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Article

The Role of Transparency in Corporate Governance: Assessing Its Effect on the Performance of Indian Firms

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Abstract: The aim of the study is to examination the concept of transparency in corporate governance and its performance implications in the Indian companies. The study had a mixed-method research design that involved primary data and secondary data collection. The data of the first category was gathered in systematic questionnaires that included 200 executives and stakeholders working in different industries and at different levels, but it was supplemented by the secondary data. According to the study findings, there is a statistically significant correlation between the corporate transparency and financial performance ($r = 0.175$, $p = 0.013$). Overall, corporate governance practice transparency was found to be a strong predictor of stakeholder trust and investor confidence ($\beta = 0.495$, $p < 0.001$), within which governance practice transparency accounted for 24.5% of the variance. In conclusion, the study shows that transparency operates as an ethical obligation of firms and as a strategic imperative, one which leads to better financial assurance and stakeholder trust.
Keywords: Transparency, Corporate Governance, Financial Performance, Stakeholder Trust, Indian Firms

1. Introduction

Transparency refers to the readiness of institutions, businesses, and the government to disclose information regarding their management of public resources to those who seek it. One of the components of achieving good governance in businesses, organizations, and the government is transparency (Suwanda 2020). Good governance necessitates transparency, participation, and simple access for the entire community to the procedures used to organize businesses, government, and organizations. The achievement of numerous other indicators will be aided by transparency and simplicity of access to information. Availability, document accessibility, completeness and clarity of information, process openness, and regulatory frameworks that ensure transparency are examples of transparency indicators (Karsono 2023).

Transparency in corporate governance is a vital principle that fosters reliance, accountability, and the sustainability of firms in today's business environment. The concept of transparency basically means clear, exact and swift revelation of policies, choices, performance measures, dangers and chief actions of a corporation to every stakeholder in the enterprise, including the shareholders, workers, regulators, and citizens (Kimani 2025), (Magazine 2024). This openness entails neither the haphazard disclosure of every inter-organizational document, but the sharing of significant, accessible, and relevant information that will give the stakeholders an insight into the management of the organization, the way it takes decisions, and its direction at strategic level (Lumentut et al., 2017). Corporate governance is a structure of leadership and management of an organization which is by policies, procedures and processes. It encompasses how corporations and their leaders are accountable to their stakeholders, including shareholders, employees, consumers, suppliers, and the community in general (Almashhadani et al., 2022). Corporate governance systems aim at balancing the interests of a large group of stakeholders and ensuring that the organization operates in an ethical and transparent environment. These architecture and function of the board of directors, the executive management, investor rights and the overall organizational ethical structure and policies are the basic elements of corporate governance (Simpa et al., 2024).

It is through transparent corporate governance that building trust, setting up responsibility, and enhancing the overall integrity of a company are attained. It means timely and correct disclosure of information to the stakeholders which facilitates the ability to make wise decisions. It continues to address the significance of transparency in any communication, including transparent financial reporting, ethical behaviour and creating a culture of transparency in corporate governance (Adeusi et al., 2024). The role of transparency in the field of corporate governance has grown significantly because of such events like the Enron scandal and the Wirecard scandal devoted to the effects of obscure operations and the lack of transparency (Jo, H.,2021). Such incidences prompted regulatory authorities throughout the world including the U.S, Securities and Exchange Commission (SEC) and the European Union to implement tougher laws requiring that financial performance must be disclosed, responsibility on board by oversight actions pertaining to environmental, social and governance (ESG) risks and disclosure of other materials pertaining to governance issues. Adoption of international standards including the International Financial Reporting Standards (IFRS) is another way in which transparency in reporting has been embraced all over the world (Idealsboard 2025).

- *Transparency and Corporate Governance in India*

Transparency remains very important and complex in allowing good corporate governance. One of the key roles is to increase accountability in an organization. Accountability is expected of the executives and board members in the general disclosure of business policies, decisions, financial results, and performance measures (Manginte 2024). This openness make important leaders responsible to their actions and results and hence discourage unethical behavior like fraud, corruption, or abusing power. It instills integrity and responsible leadership culture to the people because of the understanding that their actions are constantly scrutinized by investors, regulators and other interested parties (Magazine, 2024), (Kimani, 2025). Corporate governance is another concept that has become very crucial particularly to the third world countries owing to their weak governance systems. Thus, an effective corporate governance model with high levels of transparency and administrative skills is required to reduce corporate malpractices, the major aim of which is to attract foreign investment (Al-Ahdal et al., 2020).

In India, the corporate governance phenomenon were developed in the wake of the fraudulent operations like the "Big Bull," the scam of Harshad Mehta, and the Satyam computers. The nation has gaps in its corporate governance which includes internal controls, poor knowledge of operations of the company among other vices. (Sachdeva 2024). The importance of good CG practices was noted by developing good CG standards of conduct by the “Confederation of Indian Industry (CII) in India in which the standards of good CGs are developed, and the standards are endorsed by the Ramakrishna Commission on Public Sector Undertakings (PSUs) (Al-Homaidi et al., 2021). After the recommendation of the Birla Committee in 2000, the primary capital market regulator SEBI supported the introduction of a new clause. Clause 49 was used to guide the CG guideline. Moreover, this clause was modified under changes granted by SEBI in order to provide better listing agreements with mandatory and voluntary terms of listed firms before the firms Act 2013 was put into effect. (Kamath, 2019a). This need would demand full disclosure in all areas of corporate governance including its ownership, dealings with the related parties, board constitution, internal and external auditing, remuneration among others. Then, the Companies Act 2013 that was enacted established a clear structure of corporate governance standards (Srivastava et al., 2019).

- *Transparency and Stakeholder Confidence in Corporate Governance*

A key advantage of transparency is that it would develop stakeholder trust. The public, consumers, employees and other investors will feel much encouraged to be around a company that is clear and operating with ethics. The strong trust in a company and its operations and leadership is the result of transparent communications of its goals, difficulties, and accomplishments. This faith is necessary in attracting investments, getting long term capital, keeping the experienced staffs and having a strong brand name. Transparency is an important point of differentiation in a competitive and socially responsible business because it is an indicator of ethical leadership and stability within the organization (Idealsboard, 2025).Transparency aids in improving the decision making process in most levels of an organization. In case they possess clarity, accuracy, and current information, the stakeholders like the shareholders and the board might make knowledgeable judgments about engaging in the firm. On the inside, transparency enhances formation of strategies and risk management, and the leadership teams have a clearer overview of activities, its strengths, and its weaknesses. It enables boards to assess the performance of CEOs, allocate resources and give priority to the corporate goals in a much better way (Hermalin and Weisbach, 2007), (Lumentut et al., 2017).

Finally, transparency promotes the adherence of rules and regulations, which is becoming a necessity in the modern highly legal world. Effective communication and the best governance practices can help a firm to comply with the regulation and standard in the industry. This will minimize the chances of breaches, fines, and legal infractions and will enhance the reputation of the company among the officials and other regulators. In conclusion, transparency is both an ethical need and a strategic necessity that promotes transparency, trust, informed decision-making, and regulatory compliance in corporate governance (Kimani, 2025). Indian companies are becoming more and more interested in corporate transparency over the past few years as the need to comply with more regulations, the sensitivity of investors, and competition in the market have become more significant factors. Indian companies are anticipated to have increased disclosure and accountability standards with the introduction of the frameworks on disclosures such as Companies Act 2013 to comply with disclosure regulations introduced by SEBI (Kanoujiya 2023). Transparency does not only enhance the confidence among the investors but also fights corruption, mismanagement and financial irregularities. Even with these developments, disparities in the extent of transparency still exist in both the sectors and companies and there is the need to investigate the impact of disclosure practices on organizational performance and trust of the stakeholders in the Indian business environment (Akinsola 2025).

This study intends to meaningfully demonstrate the vital significance of transparency in corporate governance, that is, the promotion of confidence, responsibility, and ethical behavior within corporations. It explains transparency as the timely and clear dissemination of relevant information to stakeholders which allows them to make informed decisions and hold executives accountable. The study argues the importance of transparency when corporate scandals arise, as it is crucial to implement stringent regulatory frameworks to ensure accountability and ethical behavior. Transparency is especially important in developing nations, where insufficient governance frameworks have prompted the need to establish strong corporate governance principles to attract international investment. The study highlights the influence of transparency on stakeholder trust, company image, and adherence to legal requirements.

2. Literature review

➢ *Corporate Governance and Firm Performance*

Corporate governance (CG) was believed to be a relevant framework that directed, controlled and managed organizations in a move to ensure they achieved their objectives in an effective manner and at the same time safeguard their stakeholders. Nayak (2024) has also mentioned that the relationship between CG and organizational performance was multidimensional since board structure, accountability, transparency, and stakeholder involvement directly affected financial outcomes, the process of strategic decision-making, and the general agency of organizational behavior. The results, the analysis of the empirical data plus the review of the literature, pointed to the fact that sound governance systems were accompanied by the process of mediating risks, increment in the value of the shareholders, as well as sustainable business operations, which refined the substantial role played by CG in shaping the levels of the firm performance.

Kumari (2020) talked about the observation of the transformation or alteration of corporate governance in India particularly following the economic liberalization and the effects that they had on the performance of firms. The findings of the systematic review of 161 studies revealed that the three shareholding features of foreign and institutional, audit committee, and board independence were the center of attention in spoiling the financial performance. Although the results were inconsistent, with some authors finding support and others finding insignificant or negative relationships, the study showed a considerable knowledge gap, especially in recent studies conducted after 2015, and more robust analytical techniques indicated the need to revise empirical evidence on the theory in the Indian context.

Mishra, Jain, and Manogna (2021) operationalized the concept of corporate governance based on the composite "Corporate Governance Index (CGI) and examined its association with both accounting-based (ROA, RONW) and market-based (Tobin's Q) measures" of Indian non-financial firms. The analysis proved a positive connection existed in a significant way between CGI and accounting measures, showing that good governance practice improved the efficiency and profitability of operations. Nonetheless, a negative relationship between it and the Tobin Q indicated that market perception of the interventions of governance was complex, and it was important to note that market valuation under governance mechanisms tended to change, unlike measures of performance based on accounting.

➤ *Transparency as one of the Principles of Corporate Governance.*

It is generally known that transparency was amongst the pillars of good corporate governance that allowed effective decision making and instilled confidence among the stakeholders. Maghfiroh and Nugraha (2024) state that one of the cultures was accountability and integrity that was formed as a result of open and transparent reporting on corporate activities, decisions, and performance. Transparency meant the availability of the right and full information to the employees, investors, customers and regulators at the right time thereby enhancing trust, loyalty and reputation of a company.

The empirical findings of the studies that were carried out according to Bui and Krajcsak (2024) indicated that transparency disclosure had a positive effect on financial performance indicators, which comprised ROA, ROE, and Q based on the Tobin. The study highlighted how failure to be transparent in the times of interruption such as the COVID-19 pandemic adversely impacted scores on performance, which illustrates the significance of regular disclosure initiatives. As has been concluded above, transparency as a regulatory and a strategic tool is important in gaining performance and stakeholder trust.

By demonstrating the effects of transparency on trustworthiness among stakeholders and corporate image, Sujata (2025) identified transparency as an important element of corporate responsibility. This study employed both methods by displaying that, above and beyond a point of compliance with rules and regulations, pro-active and voluntary transparency behavior was perceived to have a highly positive effect on stakeholder perceptions, both internal and external to the company. Differently put, companies that had clear policies enjoyed preferential treatment by investors, customers and employees, which in turn resulted in the more favorable impact on their operation and financial productivity**.**

➤ *Board and Ownership Mechanisms in Governance*

Studies of corporate governance performance analyzed the elements of board composition and ownership. The study by Al-Ahdal et al., Kapri (2020) and Kapri (2023) revealed that board independence, accountability, and board sources of expertise managed to impact key outcomes of decision making, risk management, and financial stability. Related to financial risk, open reporting and external monitoring provided organizations with the opportunity to respond earlier to financial risk and created a beneficial impact on the stability of the organization, which would guarantee the development of Indian organizations in the future.

The study conducted by Kaur and Dey aimed to get an idea about the impact of board composition, gender diversity, institutional ownership and CEO duality on credit rating of firms. Findings were that the characteristics of diversified, independent, and institutional owner directedness were positively linked with creditworthiness, with insider proprietorship and CEO duality working against ratings. Those results demonstrated that the positive governance mechanisms in board and ownership structure were essential, as well as the operational and financial performance and market credibility.

Guluma (2021) provided examples of Chinese firms to demonstrate the overall effects of internal governance systems, including the concentration of ownership, the independence of the board, and dual leadership on the performance of firms. The study was based on the mediating nature of managerial behavior (through the prism of overconfidence) to generate such results. Two possible contexts were recognized, but when it again came to the evidence, the suggestion that the board-based and ownership-based mechanisms which are based on transparency and responsibility were predictors of both financial and strategic performance came true, in the situation of an emerging economy; that is India.

➤ *Regulatory Frameworks, Disclosure, and Financial Performance*

The contribution being made by the regulatory frameworks in improving the effectiveness of transparency and governance played an important role in India. The works of Almaqtari et al. (2021), Al-Ahdal et al. (2020), and others have demonstrated that the Indian GAAP and Indian Accounting Standards (ind. AS) should obey the requirements to ensure sufficient financial reporting. Good governance systems together with tough audits and disclosures improved high quality financial statements, which enabled relevant parties to make reliable judgments concerning the performance of the firm.

As stated by Puni and Anlesinya (2020) and Wang et al. (2020), the board meetings and shareholder concentration in the emerging markets, as well as the regulatory code, affected the firm performance. Even though in general these mechanisms enhanced accountability and operational efficiency, the overall impact of CEO duality and certain board committees was low or even counteractive, which indicated that it was not enough to meet these mechanisms and ensure that they would not have any meaningful impacts on transparency and engagement. These studies have found that regulatory structures premeditated optimal operation in cases where they were linked with transparent disclosure and active governance supervision.

Finally, Singh and Rastogi (2023) also pointed out the challenges faced by the SMEs in India due to the fact that their systems of governance and information disclosure were typically problematic. It was found that the absence of transparency aggravated the agency problems and information asymmetry that is averse to the performance of financial results. This highlighted the role of compliance with regulatory requirements, disclosure practices and governance transparency as crucial not only to big businesses but also the smaller businesses in their desire to pursue sustainable growth and guarantee to stakeholders.

3. Research Gaps

Despite the massive study on corporate governance and performance of firms, it has certain gaps, which exist in Indian context. Major part of the study concentrates on single governance practices, including board structure, ownership concentration, or audit committees, however very little studies have been conducted that look at the combined impact of transparency on all elements of governance. Moreover, much of the literature available has utilized traditional statistical models and limited number has utilized new dynamic panel models and mixed methodology in order to establish the intricate relationship involving governance practices, managerial behavior and firm performance. Recent study is also limited, with the necessity to fill the gap of knowledge about the effects of current regulatory changes and the development of disclosure standards on the results of corporate governance.

In addition, the question of transparency at the small and medium enterprises (SMEs) and emerging industries level is under-researched, and study suggests that a lack of transparency, weak disclosure, and agency issues are detrimental to performance. The influence contextual elements such as firm size, industry sector, and cultural forces have on the governance-performance relationship is also unclear. In addition, the impact of technological solutions on the nature of regulatory compliance and integrated reporting practices; the effect of disclosing practices in real time, and the role of proactive transparency protocols on financial and non-financial performance provides additional study opportunity due to the importance of these issues being highlighted. These gaps may be bridged to give a general picture on how open corporate governance can increase accountability, trust, and performance in the long-term of Indian enterprises.

4. Research methodology

The study followed a mixed-method research design that is the integration of the "qualitative and quantitative approaches" to provide a holistic picture of the applicability of transparency in corporate governance and the role that this factor contributes to the development of the performance of firms in India. The study area are companies in India, thus ensuring that diversity in terms of population with regard to executives and key stakeholders is included to ensure that different perceptions regarding the transparency practices and their implications are captured. In order to choose the respondents in cross-sectional sectors and level of organization, stratified random sample design was employed where overall sample of 200 respondents was selected. It is a descriptive and explorative research design that aims the current trends and also determines various relationships underlying the element of governance transparency and performance indicators. Primary and secondary data were used, and primary data was acquired through structured questionnaire which was designed to assess the perception of company transparency, corporate governance practices, and the results of these practices in terms of performance. The study assumes that transparency of the corporation, and transparency in the governance practices are independent variables, financial performance, trust of investors, and confidence of investors are dependent variables. Using the MS Excel and SPSS 27 as statistical tools, quantitative data were analyzed with the help of statistical techniques mean, standard deviation, correlation, and regression analysis to demonstrate the relationships, tendencies, and the degree of connection between variables. The latter research design will ensure that the implications of the transparent corporate governance on the organizational effectiveness, accountability, and trustworthiness of the stakeholders within the Indian business landscape are conducted on a rigorous evidence-based basis.

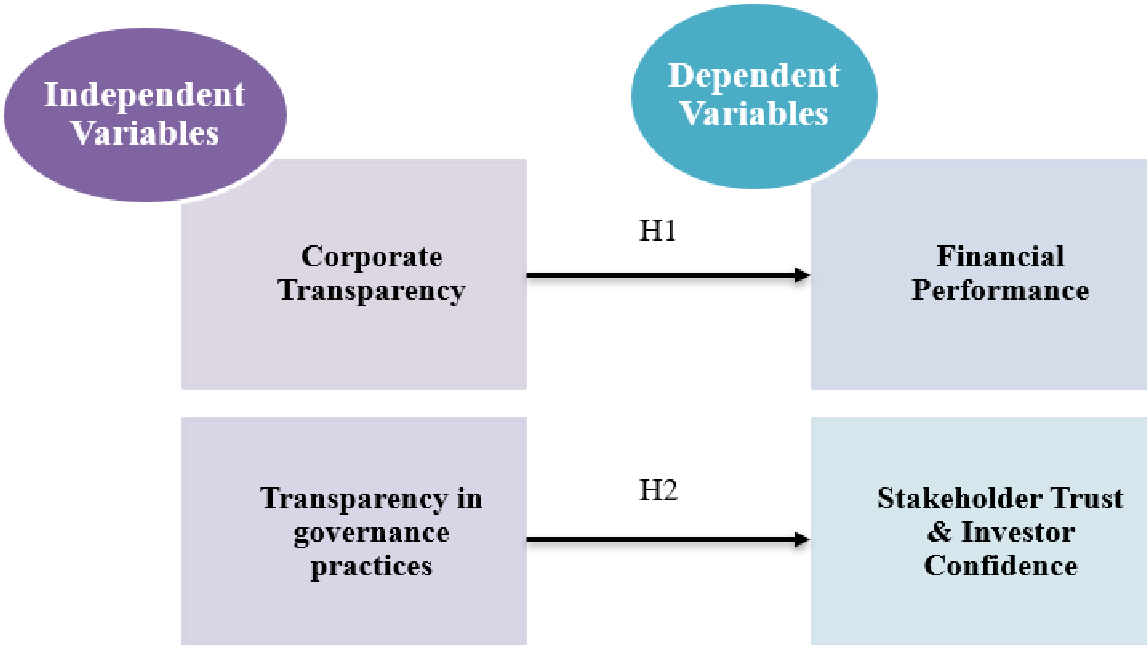

Figure 1: Conceptual Model

5. Results and Interpretation

Table 1: Demographic Characteristics Table

S.NO.	Demographic Characteristics		N	%
1	Gender	Male	102	51%
		Female	98	49%
2	Age Group	21–30 years	53	26.50%
		31–40 years	53	26.50%
		41–50 years	47	23.50%
		51 years and above	47	23.50%
3	Educational Qualification	Bachelor's Degree	58	29%
		Master's Degree	48	24%
		Professional	49	24.50%
		Doctorate	45	22.50%
4	Designation	Junior Executive	41	20.50%
		Middle-Level Manager	58	29%
		Senior Manager	52	26%
		Director	49	24.50%
5	Type of Firm	Public Sector	41	20.50%
		Private Sector	59	29.50%
		Joint Venture	58	29%
		MNC	42	21%

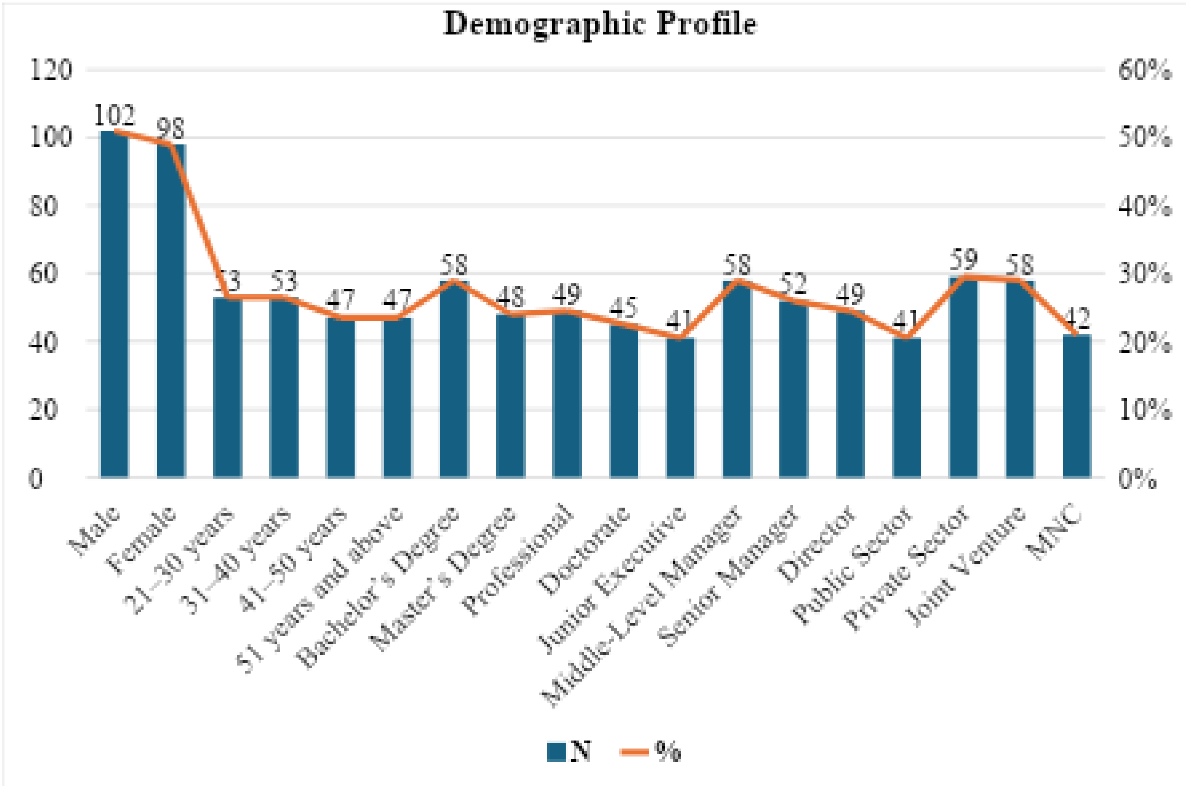

Figure 2: Demographic Profile of the respondents

The demographics of the respondents are fairly even in terms of gender as 51 percent of the respondents are men and 49 percent are women, which provides their dissimilar viewpoints. The respondents were almost balanced in their age, with 26.5% of being of the 21 years and the 31 years category, and 23.5% of the 41 years and the over 51 years category indicating the presence of early-career, mid-career and senior professionals. The majority of the respondents have completed a bachelor's degree (29%), then there is the professional degree (24.5%), master's degree (24%), and Doctorate (22.5%) which indicates that the sample is well-educated and can bring insightful points on corporate governance and transparency. The designation varies divided 20.5 percent were junior, middle-level managers 29% and senior managers and 24.5 percent directors depicting the distribution in a strain of hierarchies levels. Lastly and most importantly, on the type of firm, 29.5 percentage of respondents were creating reports of private sector firms, 29% informed that they were the joint venture, 21% made MNCs reports and 20.5 percent made public sector firms reports, which ensures that the study has covered the respondents representing various types of organizations and various types of ownership giving a holistic picture of the nature of corporate transparency and corporate performance in the business environment in India.

Objective 1: To examine the relationship between corporate transparency and the financial performance of Indian firms.

H1: There is a significant relationship between corporate transparency and the financial performance of Indian firms.

Table 2: Descriptive Statistics Table

Descriptive Statistics			
	Mean	Std. Deviation	N
Corporate Transparency	10.8700	2.58000	200
Financial Performance	9.3550	2.98219	200

The descriptive statistics show the respondents have a positive view towards corporate transparency, with an average rating of 10.87 and a "standard deviation of 2.58", indicating a moderate level of agreement and variation in responses. With an average rating of 9.36 and a standard deviation of 2.98, financial performance was rated lower, indicating while respondents generally felt good about the financial performance, variation in response was a bit higher than transparency. The overall sample size of 200 gave a broad basis of analysis. The results suggest that both are relatively consistent in responses to the question about transparency and financial performance within Indian firms. Overall, there is an indication in the results that corporate transparency is viewed as the stronger, and more consistent, than financial performance in general by those who participated in the survey.

Table 3: Correlations Table

Correlations			
		Corporate Transparency	Financial Performance
Corporate Transparency	Pearson Correlation	1	.175*
	Sig. (2-tailed)		.013
	N	200	200
Financial Performance	Pearson Correlation	.175*	1
	Sig. (2-tailed)	.013	
	N	200	200
*Correlation is significant at the 0.05 level (2-tailed).			

The sample of Indian enterprises showed a favorable and statistically significant association between financial performance and corporate transparency, according to the correlation study. A weak but positive link between corporate transparency and financial performance is suggested by the Pearson's correlation coefficient of 0.175. This suggests that, generally speaking, better financial performance is connected with higher levels of corporate governance transparency. This correlation is significantly available at the level of 0.05 ($p = 0.013$) and indicates that this correlation is less probable because of sampling errors. As the sample of 200 respondents was selected among Indian firms then the findings reveal that although there is a relationship between corporate transparency and financial performance, other factors other than corporate transparency could be mediate the performance results hence the need to adopt good governance practices so as to deepen the impacts of corporate transparency on the performance.

Objective 2: To analyze how transparency in governance practices influences stakeholder trust and investor confidence.

H2: Transparency in governance practices has a significant influence on stakeholder trust and investor confidence in Indian firms.

Table 4: Model Summary Table

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.495[a]	.245	.241	2.10353
a. Predictors: (Constant), Transparency in governance practices				

The regression model that was formed to determine the relationship between transparency in the practices of good governance and financial performance has an R value of 0.495, which indicates a moderate positive correlation between the IDV and the DV. Transparency in governance procedures can explain around 24.5% of the variance in financial performance, according to the R Square value of 0.245. After taking into account both the sample size and the number of predictors, the Adjusted R Square value (0.241) further indicates that the model is reliable. The standard error of the estimate (2.10353) indicates the average distance that observed financial performance values fall from those predicted by the model. In summary, the analyzed results indicate that transparency in governance practices has a meaningful, but not definitive, effect on financial performance. Transparency in governance practices were strongly encouraged, however it is also important to acknowledge that other factors that contribute to outcomes in organizations.

Table 5: ANOVAa Table

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	283.859	1	283.859	64.151	.000[b]
	Residual	876.121	198	4.425		
	Total	1159.980	199			
a. Dependent Variable: Stakeholder Trust & Investor Confidence						

b. Predictors: (Constant), Transparency in governance practices

The results from ANOVA for the regression model analyzing the relationship between transparency of governance practices and stakeholder trust / investor confidence shows that the model is statistically important. The "ratio of regression sum of squares (283.859) to residual sum of squares (876.121)" shows that a considerable amount of the variance in stakeholder trust and investor confidence is attributed to the presence of transparency. The total regression model that examined the impact of transparency on stakeholder trust and investor confidence is statistically significant, as indicated by the F-value of 64.151 and significance level of ($p = 0.000$, $p < 0.05$). whereby transparency of governance mechanisms, practices, and actions predicts stakeholder trust and investor confidence. The two degrees of freedom corresponding to regression (df = 1) and residual (df = 198) statistically document that the predictor variable contributes meaningful amounts of the variance in stakeholder trust and investor confidence, thus outlining the importance transparency plays in establishing stakeholder confidence and increasing investor trust.

Table 6: Coefficientsa Table

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.632	.625		7.416	.000
	Transparency in governance practices	.477	.060	.495	8.009	.000
a. Dependent Variable: Stakeholder Trust & Investor Confidence						

The regression coefficients show both the strength and direction of the relationship between transparency in governance practices and stakeholder trust and investor confidence. The unstandardized coefficient (B) for transparency was found to be 0.477, which indicates that stakeholder trust and investor confidence increases by 0.477 units for every one-unit increase in transparency, holding all other variables constant. The constant (interception) value of 4.632 represents the expected level of stakeholder trust and investor confidence at transparency equal to zero. "The standardized coefficient (Beta) of 0.495 indicates a moderate positive effect". The "t-value of 8.009 and significance level of 0.000 demonstrates" that this relationship is statistically significant at a very high level of significance. Taken altogether, these results indicate that transparency in governance practices is a significant positive predictor of stakeholder trust and investor confidence, so transparency is critical to creating an environment of confidence among investors and other stakeholders.

Objective 3: To identify the practices adopted by Indian firms in promoting transparency within their corporate governance frameworks.

H3: Indian firms significantly differ in the types and extent of practices adopted to promote transparency within their corporate governance frameworks.

Indian corporations have had a prominent role in a shifting landscape in practices in the name of good governance and transparency mainly due to stakeholder engagement and evolving regulatory requirements. The core of stability of governance has been and remains the Securities and Exchange Board of India (SEBI) which has enacted types of transparency reforms like the Listing Obligations and Disclosure Requirements (LODR) and more recently the Business Responsibility and Sustainability Reporting (BRSR) (Sonalimukhia 2025). These regulations compel the designated organizations to disclose information on their governance mechanisms, environmental, social, and ethical, policies and the financial health otheirts operations. Organizations carrying on business are now required to disclose third-party assured ESG, maintain a computerized database with the use of XBRL filings and confirm independence, and competence of their board members, particularly audit committees (S.S. Rana 2025). These measures are intended to mitigate the information asymmetries and to strengthen the stakeholder confidence in the process simultaneously thus rendering corporate governance and responsibility process credibly ethical. Other behemoths like Infosys, TCS and Mahindra and Mahindra have enhanced trust across stakeholders above and beyond by not only adopting an integrated reporting approach, having an independent review of the audit process, but also using a real time disclosure mechanism in place in order to demonstrate interest in commitment interests in relation to integrating stakeholders interests and the integrity of organization (Singh 2025).

Nonetheless, the diversity of the Indian business context signifies emerging enterprises which display disparate extent of transparency activities and their complexity. Large, listed companies that tend to have international investors have the resources and motivation to comply with international standards such as GRI and TCFD while smaller or privately held companies exhibit an uncertain degree of obligation to disclosures or selective disclosures (Joshi 2025). This disparity reflects governance mindsets and ownership types, as well as the limitation of resources. These gaps have been partially attempted to be plugged in the recent SEBI and Ministry of Corp Affairs (MCA) regulations that have mandated disclosures, accountability of the boards, and the training of directors on the new challenges of governance, such as those associated with ESG risks (Singhania 2025). Nevertheless, there continues to be a difference in how coveted norms are operationalized by businesses; some chose to prioritize transparency through technology and digital compliance systems, others focused on erasing wrongdoing via internal ethics codes and whistleblower policies (Maidullah 2025). As such, while there are broad literatures of transparency for corporate governance practices forming in India, there are still broad differences in the type of practice and degree of practice between ownership structure and between industries and also supporting the hypothesis that firms differ in the type of practice and degree of practices in order to afford transparency (Raut 2025).

6. Discussion

This study found a significant, though weak, "positive correlation between corporate transparency and the financial performance of Indian firms ($r = .175$, $p = .013$)". Specifically, better governance transparency is related to improved financial performance, albeit at a weak level. The findings were consistent with Bui and Krajcsák (2024), who found a positive association between transparency disclosure and financial indicators of performance, such as ROA and Tobin's Q. The moderate explanatory power ($R^2 = .245$) of the regression model indicates that transparency is a significant but not singular determinant of financial performance. In general, these results suggest that the performance measures of firms are complex and multi-dimensional, and transparency is one of the many complex performance measures including market conditions and operational efficiency. The findings also support the regulatory thrust in India led by SEBI through regulatory mandates such as the Listing Obligations and Disclosure Requirements (LODR) and Business Responsibility and Sustainability Reporting (BRSR) (Sonalimukhia, 2025), by demonstrating a clear and positive financial connection to mandated disclosures that can lead towards institutionalisation of financial performance. Conversely, the non-significant correlation shows that there might exist an implementation gap potentially to be realised by ensuring that compliance obligations are not the only factors to achieve the potential of transparency financially, and thus an increased embedded scale of ethical practices is expected to be postulated by Maghfiroh and Nugraha (2024).

Moreover, the analysis validates that transparency in the practices of governance was an important positive predictor of stakeholder trust, and investor trust, (0.495, $p < .001$). The proportion of the variation in trust and confidence that the regression model accounts is 24.5, which means that transparency is of major significance in creating the perceptions of stakeholders. This observation is a strong indication of the arguments presented by Kimani (2025) and Idealsboard (2025) who hold that, transparency is a significant source of trust, accountability, and integrity. The study notes that leading Indian firms such as Infosys and Tata Consultancy Services use integrated reporting and real-time disclosure systems that provide a level of transparency that goes beyond the minimum and is proactive in building positive stakeholder relationships (Singh, 2025). The study also indicates significant differences in the extent to which transparency is undertaken from firm to firm throughout the corporate sector in India. Joshi (2025) suggests that firms that were larger and have more global exposure were more likely to adopt comprehensive global reporting standards and that smaller and unlisted firms may disclose information selectively due to lack of capacity and differences in governance ideologies. This indicates evidence to support the hypothesis that Indian firms differ from each other significantly in transparency practices of all types and supports the idea that there is a need to regulate or educate firms to more uniformly elevate governance standards in all parts of the corporate sector, especially small and medium sized firms (SMEs) (Singh & Rastogi, 2023).

7. Conclusion

Based on the results of this study, it can be determined that transparency plays a significant and at times, confusing role in the "corporate governance and performance of Indian firms". The study shows that corporate transparency does have a statistically noteworthy relationship to financial performance that is positive, but weak ($r = .175$, $p = .013$), suggesting that while increased transparency might mean higher financial performance, the direct effect from transparency to financial performance is weak. It implies that transparency is among the crucial considerations which play, along with the market conditions and operational efficiency, a role in the financial situation of a company. Besides, the study firmly determines that transparency is a robust positive. predictor of stakeholder trust and investor confidence ($\beta = .495$, $p < .001$), with the regression model accounting for 24.5% of the variance in stakeholder trust and investor confidence. This implies that transparency of governance practices is the basis of establishing credibility, guaranteeing accountability, and developing a culture of integrity which were key factors in attracting investment and long-term support in all stakeholder types. The results support the regulatory push in India, which is instigated by SEBI to transform the situation with the regulatory disclosures, i.e. the LODR and BRSR, by directly showing the connection between the disclosures of the mandates and the positive results of the organization.

Also, the study indicates that there were significant variances in adopting the practice of transparency within the Indian corporate environment. As much as the major companies, especially the large, globally operating companies like the Infosys and TCS have embraced comprehensive practices including integrated reporting and real-time reporting, smaller firms that are not listed display more selective disclosure, considering numerous resource constraints, different governance orientations, and a lesser regulatory pressure to conform to global change. This gap in implementation reflects the fact that although a more institutionalized culture of transparency is emerging to characterize India, the nature and scope of transparency practices remain to be standardized in terms of industry, firm size and corporate governance. Thus, study introduces transparency as an important ethical obligation, and an important strategy for realizing the range of benefits associated with better accountability, stakeholder trust and sustainable performance. More regulatory and educational programs are needed to require appropriate levels of transparency across all industries, and it is especially important for SMEs which arguably have an increased agency problem and can further development efforts through greater transparency.

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