4               | 0.825            |                  |
| Construct – 4: Investing Behaviour      | IB1               | 0.712            | 0.780            |
|   | IB2               | 0.740            |                  |
|   | IB3               | 0.773            |                  |
|   | IB4               | 0.873            |                  |
| Construct – 5: Market Information       | MI1               | 0.844            | 0.768            |
|   | MI2               | 0.721            |                  |
|   | MI3               | 0.672            |                  |

|  |     |       |  |
|--|-----|-------|--|
|  | MI4 | 0.833 |  |
|--|-----|-------|--|

(Source: Calculations based on primary data)

When the above data is presented diagrammatically by using Smart – PLS, the following figure is obtained.

**Figure 4.10: Internal Consistency Test Results of Model – 2 (Cronbach’s Alpha) (Mediating Role of Professional Background of IND INV between CGPs & INV DEC)**



(Source: Smart PLS results)

From the above table 4.28 and figure 4.10, it is found that Cronbach’s Alpha values of five constructs viz. INV DEC, education and occupation, social networks, investing behavior, and market information are 0.705, 0.742, 0.802, 0.780, and 0.768 respectively. All the constructs have Cronbach’s Alpha value greater than 0.70. Thus, the

empirical results provide a clear indication that there exists internal consistency in all the constructs developed (Ahire and Devaraj, 2001). Thus, the constructs are reliable. Hence, the model is reliable for final prediction.

#### 4.6.3. Testing for Composite Reliability of the Model

Composite Reliability (CR) is one of the appropriate reliability measures for SEM-based studies. CR is based on the congeneric model that does not require equivalent factor loadings across items. CR also used to test the consistency of the constructs. The minimum value of a construct to have composite reliability is 0.70. The higher is the value then, higher is the internal consistency of a construct and it is more reliable (Norhayati et al, 2015). The results of the test are tabulated below.

**Table 4.30: Composite Reliability Test Results of Model – 2  
(Mediating Role of Professional Background of IND INV between CGPs & INV DEC)**

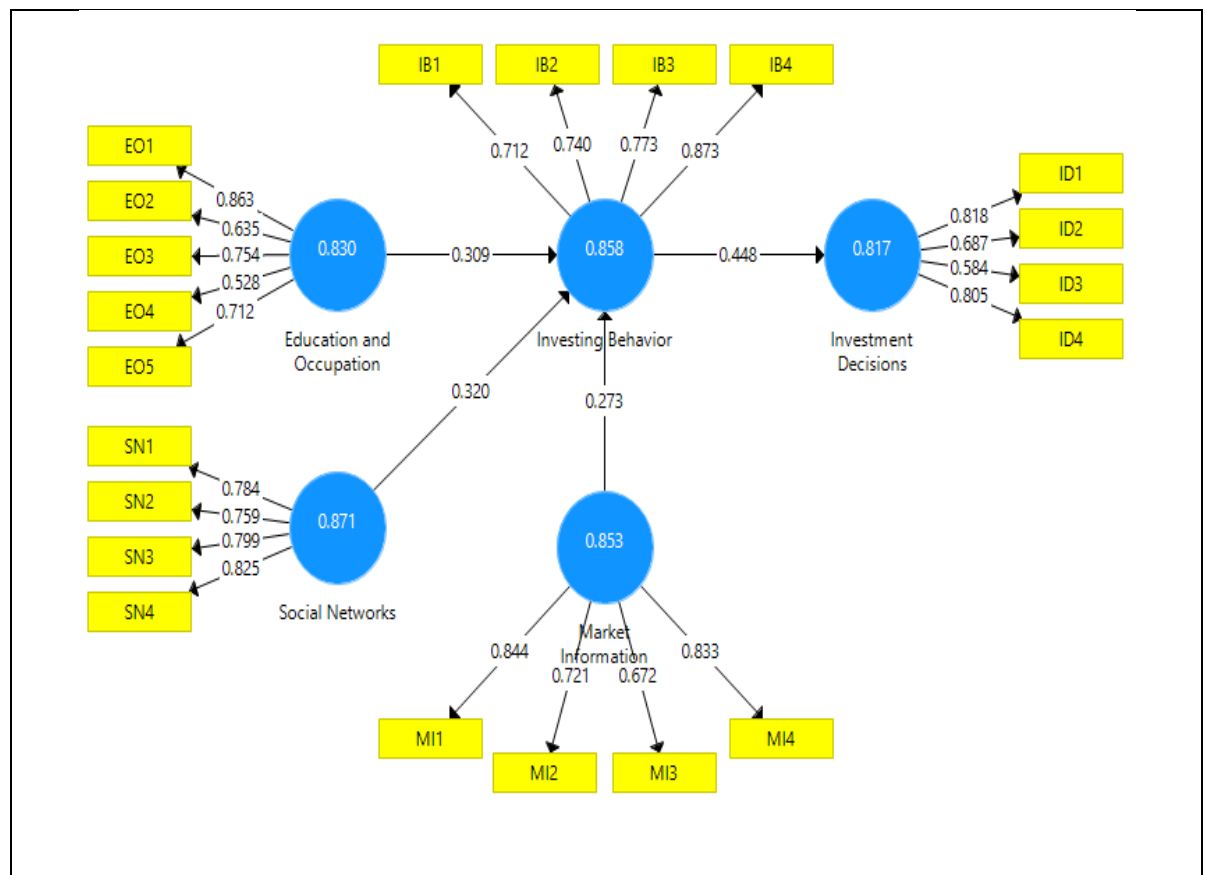
| Construct in the Questionnaire          | Research Variable | Variable Loading | Composite Reliability |
|---|-------------------|------------------|-----------------------|
| Construct – 1: INV DEC                  | ID1               | 0.818            | 0.817                 |
|   | ID2               | 0.657            |                       |
|   | ID3               | 0.584            |                       |
|   | ID4               | 0.605            |                       |
| Construct – 2: Education and Occupation | EO1               | 0.863            | 0.830                 |
|   | EO2               | 0.635            |                       |
|   | EO3               | 0.754            |                       |
|   | EO4               | 0.528            |                       |
|   | EO5               | 0.712            |                       |
| Construct – 3: Social Networks          | SN1               | 0.784            | 0.871                 |
|   | SN2               | 0.759            |                       |
|   | SN3               | 0.799            |                       |
|   | SN4               | 0.825            |                       |
| Construct – 4: Investing Behaviour      | IB1               | 0.712            | 0.858                 |
|   | IB2               | 0.740            |                       |
|   | IB3               | 0.773            |                       |

|                                   |     |       |       |
|-----------------------------------|-----|-------|-------|
|                                   | IB4 | 0.873 |       |
| Construct – 5: Market Information | MI1 | 0.844 | 0.853 |
|                                   | MI2 | 0.721 |       |
|                                   | MI3 | 0.672 |       |
|                                   | MI4 | 0.833 |       |

(Source: Calculations based on primary data)

When the above data is presented diagrammatically by using Smart – PLS, the following figure is obtained.

**Figure 4.11: Composite Reliability Test Results of Model – 2  
(Mediating Role of Professional Background of IND INV between CGPs & INV DEC)**



(Source: Smart PLS results)

From the above table 4.29 and figure 4.11, it is found that composite reliability values of five constructs viz. INV DEC, education and occupation, social networks, investing behavior, and market information are 0.817, 0.830, 0.871, 0.858, and 0.853

respectively. All the constructs have composite reliability value greater than 0.70. Thus, the empirical results provide a clear indication that there exists internal consistency in all the constructs developed. Thus, the constructs are reliable (Norhayati et al, 2015). Hence, the model is reliable for final prediction.

#### 4.6.4. Testing for Convergent Validity by using AVE

Average Variance Extracted (AVE) is the most common measure to assess convergent validity in PLS-SEM. Using the same basis as that used with the individual indicators, an AVE value of 0.50 or higher means that, on average, a construct accounts for more than half of the variance of its own indicators (Cheung et al, 2023). The results of the test are tabulated below.

**Table 4.31: Convergent Validity Test Results of Model – 2 (AVE)  
(Mediating Role of Professional Background of IND INV between CGPs & INV DEC)**

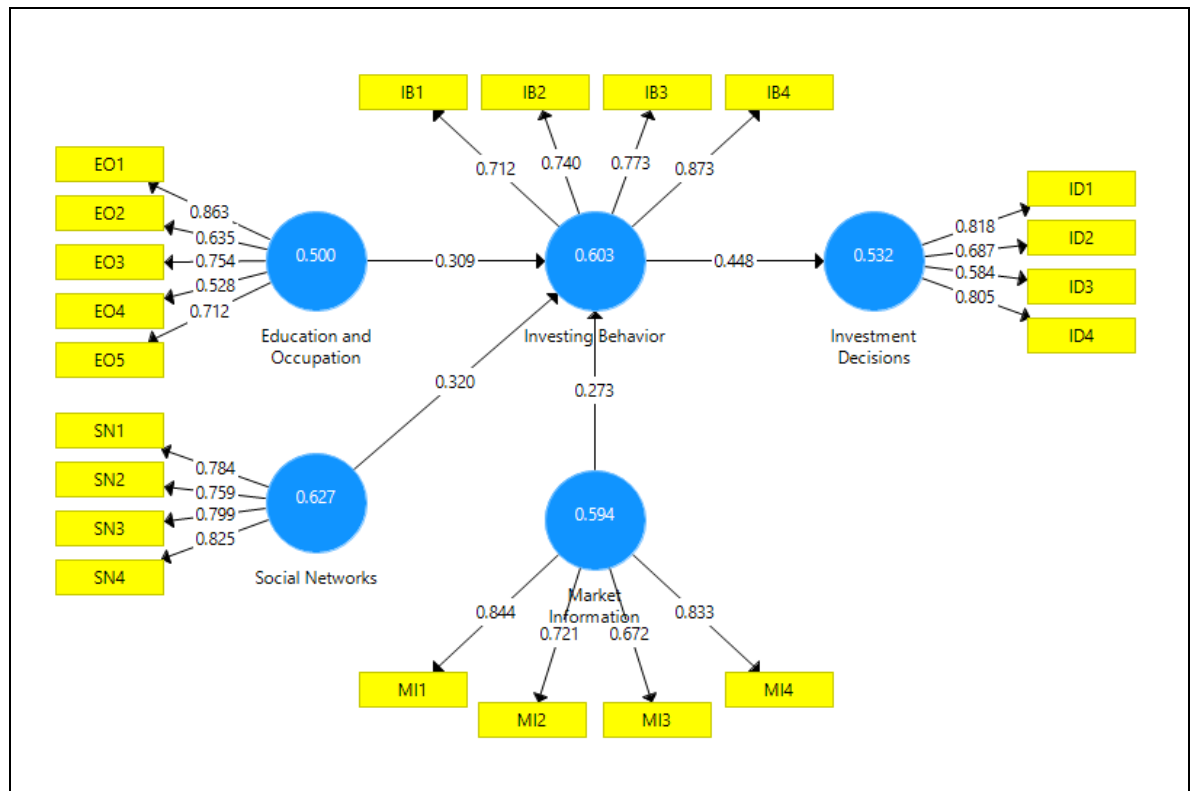
| Construct in the Questionnaire          | Research Variable | Variable Loading | Average Variance Extracted (AVE) |
|---|-------------------|------------------|----------------------------------|
| Construct – 1: INV DEC                  | ID1               | 0.818            | 0.532                            |
|   | ID2               | 0.657            |                                  |
|   | ID3               | 0.584            |                                  |
|   | ID4               | 0.605            |                                  |
| Construct – 2: Education and Occupation | EO1               | 0.863            | 0.500                            |
|   | EO2               | 0.635            |                                  |
|   | EO3               | 0.754            |                                  |
|   | EO4               | 0.528            |                                  |
|   | EO5               | 0.712            |                                  |
| Construct – 3: Social Networks          | SN1               | 0.784            | 0.627                            |
|   | SN2               | 0.759            |                                  |
|   | SN3               | 0.799            |                                  |
|   | SN4               | 0.825            |                                  |
| Construct – 4: Investing Behaviour      | IB1               | 0.712            | 0.603                            |
|   | IB2               | 0.740            |                                  |
|   | IB3               | 0.773            |                                  |

|                                   |     |       |       |
|-----------------------------------|-----|-------|-------|
|                                   | IB4 | 0.873 |       |
| Construct – 5: Market Information | MI1 | 0.844 | 0.594 |
|                                   | MI2 | 0.721 |       |
|                                   | MI3 | 0.672 |       |
|                                   | MI4 | 0.833 |       |

(Source: Calculations based on primary data)

When the above data is presented diagrammatically by using Smart – PLS, the following figure is obtained.

**Figure 4.12: Convergent Validity Test Results of Model – 2 (AVE)  
(Mediating Role of Professional Background of IND INV between CGPs & INV DEC)**



(Source: Smart PLS results)

From the above table 4.30 and figure 4.12, it is found that AVE values of five constructs viz. INV DEC, education and occupation, social networks, investing behavior, and market information are 0.532, 0.500, 0.627, 0.603, and 0.594 respectively. All the



constructs have AVE value greater than 0.50. Thus, the empirical results provide a clear indication that there exists convergent validity in all the constructs developed. Thus, the constructs are reliable (Cheung et al, 2023). Hence, the model is reliable for final prediction.

#### **4.6.5. Testing for Multi-Collinearity in the Model**

In regression analysis, multi-collinearity refers to a situation when two or more of the independent variables demonstrate a linear relationship between them. This can adversely affect the regression results. Variance Inflation Factor (VIF) is a commonly used tool to detect whether multi-collinearity exists in a regression model. VIF measures how much the variance (or standard error) of the estimated regression coefficient is inflated due to multi-collinearity. VIF starts at 1 and has no upper limit. If the value of VIF is *greater than 5*, then variables are highly correlated i.e. there is a severe multi-collinearity (Morrissey and Ruxton, 2018).

Further, effect size ( $f^2$ ), a statistical concept that measures the strength of the relationship between two variables on a numeric scale is also to be computed in the multi-collinearity test. The effect size is interpreted as follows (Steyn, 2014).

- If the value of effect size varies between 0.1 and 0.3, its effect is small. It means that there is a low relationship among variables which in turn means that there is a low level of multi-collinearity.
- If the value of effect size varies between 0.3 and 0.5, its effect is moderate. It means that there is a medium relationship among variables which in turn means that there is a moderate level of multi-collinearity.

- If the value of effect size varies between 0.5 and 1.0, its effect is large. It means that there is a higher relationship among variables which in turn means that there is a high level of multi-collinearity. The results of the multi-collinearity test are tabulated below.

**Table 4.32: Multi-Collinearity Test Results of Model – 2  
(Mediating Role of Professional Background of IND INV between CGPs & INV DEC)**

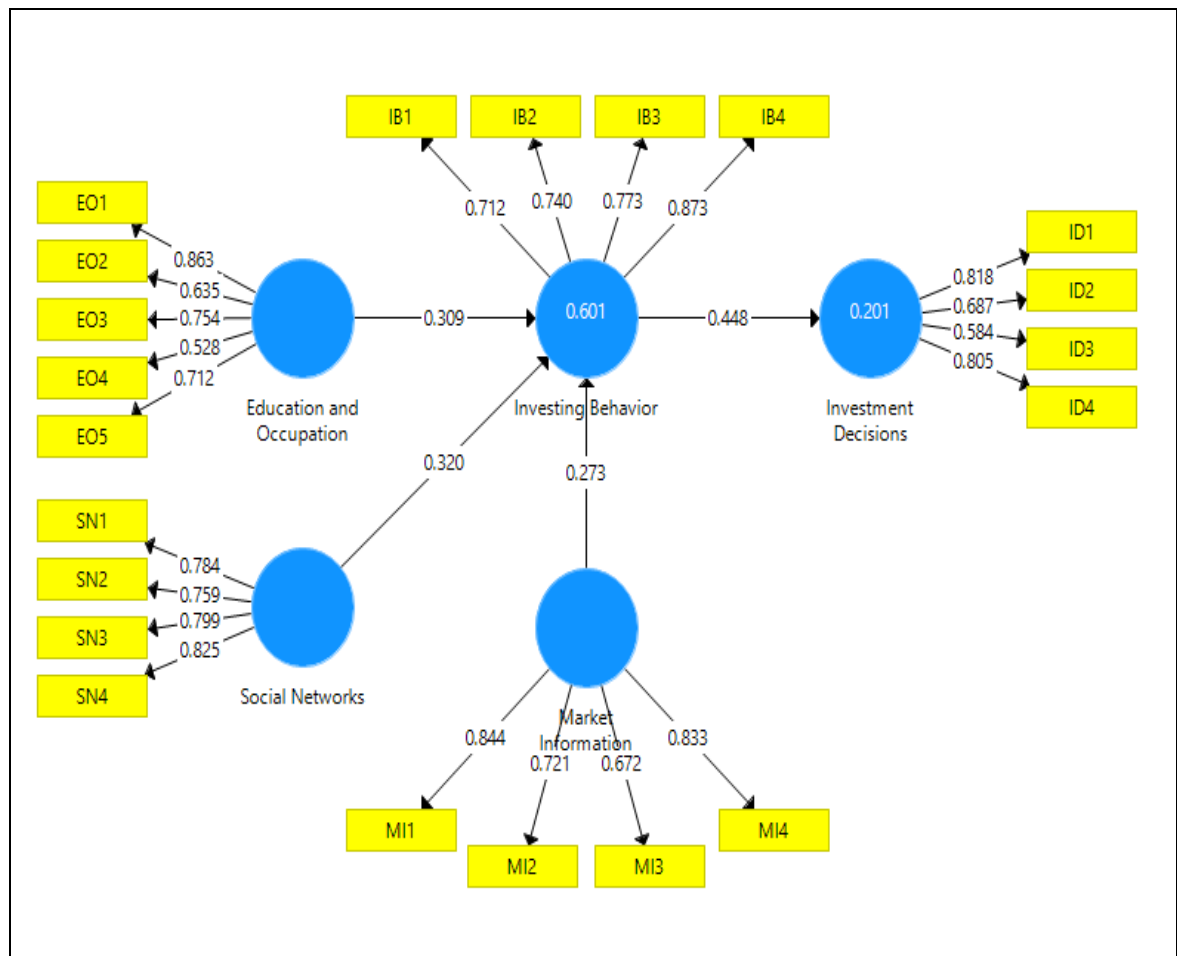
| Construct in the Questionnaire          | Research Variable | Outer VIF | Effect Size ( $f^2$ ) | $R^2$        |
|---|-------------------|-----------|-----------------------|--------------|
| Construct – 1: INV DEC                  | ID1               | 1.617     |                       | <b>0.201</b> |
|   | ID2               | 1.246     |                       |              |
|   | ID3               | 1.217     |                       |              |
|   | ID4               | 1.545     |                       |              |
| Construct – 2: Education and Occupation | EO1               | 2.236     | 0.109                 |              |
|   | EO2               | 1.372     |                       |              |
|   | EO3               | 1.652     |                       |              |
|   | EO4               | 1.159     |                       |              |
|   | EO5               | 1.497     |                       |              |
| Construct – 3: Social Networks          | SN1               | 1.544     | 0.112                 |              |
|   | SN2               | 1.579     |                       |              |
|   | SN3               | 1.607     |                       |              |
|   | SN4               | 1.861     |                       |              |
| Construct – 4: Investing Behaviour      | IB1               | 1.337     | 0.251                 | <b>0.601</b> |
|   | IB2               | 1.660     |                       |              |
|   | IB3               | 1.480     |                       |              |
|   | IB4               | 2.102     |                       |              |
| Construct – 5: Market Information       | MI1               | 1.747     | 0.123                 |              |
|   | MI2               | 1.509     |                       |              |
|   | MI3               | 1.338     |                       |              |

|  |     |       |  |  |
|--|-----|-------|--|--|
|  | MI4 | 1.849 |  |  |
|--|-----|-------|--|--|

(Source: Calculations based on primary data)

When the data related to  $R^2$  is presented diagrammatically by using Smart – PLS, the following figure is obtained.

**Figure 4.13: Multi-Collinearity Test Results of Model – 2 (Adjusted  $R^2$ )  
(Mediating Role of Professional Background of IND INV between CGPs & INV DEC)**



(Source: Smart PLS results)

From the above table 4.31 and figure 4.13, it is observed that the highest and lowest outer VIFs are 2.236 and 1.159 respectively, which signifies that there is no multi-collinearity problem among the independent variables for the research dependent variable

i.e. INV DEC. This further implies that the research model has no common method bias and all independent variables are soundly supported by their items. Moreover, the values of effect size are more or less around 0.3. Hence, it can be inferred that the model is free from multi-collinearity (Steyn, 2014).

#### 4.6.6. Testing for Discriminant Validity in the Model

Discriminant validity, also called as divergent validity refers to the extent to which a test is not related to other tests that measure different constructs. In this context, a construct may be a behavior, attitude, or concept, particularly one that is not directly observable. The expectation is that two tests that reflect different constructs should not be highly related to each other. If they are, then one cannot say with certainty that they are not measuring the same construct. Thus, discriminant validity is an indication of the extent of the difference between constructs. Hetero Trait - Mono Trait (HTMT) criterion is used to assess the discriminant validity. If the HTMT value is below 0.90, discriminant validity has been established between two reflectively measured constructs. The results of HTMT discriminant validity test are furnished below (Voorhees et al, 2016).

**Table 4.33: HTMT Discriminant Validity Test Results of Model – 2  
(Mediating Role of Professional Background of IND INV between CGPs & INV DEC)**

| Research Variables            | ID    | EO    | SN    | IB    | MI    |
|-------------------------------|-------|-------|-------|-------|-------|
| INV DEC (ID)                  |       |       |       |       |       |
| Education and Occupation (EO) | 0.527 |       |       |       |       |
| Social Networks (SN)          | 0.511 | 0.689 |       |       |       |
| Investing Behavior (IB)       | 0.503 | 0.406 | 0.607 |       |       |
| Market Information (MI)       | 0.520 | 0.703 | 0.603 | 0.502 | 0.629 |

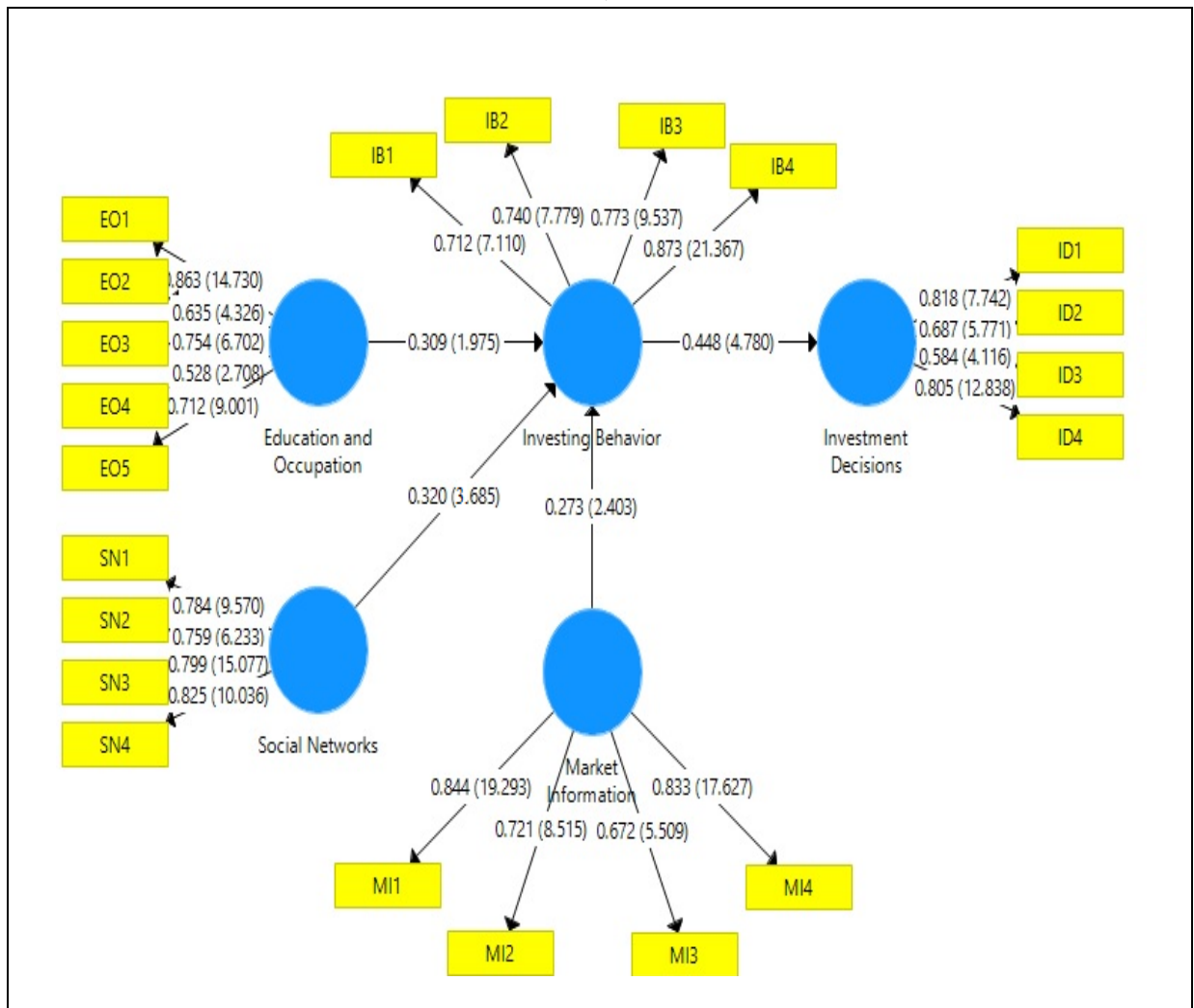
*(Source: Smart PLS results)*

From the above table 4.32, it is evident that the variables under the study have a close relationship and are able to predict the INV DEC of the IND INV because the normal value of all the variables is lesser than 0.9. Hence, it is concluded that model has HTMT discriminant validity (Voorhees et al, 2016).

#### **4.6.7. SEM Model Fit with t-values and P-values**

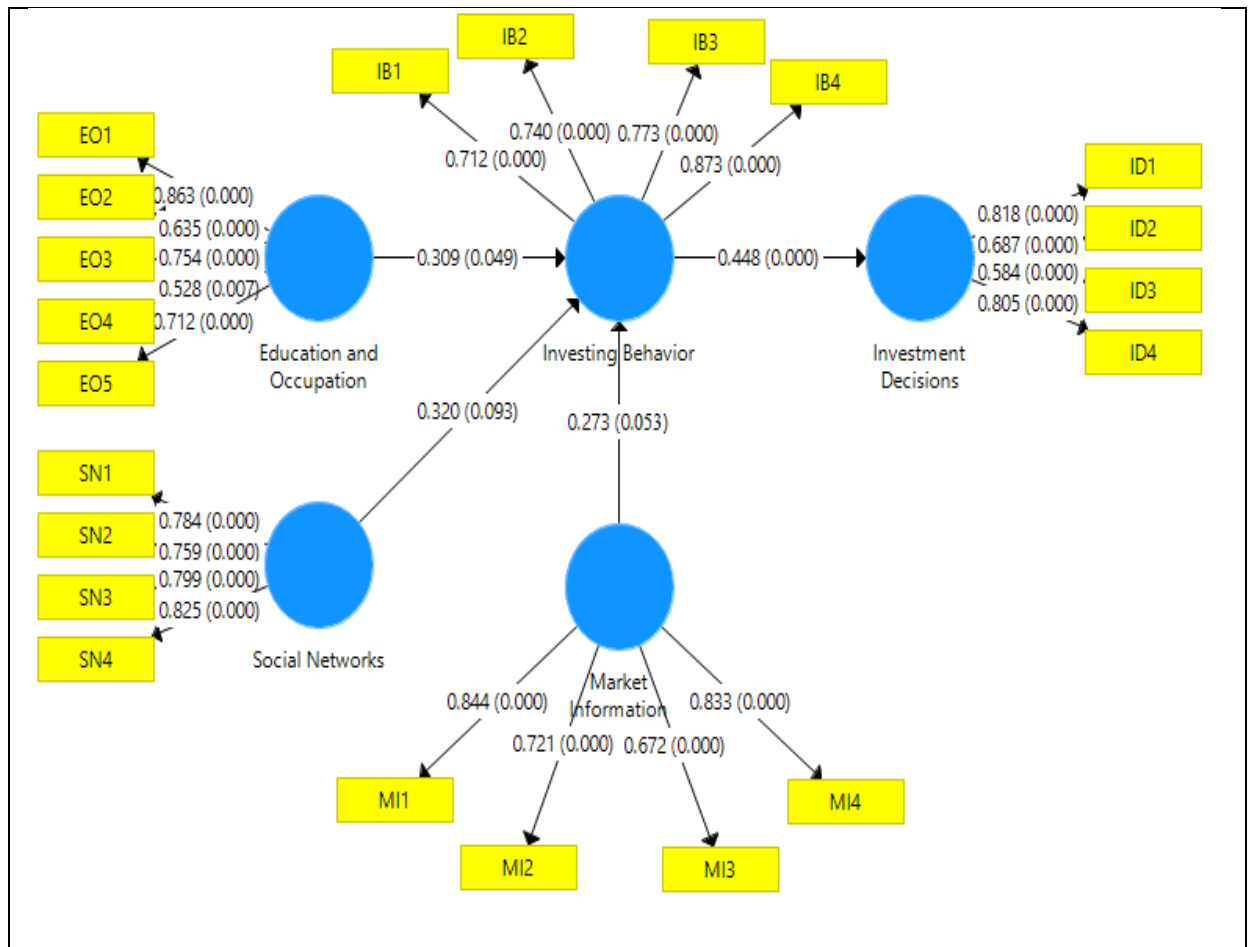
After a thorough testing for the reliability and validity of the model – 2 in the above section, it is found that the model is reliable and valid. Thus, it can be used for final prediction. Now, in the following section model – 2 of this study is fitted with corresponding t-values and p-values by using Smart PLS. The results of SEM model-fit are depicted in the following figures.

**Figure 4.14: SEM Model Fitting with t – Values for Model – 2  
(Mediating Role of Professional Background of IND INV between CGPs & INV  
DEC)**



(Source: Smart PLS results)

**Figure 4.15: SEM Model Fitting with P – Values for Model – 2  
(Mediating Role of Professional Background of IND INV between CGPs & INV  
DEC)**



*(Source: Smart PLS results)*

From the above two figures i.e. figure 4.14 and figure 4.15, it is observed by the direction of the arrows that three variables viz. Education and Occupation (EO), Social Networks (SN), and Market Information (MI) have direct effect on Investing Behavior (IB) which in turn has mediating effect on INV DEC (ID). However, in order to test whether these effects are statistically significant or not, the p-values of these effect hypotheses are examined. The decision criteria are as follows (Grace, 2020).

- If p-value < 0.05, the hypothesis is accepted at 5% level of significance. (denoted by \*)
- If p-value lies between 0.051 to 0.099, the hypothesis is accepted at 10% level of significance (denoted by \*\*)

The following table provides the details of these statistical values.

**Table 4.34: Association among Research Variables in the Model – 2**  
(Mediating Role of Professional Background of IND INV between CGPs & INV DEC)

| Confirmed Hypothesis from Model Fit Diagrams | Coefficients | p-value | Observation                                |
|--|--------------|---------|--|
| H: EO → IB                                   | 0.309        | 0.049*  | Accepted @ 5 % LOS                         |
| H: SN → IB                                   | 0.320        | 0.093** | Accepted @ 10% LOS                         |
| H: MI → IB                                   | 0.273        | 0.053** | Accepted @ 10% LOS                         |
| <b>Mediation Variable</b>                    |              |         |  |
| H :IB → ID                                   | 0.448        | 0.000*  | Accepted @ 5% LOS and there is Full Effect |

(Source: Smart PLS results,  $p^* < 0.05$ ,  $p^{**} < 0.10$ )

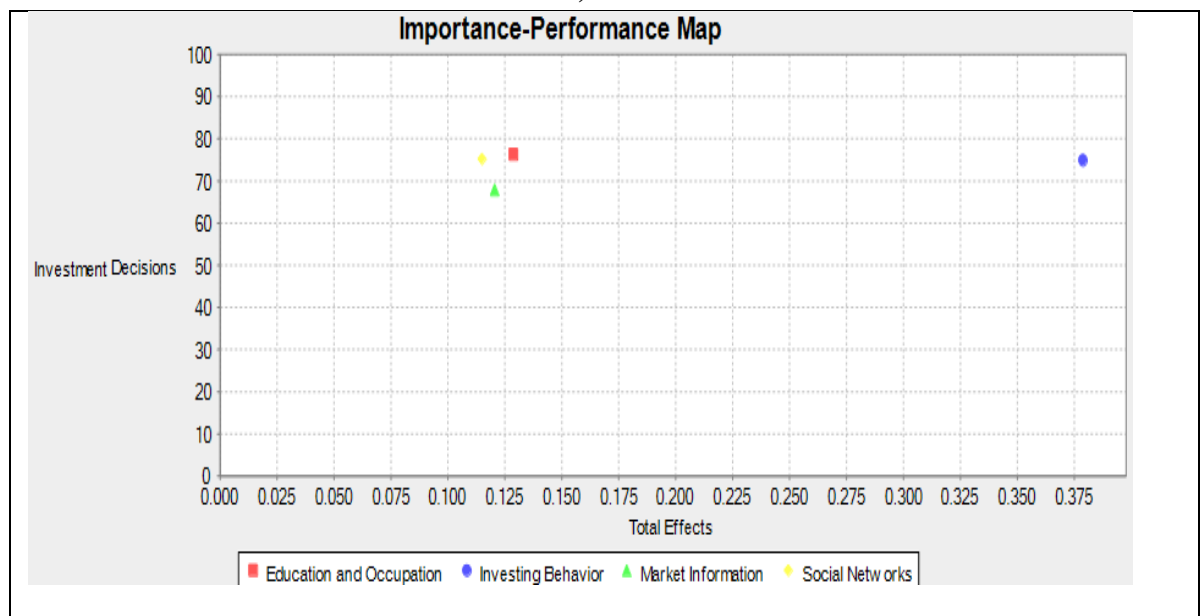
From the results, it is evident that model is fitted well for all of the independently developed constructs and hypotheses, as well as the model also shown measurable favorable direct and indirect impacts. H: Education and Occupation ( $p = 0.049^*$ ), H: Social Networks ( $p = 0.093^*$ ), and H: Market Information ( $p = 0.053^{**}$ ), have been found to have direct influence on the Investing Behavior ( $R^2 = 0.601$ ), and finally the mediating effect of H: Investing Behavior on INV DEC of IND INV ( $p = 0.000^*$ ). Further the model is found with the maximum described variance of  $R^2 (=0.201)$ .



#### 4.6.8. Importance – Performance Map Analysis (IPMA)

It is necessary to have the knowledge on e which construct is more important or relevant for drawing conclusions. The smart PLS-SEM analysis provides information on the relative importance of constructs in explaining other constructs in the structural model. The Importance – Performance Map Analysis (IPMA) extends the results of PLS-SEM by taking the performance of each construct into account. As a result, conclusions can be drawn on two dimensions (i.e., both importance and performance), which is particularly important in order to prioritize managerial actions. Consequently, it is preferable to primarily focus on improving the performance of those constructs that exhibit a large importance regarding their explanation of a certain target construct but, at the same time, have a relatively low performance (Teeluckdharry et al, 2022). The results of IPMA are depicted in the following figure.

**Figure 4.16: Importance – Performance Map Analysis of Model – 2  
(Mediating Role of Professional Background of IND INV between CGPs & INV  
DEC)**



(Source: Smart PLS results)

While developing an awareness model for INV DEC, it is evident from the above figure 4.8 that the independent construct viz. investing behavior is the most important attribute (as it is located far from the origin), preceded by education and occupation, , market information and finally the social networks.

## **SECTION – F**

### **4.7 EMPIRICAL ANALYSIS RELATED TO IDENTIFYING THE FACTORS OF CG THAT HAVE IMPACT ON INV DEC**

Literature in the area of CG highlights its importance to various set of stakeholders associated with a business firm. Not only are the regulatory bodies interested in the CG practices of firms, other financial stakeholders like INV and lenders have started considering it as an important parameter. In this context, this section of this thesis discusses the various attributes which have an impact on the INV DEC of the INV. The respondents were asked to rank these attributes in order of their perceived importance of each attribute. These attributes included: firms' financial performance (FP) (Olayinka, 2022); historical returns (HR) (Shank et al, 2013); risk in investment (Risk) (Li et al, 2013); CG practices (CG); corporate social responsibility (CSR) (Huang, 2010); firms' ownership structure (Indian / Foreign) (OS) (Aguilera and Cladera, 2016); and firms' brand image and reputation (BI&R) (Hossain, 2016). Since, the respondents are required to assign the ranks to the attributes; these are examined using the ***“Weighted Rank Technique”***. The results of the ranks assigned by the INV to various attributes are tabulated below.

**Table 4.35: Comparative Ranks of Various Attributes Affecting IND INV' INV DEC**

| <b>Rank</b>           | <b>FP</b> | <b>HR</b> | <b>Risk</b> | <b>CG</b> | <b>CSR</b> | <b>OS</b> | <b>BI&amp;R</b> |
|-----------------------|-----------|-----------|-------------|-----------|------------|-----------|-----------------|
| 1                     | 77        | 33        | 11          | 128       | 73         | 22        | 41              |
| 2                     | 15        | 76        | 62          | 66        | 110        | 41        | 15              |
| 3                     | 7         | 33        | 157         | 48        | 55         | 70        | 15              |
| 4                     | 18        | 88        | 26          | 106       | 40         | 37        | 70              |
| 5                     | 77        | 29        | 106         | 11        | 96         | 55        | 11              |
| 6                     | 49        | 117       | 18          | 7         | 7          | 154       | 33              |
| 7                     | 143       | 7         | 4           | 18        | 4          | 7         | 202             |
| <b>Weighted Score</b> | 1880      | 1532      | 1376        | 1051      | 1168       | 1710      | 2063            |
| <b>Weighted Rank</b>  | 4.883     | 3.979     | 3.574       | 2.730     | 3.034      | 4.442     | 5.358           |
| <b>Absolute Rank</b>  | <b>6</b>  | <b>4</b>  | <b>3</b>    | <b>1</b>  | <b>2</b>   | <b>5</b>  | <b>7</b>        |

(Source: Primary data)

From the results highlighted in table 4.35, it is clear that INV assign a considerable weight to the CG practices (CG) of firms in which they wish to invest. The results clearly indicate that CG (weighted rank of 2.730) is the most important parameter among all other parameters considered by the INV before investing. This is followed by Corporate Social Responsibility (CSR) with a weighted rank of 3.034. An important factor in the form of Risk in Investment (Risk) has been ranked third in importance with a weighted rank of 3.574. Historical Returns (HR) has been ranked fourth (weighted rank = 3.979). Ownership structure of the firm also holds importance, but at a relatively lower level with a weighted rank of 4.442. Surprisingly, INV seem to under rate the Financial Performance (FP) of firms which includes factors like profitability and liquidity. This is evident from a lower weighted rank of 4.883. Brand Image and Reputation (BIR) seems to hold least importance to the INV (weighted rank = 5.358).

For any corporate body, good CG practices are extremely important to attain and sustain long term growth. However, CG affects the firms in many ways as it is a multifaceted metric that provides indications about various aspects of a business. Thus, it is important to examine these aspects from INV' perspective. This section of the thesis highlights the factors which INV consider important in CG mechanisms of firms and thus, make their INV DEC accordingly. In this context, all the factors that have influence on the investment decision making have to be examined. Thus, the respondents were further requested to provide their response to 21 statements which encompassed multiple aspects relating to the phenomenon of CG and its impact on their INV DEC. Important aspects of examination of responses and their related discussion are highlighted in this section of the study.

The initial step of checking the data for missing responses was conducted for all the statements. All 21 statements were checked for missing responses (if any). All 385 respondents provided the responses to all 21 statements that were asked to them by administering a structured questionnaire. Therefore, it is concluded that none of the statement had any missing value for any of the respondent.

In order to conduct factor analysis, it is important to ensure that the sample size is adequate. Therefore, Kaiser – Meyer – Olkin (KMO) measure of sampling adequacy was used to check the suitability of sample size. KMO values of 0.60 or higher depict adequate sample size (Shrestha, 2021). The results of the KMO test have been reported in the following table.

**Table 4.36: Results of Kaiser-Meyer-Olkin (KMO) Test**

|   |                    |         |
|---|--------------------|---------|
| Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy |                    | 0.829   |
| Bartlett's Test of Sphericity                         | Approx. Chi-Square | 1.052E3 |
|   | Dof                | 210     |
|   | Significance Value | 0.000   |

*(Source: Primary data)*

As the KMO measure of sample adequacy is 0.829 that is greater than 0.60, it is proved that the sample size is adequate enough to conduct factor analysis and extract meaningful factors from the responses of the respondents.

After ensuring the adequacy of the sample size, it is important to examine the individual significance of the statements used to extract responses. Each statement must contribute towards formation of meaningful factors which affect the dependent variable under consideration. Therefore, in order to examine the various aspects of CG (as factors) affecting the INV DEC of INV, the efficacy of the statements used needs to be examined.

To assess it, communalities have to be calculated. The value of communalities for a statement to be included in factor analysis is 0.60 or higher (Mooi et al, 2018). The following table provides the values of the communalities for all the statements used in the questionnaire. Principal Component Analysis (PCA) method is used to extract the factors in this thesis.

**Table 4.37: Communalities of the Statements Used for Factor Formation**

| S. No. | Statement  | Communalities |
|--------|--|---------------|
| 1      | Compliance with respect to “ <i>adequate board size</i> ” influences my decision to invest in a company.                       | 0.850         |
| 2      | “ <i>Existence of Indian director(s) in the board</i> ” influences my decision to invest in a company.                         | 0.742         |
| 3      | “ <i>Existence of woman director(s) in the board</i> ” influences my decision to invest in a company.                          | 0.726         |
| 4      | “ <i>Existence of disqualified director(s) in the board</i> ” influences my decision to invest in a company.                   | 0.710         |
| 5      | “ <i>Existence of family member(s) in the board</i> ” influences my decision to invest in a company.                           | 0.746         |
| 6      | “ <i>Existence of independent AC without presence of management</i> ” influences my decision to invest in a company.           | 0.683         |
| 7      | “ <i>Frequency of board meetings</i> ” influences my decision to invest in a company.  | 0.710         |
| 8      | “ <i>Effective circulation&amp; implementation of minutes of the meetings</i> ” influences my decision to invest in a company. | 0.620         |
| 9      | “ <i>Conducting periodic performance reviews in the board meetings</i> ” affects my decision to invest in a company.           | 0.657         |
| 10     | “ <i>Conducting periodic satisfaction surveys of shareholders</i> ” influences my decision to invest in a company.             | 0.614         |

|    |   |       |
|----|---|-------|
| 11 | <i>“Existence &amp; implementation of whistle-blower (corruption reporting) mechanism within the company”</i> influences my decision to invest in a company.  | 0.616 |
| 12 | <i>“Separate disclosure of financial results of holding and subsidiary companies”</i> influences my decision to invest in a company.  | 0.782 |
| 13 | <i>“Disclosure of financial results of company as per the International Financial Reporting Standards (IFRS) or International Integrated Reporting Council (IIRC) framework”</i> influences my decision to invest in a company. | 0.688 |
| 14 | <i>“External credit ratings (ECR) of the company”</i> affects my INV DEC.   | 0.602 |
| 15 | <i>“External auditor report”</i> influences my decision to invest in a company.   | 0.691 |
| 16 | <i>“Auditor’s qualifications”</i> influences my decision to invest in a company.  | 0.655 |
| 17 | <i>“Existence of physical and/ or electronic voting rights of shareholders in the meetings”</i> influences my decision to invest in a company.  | 0.665 |
| 18 | <i>“Provision for shareholders to reject Related Party Transaction (RPT) approved by AC”</i> influences my decision to invest in a company.   | 0.700 |
| 19 | <i>“Sustainability initiatives of the company towards protection of environment, society etc.”</i> influences my decision to invest in a company.   | 0.649 |
| 20 | <i>“Publishing annual sustainability report by the company”</i> influences my decision to invest in a company.  | 0.738 |
| 21 | <i>“Involvement of company in ESG”</i> influences my decision to make investment in that company.   | 0.787 |

(Source: Primary data)

As evident from the results highlighted in table 4.37, all the statements considered in the study have their communalities more than 0.60, signifying their appropriateness for further examination of the factors (Mooi et al, 2018).

Since, the factor analysis is a data reduction technique, all relevant statements must be clubbed in order to form meaningful factors. This process may have impact on the phenomenon being examined. Therefore, in order to club the statements into factors, the total variance explained by each factor has to be calculated using Eigen values. As a general practice, Eigen values of 1.00 or more are considered to decide on the number of factors to be formed (Shrestha, 2021). The total variance explained by each of the factor thus formed explains the importance of such factors. The result is according to (Sultana and Pardhasadhi) looked at what influences the choices made by Indian individual equities INV using factor analysis. The results of the total variance explained by each statement have been highlighted in the following table.

**Table 4.38: Total Variance Explained by the Factors**

| Component | Initial Eigen values |               |              | Extraction Sums of Squared Loadings |               |              | Rotation Sums of Squared Loadings |               |              |
|-----------|----------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
|           | Total                | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| 1         | 7.390                | 35.190        | 35.190       | 7.390                               | 35.190        | 35.190       | 3.685                             | 17.547        | 17.547       |
| 2         | 2.174                | 10.351        | 45.541       | 2.174                               | 10.351        | 45.541       | 3.359                             | 15.997        | 33.544       |
| 3         | 1.495                | 7.117         | 52.658       | 1.495                               | 7.117         | 52.658       | 2.737                             | 13.032        | 46.576       |
| 4         | 1.332                | 6.345         | 59.003       | 1.332                               | 6.345         | 59.003       | 1.807                             | 8.606         | 55.182       |
| 5         | 1.126                | 5.362         | 64.365       | 1.126                               | 5.362         | 64.365       | 1.699                             | 8.090         | 63.272       |
| 6         | <b>1.014</b>         | 4.830         | 69.195       | <b>1.014</b>                        | 4.830         | 69.195       | <b>1.244</b>                      | 5.922         | 69.195       |



|    |      |       |         |  |  |  |  |  |  |
|----|------|-------|---------|--|--|--|--|--|--|
| 7  | .942 | 4.484 | 73.679  |  |  |  |  |  |  |
| 8  | .735 | 3.501 | 77.180  |  |  |  |  |  |  |
| 9  | .661 | 3.146 | 80.326  |  |  |  |  |  |  |
| 10 | .590 | 2.810 | 83.136  |  |  |  |  |  |  |
| 11 | .518 | 2.469 | 85.605  |  |  |  |  |  |  |
| 12 | .480 | 2.285 | 87.890  |  |  |  |  |  |  |
| 13 | .440 | 2.097 | 89.987  |  |  |  |  |  |  |
| 14 | .381 | 1.814 | 91.801  |  |  |  |  |  |  |
| 15 | .341 | 1.624 | 93.425  |  |  |  |  |  |  |
| 16 | .323 | 1.537 | 94.962  |  |  |  |  |  |  |
| 17 | .260 | 1.240 | 96.202  |  |  |  |  |  |  |
| 18 | .234 | 1.112 | 97.314  |  |  |  |  |  |  |
| 19 | .222 | 1.058 | 98.371  |  |  |  |  |  |  |
| 20 | .183 | .873  | 99.245  |  |  |  |  |  |  |
| 21 | .159 | .755  | 100.000 |  |  |  |  |  |  |

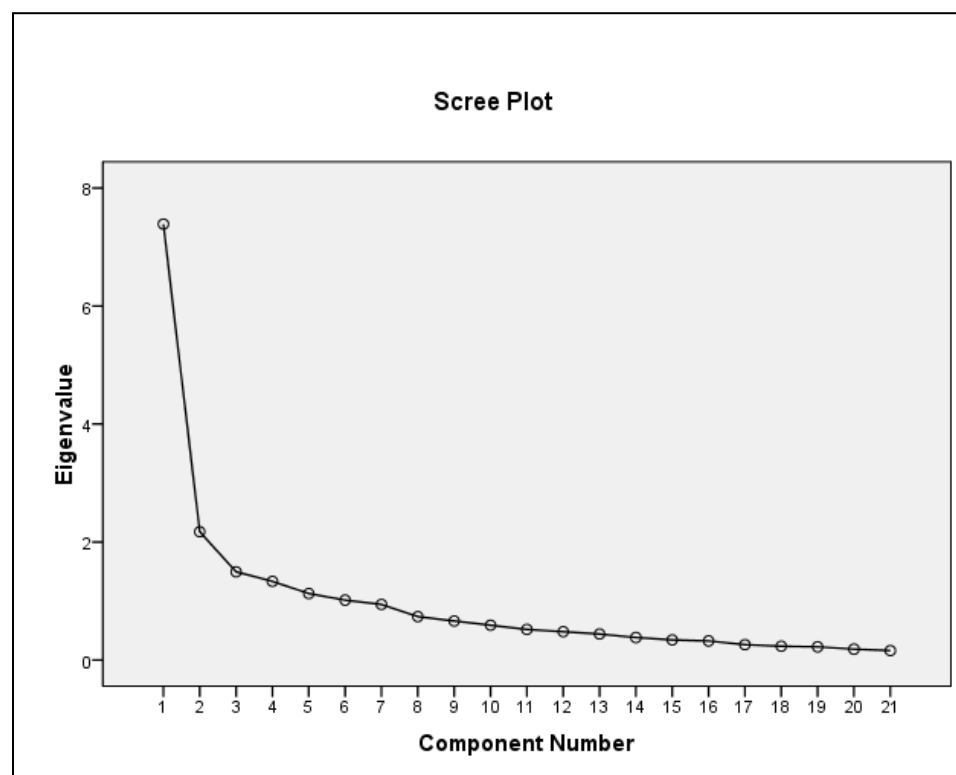
*(Source: Primary data, Principal Component Analysis method is used for factor extraction)*

As can be seen from the results depicted in table 4.38, the appropriate number of factors that could be formed using the statements are ‘**Six (6)**’ keeping into consideration the Eigen values of 1 or more. The variance explained by each of these factors has been reported in the ‘*Rotation Sums of Squared Loadings*’ column with % of variance explained. The total variance explained by six factors under consideration is 69.195%. This signifies that roughly 70% of the variance in the INV DEC across INV is affected by

different aspects related to CG of firms. The remaining 30% variance can be attributed to factors which are beyond the scope of this study.

In multivariate statistics, a **Scree Plot** is a line plot of the Eigen values of factors or principal components in an analysis (Ledesma et al, 2015). It is used to determine the number of factors to retain in an exploratory factor analysis or principal components to keep in a principal component analysis (PCA). The ‘Scree Plot’ indicating the relative impact of the aspects related to CG is depicted in the following figure.

**Figure 4.17: Scree Plot Signifying the Components of CG**



*(Source: Primary data)*

**Rotated Component Matrix** is calculated in order to identify which statement is to be included in which factor (Corner, 2009). In this thesis, principal component matrix method and Varimax with Kaiser Normalization method of rotation are used for

extraction of factors (Loewen and Gonulal, 2015). The results of the factor analysis are furnished in the following table.

**Table 4.39: Results of Rotated Component Matrix**

| Statement   | Component |       |       |       |   |   |
|---|-----------|-------|-------|-------|---|---|
|   | 1         | 2     | 3     | 4     | 5 | 6 |
| Compliance with respect to “ <i>adequate board size</i> ” influences my decision to invest in a company.                                      | 0.909     |       |       |       |   |   |
| “ <i>Existence of Indian director(s) in the board</i> ” influences my decision to invest in a company.  | 0.660     |       |       |       |   |   |
| “ <i>Existence of woman director(s) in the board</i> ” influences my decision to invest in a company.   | 0.769     |       |       |       |   |   |
| “ <i>Existence of disqualified director(s) in the board</i> ” influences my decision to invest in a company.                                  | 0.709     |       |       |       |   |   |
| “ <i>Existence of family member(s) in the board</i> ” influences my decision to invest in a company.  | 0.632     |       |       |       |   |   |
| “ <i>Existence of independent AC without presence of management</i> ” influences my decision to invest in a company.                          |           | 0.753 |       |       |   |   |
| “ <i>Provision for shareholders to reject Related Party Transaction (RPT) approved by AC</i> ” influences my decision to invest in a company. |           | 0.735 |       |       |   |   |
| “ <i>External credit ratings (ECR) of the company</i> ” affects my INV DEC.   |           | 0.632 |       |       |   |   |
| “ <i>External auditor report</i> ” influences my decision to invest in a company.   |           | 0.549 |       |       |   |   |
| “ <i>Auditor’s qualifications</i> ” influences my decision to invest in a company.  |           | 0.561 |       |       |   |   |
| “ <i>Frequency of board meetings</i> ” influences my decision to invest in a company.   |           |       | 0.798 |       |   |   |
| “ <i>Effective circulation&amp; implementation of minutes of the meetings</i> ” influences my decision to invest in a company.                |           |       | 0.741 |       |   |   |
| “ <i>Conducting periodic performance reviews in the board meetings</i> ” affects my decision to invest in a company.                          |           |       | 0.700 |       |   |   |
| “ <i>Conducting periodic satisfaction surveys of shareholders</i> ” influences my decision to invest in a company.                            |           |       |       | 0.782 |   |   |

|   |  |  |  |       |       |       |
|---|--|--|--|-------|-------|-------|
| <i>“Existence &amp; implementation of whistle-blower (corruption reporting) mechanism within the company” influences my decision to invest.</i>   |  |  |  | 0.655 |       |       |
| <i>“Existence of physical and/ or electronic voting rights of shareholders in the meetings” influences my decision to invest in a company.</i>  |  |  |  | 0.574 |       |       |
| <i>“Sustainability initiatives of the company towards protection of environment, society etc.” influences my decision to invest in a company.</i>   |  |  |  |       | 0.823 |       |
| <i>“Publishing annual sustainability report by the company” influences my decision to invest in a company.</i>  |  |  |  |       | 0.814 |       |
| <i>“Involvement of company in ESG” influences my decision to make investment in that company.</i>   |  |  |  |       | 0.747 |       |
| <i>“Separate disclosure of financial results of holding and subsidiary companies” influences my decision to invest in a company.</i>  |  |  |  |       |       | 0.763 |
| <i>“Disclosure of financial results of company as per the International Financial Reporting Standards (IFRS) or International Integrated Reporting Council (IIRC) framework” influences my decision to invest in a company.</i> |  |  |  |       |       | 0.747 |

(Source: Primary data, Rotation converged in 8 iterations.)

The statements have been clubbed and the results have been highlighted in the above table 4.39 depicting the rotated component matrix. There has been significant factor loadings for each statements used to form the factors. As the statements have been clubbed to form meaningful factors, the factors so constructed need to be given proper nomenclature. As evident from the results, factors formed highlighted various aspects related to CG of firms. These include:

1. Board (of Directors) Related Compliances;
2. Auditors’ Reports and External Ratings;
3. Board Meetings;
4. Shareholders’ Involvement in Important Matters;
5. Involvement of Firms in Social Development Aspects Like ESG etc.; and finally

6. Financial Disclosures.

Accordingly, the six factors formulated have been reported in the following table along with their clubbed statements.

**Table 4.40: Factors Extracted along with their Corresponding Statements**

| S. No. | Statement   | Factor                                 |
|--------|---|--|
| 1      | Compliance with respect to “adequate board size” influences my decision to invest in a company.   | Board Related Compliances              |
| 2      | “Existence of Indian director(s) in the board” influences my decision to invest in a company.   |  |
| 3      | “Existence of woman director(s) in the board” influences my decision to invest in a company.  |  |
| 4      | “Existence of disqualified director(s) in the board” influences my decision to invest in a company.                                     |  |
| 5      | “Existence of family member(s) in the board” influences my decision to invest in a company.   |  |
| 6      | “Existence of independent AC without presence of management” influences my decision to invest in a company.                             | Auditors’ Reports and External Ratings |
| 7      | “Provision for shareholders to reject Related Party Transaction (RPT) approved by AC” influences my decision to invest in a company.    |  |
| 8      | “External credit ratings (ECR) of the company” affects my INV DEC.  |  |
| 9      | “External auditor report” influences my decision to invest in a company.  |  |
| 10     | “Auditor’s qualifications” influences my decision to invest in a company.   |  |
| 11     | “Frequency of board meetings” influences my decision to invest in a company.  | Board Meetings                         |
| 12     | “Effective circulation& implementation of minutes of the meetings” influences my decision to invest in a company.                       |  |
| 13     | “Conducting periodic performance reviews in the board meetings” affects my decision to invest in a company.                             |  |
| 14     | “Conducting periodic satisfaction surveys of shareholders” influences my decision to invest in a company.                               | Shareholders’ Involvement              |
| 15     | “Existence & implementation of whistle-blower (corruption reporting) mechanism within the company” influences my decision to invest.    |  |
| 16     | “Existence of physical and/ or electronic voting rights of shareholders in the meetings” influences my decision to invest in a company. |  |

|    |   |                       |
|----|---|-----------------------|
| 17 | <i>“Sustainability initiatives of the company towards protection of environment, society etc.”</i> influences my decision to invest in a company.   | Social Development    |
| 18 | <i>“Publishing annual sustainability report by the company”</i> influences my decision to invest in a company.  |                       |
| 19 | <i>“Involvement of company in ESG”</i> influences my decision to make investment in that company.   |                       |
| 20 | <i>“Separate disclosure of financial results of holding and subsidiary companies”</i> influences my decision to invest in a company.  | Financial Disclosures |
| 21 | <i>“Disclosure of financial results of company as per the International Financial Reporting Standards (IFRS) or International Integrated Reporting Council (IIRC) framework”</i> influences my decision to invest in a company. |                       |

(Source: Primary Data)

The following six (6) factors have been formulated on the basis of the results of EFA.

- Board Related Compliances (Factor – 1):** Results suggest that firms’ compliance with respect to the BOD’ related regulations and guidelines stated by the regulators is considered as important by the IND INV when it comes to their assessment of CG practices for firms. This factor holds highest importance as per the results depicted in the examination. The results are of particular significance to the INV ensuring good CG firms to be added in investment portfolio.( Miriam H. Baer)
- Auditors’ Reports and External Ratings (Factor – 2):** IND INV seem to significantly consider external auditors’ reports and other external ratings while making INV DEC. This can be concluded from the results of EFA with Auditors’ Reports and External Ratings emerging as an important factor which could impact INV DEC of the INV.(Zalata, A. M., Elzahar, H., McLaughlin, C., & Ntim, C. G. (2020))

- **Board Meetings (Factor – 3):** Board meetings have emerged as another important aspect considered by the INV when it comes to their assessment of CG practices for firms.(Vafeas, 1999;Ntim & Osei, 2011;Chou et al., 2013;Lin et al., 2013;Al-Daoud et al., 2016;Eluyela et al., 2018)
- **Shareholders’ Involvement (Factor – 4):** Needless to say, INV, especially shareholders are concerned about their role in the decision making of firms where they invest. This has been highlighted by the results of EFA with Shareholders’ Involvement in matters like periodic surveys, voting rights and an appropriate whistle-blower policy of firms is concerned. (Zhang, F., Zhu, L. and Wei, L. (2020))
- **Social Development (Factor – 5):** Involvement of firms in social development holds importance for INV when they assess the strength of CG practices of such firms where they intend to invest. Thus, ESG has emerged as an important factor these days as INV have started to consider it while making their INV DEC. ( Svetlova, M., & Carpenter, M. (2017).
- **Financial Disclosures (Factor – 6):** Nonetheless, this factor has always been an important aspect when it comes to an evaluation of firms’ CG practices. Evidently, INV seem to give importance to firms’ financial disclosures as this helps them attain confidence in the management of their funds in the hands of financial managers of firms. (Mustafa Hussain, S., Alaya, A., & Azizi, T. A. (2023)).

The examination of factors holds significance when their relative impact on the decision making of the shareholders is considered. Therefore, it is important to examine the factors further for their individual impact on INV’ INV DEC. For this purpose, these factors were further examined by way of regression analysis to highlight their individual

and cumulative impact on INV' INV DEC in context to the CG practices of firms (McDonald, 2014). The regression model thus formulated using the factors can be depicted as;

$$INV_{(CG)} = \alpha + \gamma_1 BRC + \gamma_2 ARER + \gamma_3 BM + \gamma_4 SI + \gamma_5 SD + \gamma_6 FD + \varepsilon \quad (1)$$

Where:

- $INV_{(CG)}$  = Dependent variable i.e. investment decision based on CG;
- $\alpha$  = intercept; and
- $\gamma_1, \gamma_2, \gamma_3, \gamma_4, \gamma_5$ , and  $\gamma_6$  = Slope associated with independent factor – 1, 2, 3, 4, 5, and 6 respectively.

The results of the regression analysis have been reported in the following table.

**Table 4.41: Regression Specifications for Various Factors Related to CGPs**

| Variables                                 | Expected sign of t-statistic | t-statistic | p-value  | F – statistic | P – value | R <sup>2</sup> |
|---|------------------------------|-------------|----------|---------------|-----------|----------------|
| Constant                                  |                              | 18.060      | 0.000*   | 3.628         | 0.003*    | 0.182          |
| Board Related Compliances (F1)            | +                            | 1.075       | 0.285    |               |           |                |
| Auditors' Reports & External Ratings (F2) | +                            | 2.153       | 0.034**  |               |           |                |
| Board Meetings (F3)                       | +                            | 2.332       | 0.022**  |               |           |                |
| Shareholders' Involvement (F4)            | +                            | 1.225       | 0.023**  |               |           |                |
| Social Development (F5)                   | +                            | 2.320       | 0.022**  |               |           |                |
| Financial Disclosures (F6)                | +                            | -1.913      | 0.059*** |               |           |                |

(Source: Primary Data, \* significant at 1%, \*\* significant at 5%, \*\*\* significant at 10% level)

The results of regression analysis provide some interesting and useful insights. Factors extracted using EFA were regressed against INV' INV DEC based on firms' CG practices. Interestingly, Board Related Compliances, which emerged as a strong aspect of CG has lost its relative importance (p-value 0.285) when, considered influencing the INV' INV DEC. This factor turns insignificant in affecting INV' decisions. Significant



factors include Auditors' Reports and External Ratings (p-value 0.034); Board Meetings (p-value 0.022); Shareholders' Involvement (p-value 0.023); and Social Development (p-value 0.022). Financial Disclosures seem to have a relatively lesser impact on INV' INV DEC. The expected sign of t-statistic is also different from the results for this factor. Nonetheless, this factor has turned insignificant at 5% level of significance.

As far as the model fit is concerned, the factors used in the model seem to be appropriate as the F-statistic value of 3.628 is significant at 1% level of significance. The factors collectively seem to reasonably impact the INV DEC of the INV, given an impressive  $R^2$  of 18.2%. This indicates that INV give substantial weightage to the various aspects related to CG of firms while making their INV DEC. 18.2% of variance in investor behavior has been explained by aspects related to CG while the remaining can be attributed to factors beyond the scope of this study. This makes sense as INV DEC being a vibrant phenomenon and get affected by innumerable factors beyond the firms' fundamentals. The results of this section depict that CG does holds significance when it comes to INV' examination of firms' background and performance.

**CHAPTER-5**

**FINDINGS, SUGGESTION'S AND**

**CONCLUSION**

## 5.1.INTRODUCTION OF THE CHAPTER

In the previous chapter, the data that is collected by using a structured questionnaire is analyzed by using the appropriate statistical tests and the results are interpreted. In this final and concluding chapter, the findings that are emanated from the empirical portion of the study are presented followed by conclusion, recommendations, implications of the study, limitations of the study, and scope for future research.

## 5.2.FINDINGS OF THE STUDY

The findings of this thesis are arranged as per the objectives of the study as given below.

- The investment decision of IND INV is not affected by their *home state*.
- The investment decision of IND INV is not affected by their *area of residence*.
- The investment decision of IND INV is affected by their *age*.
- The investment decision of IND INV is affected by their *gender*.
- The investment decision of IND INV is not affected by their *educational qualification*. Generally, it is perceived that level of educational qualification has impact on INV DEC. However, this study found that there is no impact of level of educational qualification on the INV DEC of IND INV. This finding is in line with the findings of Samuel (2022).
- The investment decision of IND INV is affected by their *marital status*.
- The investment decision of IND INV is affected by their *family size*.
- The investment decision of IND INV is not affected by their *occupation*.
- The investment decision of IND INV is affected by their *annual income level*.

- The investment decision of IND INV is affected by their *accommodation (residence) type*.
- In the model that studied the mediating role of awareness level between CG practices and INV DEC, the constructs viz. Disclosure Requirements (DR), Financial Statements (FS), Auditing Requirements (AR), Environment and Social Governance (ESG) have impact on the construct viz. BOD (BOD) whereas BOD (BOD) has mediating effect on the construct viz. INV DEC (ID) of IND INV.
- The IND INV give more priority to the construct viz. BOD, then to financial statements, then to auditing requirements, thereafter to environment and social governance, and finally to disclosure requirements before making the INV DEC in the model that studied mediating role of awareness level between CG practices and INV DEC.
- In the model that studied mediating role of professional background between CG practices and INV DEC, the constructs viz. Education and Occupation (EO), Social Networks (SN), Market Information (MI) have impact on the construct viz. Investing Behaviour (IB) which in turn has the mediating effect on the construct viz. INV DEC (ID) of IND INV.
- The IND INV give more priority to the construct viz. investing behaviour, then to education and occupation, thereafter to market information, and finally to social networks in the model that studied mediating role of professional background of IND INV between CG practices and INV DEC.
- ‘CG (CG) practices’ is the most important factor considered by IND INV before investing when compared (based on weighted ranks) to other factors that are

considered by them. Then, IND INV consider ‘corporate social responsibility’ then risk, then historical returns, thereafter ownership structure, afterwards financial performance of the firms, and finally brand image and reputation.

- The empirical results of the study have found the following six (6) factors from the responses of the respondents.
  - Factor – 1: Board Related Compliances
  - Factor – 2: Auditors’ Reports and External Ratings
  - Factor – 3: Board Meetings
  - Factor – 4: Shareholders’ Involvement
  - Factor – 5: Social Development
  - Factor – 6: Financial Disclosures
- The statements which are responsible for formation of above six (6) factors are as follows.
  - **Factor – 1: Board Related Compliances** (5 Statements or Variables)
    - (i) Compliance with respect to “*adequate board size*” influences my decision to invest in a company.
    - (ii) “*Existence of Indian director(s) in the board*” influences my decision to invest in a company.
    - (iii) “*Existence of woman director(s) in the board*” influences my decision to invest in a company.
    - (iv) “*Existence of disqualified director(s) in the board*” influences my decision to invest in a company.

- (v) *“Existence of family member(s) in the board”* influences my decision to invest in a company.
- **Factor – 2: Auditors’ Reports and External Ratings** (5 Statements)
  - (i) *“Existence of independent AC without presence of management”* influences my decision to invest in a company.
  - (ii) *“Provision for shareholders to reject Related Party Transaction (RPT) approved by AC”* influences my decision to invest in a company.
  - (iii) *“External credit ratings (ECR) of the company”* affects my INV DEC.
  - (iv) *“External auditor report”* influences my decision to invest in a company.
  - (v) *“Auditor’s qualifications”* influences my decision to invest in a company.
- **Factor – 3: Board Meetings** (3 Statements)
  - (i) *“Frequency of board meetings”* influences my decision to invest in a company.
  - (ii) *“Effective circulation& implementation of minutes of the meetings”* influences my decision to invest in a company.
  - (iii) *“Conducting periodic performance reviews in the board meetings”* affects my decision to invest in a company.
- **Factor – 4: Shareholders’ Involvement** (3 Statements)
  - (i) *“Conducting periodic satisfaction surveys of shareholders”* influences my decision to invest in a company.
  - (ii) *“Existence & implementation of whistle-blower (corruption reporting) mechanism within the company”* influences my decision to invest.

(iii) “*Existence of physical and/ or electronic voting rights of shareholders in the meetings*” influences my decision to invest in a company.

○ **Factor – 5: Social Development** (3 Statements)

(i) “*Sustainability initiatives of the company towards protection of environment, society etc.*” influences my decision to invest in a company.

(ii) “*Publishing annual sustainability report by the company*” influences my decision to invest in a company.

(iii) “*Involvement of company in ESG*” influences my decision to make investment in that company.

○ **Factor – 6: Financial Disclosures** (2 Statements)

(i) “*Separate disclosure of financial results of holding and subsidiary companies*” influences my decision to invest in a company.

(ii) “*Disclosure of financial results of company as per the International Financial Reporting Standards (IFRS) or International Integrated Reporting Council (IIRC) framework*” influences my decision to invest in a company.

- In order to assess the impact of these six (6) factors on IND INV’ INV DEC based on firms’ CG practices, regression analysis is conducted. The results have found the following.

- Interestingly, Board Related Compliances, which emerged as a strong aspect of CG has lost its relative importance when considered influencing the INV’ INV DEC. This factor turns insignificant in affecting INV’ decisions.

- Significant factors which have impact on IND INV’ INV DEC include;

- (i) Auditors' Reports and External Ratings;
  - (ii) Board Meetings;
  - (iii) Shareholders' Involvement; and
  - (iv) Social Development.
- Financial Disclosures found to have a relatively lesser impact on INV' INV DEC. Nonetheless, this factor has turned insignificant at 5% level of significance.
- As far as the model fit is concerned, the factors extracted in the model found to be appropriate.

### 5.3.CONCLUSION

From the above findings related to (i) demographic profiles versus INV DEC, (ii) mediating role of awareness level between CGPs and INV DEC, (iii) mediating role of professional background of IND INV between CGPs and INV DEC, and (iv) identifying the factors of CG that have impact on INV DEC, it can be concluded that the demographic variables such as *home state, area of residence, and educational qualification* have not caused significant difference in the INV DEC of IND INV whereas the demographic variables such as *age, gender, marital status, family size, occupation, annual income level, accommodation (residence) type* have caused statistically significant difference in the INV DEC of IND INV. Further, it is concluded in the first model which assessed the mediating role of awareness level of IND INV between CGPs and INV DEC that the four (4) constructs viz. Disclosure Requirements (DR), Financial Statements (FS), Auditing Requirements (AR), Environment and Social Governance (ESG) have impact on the construct viz. BOD (BOD) which in turn has a mediating effect on the



construct viz. INV DEC (ID) of IND INV. Moreover, the IND INV have attributed more importance to the construct viz. BOD (BOD), followed by the constructs viz. Financial Statements, Auditing Requirements, Environment and Social Governance, Disclosure Requirements before making INV DEC in this first model.

Besides, it is concluded in the second model which assessed the mediating role of professional background of IND INV between CGPs and INV DEC that the three (3) constructs viz. Education and Occupation (EO), Social Networks (SN), and Market Information (MI) have impact on the construct viz. Investing Behavior (IB) which in turn has a mediating effect on the construct viz. INV DEC (ID) of IND INV. Moreover, the IND INV have attributed more importance to the construct viz. Investing Behavior (IB), followed by the constructs viz. Education and Occupation (EO), Market Information (MI), and Social Networks (SN) before making INV DEC in this second model.

In addition, as per the weightage given by respondents to various aspects that they consider before making the investment, it is concluded that CG (CG) practices are the most important parameter among all other parameters considered by the INV before investing. They are followed by Corporate Social Responsibility (CSR), Risk in Investment (Risk), Historical Returns (HR), Ownership Structure (OS), Financial Performance (FP) of firms, and finally Brand Image and Reputation (BI & R). Moreover, the study has identified six (6) factors viz. Board Related Compliances, Auditors' Reports and External Ratings, Board Meetings, Shareholders' Involvement, Social Development, and Financial Disclosures. Of these six (6) factors, the study concluded after regression that first and sixth factors are insignificant whereas second, third, fourth and fifth factors are significant while making INV DEC by the IND INV.

## **5.4.IMPLICATIONS OF THE STUDY**

The main focus of this section is to outline the practical inferences of the current thesis within a larger framework. It elaborates on the manner in which the outcomes of the thesis can optimally contribute to contemporary CG practices so that to attract individual investors to make investment in the firms. The following are the various implications of this research work.

- In this age where the entire globe has become a small village due to technological advancements, wherein an investor of one country may buy the shares of firms belong to other countries just on one mouse click, it is essential to the firms to exhibit higher standards with regard to their CG practices to attract investors. In this connection, they have to instill confidence among the investors by forming an independent AC without presence of management, provide a provision for shareholders to reject Related Party Transaction (RPT) approved by AC, publish the ratings given by external credit rating agencies, make the external auditor report publicly available etc.
- These days, investors are not just looking at profit maximization; they are also keen about the impact of business on environment and society etc. The implication of this study is that the firms must provide information to individual investors regarding the impact of firms' operations on environment, impact of business operations on employees, customers and society, steps taken by firms to mitigate ESG risks etc.
- Although individual investors' INV DEC are influenced by CG practices, there are certain people like experts, colleagues etc who act as catalysts when the investors are unable to make INV DEC. The implication of this study is that firms have to collect

the data of their individual investors pertaining to the people who are influencing them while making INV DEC like family members, outsiders, experts, friends, colleagues et al. This move leads to attract more investors.

#### 5.4.1. SOCIAL IMPLICATIONS OF THE STUDY

- The findings of this study have significant implications for society, particularly in the context of INV DEC. Here are some key implications:

- **Increases Investor Confidence on the Firms:** This thesis provides valuable insights for the firms which want to attract individual investors who are willing to invest in the firms but have less confidence about corporate functioning. Increasing the awareness among the investors about various CG practices as pointed out in this thesis makes them to perceive the firms as more reliable and trustworthy, which can enhance investor confidence and attract investment capital. In this process firms are benefitted from the capital of the investors and the investors (society) are benefitted from the growth of the firms.
- **Higher Return on Investment:** This study identifies the need for the firms to be transparent in financial disclosures. To achieve it, it has to resort to external auditing by qualified external auditor as well as independent AC without the involvement of management. All these measures reduce corporate frauds by company owners which lead to better return on the investments made by the individual investors. Thus, the investors who incorporate CG considerations into their INV DEC may benefit from superior financial performance, as well as reduced exposure to governance-related risks that could harm investment returns.
- **Protecting the Rights of Shareholders:** This thesis has implications with regard to protecting shareholders' rights and safeguarding their interests by

the management of the firms through sound CG practices. To materialize it, firms have to offer physical and / or electronic voting rights to the shareholders on important aspects in the meetings. Moreover, conducting periodic satisfaction surveys of shareholders also provides the feedback on shareholders' perception about the firm. If they are dissatisfied, the reasons, if any, can be explored and appropriate measures can be taken to reduce their dissatisfaction. All these things safeguard the interests of the shareholders in particular and safeguarding the interests of the society in general.

- **Economic Stability in the Society:** The findings of the study have implications in bringing economic stability in the society through transparent CG mechanism which reduces the risk of corporate scandals, fraud, and mismanagement. By ensuring that companies are managed in the best interests of shareholders and other stakeholders, CG mechanisms can help mitigate financial risks of individual investors and promote long-term sustainability in the society.

#### 5.4.2. POLICY IMPLICATIONS OF THE STUDY

- The present study on CG and individual investors' INV DEC has several policy implications that can influence regulatory frameworks and market practices. Here are some key policy implications:
  - **Corporate Board Diversity:** The thesis has implications with regard to BOD as it is found in the study that BOD has the mediating effect on INV DEC of individual investors. This implies that the policy makers have to devise CG policies such that the board has diversity to enhance governance effectiveness and decision-making quality. Policymakers may implement measures to encourage companies to diversify their board compositions in terms of gender, ethnicity, expertise, and background, thereby fostering greater inclusivity and representation to attract investors.
  - **Enhanced Disclosure Requirements:** This thesis found that awareness on disclosure of CG practices has impact on the credibility of the BOD which in turn affects INV DEC. This implies that the policymakers may come out with stringent disclosure requirements to ensure that companies provide comprehensive and transparent information about annual reports, rights of the investors, important documents to be read before investing in a firm etc. This can help individual investors make more informed INV DEC by enabling them to assess governance risks and opportunities associated with different companies.
  - **Shareholder Rights Protection:** Investors have more concern about the money invested by them in the firms. They have the fear of losing their investment either due to unethical practices of management or selecting the unprofitable projects.

Their money can only be protected if they have rights and have the option to put their word in the meetings. Therefore, policies aimed at protecting shareholder rights can empower individual investors to actively participate in CG processes. This has implications on the matters related to facilitating proxy voting, shareholder resolutions, and shareholder activism, allowing investors to hold company management accountable for their decisions and actions.

- **Strengthening Investor Education and Awareness:** Investor awareness and education on CGPs is a key determinant of investors' success in achieving their investment goals. Policy implications in this connection may be providing educational resources, workshops, and training programs to help individual investors understand the importance of governance factors and how to incorporate them into their investment strategies.
- **Encouraging ESG Integration:** Investors now-a-days are also keen to invest in those firms which are ESG compliant. The policy implications of this thesis in this connection are encouraging firms to integrate Environmental, Social, and Governance (ESG) factors into investment decision-making processes by promoting standardized ESG reporting frameworks, and investment guidelines. This can help individual investors align their investment portfolios with their values and preferences while promoting corporate sustainability and responsibility.
- **Promoting Investor Advocacy and Representation:** Even after taking enormous measures for investor protection through well defined CG framework, there may be certain companies which may resort to unethical practices taking the

advantage of loopholes in CG guidelines laid by the policymakers. In such a case, in order to protect the investors, the implications of this thesis include the policy initiatives to enhance investor advocacy and representation, such as investor associations, advocacy groups, and forums where individual investors can voice their concerns and priorities related to CG issues. This can amplify the voices of individual investors and facilitate constructive engagement with companies and policymakers.



### 5.4.3. THEORETICAL IMPLICATIONS OF THE STUDY

- The present study on CG and individual investors' INV DEC has several theoretical implications as given below:
  - **Implications of the Study to Agency Theory:** Agency theory suggests that conflicts of interest arise between principals (shareholders) and agents (management) due to differing goals. In the context of CG and INV DEC, individual investors act as principals. This thesis sheds light on how CG mechanisms such as board structure, executive compensation, and shareholder rights etc influence individual investors' decisions. This study developed two SEM models to explain this phenomenon.
  - **Information Asymmetry:** In the market there is information asymmetry i.e. the information that the insiders and outsiders has is not symmetric. The implication of this thesis in this case is to reduce this information asymmetry between insiders (management) and outsiders (individual investors) through effective CG mechanism in terms of transparency, disclosure practices, and board independence etc. All these affect individual investors' perceptions of risk and return, thus influencing their INV DEC.
  - **Behavioral Finance:** It is known that behavioral finance examines how psychological biases influence investment or finance decisions. CG mechanisms can serve as external factors that either worsen or mitigate these biases among the investors. For example, the presence of independent directors on the board may provide a sense of assurance to individual investors, reducing their tendency to rely on heuristics and biases when making INV DEC.

## **5.5.RECOMMENDATIONS OF THE STUDY**

The present study, based on its findings makes the following recommendations with regard to CG practices in Indian corporations. These recommendations are grouped under the following categories.

- Recommendations related to Demographic Profiles
- Recommendations related to Awareness Level
- Recommendations related to Professional Background
- Recommendations related to CGPs that have Impact on INV DEC

### **5.5.1. RECOMMENDATIONS RELATED TO DEMOGRAPHIC PROFILES**

- (i) As there is no significant difference in the INV DEC of IND INV with regard to their *home state, area of residence, educational qualification* which can be understood in other way that INV don't differ based on their home state, area of residence, educational qualification; it is recommended to the firms that they need not segment their INV based on these demographics and need not design any special provisions in CGPs to deal with these kind of INV.
- (ii) As there is a significant difference in the INV DEC of IND INV with regard to their *age* and upon examining the data it is found that the INV whose age is lesser than 40 yrs have lesser mean when compared to the INV who age is more than 40 yrs; it is recommended to the firms that they need to educate more about CGPs to the INV whose age is lesser than 40 yrs.

(iii) As there is a significant difference in the INV DEC of IND INV with regard to their *gender* which can be understood in other way that males and females differ in their response to CGPs; it is recommended to the firms that they need to facilitate women more in understanding the CG practices. To achieve it, firms may seek the assistance of investment advisers or stock brokers when they are helping the women INV to invest in share market.

(iv) As there is a significant difference in the INV DEC of IND INV with regard to their *marital status, family size, occupation, and annual income level*, and more particularly unmarried INV, divorced INV, INV with family size lesser than 4, INV whose profession is business and those who are self employed, INV who income is lesser than 2,50,000 and up to 5, 00,000 are poor in understanding the CGPs and making right INV DEC based on CG practices; Hence, it is recommended to the firms that they need to facilitate these category of INV through investment advisers or stock brokers to comprehend CGPs correctly and make investments wisely.

#### **5.5.2. RECOMMENDATIONS RELATED TO AWARENESS LEVEL**

(i) The IND INV have attributed more importance to the construct viz. BOD (BOD), followed by the constructs viz. Financial Statements, Auditing Requirements, Environment and Social Governance, Disclosure Requirements before making INV DEC in this first model. Hence, it is recommended that the firms must give more importance to BOD related aspects of CG as it has more impact on INV DEC. Thus, it is recommended that the firms must provide information and win trust of the INV

regarding board composition, board independence, frequency of board meetings, shareholding guidelines for BOD.

- (ii) With regard to Financial Statements' (FS) construct, it is recommended that the firms must provide information to IND INV regarding their sources of financial statements, financial reporting standards that the firm is following, financial reports of holding firms & subsidiaries, important financial parameters to be examined, and the tools to examine firms' financial performance.
- (iii) With regard to Auditing Requirements' (AR) construct, it is recommended that the firms must provide information to IND INV regarding the role of auditors (internal & external) in a firm, auditors' remuneration & benefits, components in an auditors' report etc.
- (iv) With regard to Environment and Social Governance' (ESG) construct, it is recommended that the firms must provide information to IND INV regarding the impact of firms' operations on environment, impact of business operations on employees, customers & society, steps taken by firms to mitigate ESG risks etc.
- (v) With regard to Disclosure Requirements' (DR) construct, it is recommended that the firms must provide information to IND INV regarding the rights of INV, annual reports of firms, important documents to be read before investing etc.

### **5.5.3. RECOMMENDATIONS RELATED TO PROFESSIONAL BACKGROUND**

- (i) The IND INV have attributed more importance to the construct viz. Investing Behaviour (IB), followed by the constructs viz. Education and Occupation (EO), Market Information (MI), and Social Networks (SN) before making INV DEC in this second model. Hence, it is recommended that the firms must give more importance to Investing Behaviour related aspects of CG as it has more impact on INV DEC. An assessment is to be made regarding whether the INV can pay higher prices for the stocks of the firms which have good CG or they simply ignore CG aspects and resort to speculation or they consider CG only when they are making higher amounts of investments etc. Based on this assessment, investor behavior profiles can be built and can educate the INV regarding how important is good CG for a firm as well as to the INV.
  
- (ii) With regard to the construct viz. Education and Occupation (EO), it is recommended that the firms must know whether the IND INV regarding their education and occupation provide information to IND INV have required education and occupation for making investment in stocks based on CGPs. This involves knowing whether their education involves studying of subjects related to stock market operations, whether their jobs are associated with making investments, whether they have any experience in stock market investments and whether such experience has generated good returns in the past etc. After knowing all these things, a separate strategy is to be formulated

for those who have required skills and for those who do not possess required skills with regard to making investments in stocks based on CGPs.

(iii) With regard to the construct viz. Market Information (MI), it is recommended that the firms must collect the data of their INV along the dimensions such as whether the investor keep the track of the market developments of the firms or not, whether the investor has subscribed for business newspapers / magazines and read them regularly for updates on CG or not, whether the investor read the documents (annual reports / other information) of the companies or not, whether the investor is willing to pay higher cost for gathering the valuable insights relating to CG practices of firms or not? After such analysis, it is recommended that the firms must influence the INV who are already involved in the above activities related to collection of market information through effective advertisement in magazines or news papers. If the INV are not involved in the above mentioned activities, persuade them to inculcate such habits through investment advisory firms by explaining the benefits of such habits.

(iv) With regard to the construct viz. Social Network (SN), it is recommended that the firms must collect the data of their IND INV pertaining to the people who are influencing them while making INV DEC like family members, outsiders, experts, friends, colleagues et al. After such analysis, it is recommended that the firms must influence these influencers for getting better results.

#### **5.5.4. RECOMMENDATIONS RELATED TO CGPS THAT HAVE IMPACT ON INV DEC**

- (i) Although CG practices are the most important parameters considered by the INV before investing, it is recommended that the firms may also focus on Corporate Social Responsibility (CSR), Historical Returns (HR), Ownership Structure (OS), Financial Performance (FP) of firms, and Brand Image and Reputation (BI & R) etc aspects because they also have impact on the INV DEC of INV. Moreover, the factors viz. Auditors' Reports and External Ratings, Board Meetings, Shareholders' Involvement, Social Development are also shown significant impact on the INV DEC of INV.
- (ii) With regard to the factor viz. Auditors' Reports and External Ratings, it is recommended that the firms would form an independent AC without presence of management, provide a provision for shareholders to reject Related Party Transaction (RPT) approved by AC, publish the ratings given by external credit rating (ECR) agencies, make the external auditor report publicly available, disclose the auditor's qualifications etc to attract the INV to invest in the firms.
- (iii) With regard to the factor viz. Board Meetings, it is recommended that the firms would conduct periodic performance reviews in the board meetings, and have an effective circulation & implementation of minutes of the meetings so that to attract the INV to invest in the firms.
- (iv) With regard to the factor viz. Shareholders' Involvement, it is recommended that the firms would provide physical and / or electronic voting rights to shareholders in the meetings, have transparent and safe whistle-blower (corruption reporting) mechanism

within the company, and conduct periodic satisfaction surveys of shareholders etc. so that to attract the INV to invest in the firms.

- (v) With regard to the factor viz. Social Development, it is recommended that the firms would provide information to the INV regarding involvement of company in ESG, publishing annual sustainability report by the company, publishing sustainability initiatives of the company towards protection of environment, society etc so that to attract the INV to invest in the firms.



## **5.6.LIMITATIONS OF THE STUDY**

All research works have limitations for which this thesis is not an exception. Although, the research design of this thesis is framed carefully to draw meaningful conclusions, it has following limitations.

- Owing to the time, money and academic constraints, the sample size is limited to 385 respondents only from all the five (5) states of South India.
- Owing to the constraints in data collection and analysis (since the population of the study is so large), rather than going for random sampling, one of the non-random sampling methods i.e. convenience sampling method is used for selecting the sample.
- In the questionnaire, the responses of the respondents are sought in the form of level of agreement on the statements related to the CG practices. As the time passes, the INV get more experience and knowledge, thus their responses on CG practices may change with the time i.e. responses are not static rather they are dynamic.

## **5.7.SCOPE FOR FUTURE RESEARCH**

The future studies may focus on the following aspects to add value to existing knowledge.

- The scope of the study is restricted to Southern India. The future studies may consider the states in Northern or Eastern or Western parts of India to study INV DEC of IND INV with reference to CG. If the research has enough resources, he or she may consider all states as well.
- The scope of the study is restricted to weigh up the impact of CG practices on the INV DEC of IND INV. The future studies may focus on weighing up the impact of factors other than CG practices on INV DEC of IND INV.
- The scope of the study is restricted to evaluate the impact of CG practices on INV DEC of IND INV. However, the future studies may focus on evaluating the impact of CG practices on INV DEC of institutional INV.
- The scope of the study is restricted to gauge the mediating role of awareness level and professional background of IND INV between CGPs and INV DEC. However, the future researches may focus on assessing the mediating role of investment advisory firms (agents), friends, colleagues etc on INV DEC of institutional INV.
- The future studies may study the linkage between CG practices and profitability of investments of IND INV or institutional INV.

- The future studies may also consider each of the CG practice at a time and assess its impact on the INV DEC of individual or institutional INV.

-

## 5.8. CONCLUDING SUMMARY

In this final and concluding chapter of this thesis, findings are presented and recommendations are made followed by limitations of the study and the scope for future research. It is found that the demographic variables such as *home state*, *area of residence*, and *educational qualification* have not caused significant difference in the INV DEC of IND INV whereas the demographic variables such as *age*, *gender*, *marital status*, *family size*, *occupation*, *annual income level*, *accommodation (residence) type* have caused statistically significant difference in the INV DEC of IND INV. Further, it is also statistically found that both awareness level and professional background have mediating role between CGPs and INV DEC. In light of these findings, the thesis has made appropriate recommendations so that the Indian firms are benefited to the optimal extent through their CG practices by attracting more INV and making their investment to grow without any risk of default or loss. The participation of retail INV is steadily increasing. This expansion in turn puts pressure on companies to interact with INV in a transparent manner and with better CG. Inadequate CG in the business and financial sectors is another important issue that leads to financial instability in many nations. In particular, when discussing the numerous modifications to laws and regulations that have been seen throughout time in the financial industry. The current study sheds light on retail INV' opinions about CG in the financial industry. The goal of the study is to pinpoint the different financial sector characteristics that support CG and how they differ from INV' demographic profiles. The study employed a descriptive research approach, and the major source of data was retail INV of South India.(Meman,2010).

Good CG procedures can motivate board members to perform the monitoring role successfully and efficiently (*M.S. Shahid and M. Abbas, 2019*)

There are solid arguments in favour of the theory that strong CG requires strong legal protection and prosecution capabilities. However, from the standpoint of asset price, CG is equally important. Firms may lower their cost of capital, manage risk, boost investor confidence, and increase company valuation by aiming for improved governance. CG has an impact on a company's transparency. In several significant ways, CG of businesses may enhance voluntary disclosure. The main goal of voluntary disclosures that a company initiates is to reduce the adverse selection that would otherwise result from INV who are suspicious of the company's prospects. (Madhavi, 2019)

## REFERENCES

## REFERENCES

- Chetan Kumar (2022, March 29). India loses Rs 100 crore to banking fraud every day. Times of India. Retrieved from [http://timesofindia.indiatimes.com/articleshow/90509071.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://timesofindia.indiatimes.com/articleshow/90509071.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)
- CII (2009). Retrieved From Report of the CII Task Force on CG. Retrieved From [https://www.mca.gov.in/Ministry/latestnews/Draft\\_Report\\_NareshChandra\\_CII.pdf](https://www.mca.gov.in/Ministry/latestnews/Draft_Report_NareshChandra_CII.pdf)
- Corporate Finance Institute Team, (2019). Meaning of Investor. Retrieved from <https://corporatefinanceinstitute.com/resources/wealth-management/investor/>
- Dan Byrne, (2023). What are the five principles of CG? CG Institute. Retrieved from <https://www.thecorporategovernanceinstitute.com/insights/lexicon/what-are-the-five-principles-of-corporate-governance/>
- Dr. Abdul Azeez P, (2019); CG and Business Ethics – SDE, Calicut University, Malappuram. Retrieved from [https://sde.uoc.ac.in/sites/default/files/sde\\_videos/I%20Sem.%20-%20Corporate%20Governance%202019%20ADmn..pdf](https://sde.uoc.ac.in/sites/default/files/sde_videos/I%20Sem.%20-%20Corporate%20Governance%202019%20ADmn..pdf)
- Dr. S K Das and Dr. C R Mishra (2020); CG – DDCE, Utkal University, Bhubaneswar; Vikas Publishing House Pvt. Ltd. Retrieved from <https://ddceutkal.ac.in/Syllabus/MBA-BOOK/Corporate-Governance.pdf>
- Gargi Sarkar, (2023). Amid Scandals At Indian Startups, Amitabh Kant Says Integrity Key To Long-Term Growth. Inc42.com. Retrieved from <https://inc42.com/buzz/amid-scandals-at-indian-startups-amitabh-kant-says-integrity-key-to-long-term-growth/>

- Groww, (2023). Factors Affecting the INV DEC of INV in Mutual Funds. Retrieved From <https://groww.in/blog/factors-affecting-mutual-funds-investment-decisions>
- ICICI Direct, (2022). Retail INV Ruling The Indian Stock Market. Retrieved From <https://www.icicidirect.com/ilearn/stocks/articles/retail-INV-ruling-the-indian-stock>
- Kiran N, (n.d.). 7 Important Models of CG. Your article Library. Retrieved from <https://www.yourarticlelibrary.com/corporate-governance/7-important-models-of-corporate-governance/99350>
- Luis A. Aguilar, (2014). Looking at CG from the Investor's Perspective. Harvard Law School Forum on CG. Retrieved from <https://corpgov.law.harvard.edu/2014/04/24/looking-at-corporate-governance-from-the-INV-perspective/>
- M. Manaswini Reddy (2022, June 10). Top 10 biggest scams in India. I-Pleaders. Retrieved from [https://blog.ipleaders.in/top-10-biggest-scams-in-india/#Causes\\_for\\_scams](https://blog.ipleaders.in/top-10-biggest-scams-in-india/#Causes_for_scams)
- Ministry of Corporate Affairs, (2005). J Jirani Report on Company Law. Retrieved From <http://www.primedirectors.com/pdf/JJ%20Irani%20Report-MCA.pdf>
- O'Connell, M., & Ward, A. M. (2020). Greenbury Report (UK). Retrieved from <https://arrow.tudublin.ie/buschacart/27/>
- Rajan P, (2019). Investment Management Self Learning Material, University of Calicut. Retrieved From [https://sde.uoc.ac.in/sites/default/files/sde\\_videos/MCME3F01%20%28190614%29.pdf](https://sde.uoc.ac.in/sites/default/files/sde_videos/MCME3F01%20%28190614%29.pdf)
- S P Pani (2009); Business Ethics and CG – DDCE, Utkal University, Bhubaneswar; Vikas Publishing House Pvt. Ltd. Retrieved from <https://ddceutkal.ac.in/Syllabus/BECEG-MBA.pdf>



- Sameer Bhardwaj (2019, November 18). Which stocks fell the most due to corporate scandals in past one year? The Economic Times. Retrieved from [https://economictimes.indiatimes.com/wealth/invest/which-stocks-fell-the-most-due-to-corporate-scandals-in-past-one-year/articleshow/72082456.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/wealth/invest/which-stocks-fell-the-most-due-to-corporate-scandals-in-past-one-year/articleshow/72082456.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)
- SEBI (2003). Report of the SEBI Committee on CG. Retrieved From [https://www.sebi.gov.in/sebi\\_data/commondocs/corpgov\\_p.pdf](https://www.sebi.gov.in/sebi_data/commondocs/corpgov_p.pdf)
- Spira, L. F., & Slinn, J. (2013). The Cadbury Committee: A history. OUP Oxford. Retrieved from [https://books.google.co.in/books?hl=en&lr=&id=FbZsAAAAQBAJ&oi=fnd&pg=PP1&dq=a+review+on+cadbury+committee&ots=dpmDwGtLSe&sig=oMhQKJXXySU-JB0R8QRPtIeJ4&redir\\_esc=y#v=onepage&q=a%20review%20on%20cadbury%20committee&f=false](https://books.google.co.in/books?hl=en&lr=&id=FbZsAAAAQBAJ&oi=fnd&pg=PP1&dq=a+review+on+cadbury+committee&ots=dpmDwGtLSe&sig=oMhQKJXXySU-JB0R8QRPtIeJ4&redir_esc=y#v=onepage&q=a%20review%20on%20cadbury%20committee&f=false)
- Sreenath Appu, (n.d.). Kumar Mangalam Birla Committee Report on CG. Retrieved From [https://www.academia.edu/35960269/KUMAR\\_MANGALAM\\_BIRLA\\_COMMITTEE\\_REPORT\\_ON\\_CORPORATE\\_GOVERNANCE](https://www.academia.edu/35960269/KUMAR_MANGALAM_BIRLA_COMMITTEE_REPORT_ON_CORPORATE_GOVERNANCE)
- The Institute of Cost Accountants of India, (2020). Corporate Laws and Compliance Study Notes. Retrieved from <https://icmai.in/upload/Students/Syllabus2016/Final/Paper-13-Feb-21.pdf>
- Millstein, I.M. and Mac Avoy P.W (1998). 'The Active BOD and Performance of the Large Publicly Traded Corporation', 98 Columbia Law Review 1283, pp. 1291 – 1299. Retrieved from [https://www.researchgate.net/publication/228237979\\_The\\_Importance\\_of\\_Effective\\_Corporate\\_Governance](https://www.researchgate.net/publication/228237979_The_Importance_of_Effective_Corporate_Governance)

- Clarke, (2015). Research models and Methodologies  
<https://documents.uow.edu.au/content/groups/public/@web/@commerce/documents/doc/uow012042.pdf>
- Matsunaga, M. (2010). How to Factor-Analyze Your Data Right: Do's, Don'ts, and How-To's. *International journal of psychological research*, 3(1), 97-110.
- Iqbal, S., Nawaz, A., & Ehsan, S. (2019). Financial performance and CG in microfinance: Evidence from Asia. *Journal of Asian Economics*, 60, 1-13.
- Shank, T., Paul Hill, R., & Stang, J. (2013). Do INV benefit from good CG?. *CG: The international journal of business in society*, 13(4), 384-396.
- Eisenhofer, J. W., & Levin, G. S. (2005). Does CG matter to investment returns. *Corporate Accountability Report*, 3(57), 1-11.
- Cohen, J., Holder-Webb, L., & Khalil, S. (2017). A further examination of the impact of corporate social responsibility and governance on INV DEC. *Journal of Business Ethics*, 146, 203-218.
- Nasrum, M. (2013). The influence of ownership structure, CG, investment decision, financial decision and dividend policy on the value of the firm manufacturing companies listed on the Indonesian Stock Exchange. *CG, Investment Decision, Financial Decision and Dividend Policy on the Value of the Firm Manufacturing Companies Listed on The Indonesian Stock Exchange* (June 27, 2013). *Journal Managerial*, 1(1).
- Hoffmann, C., & Fieseler, C. (2012). Investor relations beyond financials: Non-financial factors and capital market image building. *Corporate Communications: An International Journal*, 17(2), 138-155.

- Mirza, N. I., Malik, Q. A., & Mahmood, C. K. (2020). The value of board diversity in the relationship of CG and INV DEC of pakistani firms. *Journal of Open Innovation: Technology, Market, and Complexity*, 6(4), 146.
- Schrepp, M. (2020). On the Usage of Cronbach's Alpha to Measure Reliability of UX Scales. *Journal of Usability Studies*, 15(4).
- Osborne, R. H., Batterham, R. W., Elsworth, G. R., Hawkins, M., & Buchbinder, R. (2013). The grounded psychometric development and initial validation of the Health Literacy Questionnaire (HLQ). *BMC public health*, 13, 1-17.
- Stoker, P., Tian, G., & Kim, J. Y. (2020). Analysis of variance (ANOVA). In *Basic Quantitative Research Methods for Urban Planners* (pp. 197-219). Routledge.
- do Nascimento, J. C. H. B., & da Silva Macedo, M. A. (2016). Structural Equation Models using Partial Least Squares: an Example of the Application of SmartPLS® in Accounting Research. *Revista de Educação e Pesquisa em Contabilidade*, 10(3).
- Williams, B., Onsman, A., & Brown, T. (2010). Exploratory factor analysis: A five-step guide for novices. *Australasian journal of paramedicine*, 8, 1-13.
- Taber, K.S. The Use of Cronbach's Alpha When Developing and Reporting Research Instruments in Science Education. *Res Sci Educ* 48, 1273–1296 (2018). <https://doi.org/10.1007/s11165-016-9602-2>
- Aithal, Architha and Aithal, Sreeramana (2020) Development and Validation of Survey Questionnaire and Experimental Data – A Systematical Review-based Statistical Approach [https://mpra.ub.uni-muenchen.de/104830/1/MPRA\\_paper\\_104830.pdf](https://mpra.ub.uni-muenchen.de/104830/1/MPRA_paper_104830.pdf);
- Sullivan, (2017). **Hypothesis Testing - Analysis of Variance (ANOVA)** [https://sphweb.bumc.bu.edu/otlt/mph-modules/bs/bs704\\_hypothesistesting-anova/bs704\\_hypothesistesting-anova\\_print.html](https://sphweb.bumc.bu.edu/otlt/mph-modules/bs/bs704_hypothesistesting-anova/bs704_hypothesistesting-anova_print.html)

- Raoul R. Wadhwa; Raghavendra Marappa-Ganeshan (2023) T-test  
<https://www.ncbi.nlm.nih.gov/books/NBK553048/>
- Patel, B., & Modi, V. (2017). Impact of demographic factors on investment decision: an empirical study from South Gujarat Region. *International Journal of Latest Engineering and Management Research*, 2(12), 31-38.
- Alduais, F., Alsawalhah, J., & Almasria, N. A. (2023). Examining the impact of CG on INV and investee companies: Evidence from Yemen. *Economies*, 11(1), 13.  
<https://www.mdpi.com/2227-7099/11/1/13>
- Ramírez, R. R., & Palos-Sánchez, P. R. (2018). Environmental firms' better attitude towards nature in the context of corporate compliance. *Sustainability*, 10(9), 3321.
- Ahire, S. L., & Devaraj, S. (2001). An empirical comparison of statistical construct validation approaches. *IEEE Transactions on Engineering Management*, 48(3), 319-329.
- Norhayati, M. N., Aniza, A. A., Nik Hazlina, N. H., & Azman, M. Y. (2015). Psychometric properties of the revised Malay version Medical Outcome Study Social Support Survey using confirmatory factor analysis among postpartum mothers. *Asia-Pacific Psychiatry*, 7(4), 398-405.
- Cheung, G. W., Cooper-Thomas, H. D., Lau, R. S., & Wang, L. C. (2023). Reporting reliability, convergent and discriminant validity with structural equation modeling: A review and best-practice recommendations. *Asia Pacific Journal of Management*, 1-39.
- Morrissey, M. B., & Ruxton, G. D. (2018). Multiple regression is not multiple regressions: the meaning of multiple regression and the non-problem of collinearity.  
<https://philpapers.org/rec/MORMRI-4>

- Steyn, H. S. (2014). The Use of Effect Sizes in Credit Rating Models (Doctoral dissertation, University of South Africa). <https://core.ac.uk/download/pdf/43177016.pdf>
- Voorhees, C. M., Brady, M. K., Calantone, R., & Ramirez, E. (2016). Discriminant validity testing in marketing: an analysis, causes for concern, and proposed remedies. *Journal of the academy of marketing science*, 44, 119-134.
- Grace, J. (2020). A'Weight of Evidence' approach to evaluating structural equation models. *One Ecosystem*, 5, e50452.
- Teeluckdharry, N. B., Teeroovengadum, V., & Seebaluck, A. K. (2022). A roadmap for the application of PLS-SEM and IPMA for effective service quality improvements. *The TQM Journal*.
- Olayinka, A. A. (2022). Financial statement analysis as a tool for INV DEC and assessment of companies' performance. *International Journal of Financial, Accounting, and Management*, 4(1), 49-66.
- Shank, T., Paul Hill, R., & Stang, J. (2013). Do INV benefit from good CG?. *CG: The international journal of business in society*, 13(4), 384-396.
- Li, H., Jahera Jr, J. S., & Yost, K. (2013). Corporate risk and CG: another view. *Managerial Finance*, 39(3), 204-227.
- Huang, C. J. (2010). CG, corporate social responsibility and corporate performance. *Journal of management & organization*, 16(5), 641-655.
- Aguilera, R. V., & Crespi-Cladera, R. (2016). Global CG: On the relevance of firms' ownership structure. *Journal of World Business*, 51(1), 50-57.

- Hossain, M. M., Alamgir, M., & Alam, M. (2016). The mediating role of CG and corporate image on the CSR-FP link: Evidence from a developing country. *Journal of General Management*, 41(3), 33-51.
- Shrestha, N. (2021). Factor analysis as a tool for survey analysis. *American Journal of Applied Mathematics and Statistics*, 9(1), 4-11.
- Mooi, E., Sarstedt, M., Mooi-Reci, I., Mooi, E., Sarstedt, M., & Mooi-Reci, I. (2018). Principal component and factor analysis. *Market research: The process, data, and methods using Stata*, 265-311.
- Ledesma, R. D., Valero-Mora, P., & Macbeth, G. (2015). The scree test and the number of factors: a dynamic graphics approach. *The Spanish journal of psychology*, 18, E11.
- Corner, S. (2009). Choosing the right type of rotation in PCA and EFA. *JALT testing & evaluation SIG newsletter*, 13(3), 20-25.
- Loewen, S., & Gonulal, T. (2015). Exploratory factor analysis and principal components analysis. In *Advancing quantitative methods in second language research* (pp. 182-212). Routledge.
- McDonald, R. P. (2014). *Factor analysis and related methods*. Psychology Press.
- Mwaka Samuel, M. U. S. E. M. B. I. (2022). *Investor Characteristics And Their Effect On INV DEC Among Public University Workers In Kenya* (Doctoral dissertation).

## Questionnaire

## Introduction:

The questionnaire is designed to gather comprehensive demographic information from respondents, including their geographical location, age, gender, educational background, marital status, family size, occupation, income level, housing situation, investment history, and the percentage of income allocated to investments. Additionally, it explores investors' awareness levels related to corporate governance practices and their perception of the impact of these practices on investment decisions.

The questionnaire is structured to delve into specific areas such as disclosure requirements, role of board of directors, auditing requirements and environmental and social governance.

Furthermore, it seeks insights into the mediating roles of awareness level and professional background in the relationship between CG practices and investment decisions. Lastly, CG practices impact on investment decisions is evaluated.

## Part A

## Demographic Profile of Respondents

Q1. In which of the following states do you currently reside?

- (a). A.P      (b). Karnataka   (c). Kerala   (d). T.N   (e). Telangana

Q2. Please specify the nature of your residence.

- (a). Urban  
Rural

Q3. Please specify your age as per the categories stated below:

- (a). Less than 20 yrs                      (b). 20 years – 30 yrs   (c). 31 years – 40 yrs (d). 41 yrs– 50 yrs  
(e). 51 yrs – 60 yrs                      (f). Above 60 yrs

Q4. Please specify gender:

- (a). Male                      (b). Female                      (c). Third Gender                      (d). Prefer not to disclose

Q5. Please specify your educational qualification:

- (a). Illiterate/ Uneducated                      (b). Primary (Class V)                      (c). Secondary (Class X)  
(d). High School (Class XII)                      (e). Graduate                      (f). Post Graduate  
(g). Doctoral & above                      (h). Any other (please specify \_\_\_\_\_)

Q6. Please specify your marital status as per the categories stated below:

- (a). Unmarried                      (b). Married (no children)                      (c). Married (have dependent children)  
(d). Married (have independent children)                      (e). Divorced/ Separated                      (f). Other (please specify)  
\_\_\_\_\_

Q7. Number of members in family?

- (a). > 4                      (b). 4 - 5                      (c). 6 - 7                      (d). < 7

Q8. Please select your occupation as per the following classifications:

- (a). Student                      (b). Unemployed                      (c). Salaried (Private)                      (d). Salaried (Govt./ PSU)  
(e). Business                      (f). Self Employed Professional                      (g). Any other (please specify \_\_\_\_\_)



Q9. Please specify your annual income as per the following income classes:

(a). > Rs. 2.5L (b). Rs. 2.5L - Rs. 5L (c). Rs. 5L - Rs. 10L

(d). Rs. 10L - Rs. 15L (e). Rs. 15L - Rs. 20L (f). < Rs. 20L

Q10. Please select accommodation type from the following:

(a). Owned (b). Rented (c). Any other (please specify) \_\_\_\_\_

Q11. Please specify the number of years for which you have been making investment(s)?

(a). > a yr (b). 1 – 3 yrs (c). 4 – 6 yrs

(d). 7 – 10 yrs (e). < 10 yrs

Q12. What percentage of your annual income goes towards your investments?

(a). Less than 10% (b). 10% - 15% (c). 16% - 20% (d). Above 20%

## Part B

**To examine the mediating role of awareness level of individual investors in relationship between corporate governance practices and investment decisions.**

Tick (✓) the appropriate box where:

1= Not at all aware

2= Slightly aware

3= Moderately aware

4= Reasonably aware

5= Fully aware

Investors 'awareness level related to corporate governance practices for investment decisions

| ID  | Investment Decisions  | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| ID1 | Awareness regarding need & importance of corporate governance (N&I) |   |   |   |   |   |
| ID2 | Awareness regarding important financial statements of firms (FS)    |   |   |   |   |   |
| ID3 | Awareness regarding the role of board of directors in a firm (BoD)  |   |   |   |   |   |
| ID4 | Awareness regarding importance of internal & external audits (AUD)  |   |   |   |   |   |
| ID5 | Awareness level with respect to ESG (ESG)                           |   |   |   |   |   |

(a). Awareness with respect to the disclosure requirements of firms

| <b>DR</b> | <b>Disclosure Requirements</b>                                       | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-----------|--|----------|----------|----------|----------|----------|
| DR1       | Awareness regarding annual reports of firms.                         |          |          |          |          |          |
| DR2       | Awareness regarding the rights of investors.                         |          |          |          |          |          |
| DR3       | Awareness regarding important documents to be read before investing. |          |          |          |          |          |
| DR4       | Awareness regarding disclosure relating to corporate governance.     |          |          |          |          |          |

(b). Awareness with respect to firms' financial statement

| <b>FS</b> | <b>Financial Statements</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-----------|--|----------|----------|----------|----------|----------|
| FS1       | Awareness regarding the sources of financial statements of firms.      |          |          |          |          |          |
| FS2       | Awareness regarding financial reporting standards to be followed.      |          |          |          |          |          |
| FS3       | Awareness regarding financial reports of holding firms & subsidiaries. |          |          |          |          |          |
| FS4       | Awareness regarding important financial parameters to be examined.     |          |          |          |          |          |
| FS5       | Awareness regarding tools to examine firms' financial performance.     |          |          |          |          |          |

(c). Awareness with respect to aspects relating to firms' Board of Directors

| <b>BOD</b> | <b>Board of Directors</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|------------|---|----------|----------|----------|----------|----------|
| BOD1       | Awareness regarding board composition & its independence.           |          |          |          |          |          |
| BOD2       | Awareness regarding shareholding guidelines for board of directors. |          |          |          |          |          |
| BOD3       | Awareness regarding board meetings & their frequency.               |          |          |          |          |          |
| BOD4       | Awareness regarding performance measures of board of directors.     |          |          |          |          |          |

(d). Awareness with respect to auditing requirements of firms

| <b>AR</b> | <b>Auditing Requirements</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-----------|---|----------|----------|----------|----------|----------|
| AR1       | Awareness regarding the role of auditors (internal & external) in a firm. |          |          |          |          |          |
| AR2       | Awareness regarding importance of statutory audit of firms.               |          |          |          |          |          |
| AR3       | Awareness regarding auditors' remuneration & benefits.                    |          |          |          |          |          |
| AR4       | Awareness regarding the components in an auditors' report.                |          |          |          |          |          |

(e). Awareness with respect to environment and social governance in firms (ESG)

| <b>ESG</b> | <b>Environment and Social Governance</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|------------|--|----------|----------|----------|----------|----------|
| ESG1       | Awareness regarding the importance of ESG.   |          |          |          |          |          |
| ESG2       | Awareness regarding the impact of firms' operations on environment.                  |          |          |          |          |          |
| ESG3       | Awareness regarding impact of business operations on employees, customers & society. |          |          |          |          |          |
| ESG4       | Awareness regarding steps taken by firms to mitigate ESG risks.                      |          |          |          |          |          |

### **Part C**

**To examine the mediating role of professional background of individual investors in relationship between corporate governance practices and investment decisions.**

Tick (✓) the appropriate box where:

1= Strongly disagree

2= Disagree

3=Neither agree nor disagree

4=Agree

5= Strongly agree

Investors' professional background related to corporate governance practices for investment decisions

| <b>ID</b> | <b>Investment Decisions</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-----------|---|----------|----------|----------|----------|----------|
| ID1       | I was always interested to pursue my education & career in a field closely related to investments (E&C) |          |          |          |          |          |
| ID2       | My colleagues & friends influence my investment decisions (C&F)   |          |          |          |          |          |
| ID3       | I generally buy stocks of firms with good governance practices (CGP)                                    |          |          |          |          |          |
| ID4       | I consider firms' track record with respect to lapses in corporate governance before investing (LCG)    |          |          |          |          |          |

(a). Professional background with respect to education and occupation

| <b>EO</b> | <b>Education and Occupation</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-----------|---|----------|----------|----------|----------|----------|
| EO1       | Nature of my job is closely associated with market investments.   |          |          |          |          |          |
| EO2       | My occupation allows me time to take informed investment decisions.   |          |          |          |          |          |
| EO3       | My education & occupation are aligned with financial decision making.   |          |          |          |          |          |
| EO4       | I have sufficient knowledge & experience of making investments.   |          |          |          |          |          |
| EO5       | I have earned significant returns from my investments due to the knowledge of markets that my occupation offers me. |          |          |          |          |          |

(b). Professional background with respect to social networks

| <b>SN</b> | <b>Social Networks</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-----------|---|----------|----------|----------|----------|----------|
| SN1       | I am in contact with people having good knowledge of investments.                           |          |          |          |          |          |
| SN2       | My investment decisions are influenced by the expectations of my family members.            |          |          |          |          |          |
| SN3       | I overweigh outsiders' suggestions than my own understanding of investments.                |          |          |          |          |          |
| SN4       | I have earned good returns on my investments based on suggestions from friends/ colleagues. |          |          |          |          |          |

(c). Professional background with respect to investing behavior

| <b>IB</b> | <b>Investing Behavior</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-----------|---|----------|----------|----------|----------|----------|
| IB1       | I can pay higher prices for stocks of firms with good governance.   |          |          |          |          |          |
| IB2       | I overlook corporate governance while taking investment decisions.  |          |          |          |          |          |
| IB3       | I prefer speculation and don't consider corporate governance as an important aspect to be considered while investing. |          |          |          |          |          |
| IB4       | I consider corporate governance only in case of higher amounts of investments.  |          |          |          |          |          |

(d). Professional background with respect to market information

| <b>MI</b> | <b>Market Information</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-----------|---|----------|----------|----------|----------|----------|
| MI1       | I generally keep track of the market developments with respect to disclosure requirements of firms.               |          |          |          |          |          |
| MI2       | I have subscribed for business newspapers/ magazines and read them regularly for updates on corporate governance. |          |          |          |          |          |
| MI3       | I read the documents (annual reports/ other information) sent by the companies to their investors.                |          |          |          |          |          |
| MI4       | I am willing to pay higher cost for the information relating to corporate governance practices of firms.          |          |          |          |          |          |

## Part D

### To study the impact of corporate governance practices on investment decisions of individual investors.

(a). Rank the following attributes of investment avenues which affect your investment decisions (please rank all options and give only one rank to a specific option).

| Attribute                             | Rank |
|---------------------------------------|------|
| Financial performance                 |      |
| Historical returns                    |      |
| Risk in investment                    |      |
| Corporate governance of the firm      |      |
| Corporate social responsibility       |      |
| Ownership structure (Indian/ Foreign) |      |
| Brand image and reputation            |      |

(b). Please provide your level of agreement/ disagreement with respect to the statements.

| Statement No. | Statements   | Level of Agreement |   |   |   |   |
|---------------|--|--------------------|---|---|---|---|
|               |  | 1                  | 2 | 3 | 4 | 5 |
| 1             | Compliance with respect to “adequate board size” influences my decision to invest in a company.                          |                    |   |   |   |   |
| 2             | “Existence of Indian director(s) in the board” influences my decision to invest in a company.                            |                    |   |   |   |   |
| 3             | “Existence of woman director(s) in the board” influences my decision to invest in a company.                             |                    |   |   |   |   |
| 4             | “Existence of disqualified director(s) in the board” influences my decision to invest in a company.                      |                    |   |   |   |   |
| 5             | “Existence of family member(s) in the board” influences my decision to invest in a company.                              |                    |   |   |   |   |
| 6             | “Existence of independent audit committee without presence of management” influences my decision to invest in a company. |                    |   |   |   |   |
| 7             | “Frequency of board meetings” influences my decision to invest in a company.   |                    |   |   |   |   |
| 8             | “Effective circulation & implementation of minutes of the meetings” influences my decision to invest in a company.       |                    |   |   |   |   |
| 9             | “Conducting periodic performance reviews in the board  |                    |   |   |   |   |

|     |  |  |  |  |  |  |
|-----|--|--|--|--|--|--|
|     | meetings” affects my decision to invest in a company.  |  |  |  |  |  |
| 10. | “Conducting periodic satisfaction surveys of shareholders”influences my decision to invest in a company.   |  |  |  |  |  |
| 11. | “Existence & implementation ofwhistle-blower (corruption reporting) mechanism within the company”influences my decision to invest in a company.  |  |  |  |  |  |
| 12. | “Separate disclosure of financial results of holding and subsidiary companies”influences my decision to invest in a company.                     |  |  |  |  |  |
| 13. | “Disclosure of financial results of company as per the (IFRS) or (IIRC) framework” influences my decision to invest in a company.                |  |  |  |  |  |
| 14. | “External credit ratings (ECR) of the company” affects my investment decisions.  |  |  |  |  |  |
| 15. | “External auditor report”influences my decision to invest in a company.  |  |  |  |  |  |
| 16. | “Auditor’s qualifications”influences my decision to invest in a company.   |  |  |  |  |  |
| 17. | “Existence of physical and/ or electronic voting rights of shareholders in the meetings”influences my decision to invest in a company.           |  |  |  |  |  |
| 18. | “Provision for shareholders to reject Related Party Transaction (RPT) approved by audit committee”influences my decision to invest in a company. |  |  |  |  |  |
| 19. | “Sustainability initiatives of the company towards protection of environment, society etc.”influences my decision to invest in a company.        |  |  |  |  |  |
| 20. | “Publishing annual sustainability report by the company”influences my decision to invest in a company.   |  |  |  |  |  |
| 21. | “Involvement of company in ESG” influences my decision to make investment in that company.   |  |  |  |  |  |

**List of Publications:**

| <b>S.No</b>     | <b>Title</b>   | <b>Type of publication</b> |
|-----------------|--|----------------------------|
| September ,2024 | Corporate Governance Disclosers Reporting In India : A Bibliographic analysis  | UGC Care                   |
| March,2024      | Harnessing Artificial intelligence for effective Corporate Governance- Evaluating Board of directors' role and its influence on individual investors and ESG practices | Scopus                     |
| October,2023    | Fin tech Frontiers: Cloud computing and artificial intelligence applications for intelligent financial investment and block chain in the financial sector              | Scopus Indexed             |
| May,2023        | Corporate Governance impact on financial Performance of Indian retail Industry   | Peer Reviewed              |

| S.No | Name of the FDP/Conference attended  | Date of the FDP/Conference attended                |
|------|--|--|
| 1    | Art of writing Research paper  | 19 <sup>th</sup> to 25 <sup>th</sup> May 2021.     |
| 2    | LPU Refresher course on research methodology   | 24 <sup>th</sup> May -12 June 2021.                |
| 3    | Investment Awareness Program in collaboration with SEBI- IPEF                                    | 25 <sup>th</sup> May – 29 <sup>th</sup> May 2021.  |
| 4    | Research methodology   | 21 <sup>st</sup> – 22 <sup>nd</sup> June 2021.     |
| 5    | Effective Review of Literature   | 15 <sup>th</sup> July 2021.                        |
| 6    | Participated and presented a paper at the international conference.                              | 28 <sup>th</sup> and 29th July 2021.               |
| 7    | Research Methodology and Data Analytics  | 17th and 18th September 2021.                      |
| 9    | PLS SEM  | 8 <sup>th</sup> -14 <sup>th</sup> Nov 2021.        |
| 10   | Structural Equation Modelling Using AMOS and Process Macro                                       | 21 <sup>st</sup> Jan to 23 <sup>rd</sup> Jan 2022  |
| 11   | Participated and presented a paper at the international conference.                              | 28 <sup>th</sup> Jan 2022.                         |
| 12   | Participated and presented a paper at the international conference.                              | 21 <sup>st</sup> Feb to 23 <sup>rd</sup> Feb 2022. |
| 13   | Presented a paper on blackchain  | 21 <sup>st</sup> Nov 2022.                         |
| 14   | Participated and presented a paper at the LPU international conference.                          | 18 <sup>th</sup> August, 2023.                     |
| 15   | Participated and presented a paper at the Malla reddy University international conference.       | 25 <sup>th</sup> and 26 <sup>th</sup> April, 2024. |
| 16   | Participated and presented a paper at the Vishwa vishwani college international conference.      | 24 <sup>th</sup> and 25 <sup>th</sup> May, 2024.   |
| 17   | Participated in Two days National Conference and presented a paper at St. Josephs Degree College | 28 <sup>th</sup> and 1 <sup>st</sup> March, 2025.  |



Note : Certificates are attached below



# HUMAN RESOURCE DEVELOPMENT CENTER

[Under the Aegis of Lovely Professional University, Jalandhar-Delhi G.T Road, Phagwara (Punjab)]



Certificate No. 224566

## Certificate of Participation

This is to certify that  
**Ms. Swathi .G**  
Research Scholar  
Lovely Professional University, Phagwara  
successfully completed  
**REFRESHER COURSE ON RESEARCH METHODOLOGY AND DATA ANALYSIS**  
w.e.f May 24, 2021 to June 12, 2021 and obtained Grade "A"

Date of Issue : 12-06-2021  
Place: Phagwara (Punjab), India

Prepared by  
(Administrative  
Officer-Records)

Mr. Sarabjit Singh Kwatra  
Program Coordinator

Prof (Dr.) Sunaina Ahuja  
Program Convener

Prof (Dr.) Sanjay Modi  
Program Director

Page 1 of 3



Approved by AICTE, New Delhi & Affiliated to Osmania University Hyderabad  
Chilkur (V), Moinabad (M), Ranga Reddy Dist. TS – 501504

**IMQ8IC-CE000028**

A Five Day  
National Workshop on  
E Investment Awareness Program in collaboration with SEBI- IPEF  
(25<sup>th</sup> – 29<sup>th</sup> May 2021, Through Online Mode)

**CERTIFICATE OF PARTICIPATION**

This is to certify that Ms. Swathi.G from Lovely professional university has attended A Five Day National Workshop on “E Investment Awareness Program” organised by Global Education Centre(MBA) in collaboration with SEBI- IPEF From 25th -29th May 2021 through OnlineMode.

**Dr.Shama Yasmeeen**  
Convenor

**Amit Gupta**  
SEBI Empaneled Securities Markets Trainer

Printed by: www.ashish.com






**Kaka's**

**Dr. B. R. Ambedkar Institute of Management and Technology**

Approved by AICTE, Affiliated to Osmania University  
1-8-1, Baghlingampally, Hyderabad-500044

**Certificate of Participation**

This is to Certify that Prof./Dr./Mr./Ms. **Swathi.G**  
has participated successfully in the **Two Day International Virtual Workshop on Research Methodology and Data Analytics on 17th and 18th September 2021** organised by Dr. B. R. Ambedkar Institute of Management and Technology, Baghlingampally, Hyderabad-500044.

  
**Shaik Abdul Mazeed**  
Co-Convener

  
**Dr. Nagaraja. P.**  
Convener

Made for free with Certify'em







## *Certificate of Participation*

This certificate is awarded to

**Swati G.**

from Lovely Professional University

For successfully completing seven days faculty programme on  
"Enhancing Research Skills: An Introduction to structural equation  
modelling using SMART-PLS"  
held from 8th Nov, 2021 to 14th Nov, 2021 organized by **Simplify Research**

---

**Nov 21st, 2021**

Date of issue

**Dr. Monika Soni**

Research Instructor and  
Director

[www.SimplifyResearch.com](http://www.SimplifyResearch.com)



## Certificate

Of Participation

This is to certify that Swathi.G, Research Scholar , Lovely professional University has attended the three days Faculty Development Programme on “Structural Equation Modelling Using AMOS and Process Macro” organized by Koach Scholar, New Delhi from 21 -23 January, 2022.

Dr. Arun Aggarwal  
Assistant Professor  
Chitkara University  
Chandigarh

Dr. Shalini Sahni  
Founder- Koach Scholar





Kaka's

**Dr. B. R. AMBEDKAR INSTITUTE OF MANAGEMENT AND TECHNOLOGY**

Founder Chairman: Late Sri. Kaka Venkata Swamy

Approved by AICTE, Affiliated to Osmania University

1-8-1, Baghlingampally, Hyderabad - 500 044, Telangana, India, [www.dbraei.edu.in](http://www.dbraei.edu.in)



**Three-Day International Virtual Conference on  
Contemporary Issues in Business and Management (ICCIBM-2022)**  
21<sup>st</sup> - 23<sup>rd</sup> February 2022

## CERTIFICATE

This is to certify that **Swathi.G**, from **Lovely professional university**, has participated and presented a paper titled **Role of corporate governance on financial performance of selected indian retail industry** in a Three-Day International Virtual Conference on Contemporary Issues in Business and Management (ICCIBM-2022) organized by Dr. B. R. Ambedkar Institute of Management and Technology on 21st, 22nd and 23rd of February 2022.

Shaik Abdul Mazeed  
Convener

Dr. Nagaraja. P.  
Principal

Made for free with Certify'em



Certificate No. 236710

## Certificate of Recognition

This is to certify that Dr./ Mr. / Ms. Swathi.G  
of Mittal School of Business, India  
has participated and presented paper titled Role of corporate governance in Investment decisions of Individual Investors  
in the International Conference on '**INDUSTRY 5.0: HUMAN TOUCH, INNOVATION AND EFFICIENCY**' held on January 28, 2022 organized by Mittal School of Business, Lovely Professional University, Punjab.

Date of Issue : 15.02.2022  
Place of Issue: Phagwara (INDIA)

  
Prepared by  
(Administrative Officer-Records)

  
Organizing Secretary  
Dr. Rajesh Verma

  
Conference Director  
Dr. Sanjay Modi



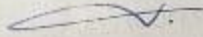
**MITTAL**  
SCHOOL OF BUSINESS  
(ACCREDITED BY ACBSP, USA)


Certificate No. 286164

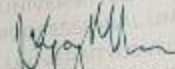
## Certificate of Recognition

This is to certify that **Swathi.G** of **Lovely Professional University, Phagwara** has participated and presented a paper titled **"Corporate Governance And Its Impact On Firm Performance"** in the International Conference on **"Digital Transformation for Business Sustainability & Growth"** held on **August 18, 2023** organized by **Mittal school of Business, Lovely Professional University, Punjab.**

Date of Issue: 18-08-2023  
Place: Phagwara (Punjab), India

  
Prepared by  
(Administrative Officer-Records)

  
Organizing Secretary  
Dr. Rajesh Verma

  
Conference Director  
Dr. Sanjay Modi



# MALLA REDDY UNIVERSITY

(Telangana State Private Universities Act No. 13 of 2020)  
Maisammaguda, Kompally, Hyderabad - 500 100, Telangana State.

## SCHOOL OF MANAGEMENT AND COMMERCE

### 3<sup>rd</sup> INTERNATIONAL SEMINAR ON ECONOMIC IMPACT OF ENTREPRENEURSHIP AND INNOVATION IN HIGH POTENTIAL AND DEVELOPING ECONOMIES

April 25 - 26, 2024

## CERTIFICATE OF PARTICIPATION AND PAPER PRESENTATION

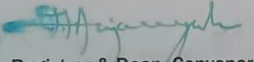
This is to certify that Prof/Dr/Mr/Ms Shwathi G. Dr. Anurag Pahuja

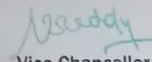
From LPU has Participated and Presented a paper

titled The influence of corporate governance on Investment choices:  
a focus on Individual Investors in Startup

in International Seminar Organized by the School of Management and Commerce,  
Malla Reddy University.

  
HoD, MBA

  
Registrar & Dean, Convenor  
Registrar  
Malla Reddy University

  
Vice Chancellor

Nation First



ACCREDITED BY



Approved by



The GLOBAL TREND  
dressing up the Corporates since 2004



digit INSURANCE

**VISHWA  
VISHWANI**  
INSTITUTIONS - HYDERABAD

# CERTIFICATE

*Swathi. G*

has Presented in the  
**International Conference on**  
**"Paradigm Shift Towards Sustainable**  
**Management & Digital Practices: Exploring**  
**Global Trends and Innovations"**  
on 24<sup>th</sup> & 25<sup>th</sup> May, 2024  
with research paper titled

Research themes and theoretical  
Connections Between Corporate  
Governance and Esg

Prof. Dr. Mohan S Rao  
Vice President & Director

Dr. V Jayashree  
Convener

Prof. Dr. M Madana Mohan  
Convener





## ST. JOSEPH'S DEGREE & PG COLLEGE

Autonomous, Affiliated to Osmania University, Re-accredited by NAAC (3<sup>rd</sup> Cycle),  
King Koti, Hyderabad, Telangana-500029.

### TWO-DAY NATIONAL SEMINAR ON EMBRACING THE DIGITAL AGE: STRATEGIES FOR TRANSFORMING BUSINESSES AND BUILDING RESILIENT ECO-SYSTEMS

28<sup>th</sup> FEBRUARY, 2025 & 1<sup>st</sup> MARCH, 2025

## Certificate

**Swathi G**

This is to certify that .....

Organisation, **Lovely Professional University** ..... has Participated / Presented a

Paper on **Can employee share ownership be integrated with corporate governance** .....

in the National Seminar Organised by Department of Business Management, St. Joseph's Degree & PG College,  
King Koti, Hyderabad.

*R. Anita*  
Organizing Secretary  
Prof. R. Anita

*Prof. Nagunuri Srinivas*  
Convenor  
Prof. Nagunuri Srinivas

*Fr. Anthony Sagayaraja*  
Principal  
Fr. Anthony Sagayaraja