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"MEDIATING ROLE OF CORPORATE GOVERNANCE IN FIRM PERFORMANCE AND FIRM REPUTATION OF NIFTY 50 COMPANIES"

Submitted to Department of Commerce, Central University of Karnataka in partial Fulfilment of the Requirement for the award of

Master Of Commerce

By

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May 2022

DECLARATION

I**, BHARATHWAJ.** do here by declare that the project report "**MEDIATING ROLE OF CORPORATE GOVERNANCE IN FIRM PERFORMANCE AND FIRM REPUTATION OF NIFTY 50 COMPANIES**" is an authentic report of the project work conducted by me under the supervision of **Prof**. **K. Padmasree,** Department of Commerce, Central University of Karnataka, in partial fulfilment of the requirements of the award of Master of commerce Degree, Central university of Karnataka during the year 2020-2022.

I also declare that this report has not been submitted previously by me, either fully or partially for the award of any degree, diploma, title or recognition.

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I also certify that this has not been submitted to any university or institution for the award of any degree or diploma

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This is to certify that the dissertation report entitled **"MEDIATING ROLE OF CORPORATE GOVERNANCE IN FIRM PERFORMANCE AND FIRM REPUTATION OF NIFTY 50 COMPANIES"** is a bonafide work undertaken by Mr.B.BHARATHWAJ and has been prepared under the guidance of **Prof. K. Padmasree**, during the academic year 2020-2022 and is submitted to the department of commerce, Central University of Karnataka, in a partial fulfilment of the requirements for the award of degree of Master of commerce

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Abstract:

“The project aims at reviewing the various developments in Corporate Governance category into two 1. firm performance and 2.firm reputation of the nifty 50 company in India . The emergence of new technologies in the era of globalization and liberalization entirely changed the nature of business transactions. Good corporate governance became a key word to handle accounting scandals and to mitigate growing concern about the quality of financial statements. In short Corporate Governance is about promoting corporate fairness, transparency and accountability (Harshad Mehta stock market scam of 1992and Satyam scam)

Key words: corporate governance, firm performance firm reputation nifty50, corporate fairness, globalization and liberalization

CHAPTER 1
INTRODUCTION

Evaluation of corporate governance in India:

The concept of good governance is very old in India dating back to third century B.C. where Chanakya (Vazir of Parliputra) elaborated fourfold duties of a king viz. Raksha, Vriddhi, Palana and Yogakshema. Substituting the king of the State with the Company CEO or Board of Directors the principles of Corporate Governance refers to protecting shareholders wealth (Raksha), enhancing the wealth by proper utilization of assets (Vriddhi), maintenance of wealth through profitable ventures (Palana) and above all safeguarding the interests of the shareholders (Yogakshema or safeguard). Corporate Governance was not in agenda of Indian Companies until early 1990s and no one would find much reference to this subject in book of law till then. In India, weakness in the system such as undesirable stock market practices, boards of directors without adequate fiduciary responsibilities, poor disclosure practices, lack of transparency and chronic capitalism were all crying for reforms and improved governance. The fiscal crisis of 1991 and resulting need to approach the IMF induced the Government to adopt reformative actions for economic stabilization through liberalization. The momentum gathered albeit slowly once the economy was pushed open and the liberalization process got initiated in early 1990s. As a part of liberalization process, in 1999 the Government amended the Companies Act, 1956. Further amendments have followed subsequently in the year 2000, 2002 and 2003.The major corporate governance initiatives launched in India since the mid 1990s.There are various reforms which were channelled through a number of different path swith both the Security and Exchange Board of India (SEBI)and the Ministry of Corporate Affairs, Government of India(MCA) playing important roles.

Committee on Corporate Governance

1. Confederation of Indian Industries (CII): The Confederation of Indian Industries is set up a taskforce in 1995 under Rahul Bajaj, a reputed industrialist. In April 1998, the CII released the code called “Desirable Corporate Governance”. It looked into various aspects of Corporate Governance and was first to criticize nominee directors and suggested dilution of government stake in companies

2. Kumar Mangalam Birla Committee Report: While the CII code was well received by corporate sector and some progressive companies also adopted it second major initiative was undertaken by the Securities and Exchange Board of India (SEBI) which set up a committee under the chairmanship of Kumar Mangalam Birla in 1999 with the objective of promoting and raising of standards of good corporate governance.

3. Department of Corporate Affairs (DCA): under the chairmanship of Dr. P.L. Sanjeev Reddy, Secretary of DCA. The group was given the ambitious task of examining ways to “operationalise the concept of corporate excellence on a sustained basis” so as to “sharpen India’s global competitive edge and to further develop corporate culture in the

country". the group produced a report containing a range of recommendations for raising governance standards among all companies in India.

4. Naresh Chandra Committee Report: under chairmanship of f Naresh Chandra The committee made recommendations in two key aspects of corporate governance: financial and non-financial disclosures: and independent auditing and board oversight of management.

5. Narayana Murthy Committee Report in 2002: implementation of the corporate governance code by listed companies and issue of revised clause 49. Some of the major recommendations of the committee primarily related to audit committees, audit reports, independent directors, related party transactions, risk management, directorships and director compensation, codes of conduct and financial disclosures.

6. Central Coordination and Monitoring Committee: A high powered Central Coordination and Monitoring Committee (CCMC) co-chaired by Secretary, Department of Corporate Affairs' and Chairman, SEBI was set up by the Department of Corporate Affairs to monitor the action taken against the vanishing companies and unscrupulous promoters who imsused the funds raised from the public.

7. Voluntary Guidelines issued by Ministry of CorporateAffairs: Affairs in December2009. Few guidelines are worth mentioning.
   • The offices of chairman of the board and chiefexecutive officer should be separate.
   The companies may have a Nomination Committeecomprised of a majority of Independent Directors,including its Chairman.
   • Independent Directors should not be paid with stockoptions or profit-based commission.
   • The Board should provide training for the directors.
   • The Audit Committee should be composed of at leastthree members, with Independent Directors in themajority and an Independent Director as thechairperson.

8. Ownership structure: There are two sets of issues pertaining to the ownership structure of the listed companies in India.
   First, there is high concentration of ownership, which gives particular individuals or families actual or effective control of most companies
   Second, a large number of companies in India are grouped together under the common control of a single shareholder or family.

9. Establishment of the NSE Centre for Excellence in Corporate Governance: NSE set up in December, 2009 a Centre for Excellence in Corporate Governance (NSE CECG). This is an independent expert advisorybody comprising eminent domain experts, academics and practitioners.

10. Corporate Governance provisions in the Companies Act: The enactment of the companies Act 2009 was major development in corporate governance in 2013. The new Act replaces the Companies Act, 1956 and aims to improve corporate governance standards, simplify regulations and enhance the interests of minority shareholders. i. Board of Directors (Clause 166): The new Act provides that the company can have a maximum of 15 directors on the Board; ii. Independent Director (Clause 149): The concept of independent directors (IDs) has been introduced for the first time in the Company Law in India. iii. Related Party Transactions (RPT) (Clause 188): The new Act requires that no company should enter into RPT contracts pertaining to sale, purchase or supply of any goods or materials iv. Corporate Social Responsibility (CSR) (Clause 135): The new Act has mandated the profit making companies to spend on CSR related activities v. Auditors (Clause 139): A listed company cannot appoint or reappoint (a) an individual as auditor for more than one term of five consecutive years, vi. Disclosure and Reporting (Clause 92): In the new Act, there is significant transformation in non-financial annual disclosures and reporting by companies as compared to the earlier format in the Companies Act, 1956. vii. Class action suits (Clause 245): For the first time, a provision has been made for class action under which the order passed by the Tribunal shall be binding on all the stakeholders including the company and all its members, depositors and auditors

INTRODUCTION

1.1CORPORATE GOVERNANCE :

Corporate or a Corporation is derived from Latin term “corpus” which means a “body”. Governance, the root of the word Governance is from ‘gubernate’, which means a steer The responsibility to steer lies with the board of directors/ governing board. When combined, Corporate Governance means a set of systems procedures, policies, and practices, standards put in place by a corporate to ensure that relationship with various stakeholders is maintained in transparent and honest manner.

Corporate Governance is essentially all about howcorporations are directed, managed, controlled and heldaccountable to their shareholders. In India, the question ofCorporate Governance has come up mainly in the wake ofeconomic liberalization and de-regularization of industry andbusiness. With the rapid pace of globalization manycompanies have been forced to tap international financialmarkets and consequently to face greater competition thanbefore. “Boards of directors are responsible for the governance of their companies and the shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place” ,India has one of the best corporate governance which can benefited to the firm performance lead to reputation.

FIRMREPUTATAION: Firm reputation means the shareholders or customers believes in the companies’ wealth and products or services The reputation of a firm enhance the credibility of the business, and build connections with the public. Good reputation will attract more customers, it will help the firm’s competitive advantage, and it will add value to the firm. Firm can get reputation as well as it can lost the reputation easily by considering the credit rating, environmental concerns and financial decision etc…. For example, X customer has claimed a delivery boy that he was misbehavior with customers this created a huge loss of reputation of a firm this can lead to loss a company trust and the value of a firm

FIRMPERFORMANCE: Most companies are seeking to improve their performance in any way possible. The winning card can be held by those who endeavour to innovate, to obtain and sustain performance. Thus, competing in a continuously changing environment is very necessary to comprehend and monitor performance. Therefore, assessing the performance of organizations has always been of interest to management teams and researchers. In addition, measuring business performance in today’s economic environment is a critical issue for academic scholars and practicing managers. Researchers have extended efforts to determine measures for the concept of performance

1.2 SIGNIFICANCE OF THE STUDY

Corporate governance provides a platform for reputation and performance of the companies. nowadays corporate governance are used in big firms and it is of greater importance in a company with many of policies. This study helps to know the effective level of corporate governance on companies and make them use about various policies.

1.3 STATEMENT OF THE PROBLEM

The goal of this research was to empirically examine the awareness of corporate governance with special reference to "NIFTY 50 companies". Corporate governances is a project by the firms to develop their businesses by building performance and reputation the existing ones, to provide a new business platform.

1.4 OBJECTIVES OF THE STUDY

1. To find out the relation between firm performance &firm reputation.
2. To measure effectiveness of corporate governance in nifty 50.
3. Corporate governance role in nifty 50.
4. To achieve the research objectives PLS-SEM technique is employed.

The finding of the current study are helpful for the policymakers, researchers and practitioner in examining and understanding the link between corporate governance firm performance and firm reputation

1.5 SCOPE OF THE STUDY

The area of study is limited to 50 companies. The study is conducted based on the secondary data. The data are to be collected by way of brand rating of the firm and raking based. The study is carried out through secondary method. This study will help us to know the effectiveness level of CG on companies.

1.6 METHODOLOGY

•Sample Description And Data Sources**:**

The primary target of this study was to analyze the impact of corporate governance on the performances and reputation of Nifty 50. The study examines the CEO duality, board size and board independence, & their effects on company performance& reputation. The targets of this study were Indian nifty50 companies. As observation of the impact of corporate governance on company performance& reputation requires two years, leading companies in the year 2020 and 2021 were considered. Top 100companies, Brand rating & top companies for women of the two years (2020 and 2021) & ROI, ROE &ROC are identified. Some of the companies are leading in the two years (2020 and 2021) and others are not. Therefore, to investigate the effect of corporate governance, those companies were grouped in two strata. One stratum includes leading companies in both years and the second stratum includes the companies leading only in the year 2021. This study covers the financial information as well as rating of the firms. Purpose of investigating the impact of corporate governance implementation in companies to know their effectiveness in the market.

1.7 TOOLS USED FOR ANALYSIS

Data Analysis:

PLS SEM (partial least squares structural equation modeling (PLS-SEM) analysis was used to analyze the relationship between corporate governance effect in performance &reputation variables of the company is a method for structural equation modeling that allows estimation of complex cause-effectrelationships in path models with latent variables.). With data it is possible to examine more variables and correlations between them, which are changing over time. It is used to structure the model in proper way and thus to remove the effect of some types of omitted variables bias in regression outputs (Baltagi, B., 2008).

PLS-SEM analysis first step is to decide the direction of construct whether formative or reflective. Independent variables of the study are measured as formative construct that are Corporate Governance firm performance and reputation because both of these are fulfilling the requirement of formative construct. Because previous studies

considered CG (e.g., Makki&Lodhi, 2014; Usman et al., 2015) and IC (e.g., Makki&Lodhi, 2014) as formative constructs. FR and FP are the dependent variables of the study and fulfilled the assumptions of reflective measure.

To determine the extent of the variations in the performance& reputation of the companies accounted for by the corporate governance variables.

Assessment of PLS-SEM results has done in two main stages. So, for the assessment of result of PLSSEM measurement model of the first model of the study are discussed with its all assumptions. Measurement of Reflective Model Measurement of reflective constructs that are FR and FP are discussed with the assumptions of:

TOOLS FOR DATA PRESENTATION

• HISTOGRAM:
The most commonly graph for showing frequency distribution, or how often each different value in asset of data occurs.
• TABLES:
The tables represents the data interpreted from the source.

1.8LIMITATIONS OF THE STUDY

- Time available for the study is limited, so the detailed study is not possible.
- Study is focused on 50 companies with limited area.
- The study period is only one year

CHAPTER II
LITERATURE REVIEW

2.1 LITERATURE REVIEW

Corporate governance importance arises in modern corporations due to the separation of management and ownership control in the organizations. The interests of shareholders are conflicting with the interests of managers. The principal agent problem is reflected in the management and direction related problems due to the differential interests of firm's stakeholders. There is not a single definition of corporate governance rather it might be viewed from different angles.

The corporate governance as a mediating role between the Firm performance and firm reputation to find out the relation between nifty 50 companies in india how well the companies are going to achieve the sustainable growth in market by adopting corporate governance. Mode of diversification competition among investors for information ensures that current prices of widely traded securities are the unbiased predictors of their future value, and that current prices represent the net present value of its future cash flow.

Firm performance is also to consider the efficiency of using business means during the production and consumption process. Firm performance shows the correlation between the output results and input resources employed in the process of business operations of enterprises (Truong & Tran, 2009)

Berle and Means (1932) and the even earlier Smith (1776). Zingales (1998) defines corporate governance as "allocation of ownership, capital structure, managerial incentive schemes, takeovers, board of directors, pressure from institutional investors, product market competition, labour market competition, organisational structure, etc., can all be thought of as institutions that affect the process through which quasi-rents are distributed (p. 4)". Garvey and Swan (1994) assert that "governance determines how the firm's top decision makers (executives) actually administer such contracts (p. 139)"

Firm performance is an economic category that reflects the ability of firms in using human resources and material resources to achieve the targets of the firm (Le, 2005).The common variables representing firm performance are return on assets (ROA), return on equity (ROE) and return on investment (ROI). These accounting indicators of firm performance represent financial ratios obtained from balance sheets and income statements that have been used by several researchers such as Mehran (1995) and Ang et al. (2000).

Businesses with a good reputation may also benefit from easier access to financial markets and lower capital costs. Additionally, companies with a good reputation are more likely to maintain a higher level of profitability over time. Without a doubt, the organization benefits from its reputation. Depending on how stakeholders perceive a corporation, its reputation might be positive or negative.(rating top 100 companies, best companies to work for women, rating based

on brand) Many researchers and practitioners have focused on determining intangible brand value, but little is understood about the factors that influence firm reputation (Verhezen, 2016).

There are few studies on firm performance and firm reputation. The corporate governance (CG) in corporate governance is frequently emphasized in the literature (Verhezen, 2016). Companies and their directors must follow the finest corporate governance concepts and practices and make intelligent Elinda ESA, Nor Raihan MOHAMAD, Wan Zuriati WAN ZAKARIA, Norazlina ILIAS / Journal of Asian Finance, Economics and Business Vol 9 No 1 (2022) 0219–0228 221 judgments to acquire and maintain stakeholder confidence in an increasingly open and transparent environment.

In other words, when actions are made to achieve an organization's goal without damaging anybody or anything, confidence is reestablished. And such confidence among direct stakeholders will improve the company's reputation in the eyes of people who may not have experienced direct contact with the organization. Capital sources and a range of stakeholders will benefit from the firm as a result of a virtuous cycle of acceptable behavior.

Corporate governance is the formalized framework for better decision-making that is tied to a company's reputation. Corporate governance is more than just compliance; it demonstrates a value-driven culture or mentality. Consistency, accountability, fairness, transparency, and sensitivity to the interests of shareholders and stakeholders are all important factors. Corporate reputation and corporate governance are inextricably linked (Verhezen, 2016).

This approach has been widely criticized, and research in the field of reputation demonstrates that it is inefficient when used to measure a companies's reputation (Kaur & Singh, 2018a, 2019; Baumgartner et al., 2020; Tomak, 2014). Because of the growing importance of transparency in establishing trust and portraying a positive image, this study uses a derivational technique (e.g., the reputation disclosure index) as a proxy to analyze firm reputation to throw new light on these challenges. Increasing transparency and disclosure can help to bridge the current information gap between management and stakeholders while also displaying good governance. The use of information disclosure in financial statements is also necessary, because according to the International Accounting Standard Board (IASB), the information supplied in financial statements must be relevant, genuine representation, comparable, and understandable. Furthermore, Rose and Thomson (2004) stated that previous performance, as represented in the company's annual report, has been found to have a significant impact on the company's current reputation. To supplement and augment the financial statements, the disclosure formats are appropriate for expressing additional decision-useful information to stakeholders about the firm's resources in the past, present, and future.

The current study looks into the relationship between performance and reputation characteristics (like board size, the presence of independent non-executive directors, board gender, and board meeting frequency), company characteristics (like ROE,ROI, profitability), and india firm's reputation. The pershal square equation that establish a link between the performance and reputation among nifty 50 companies.

CHAPTER III
THEORETICAL FRAMEWORK

3.1. INTRODUCTION

COPORATE GOVERNANCE

The Corporate governances is backbone of the firms which can be managed to perform the actions of a company

According to OECD,(**Organisation for Economic Co-operation and Development**,) corporate governance (CG) involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performances are determined (OECD, 2004). Corporate governance can thus be defined as a kind of management of the management or meta-management (Tipuric, ed., 2011, p.1). The complexity of the issue has been recognized and shaped into three basic theoretic approaches: agency, stakeholder and stewardship theory.

> The essence of CG lies in the crafting and continuously refining of codes, laws, regulations, and processes that govern companies' operations, ensuring that shareholder rights are safeguarded and stakeholder and manager interests are reconciled. The control aspect of CG encompasses the notions of compliance, accountability and transparency (MacMillan et al., 2004), and how managers exert their functions through compliance with the existing laws, regulations and codes of conduct (Cadbury, 2000). The direction aspect of CG includes corporate goals and related strategic choices, i.e. leadership and strategy aspects, which implies broader, organizational frame of governance, that involves: defining of roles and responsibilities; orienting management toward a long-term vision of corporate performance; setting proper resource allocation plans, contributing know-how, expertise, and external information; performing various watchdog functions; and leading the firm's stakeholders in the desired direction (MacMillan et al., 2004; Cadbury, 2000;). The leadership and control aspects of CG are thus not mutually exclusive; rather, they go hand in hand, and they both define the extent of power accorded to various stakeholders, including executives, managers, employees, and, to a lesser extent, external constituencies and actors Neither control, nor direction part of CG could be performed excluding corporate processes, defining how power is exerted, how decisions are reached, how company informs and reports and the manner it performs. The process view of CG implies continuity in crafting and reconfiguring the corporate level processes in order to optimize corporate practice. Such an approach allows well governed company to possibly make advantage of its effective and efficient corporate governance system (Tipuric, ed., 2008, p.6)

3.2 FIRM REPUTATION

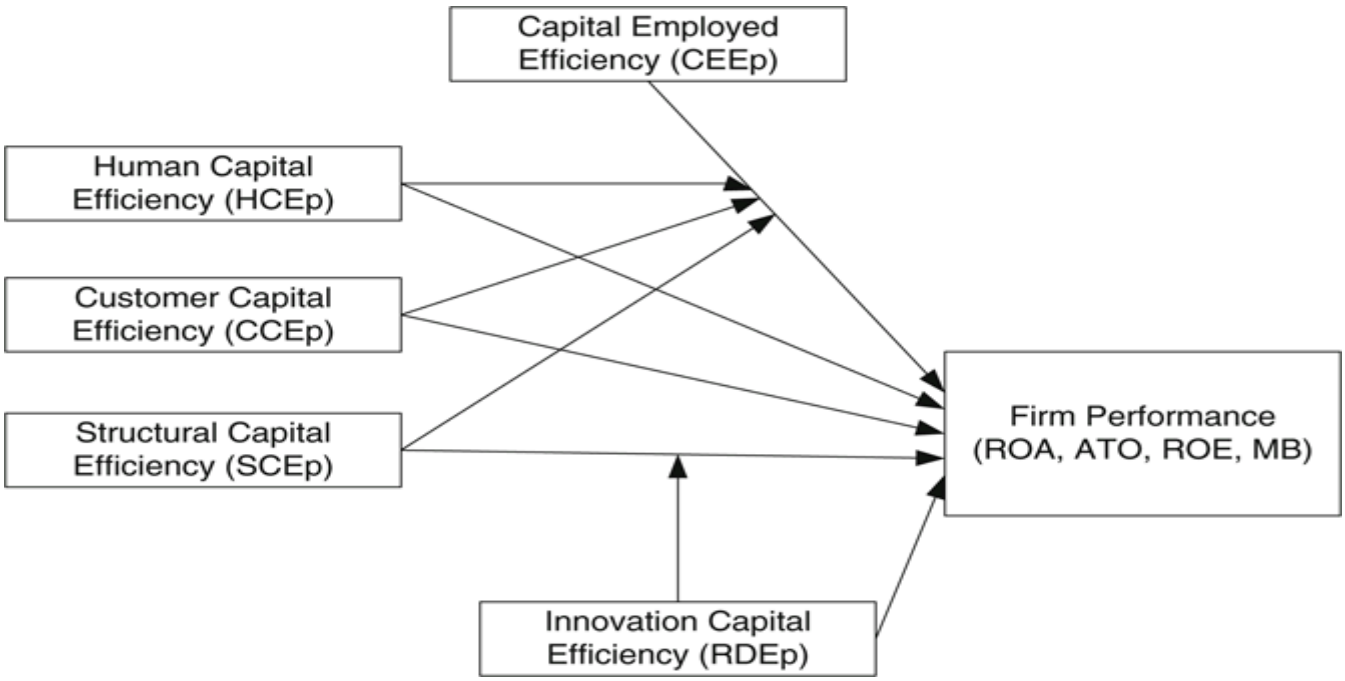
While reputation is clearly a company's asset, it is also clearly a concept held in the minds or cognitions of stakeholders (Bromley, 2000). Reputation is not really possessed by the company, since it is an idea that exists in minds of stakeholders (Hall, 1992). It is a reflection of social evaluation of the firm (Deephouse and Suchman, 2008), whose value steams from the positive collective perception of stakeholders (Pfarrer et al., 2010). While summarizes all what is known about the company (Schultz et al., 2001), firm reputation may be considered as a mirror in which the company can accurately see its history, current market reflection and its internal situation . Since FR encompasses all of the company's explicit and implicit promises toward its stakeholders (Devine and Halpern, 2001),Thus without an acceptable reputation, it is very difficult for a company to survive or to make progress. Reputation entails two main components:

perception – how the company is perceived by all stakeholders; and reality - the truth about a company's policies, practices, procedures, systems and performance (Schultz and Werner, 2005). Consequently, due to its informational asymmetry power, it is a suitable corporate tool for influencing stakeholders' perception (Weigelt and Camerer, 1988). FR is formed directly through stakeholder's experience in relations with the company, or indirectly, through a recommendation of intermediates, media or participants of direct interaction (Fombrun in Hitt et al., 2001, p.296). Companies can have reputations for different characteristics, behaviors or outcomes (MacMillan et al., 2005, p. 217), but whatever kind, reputation is fragile, easy to ruin, hard to recover, its safeguarding is employees and employers job, but its managing is board's duty. Factors that help companies in building strong and favorable reputations with their principal constituencies are: credibility, reliability, trustworthiness, and responsibility (Fombrun, 1996). Though the firm reputation has all the characteristics of strategic resources an integrated strategic approach to corporate reputation is still blurred. In the forthcoming doctorial thesis, aiming in fulfilling this important gap, reputation is considered in wider cross disciplinary and multifunctional paradigm1 , the one that encompasses higher level of its dimensions, not only its contingent roles .To date the most leading definitions of reputation have regarded it predominantly from a positivist perspective, as asset, assessment, or awareness, with lots of confusion among the concepts of corporate identity, image and reputation2 . For example, Fombrun (1996) defines reputation as the "overall estimation of a firm by its stakeholders, which is expressed by the net affective reactions of customers, investors, employees, and the general public" (pp. 78- 79).

3.3 FIRM PERFORMANCE

From the First Decade of the Twenty-First Century In the first decade of the twenty-first century,

The definition of organizational performance principally focused on the capability and ability of an organization to efficiently exploit the available resources to achieve accomplishments consistent with the set objectives of the company, as well as considering their relevance to its users (Peterson, Gijsbers, &Wilks, 2003). Verboncu and Zalman (2005) appreciated that performance is a particular result obtained in management, economics, and marketing that gives characteristics of competitiveness, efficiency, and effectiveness to the organization and its structural and procedural components.Figure 1 Factors that drive performance (Verboncu&Zalman, 2005)



Lebans and Euske (2006) provided a set of definitions to illustrate the concept of organizational performance:

• Performance is a set of financial and nonfinancial indicators that offer information on the level of accomplishment of objectives and results.

• Performance is dynamic, requiring judgment and interpretation.

• Performance may be illustrated by using a causal model that describes how future results can be affected by current actions.

• Performance may be understood differently depending on the person involved in the assessment of the firm performance.

• To define the concept of performance, it is necessary to know its fundamentals characteristics to each area of responsibility.

• To report a firm's performance level, it is necessary to be able to quantify the results. Siminica (2008) appreciates that a firm is performant when it is at the same time efficient and effective. Therefore, the performance is a function of two variables, efficiency and efficacy. Colase (2009) considers the word performance as a bag-word because it covers various and different notions such as growth, profitability, return, productivity, efficiency, and competitiveness. Bartoli and Blatrix (2015) believed that the definition of performance should be achieved through items such as piloting, evaluation, efficiency, effectiveness, and quality.

3.4 NIFTY 50 COMPANIES

NIFTY 50 The index represents 50 companies selected from the universe of NIFTY 100 based on free-float market capitalisation and liquid companies having average impact cost of 0.50% or less for 90% of the observations for a basket size of Rs. 10 Crores. The constituents should have derivative contracts available on NSE.

The NIFTY 50 is the flagship index on the National Stock Exchange of India Ltd. (NSE). The Index tracks the behavior of a portfolio of blue-chip companies, the largest and most liquid Indian securities. It includes 50 of the all companies listed and/ or traded on the NSE, captures approximately 66% of its float-adjusted market capitalization and is a true reflection of the Indian stock market. The NIFTY 50 covers major sectors of the Indian economy and offers investment managers exposure to the Indian market in one efficient portfolio. The Index has been trading since April 1996 and is well suited for benchmarking, index funds and index-based derivatives. The NIFTY 50 is owned and managed by NSE Indices Limited (formerly known as India Index Services & Products Limited-IISL), India's first specialized company focused on an index as a core product. Highlights The NIFTY 50 is a 50 stock, float-adjusted market-capitalization weighted index for India. It is used for a variety of purposes, such as benchmarking fund portfolios, index-based derivatives and index funds. The NIFTY 50 is derived from economic research and is created for those interested in investing and trading in Indian equities. Market Representation: The NIFTY 50 stocks represent about 66% of the total floatadjusted market capitalization of the National Stock Exchange (NSE). Turnover Representation: The NIFTY 50 stocks represent about 54% of the total floatadjusted market capitalization of the National Stock Exchange (NSE).

Trading in derivative contracts based on NIFTY 50: The National Stock Exchange of India Limited (NSE) commenced trading in derivatives with index futures on June 12, 2000. The futures contracts on the NSE are based on the NIFTY 50. The exchange introduced trading on index options based on the NIFTY 50 on June 4, 2001. Additionally, exchange traded derivatives contracts linked to NIFTY 50 are traded at Singapore Exchange Ltd. (SGX). **Index Computation**: The NIFTY 50 is computed using a float-adjusted, market capitalization weighted methodology*, wherein the level of the index reflects the total market value of all the stocks in the index relative to a particular base period. The methodology also takes into account

constituent changes in the index and corporate actions such as stock splits, rights issuance, etc., without affecting the index value. * Beginning June 26, 2009, the NIFTY 50 is being computed using float-adjusted market capitalization weighted method, wherein the level of index reflects the float-adjusted market capitalization of all stocks in the Index. NIFTY Indices – Methodology Document, April 2022 20220429 17 Index review and eligibility criteria Index Review frequency: The review of NIFTY 50 is undertaken semi-

annually based on data for six months ending January and July. The replacement of stocks in NIFTY 50 (if any) is implemented from the last trading day of March and September. In case of any replacement in the index, a four weeks' prior notice is given to the market participants. Additional index reconstitution may be undertaken in case any of the index constituent undergoes merger, spin-off, delisting, specific cases of capital restructuring which may result into change in the stock prices etc., in case any of the index constituent is moved to BZ series, if trading permission of any of the index constituent is withdrawn from F&O segment, if a security is suspended for trading from Capital Market for any reason and in case of any adverse regulatory findings or orders/ governance related issues, order issued against any of the index constituent that necessitates removal of such stock from the index in the larger interest of investors/ stakeholders as may be determined by the Index Maintenance Sub-Committee (Equity). In case of a merger, spin-off, capital restructuring or voluntary delisting, equity shareholders' approval is considered as a trigger to initiate the replacement of such stock from the index through additional index reconstitution. For all other cases, replacements will be initiated based on notifications issued by the Exchange. **Eligible Securities**: Constituents of NIFTY 100 index that are available for trading in NSE's Futures & Options segment are eligible for inclusion in the NIFTY 50 index. The latest composition of NIFTY 100 including most recent changes whether announced or yet to be announced shall be considered eligible subject to availability of trading in NSE's Futures & Options segment in such stocks. Differential Voting Rights: Equity securities with Differential Voting Rights (DVR) are eligible for inclusion in the index subject to fulfilment of specified DVR related criteria.

Trading Frequency: The Company's trading frequency should be 100% in the last six months. Liquidity: For inclusion in the index, the security should have traded at an average impact cost of 0.50 % or less during the last six months for 90% of the observations for a portfolio of Rs. 10 crores. Impact cost is the cost of executing a transaction in a security in proportion to its index weight, measured by market capitalization at any point in time. This is the percentage markup suffered while buying/selling the desired quantity of a security compared to its ideal price -- (best buy + best sell)/2. Please refer section on 'Impact Cost' within this document.

Float-Adjusted Market Capitalization: Companies will be eligible for inclusion in NIFTY 50 index provided the average free-float market capitalisation is at least 1.5 times the average free-float market capitalization of the smallest constituent in the index. Buffer: As part of the semi-annual reconstitution of the index, a maximum of 10% of the number of companies in the index (i.e. five companies) may be added in a calendar year. Where the committee considers that the number of changes at the first semi annual rebalance might restrain the second semi annual rebalance, it retains the right to reduce the number of constituent changes at the first review in

reverse order of the free-float capitalisation. (In other words, the largest eligible company will be added and the smallest company removed, and then the next largest added and next smallest removed, and so on until the committee deems that the appropriate number of changes have been made. At the second semi-annual rebalance, the same principle applies, however once a total of five companies have been added to the index across the two semi-annual reviews, no further additions (or deletions) will be made. However, the limit of maximum 10% change shall not be applicable for any exclusion of a company on account of scheme of arrangement as stated above, and for the company added to replace it. Currency of Calculation NIFTY 50 is computed in four currencies namely Indian Rupee (INR), US Dollar (USD), Australian Dollar (AUD) and Canadian Dollar (CAD).

NIFTY 50

Serial no	Company name	industry
1		Services
2	Adani Ports and Special Economic Zone Ltd.	Healthcare
3	Apollo Hospitals Enterprise Ltd.	Consumer Durables
4	Asian Paints Ltd.	Financial Services
5	Axis Bank Ltd.	Automobile and Auto Components
6	Bajaj Auto Ltd.	Financial Services
7	Bajaj Finance Ltd.	Financial Services
8	Bajaj Finserv Ltd.	Oil Gas & Consumable Fuels
9	Bharat Petroleum Corporation Ltd.	Telecommunication
10	Bharti Airtel Ltd.	Fast Moving Consumer Goods
11	Britannia Industries Ltd.	Healthcare
12	Cipla Ltd.	Oil Gas & Consumable Fuels
13	Coal India Ltd.	Healthcare
14	Divi's Laboratories Ltd.	Healthcare
15	Dr. Reddy's Laboratories Ltd.	Automobile and Auto Components
16	Eicher Motors Ltd.	Construction Materials
17	Grasim Industries Ltd.	Information Technology
18	HCL Technologies Ltd.	Financial Services
19	HDFC Bank Ltd.	Financial Services
20	HDFC Life Insurance Company Ltd.	Automobile and Auto Components
21	Hero MotoCorp Ltd.	Metals & Mining
22	Hindalco Industries Ltd.	Fast Moving Consumer Goods
23	Hindustan Unilever Ltd.	Financial Services
24	Housing Development Finance Corporation Ltd.	Financial Services
25	ICICI Bank Ltd.	Fast Moving Consumer Goods
26	ITC Ltd.	Financial Services
27	IndusInd Bank Ltd.	Information Technology

28	Infosys Ltd.	Metals & Mining
29	JSW Steel Ltd.	Financial Services
30	Kotak Mahindra Bank Ltd.	Construction
31	Larsen & Toubro Ltd.	Automobile and Auto Components
32	Mahindra & Mahindra Ltd.	Automobile and Auto Components
33	Maruti Suzuki India Ltd.	Power
34	NTPC Ltd.	Fast Moving Consumer Goods
35	Nestle India Ltd.	Oil Gas & Consumable Fuels
36	Oil & Natural Gas Corporation Ltd.	Power
37	Power Grid Corporation of India Ltd.	Oil Gas & Consumable Fuels
38	Reliance Industries Ltd.	Financial Services
39	SBI Life Insurance Company Ltd.	Construction Materials
40	Shree Cement Ltd.	Financial Services
41	State Bank of India	Healthcare
42	Sun Pharmaceutical Industries Ltd.	Information Technology
43	Tata Consultancy Services Ltd.	Fast Moving Consumer Goods
44	Tata Consumer Products Ltd.	Automobile and Auto Components
45	Tata Motors Ltd.	Metals & Mining
46	Tata Steel Ltd.	Information Technology
47	Tech Mahindra Ltd.	Consumer Durables
48	Titan Company Ltd.	Chemicals
49	UPL Ltd.	Construction Materials
50	UltraTech Cement Ltd.	Information Technology
	Wipro Ltd.	

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CHAPTER IV
DATA ANALYSIS AND INTERPRETATION

4.1 DATA INTERPRETATION

RESULTS PLS SEM

In this model, it has been assumed that all latent variables are antecedents of their indicators. That is, they are reflective variables. For this reason, in order to evaluate the measurement model, indicators and construct reliability, convergence validity and discriminant validity, as well as analysis were carried out. The results are presented in Tables.(0.000) the value is accepted for further calculation.

Path Coefficients

Mean,STDEV,TStatistics,p values

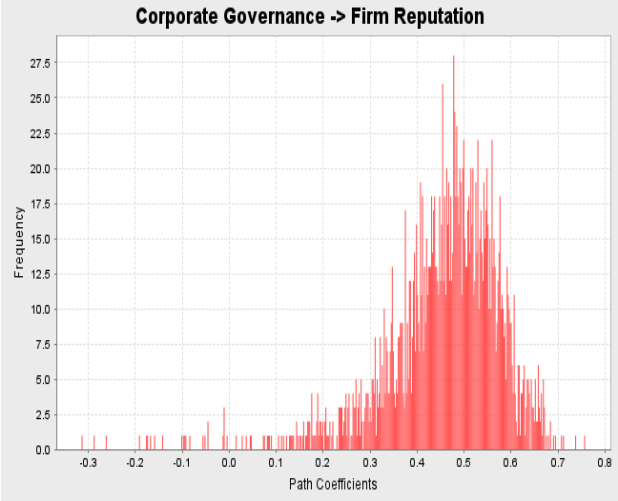
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Corporate Governance -> Firm Reputation	0.450	0.456	0.125	3.590	**0.000**
financial Performance -> Corporate Governance	0.046	0.067	0.162	0.286	**0.775**
financial Performance -> Firm Reputation	0.090	0.078	0.200	0.452	**0.651**

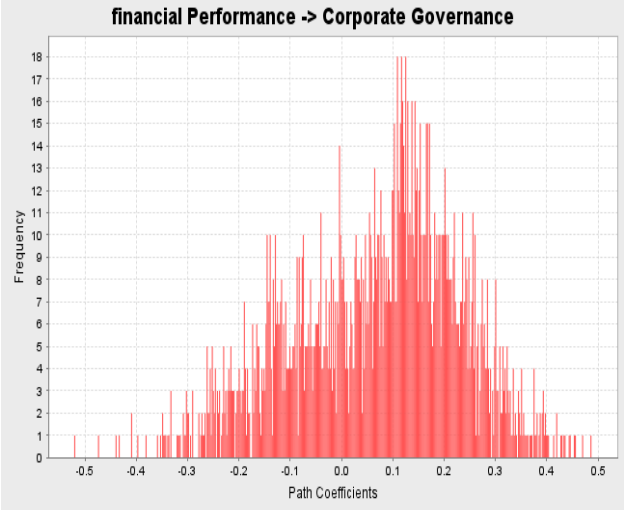
Confidence Intervals

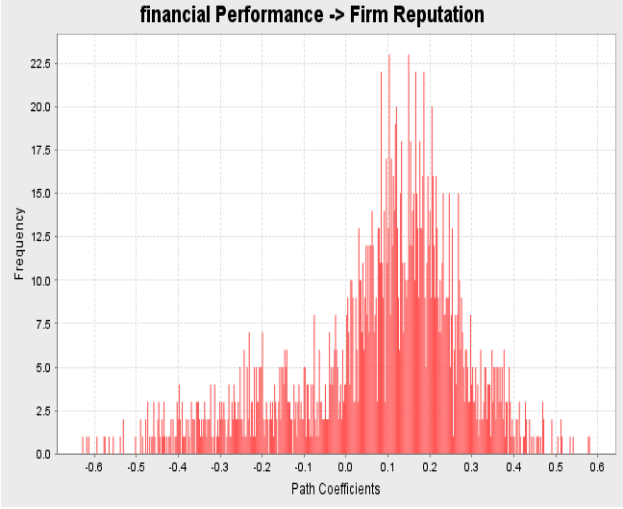
	Original Sample (O)	Sample Mean (M)	2.5%	97.5%
Corporate Governance -> Firm Reputation	0.450	0.456	0.158	0.645
financial Performance -> Corporate Governance	0.046	0.067	-0.263	0.348
financial Performance -> Firm Reputation	0.090	0.078	-0.404	0.388

Confidence Intervals Bias Corrected

	Original Sample (O)	Sample Mean (M)	Bias	2.5%	97.5%
Corporate Governance -> Firm Reputation	0.450	0.456	0.007	-0.055	0.599
financial Performance -> Corporate Governance	0.046	0.067	0.021	-0.346	0.280
financial Performance -> Firm Reputation	0.090	0.078	-0.013	-0.469	0.347


Corporate Governance -> Firm Reputation
Frequency
Path Coefficients


financial Performance -> Corporate Governance
Frequency
Path Coefficients


financial Performance -> Firm Reputation
Frequency
Path Coefficients

The values for Cronbach's alpha, composite reliability, and the Dijkstra–Henseler rho ratio range from 0.000 to 0.775, demonstrating the reliability of the constructs . Convergent validity was measured using average variance extracted (AVE). All values are greater than 0.5, confirming the internal consistency of the reflective scales . The Fornell–Larckercriterion was used to check the discriminant validity. For this purpose, the correlations between each pair of constructs were checked to ensure they did not exceed the square root of the AVE of each of the constructs, as can be seen in the results shown in above. In addition, the heterotrait–monotrait (HTMT) ratio of correlations was estimated. All values are below the conservative threshold of 0.800, confirming the adequate discriminant validity for all latent variables.

4.2 Total Indirect Effects

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Corporate Governance -> Firm Reputation					
financial Performance -> Corporate Governance					
financial Performance -> Firm Reputation	0.021	0.033	0.075	0.280	**0.780**

Confidence Intervals

	Original Sample (O)	Sample Mean (M)	2.5%	97.5%
Corporate Governance -> Firm Reputation				
financial Performance -> Corporate Governance				
financial Performance -> Firm Reputation	0.021	0.033	-0.120	0.174

Confidence Intervals Bias Corrected

	Original Sample (O)	Sample Mean (M)	Bias	2.5%	97.5%
Corporate Governance -> Firm Reputation					
financial Performance -> Corporate Governance					
financial Performance -> Firm Reputation	0.021	0.033	0.012	-0.153	0.138

4.3 Specific Indirect Effects

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	PValues
financial Performance -> Corporate Governance -> Firm Reputation	0.021	0.033	0.075	0.280	**0.780**

Confidence Intervals

	Original Sample (O)	Sample Mean (M)	2.5%	97.5%
financial Performance -> Corporate Governance -> Firm Reputation	0.021	0.033	-0.120	0.174

Confidence Intervals Bias Corrected

	Original Sample (O)	Sample Mean (M)	Bias	2.5%	97.5%
financial Performance -> Corporate Governance -> Firm Reputation	0.021	0.033	0.012	-0.153	0.138

4.4 Total Effects

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Corporate Governance -> Firm Reputation	0.450	0.456	0.125	3.590	**0.000**
financial Performance -> Corporate Governance	0.046	0.067	0.162	0.286	**0.775**
financial Performance -> Firm Reputation	0.111	0.110	0.209	0.533	**0.594**

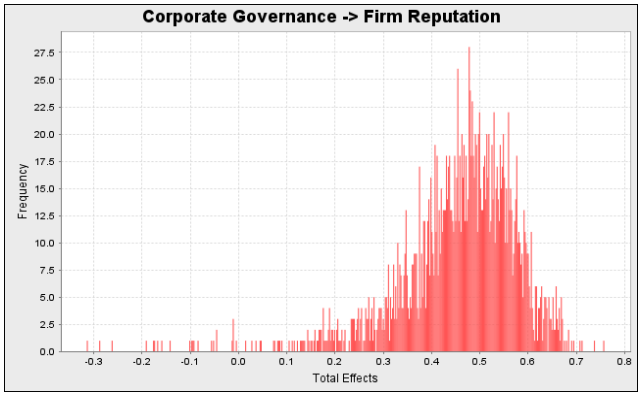
Confidence Intervals

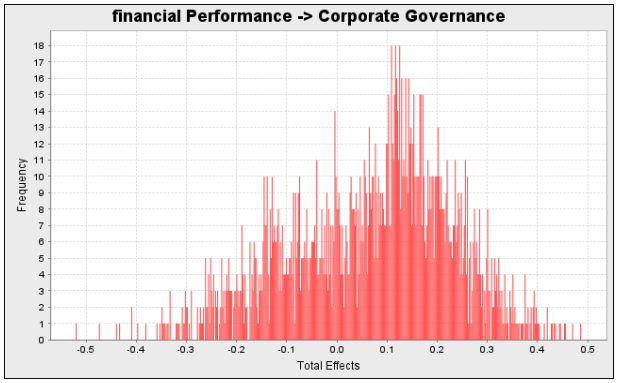
	Original Sample (O)	Sample Mean (M)	2.5%	97.5%
Corporate Governance -> Firm Reputation	0.450	0.456	0.158	0.645
financial Performance -> Corporate Governance	0.046	0.067	-0.263	0.348
financial Performance -> Firm Reputation	0.111	0.110	-0.404	0.435

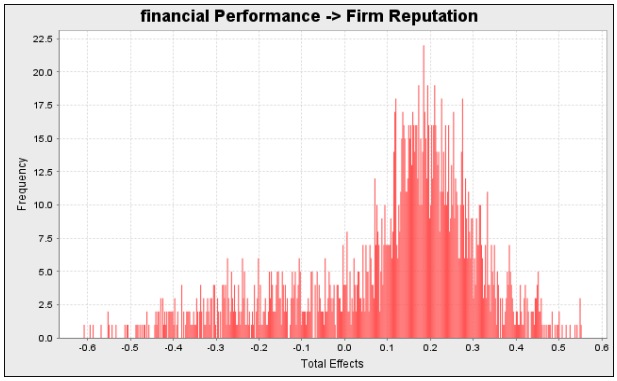
Confidence Intervals
Bias Corrected

	Original Sample (O)	Sample Mean (M)	Bias	2.5%	97.5%
Corporate Governance -> Firm Reputation	0.450	0.456	0.007	-0.055	0.599
financial Performance -> Corporate Governance	0.046	0.067	0.021	-0.346	0.280
financial Performance -> Firm Reputation	0.111	0.110	-0.001	-0.542	0.316

Total effect Mean,STDEV , T, PVALUES of the corporate governance to firm reputation has effective has (0.599) firm performance to CG (0.280) firm performance to firm reputation (0.316) significance at 97.8% its shows CG to FR has inter related.







Graph shows the effectiveness of corporate governanace in firm performanance and reputation this shows that CG effect on reputation and performanace of the company there is low relation firm performanace><firm reputation.

4.5 Outer Loadings

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
CG3 <- Corporate Governance	0.885	0.861	0.170	5.204	0.000
CG7 <- Corporate Governance	0.652	0.593	0.263	2.475	0.013
FP1 <- financial Performance	0.774	0.609	0.364	2.127	0.034
FP2 <- financial Performance	0.898	0.778	0.367	2.447	0.014
FP3 <- financial Performance	0.808	0.733	0.382	2.114	0.035
FR1 <- Firm Reputation	0.889	0.783	0.257	3.456	0.001
FR3 <- Firm Reputation	0.572	0.575	0.320	1.789	0.074

Confidence Intervals

	Original Sample (O)	Sample Mean (M)	2.5%	97.5%
CG3 <- Corporate Governance	0.885	0.861	0.497	0.997
CG7 <- Corporate Governance	0.652	0.593	-0.155	0.923
FP1 <- financial Performance	0.774	0.609	-0.396	0.985
FP2 <- financial Performance	0.898	0.778	-0.639	0.972
FP3 <- financial Performance	0.808	0.733	-0.681	0.970
FR1 <- Firm Reputation	0.889	0.783	-0.135	0.999
FR3 <- Firm Reputation	0.572	0.575	-0.330	0.986

Outer loading

Shows the significance relation on the firm performance & reputation by finding the p values.

4.6 Outer Weights

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
CG3 <- Corporate Governance	0.778	0.754	0.206	3.781	0.000
CG7 <- Corporate Governance	0.477	0.435	0.241	1.975	0.048
CG6<-Corporate governance	0.463	0.315	0.381	1.215	0.224
FP2 <- financial Performance	0.399	0.343	0.308	1.293	0.196
FP3 <- financial Performance	0.351	0.341	0.303	1.157	0.248
FR1 <- Firm Reputation	0.828	0.710	0.279	2.967	0.003
FR3 <- Firm Reputation	0.462	0.489	0.305	1.517	0.130

Confidence Intervals

	Original Sample (O)	Sample Mean (M)	2.5%	97.5%
CG3 <- Corporate Governance	0.778	0.754	0.269	0.999
CG7 <- Corporate Governance	0.477	0.435	-0.215	0.853
FP1 <- financial Performance	0.463	0.315	-0.600	1.023
FP2 <- financial Performance	0.399	0.343	-0.547	0.761
FP3 <- financial Performance	0.351	0.341	-0.511	0.814
FR1 <- Firm Reputation	0.828	0.710	-0.199	1.000
FR3 <- Firm Reputation	0.462	0.489	-0.316	0.989

Confidence Intervals Bias Corrected

	Original Sample (O)	Sample Mean (M)	Bias	2.5%	97.5%
CG3 <- Corporate Governance	0.778	0.754	-0.025	0.269	0.999
CG7 <- Corporate Governance	0.477	0.435	-0.042	-0.098	0.908
FP1 <- financial Performance	0.463	0.315	-0.148	-0.019	1.237
FP2 <- financial Performance	0.399	0.343	-0.056	-0.576	0.753
FP3 <- financial Performance	0.351	0.341	-0.010	-0.727	0.649
FR1 <- Firm Reputation	0.828	0.710	-0.117	0.376	1.011
FR3 <- Firm Reputation	0.462	0.489	0.027	-0.617	0.893

4.7 Histogram

Setting

Data file Settings	
Data file	Reputation [50 records]
Missing value marker	none
Data Setup Settings	
Algorithm to handle missing data	None
Weighting Vector	-
PLS Algorithm Settings	
Data metric	Mean 0, Var 1
Initial Weights	1.0
Max. number of iterations	2000
Stop Criterion (10^-X):	7
Use Lohmoeller settings?	No
Weighting scheme	Path
Bootstrapping Settings	
Complexity	Basic Bootstrapping
Confidence interval method	Bias-Corrected and Accelerated (BCa) Bootstrap
Parallel processing	Yes
Samples	2000
Significance level	0.05
Test type	Two Tailed
Construct Outer Weighting Mode Settings	
Corporate Governance	Automatic
Firm Reputation	Automatic

financial Performance	Automatic

4.8 Inner Model

	Corporate Governance	Firm Reputation	financial Performance
Corporate Governance		1.000	
Firm Reputation			
financial Performance	1.000	1.000	

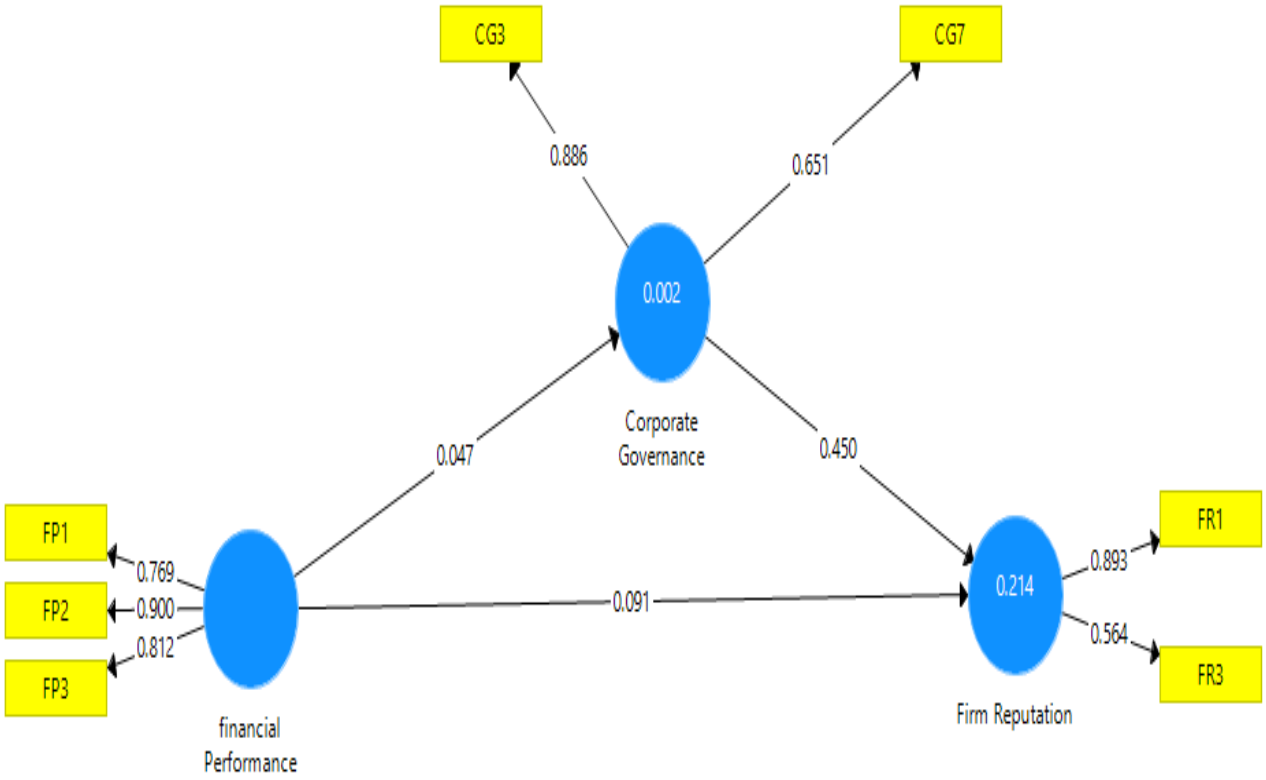
4.9 Outer Model

	Corporate Governance	Firm Reputation	financial Performance
CG3	-1.000		
CG7	-1.000		
FP1			-1.000
FP2			-1.000
FP3			-1.000
FR1		-1.000	
FR3		-1.000	

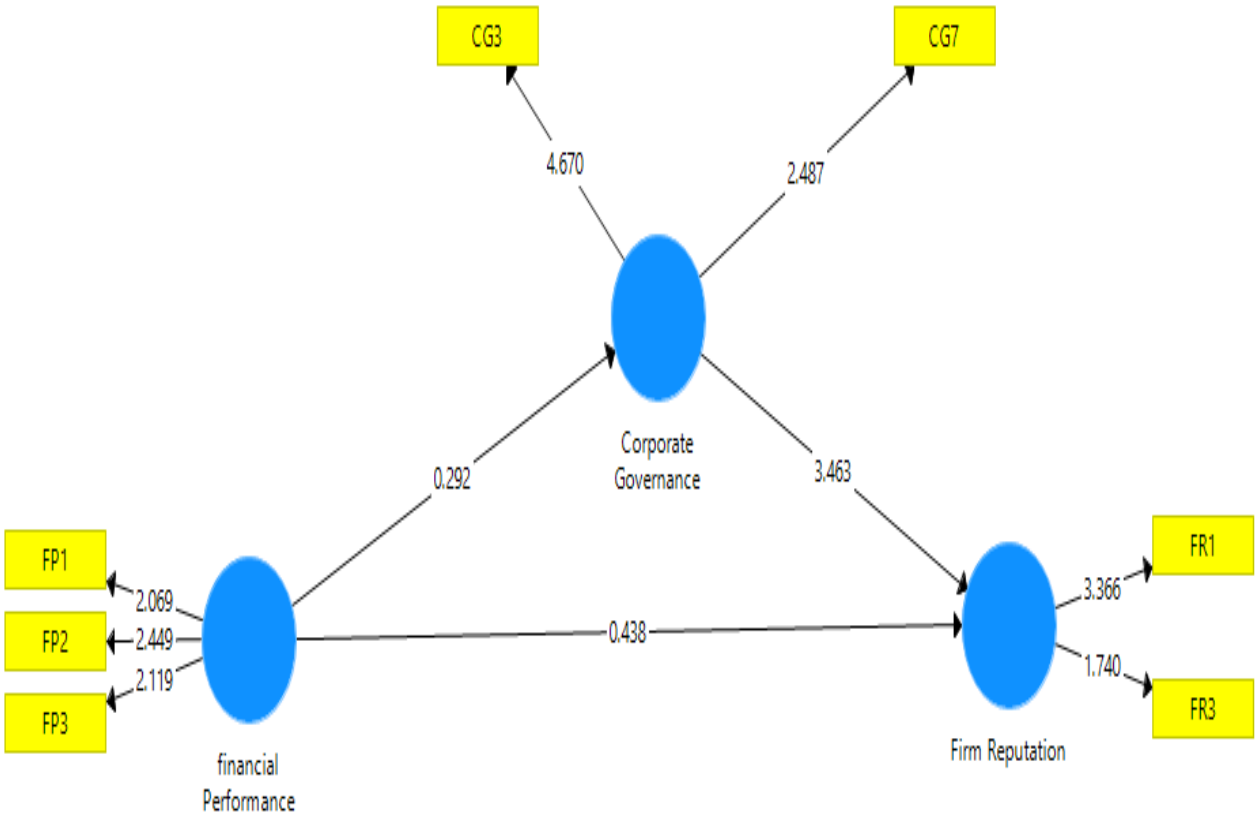
4.10 MV Descriptives

	Mean	Median	Min	Max	Standard Deviation	Excess Kurtosis	Skewness	Number of Observations Used
CG3	0.340			1.000	0.474	-1.580	0.697	50.000
CG7	6.440	7.000	2.000	9.000	1.602	1.075	-1.122	50.000
FP1	2.960	3.000		9.000	1.697	3.301	1.103	50.000
FP2	2.380	2.000		6.000	1.427	0.331	0.825	50.000
FP3	1.740	2.000		3.000	0.890	-0.952	0.023	50.000
FR1	0.540			5.000	1.043	7.375	2.560	50.000
FR3	3.000	4.000		5.000	2.030	-1.514	-0.414	50.000

4.11 Structural model:



4.12 Path model:



Path Analysis The structural model analysis begins by checking for the possible existence of a multicollinearity problem by analyzing the variance inflation factor (VIF).howthe values fluctuate from 0.01 to 4.00. Therefore, there is no multicollinearity problem in the structural model. A further bootstrapping (2,000 resamples) procedure was then carried out with the aim to calculate t-values and percentile confidence intervals. The coefficient of determination (R2) of the dependent variables, the algebraic sign and magnitude, as well as the effect size (f2) of the standardized regression coefficients were measured (Hair et al., 2017). The results are presented.

The findings reveal that CG does not directly affect performance, as the effect found, and although positive, it is not significant (), However, a positive and direct influence of CG on FIRM REPUTATION has been found respectively(), thus verifying PLS SEM . Likewise, a positive and significant influence of on performanceFIRM REPUTATION has also been found ($\beta = 0.450$ * and $\beta = 3.463$ *** respectively). Finally, the results also show a positive SIGN, verifying structural model and path analysis is used as a measure to analyze the model's predictive power as it shows how the variance of a variable can be explained by those variables that predict it in the model. The higher the R2 value, the greater the predictive power of the model

As can be seen in the results, the variance explained is 3.463 for reputation, 0.292 for firm performance 2021, exceeding the minimum value of 5% established by Falk &Miller.

CHAPTER V
FINDINGS, SUGGESTIONS AND CONCLUSION

DISCUSSIONS AND CONCLUSIONS

- Our study has found indications that CG actions induce a positive influence on FIRM REPUTATION due to the generation of synergies and greater cohesion among employees ,rating as well brand value, which allows companies to achieve their objectives more efficiently and therefore improve their performance by observing the influence of firm performance. Similarly, a positive relationship has been observed between CG and FIRM PERFORMANCE as a consequence of increased customer loyalty and satisfaction through CG practices. This increase in customer satisfaction also provides companies with an important competitive advantage that influences performance. On this basis, it has been possible to intuit an indirect influence of CG on the performance of companies since, through increased reputation and appropriate human resources management, companies obtain a series of competitive advantages that allow them to increase their performance. It is also interesting to note that the results obtained show us that firm reputation directly and positively affects CG. Through proper performance, it has been shown to achieve CG by influencing reputation practices. Finally, an important finding of this research has been the observation of a sequential mediation of FR and FP in the relationship between CG of companies. When companies carry out CG practices aimed at satisfying the conditions of their employees, this has an impact on reputation by increasing customer trust to invest in firms which enables companies to increase their performance. With these results, this paper contributes to filling a gap related to the indirect effect of CG through firm reputation and firm reputation on NIFTY50. Through a sample of variablesby using the coding the values for using PLS-SEM, this research has focused on analyzing the effect of CG practices on the performance & reputation of these companies. In addition, the mediating effect corporate governance on this relationship has been analyzed, which is a step further in relation to previous research. The literature is divided on the effect of CG practices on performance & reputation. This paper contributes to evidence demonstrating there is a significant effect. However, when CG oriented towards performance and reputation, CG practices have a significant indirect effect on firm performance and such strategies do allow firms to increase their chances of survival in the current uncertain environment. From a theoretical point of view, this paper contributes to shedding light on the effect of CG on the administrative control of companies, integrating the role that reputation and performance play in this relationship, demonstrating that it can allow companies to obtain interesting competitive advantages, which is crucial for their growth. This is justified because the relationship between CG and reputation is fully mediated and the mediation is total (we have evidence of direct relationship 0.450). Moreover, the VAF of the mediation is 97.5%, well above the acceptance threshold. This research also has important implications for managers of nifty 50 companies in this sector and policymakers. From a practical point of view, it has shown how CG practices aimed at improving reputation of a firms. This should serve to encourage company managers to develop a CG strategy that will bring them interesting competitive advantages.. This article is not without limitations, which serve to establish future lines of research. This article is based on results obtained from a sample of NIFTY 50 companies

only. For this reason, these results may not be extrapolated to other companies , as CG depends on aspects such as policies, Director independence and performance.

A focus on diversity ,Regular compensation review and management ,Auditor independence and Transparency, Shareholder rights and takeover provisions,Proxy voting and shareholder influences ,therefore, future studies could use a larger sample size covering other companies. Likewise, this article has only used data available in companies site and other websites like nse, brand finance ,top 100 companies list & companies bestfor womens, so these could change over time. For this reason, it would be interesting for future research to uselongitudinal data in order to assess possible changes over time.

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