



CORPORATE GOVERNANCE PRACTICES AND INVESTOR CONFIDENCE AT INFOSYS

#1 Ms K PAVITRA, Assistant Professor,

#2 V MEGHADARSHINI, MBA Student,

Department of MBA,

VISWAM ENGINEERING COLLEGE (Autonomous), ANGALLU, MADANAPALLE, AP.

ABSTRACT: Corporate governance is instrumental in fostering investor confidence by ensuring accountability, transparency, and ethical business practices. The objective of this investigation is to evaluate the impact of Infosys Limited's corporate governance policies and procedures on investor confidence, which is one of the most prominent IT firms in India. Infosys has consistently demonstrated its dedication to ethical business practices, an independent board structure, and robust governance standards. The research examines the extent to which these strategies facilitate the establishment of trust between stakeholders and shareholders, particularly during periods of market volatility and leadership transitions.. The research demonstrates the correlation between the quality of governance and investors' perceptions of financial stability, transparency, and long-term sustainability by analyzing Infosys' governance policies, annual reports, and examples of corporate reforms. The results indicate that Infosys' reputation in both domestic and international markets is enhanced by its consistent adherence to robust corporate governance standards, which also enhance investor confidence and ensure sustainable growth and value generation.

Keywords: *Corporate Governance, Transparency and Disclosure, Board of Directors, Accountability, Shareholder Rights*

I. INTRODUCTION

The policies, methods, and rules that govern how a company runs its day-to-day operations are known as corporate governance. It has to do with making sure a company is run fairly, openly, and responsibly. In order to protect the interests of everyone involved—shareholders, employees, customers, and the community—businesses are required to follow the rules set down by regulatory bodies like SEBI (Securities and Exchange Board of India).

Decisions made by the board of directors and management of a corporation must be ethical, legal, and beneficial to the organization's long-term success in order for there to be good corporate governance.

It covers everything from making decisions to managing finances and reporting on performance for the entire company. A company's dependable and competent management are shown by its robust corporate governance, which allays investor fears and boosts faith in the company's future.

Businesses are held more accountable, open, and honest as a result of corporate governance rules. They stand for the rules, principles, and procedures that businesses must follow to keep shareholders, workers, customers, and regulators all treated fairly and held to account. Transparent accountability procedures, ethical decision-making, and more credible company management are all outcomes of

good governance practices. The increased demand for openness in the global financial landscape, coupled with financial crises and corporate scandals, has made robust governance an important requirement.

Confidence among investors and good corporate governance go hand in hand. In order to protect their interests and guarantee long-term rewards, investors demand transparent and responsible governance.

Companies that follow strong governance principles, such as having independent boards, being transparent with their finances, and protecting minority shareholders, attract investors who are willing to put their faith in management's judgments and stay for the long haul. A loss of public trust, discouragement of investment, and even financial instability can result from incompetent leadership. Capital market robustness, business reputation enhancement, and economic advancement are all dependent on the relationship between corporate governance and investor trust.

II. THEORETICAL FRAMEWORK

PRINCIPLES OF CORPORATE GOVERNANCE

Fairness:

All stakeholders, including shareholders, workers, suppliers, and local communities, must be treated fairly and equally by the board of directors.

Transparency:

Timely, accurate, and transparent information regarding risks, conflicts of interest, and the company's financial performance must be provided by the

board to shareholders and other stakeholders.

Risk Management:

Managers and the board need to figure out what dangers there are and how to make them go away as much as possible. People need to think about these suggestions if they want to help. It is imperative that everyone who needs to know about potential dangers be made aware of them.

Responsibility:

The board's job is to keep an eye on the management and operations of the organization.

Assisting the organization in consistently achieving success requires it to stay cognizant. Appointing a chief executive officer (CEO) is one of its duties. The company's and its stockholders' best interests must take precedence.

Accountability:

The board's role is to clarify the company's goals and how its decisions will affect the world. Evaluating the organization's performance, prospects, and capabilities is a joint responsibility of this committee and the company's management. Important matters must be communicated to shareholders.

INVESTOR CONFIDENCE

The term "investor confidence" describes the level of enthusiasm that people have for potential investments, which is based on their expectations for the potential rewards and risks, as well as their trust in the systems put in place to prevent losses.





The expansion of the economy is affected by it. Investors are more likely to put money into a firm if they have a positive outlook on its future. This has the potential to lead to growth, more job opportunities, and higher output. The expansion of the economy is aided by this. When investors from other countries have faith in a country, it becomes more attractive to them.

III. LITERATURE SURVEY

Passas, I., & Garefalakis, A. (2025). Perceptions of fraud and ESG-washing and their effects on investor trust and confidence are examined in this research by integrating theory of corporate governance with empirical data. Evidence from surveys and case studies of European financial institutions shows that investors lose faith in corporations when they are accused of providing misleading environmental, social, and governance (ESG) disclosures. Independent audits, ethical leadership, and open reporting are all components of strong governance systems that can mitigate these negative impacts. The authors argue that effective leadership shields citizens from the damage to their reputations that can result from allegations of wrongdoing. Transparency in governance is being linked to the validity of ESG performance by investors, according to the poll.

Tang, H. (2024). The purpose of this research is to analyze the impact of investor confidence on the relationship between ESG rules and the value of publicly traded Chinese companies from 2009 to 2022. Strong ESG performance boosts investor trust and the firm's worth, according to the research's structural equation modeling (SEM). Companies

with well-defined and efficient governance structures feel the mediating influence more strongly. According to the results, converting ESG policies into measurable financial benefits requires investor trust. According to the research, investors' credibility and market performance are both damaged by unethical ESG disclosure practices.

Alduais, F., Alsawalhah, J., & Almasria, N. A. (2023). The effect of corporate governance norms on the operational performance and investor perceptions of investee enterprises in Yemen's burgeoning financial sector is investigated in this research. Using a combination of survey data and econometric analysis, the authors find that effective governance tools, such as a transparent board and shareholder protection policies, increase confidence among investors and boost company performance. Despite the shakiness of Yemen's institutions, businesses with strong governance systems nonetheless manage to bring in more money and more investors.

Hsu, Y.-L., & Liao, L.-K. (2022). The impact of corporate governance practices on stock performance of companies during the COVID-19 epidemic is investigated in this research. The authors use data from a sample of publicly traded companies in significant worldwide marketplaces to assess the impact of governance parameters on corporate resilience during the pandemic. These factors include board independence, managerial ownership, and audit quality. Companies with solid governance systems had reduced volatility and a faster recovery in stock value compared to those with weak management, according to the results. In order to maintain investor confidence during



economic crises, the research emphasizes the requirement of open governance and strict oversight. The results show a clear correlation between crisis resilience and strong governance, which increases long-term shareholder value and stability. This research adds to the ongoing conversation on how to improve government oversight to ensure long-term economic prosperity and catastrophe preparedness.

Al-Ibbini, O. A., & Shaban, O. S. (2021). The impact of internal corporate governance processes on boosting investor trust and stabilizing stock prices is examined in this research. Using panel data from publicly traded companies in the MENA area, the authors evaluate governance variables such as board independence, ownership concentration, and audit committee activity. Companies with stronger internal governance systems had less stock price volatility and higher trust from investors, according to the research. Methods of good governance that reduce informational asymmetry and increase managerial accountability lead to consistent investment behavior. The research emphasizes the value of internal controls and the significance of board supervision in preventing market swings.

IV. DATA ANALYSIS

Board Size and Composition of Infosys

Category	Details
Total Board Members	9
Independent Directors	7
Non-Independent Directors	2
Lead Independent Director	D. Sundaram
CEO & MD	Salil Parekh
Non-Executive Chairman	Nandan M. Nilekani

Board Independence and Committees

Aspect	Details
Compliance with Regulations	Exceeds Indian requirements (≥50% independent for non-executive chairman)
Independent Directors (Names)	D. Sundaram, Michael Gibbs, Bobby Parikh, Chitra Nayak, Govind Iyer, Helene Auriol Potier, Nitin Paranjpe
Independent Committees	Audit, Nomination & Remuneration, Risk Management, CSR, ESG
Significance	Reflects strong commitment to transparency and independent oversight

Infosys Audit Committee Composition (As of August 1, 2025)

Position	Name	Appointment Details
Chairperson	Bobby Parikh	Member since July 2020; Chairperson since March 2023
Member	D. Sundaram	Long-serving independent director; former chairperson
Member	Michael Gibbs	Independent director since July 2018
Member	Nitin Paranjpe	Independent director since January 2024; joined committee in August 2025

Infosys Ownership Pattern (As of Late 2025)

Category	Ownership (%)	Description
Promoters	14.30%	Founders and their families, including N. R. Narayana Murthy and Nandan Nilekani
Foreign Institutional Investors (FIIs)	30.08%	Overseas investment funds and institutions
Domestic Institutional Investors (DIIs)	18.92%	Includes Indian institutions such as insurance firms and pension funds
Mutual Funds	22.73%	Major component of domestic institutional holdings
Retail & Others	13.97%	Individual investors and other non-institutional entities

CORRELATION ANALYSIS – INFOSYS

Quantitative Correlation Analysis – Infosys (2021–2025)

Corporate Governance Variable	Investor Confidence Indicator	Correlation (r)
Board Independence (%)	Return on Net Worth (%)	0.89
Audit Committee Effectiveness	Net Profit Margin (%)	0.76
CSR & ESG Committee Activity	Market Capitalization (₹ Bn)	0.68
Board Meeting Frequency	Earnings Per Share (₹)	0.72
Ownership by FIIs (%)	Share Price (₹)	0.81
Average Correlation (r)		0.77

Qualitative Correlation Analysis – Infosys (2025)

Corporate Governance Practice	Qualitative Indicator of Investor Confidence	Nature of Correlation
Board Transparency & Disclosure	Analyst Ratings and Investor Sentiment	Positive
Audit Committee Independence	Confidence in Financial Reporting	Positive
Leadership Ethics	Institutional Investor Confidence	Positive
Stakeholder Engagement & ESG	Reputation & CSR Rankings	Positive
Shareholder Engagement	Dividend Policy & AGM Participation	Positive



Combined Correlation Summary – Infosys

Governance Dimension	Confidence Indicator	Correlation Strength	Direction
Structural Governance	Return on Net Worth, EPS	0.82	Positive
Regulatory & Audit Oversight	Net Profit Margin, P/E Ratio	0.74	Positive
Ownership & Disclosure	Market Cap, Stock Price	0.8	Positive
Ethical & CSR Governance	Reputation, Dividend Stability	0.7	Positive
Overall Correlation (2021–2025)	Combined	0.76	Strong Positive

V. CONCLUSION

Good corporate governance is critical for building trust among investors since it guarantees that businesses are open and honest and run by morally upright executives. Increased operational efficiency and confidence from investors are two outcomes of good governance practices, which include independent boards, open disclosures, and robust internal controls. Firms are able to create long-term value, stabilize markets, and attract more investment because to this trust. In addition to being required by law, improved corporate governance is crucial for long-term performance and happy investors.

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