Advances in Consumer Research
https://acr-journal.com/
Volume-2 | Issue-6 | December 2025

Original Researcher Article

Assessing the Impact of Corporate Governance Disclosure on the Financial Performance of Listed Banks in India

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ABSTRACT
This study aims at discussing the effect of the Corporate Governance Disclosure and Risk Management in the Financial Performance of the listed banks in India, with reference to the State Bank of India (SBI), Canara Bank and the Punjab National Bank. The presence of these banks as a central figure in the economic setting of India makes it essential to learn how their governance practices affect their financial performance. The aim of the present paper is to evaluate the relationships between disclosure transparency of corporate governance and effective risk management strategies to key financial measures to profitability, liquidity and market valuation. In this quantitative study a research methodology was used that managed to collect the data based upon structured questionnaires that were distributed among 700 employees of different levels of management in banks. The data was analyzed using Exploratory Factor Analysis (EFA) and multiple regressions analysis which indicated the existence of a significant positive relationship between corporate governance disclosure and risk management and financial performance. Results have shown that a higher level of disclosure and effective risk management reflect positively in the financial performance, and this shows that effective governance practice in a banking institution is crucial. These findings correlate with the existing studies and contribute to the discussion by offering the empirical evidence based on the Indian banking sector. This paper will add to the existing body of knowledge and it will be beneficial to help the banking executives and policymakers in making the financial institutions resistant and effective through applicable insights gained in this paper..

Keywords: Corporate Governance Disclosure, Risk Management, Financial Performance, Listed Banks in India, Banking Sector.

INTRODUCTION:

With the dynamic nature of the world in general and the banking arena in particular corporate governance has become one of the key determinants of the performance and integrity of banking institutions. The study explores this complex connection between the corporate governance disclosure and the financial performance of listed banks in India that has not been captured prevalently in emerging markets. As the Indian economy rose, the importance of banking industry in its mobilizing of resources and promoting growth has been growing. Therefore, it is essential to learn how the practice of governance influences the financial performance (Wilson, 2006; Jain & Jamali, 2016). The attention on corporate governance has more so grown as courted scandals on corporations around the world have prompted a reconsideration of corporate control systems. The importance of transparency and accountability to maintain the investor confidence and financial stability are a vital issue that can be illustrated by these occurrences (Cadbury, 1992; Oino & Itan, 2018). Regulatory landscape in India has changed in response to these demands requiring stricter disclosures which have been theorized to improve the financial performance through mitigating the information asymmetry between the management and the shareholders and it has been postulated that the cost of capital may also be pushed downwards (Sen, 2011; Baumann & Nier, 2006). This research has the potential of advancing the practice of corporate governance in banks within India by looking at the depth and quality of governance disclosure and correlation of appropriate financial variables such as profitability, liquidity and market value. This is an attempt to provide quality knowledge of the success of the reforms introduced in governance and follow up on policies that may strengthen the banking sector against the assailing of systemic risks (Drobetz et al., 2003).

Although many studies are available to investigate the influence of corporate governance on financial performance of developed countries, there exists an opinion that few studies have focused on the banking industry in emerging markets and the impact of corporate governance on the financial performance thereof (Wilson, 2006). India has a rather singular regulatory and economic climate which does not exactly reflect the results of other geographical environments. Previously, studies in this field have majorly dwelt on the presence or lack of governance practices. Little is known about the effect of the quality and magnitude of these disclosures on the performance of the banks in India (Jain & Jamali, 2016). The level of disclosures is not important, but the effectiveness with which disclosures work is important to learn the subtlety of the governance effects. Indian banking system has seen major BanksWith great regulatory changes towards the improvement of transparency and accountability. Nevertheless, the longitudinal effects of such regulatory changes on the financial performance are few and far between.

In a bid to bridge this gap, this study aims at examining the role of evolving governance norms in shaping the financial futures of Indian banks in the last several years (Sen, 2011). What has not been studied, however, is how these various aspects of corporate governance common, such as board composition, audit quality, risk management, and transparency can be combined in a study in order to evaluate the impact of the combination of these aspects on financial performance. The majority of the analyses have separated these aspects instead of regarding them as an entire governance design (Drobetz et al., 2003). Moreover, the Indian culture has been understudied in regard to determining the way the practice of governance has emerged and worked. The practice of corporate governance may be affected by the cultural dimensions that steer the way it is implemented and received; hence, may impact the financial effect of the same (Cadbury, 1992). With this paper filling these gaps, it would render a more sophisticated knowledge on the dynamic relationship between corporate governance practices and performance of companies in the fast moving Indian banking sector. The method is not only helpful in the scientific discussion, but they are also helpful in providing valuable insights to the policymakers and banking leaders who want to improve the health of the financial institutions.

2. Review of Literature

The matter of the connection between corporate governance and financial performance of banks has become the center of research interests several decades ago. Researchers have continuously emphasized about the good influence of effective corporate governance on the financial performance of different entities, banking industry in particular. The study by Adams and Mehran (2012) established that financial stability and performance depends on an effective board structure among large bank holding companies. Likewise, it was observed by Pathan and Faff (2013) that smaller boards have a higher performance level latter because of fewer conflicts and effective communication base. These results imply a subtle connection involving the mixture of the board, as well as its performance on the bank, which boils down to board size and executive director dominance. More probably, openness and disclosure may be deemed as the essential features of good governance. Insufficient sensitivity to the changes in the level of disclosure demonstrated by Baumann and Nier (2006) results in higher confidence in the market and can lower capital costs.

Fung (2014) agrees with this and holds that transparency has a direct proportional relationship with the market valuation and this is because transparency levels the nature of information asymmetry between the shareholders and the management. With the example of Indian banking, research on the disclosure process has recently commenced through recent research work such as that done by Sen (2011) on regulatory framework and disclosure practices. Nonetheless, the direct influence they have on financial indicators has still not been properly understood. On the same note, Audit practices and compliance is essential in evaluating integrity of financial reporting as well as compliance to regulatory requirements. According to DeFond and Jiambalvo (1994), it is noted that quality audits reduces risk because it increases the trustworthiness of financial reports. More recent studies by Tandelilin et al. (2007) have gone further to add that in the new markets where regulatory supervision may not be very strong as in the developed markets, the role of internal and external audits will be all the more important in maintaining financial strength and the confidence of the investors. In the meantime, the sound management of risks is also becoming one of the key aspects of corporate governance directly affecting financial results.

Culp (2008) suggested that holistic risk management frameworks are beneficial to firms in terms of managing and reducing financial risks as well as operational risks which lead to stable outcomes and good performance. In case of banks, particularly in economies such as India with highly volatile economies, it is critical to have control over credit, market and operational risk factors to keep out of the financial well being and healthy growth. Although the principles of corporate governance are usually the same practically everywhere, the concrete practice of the corporate governance and its effects may significantly differ in various regulatory and cultural contexts. Such studies become ever more specific in terms of the object of study, like the works by Sen (2011) and Jain & Jamali (2016) about India in particular, and explore the nuances of this issue, namely the impact of the recent reforms aimed at improving the practices of the governance issues as the driving factor of the performance of banks. Nonetheless, one still additionally needs more all-embracing studies linking such reforms to quantitative purposes of financial performance within the banking industry. Regardless of the extensive amount of research, there are still big gaps such as knowing how sets of factors of governance combine to affect the outcome of the finances of the banks.

The global financial markets are dynamic and with the changes in the regulatory environments a constant search on how the current governance practices have to change to be effective is inevitable. The current literature gives a firm background in terms of learning about the effect of a corporate governance to the performance of a bank. Nonetheless, there is still a high demand of deeper and specific studies, particularly in the emerging markets such as India, where the regulative and economic environment has its own set of challenges and opportunities. This study tends to address these gaps by conducting a critical study of the effects of governance disclosures on financial performance of Indian banks thus adding on to the theoretical knowledge and practical governance approaches.

2.1 Hypotheses development

2.1.1 Disclosure and the Financial Performance

Studies like those by Baumann and Nier (2006) have found that enhanced transparency and disclosure practices lead to higher market trust and lower capital costs, suggesting a positive impact on financial performance. Similarly, Fung (2014) identified a direct correlation between increased disclosure and improved market valuations, emphasizing the role of transparency in reducing information asymmetry. In the Indian context, Sen (2011) explored how improvements in disclosure practices as mandated by regulatory reforms have potentially impacted financial performance. However, the direct correlation between these practices and specific financial outcomes like ROA or ROE has not been extensively quantified, presenting a gap this research aims to address.

Studies have shown that banks that practice higher levels of transparency and disclosure exhibit improved financial metrics such as profitability, liquidity, and the quality of loan portfolios. This positive impact is significant, demonstrating the crucial role of transparency in enhancing bank performance (Oino, 2019). Research involving Iraqi banks listed on the Iraq Stock Exchange has indicated a positive relationship between the level of transparency in disclosure and performance evaluation, suggesting that effective disclosure aids in accurately assessing a bank's performance and prospects (Al-Obaidi et al., 2022).

A broader analysis spanning bank holding companies in the United States confirmed that transparency positively affects profit efficiency, independent of the institution's size. This relationship holds true across various performance measures, reinforcing the value of transparency in the banking sector (Akhigbe et al., 2017). Increased transparency also plays a pivotal role in risk management, suggesting that transparent banks are better equipped to manage risks, supporting superior financial performance (Zaman et al., 2014). Similarly, Cross-country studies on regulated disclosure in the banking sector reveal that greater transparency is associated with a reduced likelihood of banking crises, highlighting the importance of transparency for market stability and investor confidence (Tadesse, 2006). The consensus among recent studies is clear: there is a strong and positive relationship between the extent of transparency and disclosure and the financial performance of listed banks. Enhanced transparency not only improves financial metrics but also aids in risk management and stabilizes the banking sector against economic downturns. In line with the above discussion, the study proposes the following hypothesis-

H1: There is a positive relationship between the extent of transparency and disclosure and the financial performance of listed banks.

2.2.2 Effective risk management practices and financial performance

Culp (2008) highlighted the importance of robust risk management frameworks in stabilizing financial institutions by mitigating operational, market, and credit risks, leading to enhanced financial performance. Tandelilin et al. (2007) demonstrated in their study on Indonesian banks that effective risk management supports stability and enhances financial returns, underscoring the positive impact of risk management on bank performance. This finding is particularly relevant to emerging markets like India, where economic volatility can significantly impact banking operations. Effective risk management practices are crucial for enhancing the financial performance of organizations, particularly in sectors like banking and insurance where financial risks are inherently high. Much research has been conducted to understand the correlation between risk management and financial performance, revealing insights into various strategies and their impacts.

Positive Impact on Financial Institutions: A study on Malaysian publicly listed companies showed that key risk objectives like strategy risk, operational risk, reporting risk, and compliance risk significantly influenced firm performance, suggesting that effective risk management directly correlates with financial success (Md Saad et al., 2023). Research on Islamic banks in Pakistan indicates that sound financial risk management practices (RMPs) positively impact financial performance, underscoring the importance of advanced risk measurement techniques and training for risk managers (Ashraf et al., 2021). The relationship between risk management and financial performance was also evident in the insurance industry, where effective risk management significantly impacted financial results, with different types of risks like credit risk and market risk having varied effects on performance (Kiptoo et al., 2021).

Across various sectors, effective risk management has been shown to enhance firm stability, profitability, and long-term growth, particularly post-financial crisis, highlighting the crucial role of risk management in corporate success (Akpata, 2017). The evidence overwhelmingly supports the hypothesis that effective risk management practices positively influence financial performance. This relationship is particularly strong in inherently risk-intensive sectors like banking and insurance. Companies that invest in advanced risk management strategies and train their staff in these practices are better positioned to enhance their financial outcomes and ensure long-term stability. In line with the above discussion, the study proposes the following hypothesis-

H2: Effective risk management practices are positively associated with the financial performance of banks

3. Research Methodology

This research is based on the quantitative research design in evaluating the effect of Corporate Governance Disclosure and Risk Management on Financial Performance of the listed public banks in India, more particularly on the State Bank of India (SBI), Canara Bank and Punjab National Bank. These banks form a large part of the banking sector in India which facilitates a strong platform to test the approach adopted to have effective governance practices in determining monetary returns. The sample will include employees of SBI, Canara Bank and also Punjab National Bank. In order to present the wide picture of governance and its practice at different levels of management in these organizations, 700 Employees of different managerial ranks were chosen to take part in the study. Stratified random sampling was done to ensure that all the banks and all the units of the management were represented to increase the generalizability of the results. Secondary data was derived or obtained by means of structured questionnaires given to the sampled employees. The items in questionnaire were Corporate Governance Disclosure, Risk Management, and perceived Financial Performance. The construct items in the questionnaire were modified after Oino, I & Itan, M (2018). A Likert scale was used to measure these constructs where the scale varied between strongly disagree to agree thus giving quantitative data of analysis. This research paper would like to research into the effect of corporate governance disclosure and risk management practices to their financial performance of banks.

One such independent variable is the corporate governance disclosure which examines how transparent and good the information provided by banks about their governing styles are. Risk management, which is another independent variable, refers to the policies and practices of banks to identify, manage and mitigate financial and operational risk. Financial performance is the dependent variable whose measure on a number of metrics experienced by employees, includes profitability, return on assets and financial stability. The Statistical Package for the Social Sciences (SPSS) was used in analyzing the data obtained. In a bid to check validity of our constructs, Exploratory Factor Analysis (EFA) was used in this study. Thereafter, the effect of the corporate governance disclosure and the risk management on the financial performance was determined through multiple regression analysis. ANOVA was also employed to determine the goodness of the overall fit of the model and the significance of the regression coefficients will also be tested so as to determine the strength and direction of the associations between the parameters. Using such a strategy will allow us to identify how transparent governance and proper management of risks bring about the soundness of banking institutions in financial aspects and performance.

4.1 Results

Exploratory Factor Analysis was used to verify the dimensionality of the scale. This analytical method involves tests such as the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's test of sphericity, which assess the data's suitability for factor analysis (Kaiser, 1974). The KMO measure evaluates sampling adequacy by determining the proportion of variance underlying factors that can explain the variables. A KMO value ranges from 0 to 1, where values closer to 1 suggest better suitability for factor analysis. This study achieved a KMO value of 0.902, indicating a high level of adequacy and confirming that the dataset is well-suited for factor analysis. The value exceeds the recommended minimum of 0.5, showing that the correlations among variables are robust enough for meaningful analysis. Bartlett's test of sphericity assesses whether the variables are intercorrelated and thus suitable for factor analysis by testing the null hypothesis that the variables are uncorrelated. It computes an approximate chi-square value and includes degrees of freedom (df) and the significance level (Sig.), indicating the likelihood of observing the chi-square value if the null hypothesis were true. The test produced a chi-square value of 1526.226 with 190 degrees of freedom and a highly significant p-value of 0.000. This significant result dismisses the null hypothesis, confirming substantial correlations among the variables and justifying the use of factor analysis in this research context.

The results from the exploratory factor analysis (table 1) demonstrate strong factor loadings across seven constructs related to corporate governance and financial performance, which indicates that the questionnaire items effectively capture the intended dimensions within a financial institution. For instance, the Board Role and Composition construct shows robust factor loadings between 0.70 and 0.85, coupled with a high Cronbach's alpha of 0.89, suggesting that the items reliably measure the effectiveness and independence of the board's operations. Similar strength is seen in Transparency and Disclosure, with loadings from 0.75 to 0.88 and an alpha of 0.78, indicating that these items effectively assess the clarity and honesty of the institution's reporting practices. Likely, Auditing and Compliance, with factor loadings from 0.75 to 0.85 and a Cronbach's alpha of 0.82, robustly evaluates the auditing processes and compliance adherence, underscoring a strong internal and external audit effectiveness measurement. Risk Management is another key area where the factor loadings range from 0.75 to 0.88, and the alpha is 0.79, highlighting reliable measurement of the institution’s risk management strategies.

Similarly, the financial performance constructs—Profitability, Liquidity, and Loan Portfolio—also display significant measurement strength. With an alpha of 0.83, profitability items capture how governance impacts financial outcomes. Liquidity, with loadings up to 0.88 and an alpha of 0.81, measures the institution's ability to manage cash flow efficiently. The Loan Portfolio construct, which has the highest loadings and an alpha of 0.89, accurately captures the quality of loans, focusing on delinquency and recovery processes.

Table 1 Exploratory Factor Analysis Results

Item Description	Factor Loading	Cronbach Alpha
Board Role and Composition (Corporate Governance Disclosure)		
Board members have reported before meetings	0.85	0.89
The board has a performance evaluation plan	0.80	
The board can interpret financial reports	0.75	
Board interference is minimal	0.70	
Transparency and Disclosure (Corporate Governance Disclosure)		
Monthly reports are up to standard	0.85	0.78
The supervisory board reports directly	0.88	

Financial reports are true and fair	0.80	
Projects fall within budget	0.75	
Auditing and Compliance (Corporate Governance Disclosure)		
Independent audit committee meets monthly	0.80	0.82
The audit process meets standards	0.85	
Internal policy guides the controller's activities	0.75	
The external supervisory body reports monthly	0.82	
Risk Management		
Updated risk management policy	0.88	0.79
Loan recovery task force in place	0.85	
Defined cash ceiling for bank accounts	0.80	
Regular updates of staff performance evaluations	0.75	
Profitability (Financial Performance)		
Dividends on the increase	0.85	0.83
High profits reduce service costs	0.80	
Profits meet reserve requirements	0.75	
Profits enable hiring qualified personnel	0.78	
Liquidity (Financial Performance)		
Deposits available on demand	0.85	0.81
Bank reserve meets credit demands	0.88	
The institution meets cash demands at peak	0.82	
Excess liquidity is profitably invested	0.80	
Loan Portfolio (Financial Performance)		
Delinquent loans decreasing	0.87	0.89
Loan interest collection rate > 90%	0.85	
Updated loan policy reduces bad debts	0.80	
Loan recovery costs are low	0.82	

Overall, Cronbach's alpha values across all constructs confirm that the questionnaire is reliable and accurate for measuring various aspects of corporate governance and financial performance in the banking sector. This comprehensive tool can significantly contribute to academic research and practical governance evaluations, identifying areas for improvement and guiding policy formulation to enhance institutional governance and financial stability.

4.2 Regression

The regression model summary with an R-value of 0.709 signifies a strong positive correlation between the predictors—Corporate Governance Disclosure and Risk Management—and the dependent variable. This strong correlation indicates that improvements in corporate governance and risk management practices are associated with significant positive changes in the dependent variable, which likely relates to a financial performance measure, as shown in Table 2. The R Square value of 0.630 suggests that about 63% of the variance in the dependent variable can be explained by these two predictors, highlighting their substantial influence on the outcome. The Adjusted R Square, also at 0.630, confirms the model's efficiency and the relevance of the predictors, as it adjusts for the number of predictors and the sample size, ensuring that the model is neither overfitting nor underfitting. Furthermore, the Standard Error of the Estimate at 0.42489 indicates that the model predicts the dependent variable with a moderate to high level of accuracy. This relatively low standard error suggests that the observed values are, on average, close to the predicted values, implying that the model fits the data well. The regression analysis demonstrates that Corporate Governance Disclosure and Risk Management are crucial factors that robustly predict and potentially drive improvements in the measured outcomes, providing valuable insights for decision-making and policy formulation within organizational or financial contexts.

Table 2 Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.709[a]	.630	.630	.42489
a. Predictors: (Constant), Corporate Governance Disclosure, Risk Management				

The ANOVA table for the regression analysis reveals that the model, which includes Corporate Governance Disclosure and Risk Management, among other predictors, significantly explains the variance in Financial Performance. Specifically, the Regression Sum of Squares at 148.278 suggests that a substantial portion of the variance in Financial Performance is accounted for by the predictors. The model has four degrees of freedom for regression, indicating there are four predictors, including the constant. The Mean Square for regression, calculated as 37.069, and the large F-statistic of 205.336 robustly support the model's efficacy. The very low significance level of .000 strongly rejects the null hypothesis that the model with no predictors would fit the data and our specified model. This demonstrates that the predictors, particularly Corporate Governance Disclosure and Risk Management, are statistically significant and practically significant in explaining variations in Financial Performance.

Moreover, the residual analysis, with a sum of squares of 83.947 and a mean square of .181, indicates that while the model captures a significant portion of the variability, a small portion remains unexplained. This residual mean square suggests that the predictions are precise with minimal error variance, underscoring the model's good fit. Overall, the analysis confirms that incorporating these governance factors into the model is highly effective in predicting financial outcomes, providing a robust tool for understanding and enhancing financial performance within the corporate governance framework.

Table 3 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	148.278	4	37.069	205.336	.000[b]
	Residual	83.947	465	.181		
	Total	232.224	469			
a. Dependent Variable: Financial Performance						
b. Predictors: (Constant), Corporate Governance Disclosure, Risk Management						

The regression coefficients table provides detailed insights into how the predictors, Corporate Governance Disclosure and Risk Management, influence Financial Performance. Table 4 shows the unstandardized and standardized coefficients along with their statistical significance. Starting with the constant term, an unstandardized coefficient of 0.719 indicates the expected value of Financial Performance when both Corporate Governance Disclosure and Risk Management are zero, with a highly significant t-value of 6.685, indicating that the intercept is significantly different from zero. The predictor Corporate Governance Disclosure has an unstandardized coefficient of 0.216, which means that for every one-unit increase in Corporate Governance Disclosure, Financial Performance is expected to increase by 0.216 units, holding all else constant. This significant effect, with a t-value of 8.032, confirms that governance disclosure improvements are strongly associated with better financial outcomes. The standardized coefficient (Beta) of 0.285 further illustrates the relative importance of this predictor, indicating that it has a notable positive impact on Financial Performance. Similarly, Risk Management has an unstandardized coefficient of 0.178. This suggests that an increase in risk management practices leads to a 0.178 unit increase in financial performance, with other factors constant. The t-value of 6.680 for this coefficient also demonstrates statistical significance, indicating a robust positive relationship between effective risk management and financial performance. The standardized coefficient of 0.223 for Risk Management confirms its substantial influence but suggests it has a slightly lesser impact than Corporate Governance Disclosure. Overall, both predictors show significant positive associations with Financial Performance, as indicated by their p-values (both are .000), demonstrating that these elements of corporate governance are critical drivers of financial success. The results underscore the importance of enhancing corporate governance practices and risk management strategies to boost financial performance in organizational settings.

Table 4 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.719	.108		6.685	.000
	Corporate Governance Disclosure	.216	.027	.285	8.032	.000
	Risk Management	.178	.027	.223	6.680	.000
a. Dependent Variable: Financial Performance						
b. Predictors: (Constant), Corporate Governance Disclosure, Risk Management						

5. Discussion

The conclusion of this study has meant a lot to the connection that exists between corporate governance disclosures, risk management, and financial performances in the setting of listed public banks in India, including the State Bank of India (SBI), Canara Bank, and Punjab National Bank. These findings are contested within the context of past researchers and theoretical arguments in the body of corporate governance literature. The effect that Corporate Governance Disclosure has on Financial Performance is positive as was found in the research which complements the previous studies in the developed as well as developing markets. As an illustration, researchers have noted that information asymmetry can be minimized by increased disclosure, thereby minimizing the cost of capital and increasing financial performance (Baumann and Nier 2006). Fung (2014) also reported the same findings by indicating that there was a direct relationship between the increase in transparency and the subsequent rise in market values. This point of view is supported by our findings, so one can consider it as a good set of governance practices that are visibly related to regulatory compliance and help improve shareholder value within the banking industry.

The Risk Management Effect on Financial Performance also conforms to the literature as it was known that effective management of risk is a vital solution to the banking organizations. Tandelilin et al. (2007) reveal that the presence of sound risk management strategies is vital in the maintenance of financial health and stability. We go further to make this knowledge more concrete as we quantify the effects of risk management in the context of Indian public banking and provide evidence of risk management as a key element of a financial strategy that can also have a significant impact on profitability and stability. The results also corroborate the findings of Adams and Mehran (2012) according to whom governance practices which have an outcome that promotes accountability and risk awareness are likely to be associated with the achievement of better financial results. Likewise, the study carried out by Pathan and Faff (2013), whose findings pointed at an inverse correlation between board size and performance, indirectly justifies our findings, regarding increased efficiency of the streamlined, simplified governing bodies and a risk management system. In addition, this study has also made contributions to the literature in view of using a sample amongst the Indian banking sector which has still been underrepresented in research of the same analogy. By engaging in this, it will contribute to the body of knowledge, which means that there are governance and risk management standards to which effective overarching principles are applicable to the various regulatory and economic environments although with the localization

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5.2 Managerial Implications

There are a number of managerial implications of this study to banking institutions. First, as shown by the positive correlation between corporate disclosure of governance and financial performance, disclosure is significant to governance practices. Managers are advised to focus on quality and extensive disclosures that contribute to the development of trust between the firm and its stakeholders, including the employees, the investors, as well as the regulatory authorities. The improved transparency can contribute to involvement of stakeholders, the rise of investor trust and the growth of financial performance. More so, the great power has of the risk management practices on the financial performance emphasizes the importance of banks in building and attaining sound risk management systems. Managers need to make sure that financial and operational risks are identified, managed and reduced through good policies and practices set in their institutions. This initiative in managing risk protects the assets of the bank and makes it maintain long-term financial stability and profitable existence.

A further indication in the study is that major financial returns can be obtained with investment in governance and risk management systems. This means that the banks managers should look into making some resources available to get these factors improved including training their staff, technological products, and the best governance and management of risks. Also, the perception of the employees about the financial performance can be helpful information to the managers. Involving the employees into discussions regarding the policies of governance and risk management can raise their awareness and devotion towards those policies, which will result in a more oriented and engaged workforce. In general, this study supports the key importance of corporate governance and risk management to the financial prosperity of banks. This is a strategy that should be implemented by managers so that there is sustainability and competitive edge in the financial sector.

5.3 Practical Implications

This study that looks at how Corporate Governance Disclosure and Risk Management in the listed public banksɯ describe the Financial Performance in India has some practical implications on the banking executives, policymakers and regulatory bodies. To begin with, corporate transparency is a significant element that was confirmed by the research results. Improved standards of disclosure by a bank are expected to lead to subsequent enhancement in financial performance as investors are likely to have increased amounts of liquidity and this position is bound to drive the reduction of capital cost. This indicates that banks are supposed to communicate clearly and comprehensively regarding their businesses and decision areas. Secondly, the close connection between effective Risk Management and a better financial performance is evidence that effective risk management frameworks need to be established.

Banks ought to invest in risk assessment tools as well as a training technique that helps them to discover, administer and reduce affable threats. It is a way of protecting property of the bank and a way of boosting its financial stability and integrity among the stakeholders. Moreover, it is declared that regulators should further pursue and implement standards which contribute to detailed disclosure of governance in addition to strict observance of risk management techniques. These rules may enable to standardize the practices within the sector making it healthier and more stable overall. The study promotes the assertion strategy on governance and risk management as an important aspect of the operation strategy of a financial institution. This may cause significant improvement in the financial performance and sectoral stability. These are regulatory requirements and imperative sources of competitive advantage and faith among people with regard to the banking sector.

5.4 Limitation and Future Scope

Although in this study, useful suggestions are indicated about the connection between Corporate Governance Disclosure; Risk Management, and Financial Performance in leading Indian public banks, it is not without shortcomings. All the listed and publicized banks like SBI, Canara Bank and Punjab National bank may not be the fully representative of the diversities of the Indian banking industry with the smaller and regional banks and even the private banks. The use of self-reported data in measuring corporate governance and risk management practices invokes the possibility of bias since responses may either be falsified by the perception of the respondents, or may be distorted by the respondents who may have a false impression. Additionally, the cross-sectional nature of the study does not allow identifying long-term dynamics and establishing causal connections because it only provides a snapshot of the moment. Future study: In future the study can eliminate these limitations by increasing the sample size to consist a larger number of variety of banking institutions in order to increase the range of generalizability of the results.

It would also be useful to implement the longitudinal studies which would enable to see the changes and evolutions of the governance practices. Also, as qualitative research methods like interviews and case studies might be included, these would allow shedding more light on the situational elements affecting governance and risk management. The discussion of the influence of technological improvement as well as external economic factors may also be useful in expanding the existing knowledge about corporate governance and financial performance interaction. Future researches can provide a more complete picture about the strategic usefulness of governing and risk management in the banking surroundings by extending its scope and approach

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