CORPORATE GOVERNANCE PRACTICES IN FMCG SECTOR

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Abstract

Effective corporate governance is now a need for every business that wants to succeed since it can raise a company's valuation and increase its potential profitability. Panel data regression was used for the objective of studying the relationship between Corporate Governance Practices and Corporate Performance. 10 companies selected from FMCG sectors on the basis of market Capitalizations have been analyzed. It was found that audit meetings have positive relation with ROA and ROCE while negative relation with P/E, number of independent directors has positive association with EPS while negative association with ROA and number of meetings has negative association with EPS.

Keywords: Governance, ROI, ROCE, P/E, EPS

1. Introduction

Corporate governance has become a very important topic globally in recent years. Corporate failures like Enron and World Com have taught investors that the subject of corporate governance cannot be disregarded. Concerns about India's governance practices have increased as a result of the crises involving the Indian markets and the Satyam corporate fraud. Investors from Western nations are pressuring Indian companies to adhere to corporate governance principles in their transactions and to guarantee financial transparency, board independence, and shareholder rights. Every stakeholder, especially shareholders, has high expectations for good governance. Organizational Governance has quickly become a metric for assessing corporate excellence in the context of domestic and international business practices.

2. Review of Literature

An in-depth understanding of the crucial elements that are crucial for the study is required for research. Only after carefully reading the review of the literature is it possible to conduct a successful research because it aids in identifying the gaps in previous studies. The following is a quick discussion of a few pertinent studies connected to the research topic:-

Title	Year	Authors	Objectives	Tools used	Findings
Corporate Governance and Earnings Management	2001	Chtourou, Bedard and Courteau	to investigate the effect of best governance practices by board of directors and audit committees on the practice of earnings management through discretionary accruals	Krustal – Wallis test and Chi-square test	audit committee characteristics, board size and board competencies were negatively associated with earnings management
Corporate governance, investor protection and performance in emerging markets	2004	Klapper and Love	To investigate the determinants of firm-level governance and investigated the relation between corporate governance and legality	Tobin's Q and return on assets	There were well-governed firms in countries with weak shareholders protection and weak legal systems and badly governed firms in countries with strong legal systems.

An Empirical Study on Corporate Governance and Market Valuation in China	2006	En et al	To study the impact of various corporate governance mechanism on the market valuation of 1004 firms listed in both Shanghai stock exchange and Shenzhen stock exchange during 2000	Tobin's q and Market to Book ratio	a high concentration of shareholding among the second to the tenth largest shareholders, issuing shares to foreign investors and a high ratio of outside investors had statistically significant and positive effect on market valuation
Corporate Governance and Valuation: Are they related? (A study of selected Indian Companies)	2008	Kohli	To evaluate the effect of corporate governance levels on firm financial performance and market valuations		there is a relation between corporate governance and the market valuation as superior governance results in better valuation and companies with high governance rankings enjoy superior market valuation
Accounting Conservatism and Corporate Governance	2009	Lara et al	To examine the association between corporate governance provisions and the incidence of conditional accounting conservatism	a composite index	firms with stronger corporate governance provisions in place were more conservative as measured by three proxies of conditional conservatism
Corporate governance and disclosure practices: A study of Sensex (Index) companies	2010	Dessai and Bhanumurthy	To evaluate the corporate governance and disclosure practices in 30 Sensex companies with regard to board composition, audit committee and shareholders grievance committee during 2009	Percentage, mean and standard deviation	all the companies had fulfilled the provision of minimum number of meetings held in a year of board of directors and shareholder grievance committee
Corporate Governance vis-à-vis Executive Compensation and Firm Performance in India	2011	Shukla	To find the relationship between corporate governance, executive compensation and firm performance in India	Regression model	the sectors of IT and FMCG were the highest in corporate governance scores whereas capital goods sector was recorded the lowest scores
Accounting for Exceptionally Exceptional Corporate Governance	2012	Savani	To evaluate the interrelationship between accounting and corporate governance		accounting shows the way to proceed with corporate governance, thus for the benefit of the stakeholders there must be accounting of

					corporate governance
Corporate Governance and Performance of Externally Managed Singapore REITs	2013	Lecomte and Ooi	To examine the link between corporate performance and quality of corporate governance among externally managed 21 REITs listed on the Singapore stock exchange during the period from 2002 to 2008	Mean, medium and standard deviation	no relationship was found between corporate governance and operating performance of S- REITs and S- REITs with higher CG tented to register better risk- adjusted returns but did not out perform operationally
Implications of corporate governance on financial performance: an analytical review of governance and social reporting reforms in India	2018	Goel	To explore the effectiveness of these corporate governance reforms by analyzing the corporate governance practices followed by Indian companies in two reform periods (FY 2012–13 as Period 1) and (FY 2015–16 as Period 2)	Corporate Governance Performance Index	a significant relationship between integrated framework of total corporate social performance and financial performance only in period 1. Corporate governance reforms do not impact financial linkages in Indian market in period 2.
Corporate Governance in India: Issues and importance	2019	Robin	To study the importance of Corporate Governance and issues and challenges on the way to Corporate Governance		Although India has achieved a good rank in corporate governance regulation but being a developing country has a long way to go on the path of corporate governance.
Corporate governance in India: A systematic review and synthesis for future research	2020	Almaqtari et. al	To review systematically the state of the art of corporate governance in India		Among corporate governance issues, board and audit committee independence, foreign and institutional ownership have the highest and majority focus of research in India
Corporate Governance and its impact on organizational performance in the fourth industrial revolution: A systematic	2022	Gwala and Mashau	to systematically review the existing studies of corporate governance with organisational performance in the Fourth Industrial Revolution and put forward theories, research methods,		Results show a positive correlation between corporate governance and organisational performance

Literature Review			topics, and variables that emerge from the review		

3. Research Methodology

Objectives of the study

The study has been conducted with the following objectives:

- To understand the concept of Corporate Governance
- To study the relationship between Corporate Governance Practices and Corporate Performance.

4. Scope of the study

Only the Indian Corporate Sector was included in the current analysis. The study intends to assess the Corporate Governance Practices of 10 listed businesses chosen from the FMCG industry on the basis of Market Capitalization from the NSE (National Stock Exchange)..

5. Nature of the study and data collection

The study solely relies on secondary data. Data was gathered from the annual reports of the companies chosen for the study in order to examine the corporate governance procedures of Indian companies. The primary source of data collection was the annual reports of the selected FMCG companies from 2010–11 to 2021–22. From www.reportjunction.com and the CMIE Prowess Database, all of the yearly reports were retrieved (Centre for Monitoring Indian Economy).

Various variables used for the study:

Sr. No.	Independent Variables	Dependent variables	Control variables
1	Number of Directors on the board	Return on assets (ROA)	Age
2	Ratio of Independent directors on the board	Return on capital employed (ROCE)	Size
3	Number of Meetings held	Price/ Earnings ratio (P/E)	Growth
4	Audit Committee size	Net profit margin in sales	
5	Number of Independent directors in Audit Committee	Earnings per share	
6	Number of audit meetings		
7	Number of Committees		
8	Participation Rate		

6. Tools used for analysis

6.1 Panel Data Regression

Longitudinal or cross-sectional time-series data are other names for panel data. It consists of a collection of observations made on many things over time. More degrees of freedom, more accurate data, less collinearity across variables, and increased efficiency are all benefits. Both the Fixed-effects model and the Random-effects model are methods that are applied in panel data regression. Unobserved individual effects that are correlated with the model's regressors should use the Fixed-effect model, while unobserved entity effects that are presumed to be independent of the error term and uncorrelated with the model's regressors should use the Random-effect

model. The OLS is employed when one of these two models is not suitable for any panel data. Models like the following have been employed:

Model I:

$$ROA_{it} = \alpha_1 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + \beta_6 X_{6it} + \beta_7 X_{7it} + \beta_8 X_{8it} + \beta_9 X_{9it} + \beta_{10} X_{10it} + \beta_{11} X_{11it} + \mu_{it}$$

Model II:

$$ROCE_{it} = \alpha_1 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + \beta_6 X_{6it} + \beta_7 X_{7it} + \beta_8 X_{8it} + \beta_9 X_{9it} + \beta_{10} X_{10it} + \beta_{11} X_{11it} + \mu_{it}$$

Model III:

$$P/E_{it} = \alpha_1 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + \beta_6 X_{6it} + \beta_7 X_{7it} + \beta_8 X_{8it} + \beta_9 X_{9it} + \beta_{10} X_{10it} + \beta_{11} X_{11it} + \mu_{it}$$

Model IV:

$$NPMS_{it} = \alpha_1 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + \beta_6 X_{6it} + \beta_7 X_{7it} + \beta_8 X_{8it} + \beta_9 X_{9it} + \beta_{10} X_{10it} + \beta_{11} X_{11it} + \mu_{it}$$

Model V:

$$EPS_{it} = \alpha_1 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + \beta_6 X_{6it} + \beta_7 X_{7it} + \beta_8 X_{8it} + \beta_9 X_{9it} + \beta_{10} X_{10it} + \beta_{11} X_{11it} + \mu_{it}$$

Where ROA = Return on Assets, ROCE = Return on Capital Employed, P/E = Price/ Earning Ratio, NPMS = Net Profit Margin in Sales, EPS = Earning Per Share, α_1 = Intercept, β_1 to β_{11} = Regression Coefficients, X_1 = Number of directors on the board, X_2 = Ratio of Independent Directors on the board, X_3 = Number of meetings held, X_4 = Number of Independent Directors in Audit Committee, X_5 = Audit Committee Size, X_6 = Number of Audit Meetings, X_7 = Number of committees, X_8 = Participation rate, X_9 = Age, X_{10} = Size, X_{11} = Growth, μ = Error Component

The association between corporate governance and corporate performance has been determined using two panel data models, the Fixed-effects regression model and the Random-effects regression model. To examine the issue of multicollinearity among chosen variables, the Variance Inflation Factor (VIF) test has been applied. The Hausman Specification test has been used to determine whether a model is suitable for analysis. The relationship between corporate governance and corporate performance has been studied using only appropriate models based on test implications.

6.2 Hausman Test

The Hausman's specification test aids in comparing the Fixed-effects model and the Random-effects model to test the null hypothesis that the individual effects are not linked with the other regressors in the model. If the Hausman's Specification test result is negative, the null hypothesis cannot be rejected and it highlights the use of the random-effects model; however, if the result is positive and the value of p is less than 0.05, the null hypothesis can be rejected and it highlights the use of the fixed-effects model. The Hausman's Specification test was used in the current investigation to determine whether the model was appropriate.

6.3 Variance Inflation Factor (VIF)

Multicollinearity is the relationship between regressors, and it has the potential to impact the model's predictions. An estimated regression coefficient's increased amount of variation is measured using the Variance Inflation Factor (VIF). Variance Inflation Factor (VIF) has been used on the data in the current investigation to test for collinearity between the regressors. Collinearity is not an issue if VIF values are less than 10.

Table- 1 Collinearity Statistics of Independent Variables

Variables	**VIF**	**1/VIF**
Number of Directors on the Board	3.70	0.269977
Ratio of Independent directors on the Board	4.77	0.209598
Number of meetings held	1.14	0.876546
Audit committee size	3.42	0.292659
Number of Independent directors in audit committee	3.36	0.297276
Number of audit meetings	1.70	0.589899
Number of committees	1.74	0.573999
Participation rate	1.08	0.930030
Age	1.69	0.591252
Size	2.19	0.457155
Growth	1.20	0.831547
Mean VIF	**2.36**	

7. Results

Panel data regression on data has been used to examine the association between Company Governance characteristics and corporate performance indicators.

Table- 2 Results of Fixed effects GLS Regression: Dependent variable as Return on Assets (ROA) of FMCG sector

R-sq: Within= 0.2156 Between= 0.2083 Overall= 0.0468	Number of Obs =130 Number of groups = 10 F(11,109) = 2.72 Prob>F = 0.0038
VARIABLES	**REGRESSION COEFFICIENTS**
Number of Directors on the Board	.9173941 (1.26)
Ratio of Independent Directors on the Board	-2.40821 (-2.26)**
Number of Meetings held	-.3850769 (-0.92)
Number of Independent directors in Audit Committee	-2.789132 (-1.59)
Audit Committee size	.3676529 (0.25)
Number of Audit meetings	2.205617 (3.40)*
Number of Committees	.6591732 (1.04)
Participation Rate	-.1759593 (-2.26)**
Age	-25.4842 (-2.19)**
Size	12.00759 (2.19)**
Growth	.0074364 (0.24)
Constant	14.63485 (0.99)
Durbin- Watson Test = 1.150144	

****** denotes values significant at 5% level, ***** denotes values significant at 1 % level, **Note:** The figures given in parentheses indicate the t-values.

Table 2 displays the findings of the Fixed Effects GLS Regression for the FMCG sector, where Return on Assets (ROA) was used as a dependent variable along with other independent variables and control factors over the study period. Using Fixed Effects GLS Regression on the FMCG sector with Return on Assets as the dependent variable, the Hausman test results show a value of 41.65 and a p-value less than 0.05. The VIF test was used to determine whether the model contained multicollinearity, and the results show that all of the selected variables have values lower than 10. Thus, it demonstrates that multicollinearity is not a concern in this model. The

Durbin-Watson test result of 1.15 demonstrates that there is no autocorrelation issue in this model because it falls within the permitted range of 1 to 3. The model's validity and importance are shown by the value of F, which is 2.72, and the p-value of 0.0038. As the value of R2 is at 0.2156, the findings of panel data demonstrate changes in the dependent variable, Return on Assets, of 21.56 percent due to some unique circumstances. It demonstrates that among all the variables included in Model I, three independent variables—the percentage of independent directors on the board, the number of audit meetings, and the participation rate—as well as two control variables—the firm's age and size—have a significant impact on Return on Assets.

At the 1% level of significance, there is a positive and significant relationship between the number of audit meetings and return on assets, and there is a positive and significant relationship between return on assets and firm size at the 5% level of significance. However, there is a negative and significant relationship between return on assets and the percentage of independent directors on the board, participation rate, and the age of the company at the 5% level of significance.

Table- 3 Results of Fixed effects GLS Regression: Dependent variable as Return on Capital Employed (ROCE) of FMCG sector

R-sq: Within= 0.2515 Between= 0.1742 Overall= 0.0401	Number of Obs = 130 Number of groups = 10 F(11,109) = 3.33 Prob > F = 0.0006
VARIABLES	**REGRESSION COEFFICIENTS**
Number of Directors on the Board	.4871303 (0.29)
Ratio of Independent Directors on the Board	-3.063825 (-1.26)
Number of Meetings held	-.691526 (-0.72)
Number of Independent directors in Audit Committee	-6.607729 (-1.65)
Audit Committee size	1.058606 (0.31)
Number of Audit meetings	4.412056 (2.97)*
Number of Committees	.9163837 (0.63)
Participation Rate	-.2832128 (-1.59)
Age	-89.44532 (-3.36)*
Size	31.65449 (2.52)**
Growth	-.1260675 (-1.76)***
Constant	57.63418 (1.70)
Durbin- Watson = 1.11677	

****** denotes values significant at 5% level, ***** denotes values significant at 1 % level, **Note:** The figures given in parentheses indicate the t-values.

Return on Capital Employed (ROCE), along with other independent factors and control variables, was used as a dependent variable in Table-3's Fixed Effects GLS Regression analysis of the FMCG sector. The result of the Hausman test is 133.96, and the p-value is less than 0.05, which illustrates the use of Fixed Effects GLS Regression on the FMCG sector with Return on Capital Employed as the dependent variable. The VIF test was used to determine whether the model contained multicollinearity, and the results showed that all of the selected variables had values lower than 10. This proves that this model's multicollinearity is not a concern. It is clear that there is no autocorrelation issue in this model because the Durbin-Watson test result, 1.12, falls within the recommended range of 1 to 3.

The model's validity and importance are demonstrated by the model's value of 3.33 and p-value of 0.0006, respectively. Return on Capital Employed, a dependent variable, exhibits changes of 25.15 percent as a result of some particular circumstances, as shown by the panel data results, where R2 is equal to 0.2515. It also demonstrates that among all the factors included in Model II, one independent variable—the number of audit meetings—and three control variables—the age of the firm, firm size, and firm growth—have a big impact on the performance of the firm. Age and firm growth have negative and significant relationships with return on capital employed at 1% and 10% levels of significance, respectively, while the number of audit meetings and

firm size has positive and significant relationships with return on capital employed at 1% and 5% levels of significance, respectively.

Table- 4 Results of Random effects GLS Regression: Dependent variable as Price/ Earning Ratio (P/E) of FMCG sector

R-sq: Within= 0.2472 Between= 0.5528 Overall= 0.3300	Number of Obs = 130 Number of groups = 10 Wald chi2 (11) = 58.13 Prob>chi2 = 0.0000
VARIABLES	**REGRESSION COEFFICIENTS**
Number of Directors on the Board	1.507283 (1.08)
Ratio of Independent Directors on the Board	2.151274 (0.89)
Number of Meetings held	.7689566 (0.92)
Number of Independent directors in Audit Committee	2.045795 (0.67)
Audit Committee size	-7.171926 (-2.60)*
Number of Audit meetings	-3.740246 (-2.88)*
Number of Committees	2.495494 (1.89)***
Participation Rate	-.1229617 (-0.75)
Age	-20.71614 (-3.96)*
Size	16.65834 (3.12)*
Growth	.2674012 (3.24)*
Constant	-2.995687 (-0.13)
Durbin- Watson = 1.512779	

*** denotes values significant at 10% level, * denotes values significant at 1 % level, **Note:** The figures given in parentheses indicate the z-values.

The Price/ Earning Ratio (P/E) has been taken into account as a dependent variable along with other independent variables and control variables during the study period, and the results of the Random Effects GLS Regression for the FMCG industry are shown in Table 4. The Hausman test yields a value of -138.46, which illustrates the use of Random Effects GLS Regression on the FMCG industry with Price/ Earning Ratio as the dependent variable. The model's multicollinearity was examined using the VIF test, and the results show that all of the selected variables have values lower than 10. This proves that this model's multicollinearity is not a concern.

It is clear that there is no autocorrelation issue in this model because the Durbin-Watson test result, 1.51, is within the recommended range of 1 to 3. The Wald chi-square value of 58.13 and the p-value of 0.0000 demonstrate the validity and importance of the model. The Price/Earnings Ratio, the dependent variable, exhibits changes of 33 percent as a result of some particular factors, as seen by the fact that R2 is 0.3300. It also demonstrates that among all the variables included in Model III, three independent variables, including the size of the audit committee, the frequency of audit meetings, the number of committees, and three control variables, including the firm's age, size, and rate of growth, have a significant impact on the price-to-earnings ratio.

Additionally, it shows that the number of committees and the size and growth of the firm have positive and significant relationships with price/earning ratio at the 10% level of significance while these relationships are positive and significant at the 1% level of significance. At the 1% level of significance, the size of the audit committee, the frequency of audit meetings, and the firm's age all have a negative and significant relationship with price/earning ratio.

Table- 5 Results of Fixed effects GLS Regression: Dependent variable as Net Profit Margin in Sales of FMCG sector

R-sq: Within= 0.3720 Between= 0.1524 Overall= 0.0032	Number of Obs = 130 Number of groups = 10 F(11,109) = 5.87 Prob>F = 0.0000
VARIABLES	**REGRESSION COEFFICIENTS**
Number of Directors on the Board	-1.29722 (-2.17)**
Ratio of Independent Directors on the Board	.9279354 (1.06)
Number of Meetings held	-.8969752 (-2.61)*
Number of Independent directors in Audit Committee	.3251142 (0.23)
Audit Committee size	-3.332584 (-2.74)*
Number of Audit meetings	-.4334796 (-0.81)
Number of Committees	-1.074358 (-2.06)**
Participation Rate	.0461426 (0.72)
Age	-4.554475 (-0.48)
Size	7.843749 (1.74)***
Growth	.0741846 (2.88)*
Constant	14.21403 (1.17)
Durbin- Watson = 1.196829	

******* denotes values significant at 10% level, ****** denotes values significant at 5% level, ***** denotes values significant at 1 % level

Note: The figures given in parentheses indicate the t-values.

Table 5 displays the findings of a Fixed Effects GLS Regression conducted on the FMCG industry, where Net Profit Margin in Sales was used as a dependent variable along with other independent variables and control factors over the study period. In the FMCG sector, where net profit margin in sales has been taken as the dependent variable, Fixed Effects GLS Regression has been applied. The Hausman test results reveal a value of 46.54 and a value of p that is less than 0.05.

The VIF test was used to determine whether the model had multicollinearity, and all of the selected variables' values fell below the threshold of 10. Thus, it demonstrates that multicollinearity is not a concern in this model. The Durbin-Watson test result of 1.20 is within the permitted range of 1 to 3, indicating that there is no autocorrelation issue with this model. The F value of 5.87 and p-value of 0.0000 demonstrate the model's validity and importance. As the value of R2 stands at 0.3720, the results of panel data demonstrate that some specific factors can cause fluctuations of 37.20 percent in the dependent variable, net profit margin in sales. It demonstrates that, out of all the variables used in Model IV, two control variables—firm size and growth—as well as four independent variables—the number of directors on the board, the frequency of board meetings, the size of the audit committee, and the number of committees—have all been found to have a significant impact on the performance of the firm.

Size and expansion of the business have a positive and significant relationship with net profit margin in sales, whereas the number of board members, meetings held, size of the audit committee, and number of committees has a negative and significant relationship with net profit margin in sales. While the size of the business and net profit margin in sales have a positive and significant relationship, the size of the firm has a positive and significant relationship with net profit margin in sales at a 10% significant level. The size of the audit committee and the frequency of meetings have a negative and significant relationship with net profit margin in sales at the 1% level of significance, whereas the number of board members and the number of committees have a negative and significant relationship with net profit margin in sales at the 5% level of significance.

Table- 6 Results of Random effects GLS Regression: Dependent variable as Earning Per Share (EPS) of FMCG sector

R-sq: Within= 0.0664 Between= 0.8087 Overall= 0.3042	Number of Obs = 130 Number of groups = 10 Wald chi2 (11) = 51.58 Prob>chi2 = 0.0000
VARIABLES	**REGRESSION COEFFICIENTS**
Number of Directors on the Board	-6.029616 (-3.30)*
Ratio of Independent Directors on the Board	8.014769 (2.54)**
Number of Meetings held	-3.308329 (-3.02)*
Number of Independent directors in Audit Committee	-3.343561 (-0.83)
Audit Committee size	2.753556 (0.76)
Number of Audit meetings	-2.635469 (-1.55)
Number of Committees	-1.706372 (-0.99)
Participation Rate	.7740892 (3.64)*
Age	31.76668 (4.65)*
Size	-9.707252 (-1.39)
Growth	.0768309 (0.71)
Constant	21.38161 (0.70)
Durbin- Watson Test = 1.228728	

****** denotes values significant at 5% level, ***** denotes values significant at 1 % level, **Note:** The figures given in parentheses indicate the z-values.

Table 6 displays the findings of the FMCG sector's Random Effects GLS Regression, which included other independent variables, control variables, and Earnings per Share as dependent variables. The Hausman test yields a result of -35.82 and illustrates the use of Random Effects GLS Regression on the FMCG industry with Earnings per Share as the dependent variable. The model's multicollinearity was examined using the VIF test, and the results show that all of the selected variables have values lower than 10. This proves that this model's multicollinearity is not a concern.

The Durbin-Watson test result, which is 1.23, is within the permitted range of 1 to 3, indicating that there is no autocorrelation issue with this model. The validity and importance of the model are demonstrated by the Wald chi-square, which is 51.58 and has a p-value of 0.0000.

With an R2 value of 0.3042, panel data findings demonstrate changes in the dependent variable, or Earnings per Share, of 30.42 percent due to some particular circumstances. It also demonstrates that, out of all the variables used in Model V, four independent variables—the number of directors on the board, the proportion of independent directors on the board, the number of meetings held, and the participation rate—as well as one control variable—the firm's age—have all had a significant impact on firm performance.

At the 1% level of significance, participation rate and company age have a positive and significant relationship with earnings per share, whereas the percentage of independent directors on the board has a positive and significant relationship with earnings per share at the 5% level of significance. At the 1% level of significance, there is a negative and significant relationship between the number of directors on the board and the frequency of board meetings.

8. Conclusion

The frequency of audit meetings and ROA has a positive and significant association, whereas the proportion of independent directors on the board and participation rate has a negative and significant link. ROCE has positive and significant relationship with number of audit meetings. P/E ratio and committee count have a positive and significant link, whereas audit committee size and audit meeting frequency have a negative and significant relationship. The number of directors on the board, the frequency of meetings, the size of the audit committee and the number of committees all have a negative and substantial link with net profit margin in sales. While

there is a negative and significant association between the number of meetings held and EPS, there is a positive and substantial relationship between the ratio of independent directors on the board and participation rate.

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