Determinants of Growth and Sustainable Development of Indian Firms

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Abstract

The irresolute studies on pattern of ownership and its bearing on the profitability, sustainable development and growth of firms has made it pertinent to delve deeper into the learnings about the determinants of ownership impacting the growth and sustainable development of Indian firms. Firms are characterized by a network of associations for financing, capital structure, managerial ownership, and compensation. Business antiquity indicates that while these relationships often involve conflicts and differing opinions, nearly all parties align with the all-encompassing goal of achieving the robust business performance. Prior research has explored the associations among different parties within a firm and their impact on performance through the lens of agency philosophy. However, the results from these studies remain inconclusive due to disparities in how ownership and performance are measured. A comparative sample of companies from the four key industry classifications was taken for this study to catch the various determinants of ownership pattern thereby affecting their sustainability. Ownership was captivated taking foreign ownership, director ownership, institutional investors, Indian and foreign promoters. The results showed that good financial performance, women directors' shareholding, dual structure of leadership and grander boards have an optimistic impact thus impacting sustainable development and growth of Indian firms.

Keywords: growth, Tobin's Q, sustainable development, corporate governance.

JEL Classification: L25, L21, M1.

Introduction

Ownership configuration denotes design of shareholdings of entities or institutions in a company. The section of shares held regulates the way a firm is owned and the manner authority in the firm is distributed among owners. Berle & Means (1932) carried up the topic and ever since, investigators have endeavoured to character out, the determinants and the way by which the proprietorship arrangement is designed and the factors that impact the same. Therefore, providing a foundation to decide on the notion of control and command in the organization.

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Businesses everywhere should be proficient enough to generate finance from investors. Funds are needed to expand, grow and nurture. But before investors make a pronouncement to endow their funds in a specific business, their endeavour is to be as self-confident and assured as they can be about the firm's financial prospects. The most robust instrument for this kind of reassurance is firm's leadership (Riza & Bogdan, 2024). Short (1994) arguments that maximum studies in the past meticulously distinguish between owners controlled and managed firms are grounded upon the criteria of ownership percentage. When analysing growth and sustainable development, researchers often overlook an important factor: varying ownership structures. In a study on China's energy efficiency and sustainable development, "Ownership Structure" was identified as a key determinant.

1. Review of Literature and Background Theories

Theoretical framework

The theoretical framework serves as the foundation for understanding the factors driving economic growth and sustainable development in Indian firms. It incorporates various economic theories and models that explain long-term growth while ensuring sustainability within the Indian business landscape. Key perspectives include classical and neoclassical growth theories, endogenous growth models, and sustainable development frameworks, with a particular emphasis on the Indian corporate sector. Institutions has an important role in shaping growth and sustainability. The Indian regulatory environment - encompassing corporate governance norms, tax policies, and ease of doing business - significantly influences firms' long-term viability. Douglass North's institutional theory is particularly relevant in examining the impact of legal and governance structures on business expansion. Achieving both economic growth and sustainability necessitates a multidimensional approach. The United Nations' Sustainable Development Goals (SDGs) highlight the interconnectedness of economic, social, and environmental factors. Concepts such as the triple bottom line (balancing economic, social, and environmental aspects) and circular economy models are integral to fostering sustainable business growth in India. Additionally, government initiatives like the National Green Hydrogen Mission and Atmanirbhar Bharat has an essential role in this process.

Corporate governance and sustainability

When grinding the topics of growth and sustainable development, researchers largely ignore an imperative factor: different ownership structures. In the study on China's energy competence and sustainable development studies, "Ownership Structure" was one of the vital determinants taken for study. Weixin Yang & Lingguang Li (2017) based their empirical study on sustainable development and energy efficiency considering distinctive ownership structure of China's state-owned entities and non-state-owned business. Their study raised an all-inclusive research model casing energy competence along with ownership configuration and sustainable development. Hill & Snell (2017) endeavoured to pronounce the effect of ownership structure on productivity variances between various firms. Ownership structure was proposed to impact productivity and the results from a a set of 122 Fortune 500 firms recommended that ownership affects a firm's stance toward diversification and development thereby impacting the growth and productivity. Kočenda & Valachy (2002) analysed the proprietorship structures and their sustainable progress of in Czech voucher-privatized firms for 1996 – 1999 to study the association between ownership structure and sustainable development of firms. Liu & Li (2009), Olutimehin et al. (2024) and Akinsola (2025) examined the connection between the ownership structure and novel merchandise sustainable development.

Ownership structure and firm growth

Greater proportion of stocks maintained by top managers stretches them the authority to take judgements helping in capitalizing on shareholders' wealth. This was proposed by Jensen & Meckling (1976) that will in turn take full advantage of their own wealth. This aids in regulating agency complications. Fama, (1980) maintains that the board of directors is the inmost governor mechanism for regulating managers. According to Jensen (1993), the three features that impact the monitoring aptitude and competence of a board are leadership structure, board composition and board size.

Bhakar S. et.al. (2024) and Mak & Li (2001) in their study on determinants of business ownership and board construction, discussed the budgets of diverse ownership and how board organizations diverge transversely in firms. According to this view point, the corporate governance contrivances of a specific firm replicate the trade-offs flanked by pros and cons. The study of Demsetz & Lehn (1985), about configuration of corporate proprietorship and Hermalin & Weisbach's (1988), study of board configuration also espouses the same assessment.

Still, mostly, these studies only investigate on either a few governance characteristics. These include the ratio of freestanding directors or corporate ownership. However, the topical study by Agrawal & Knoeber (1996) and Khan et. al. (2025) which deliberates on several monitoring contrivances is an exception.

2. Motivation for the Study

The irresolute studies of effect of proprietorship structure on the growth and sustainable development of the firms makes it pertinent to identify the concentration of owners and stockholder in a firm. Two major reasons that make this study substantial are:

- Ownership structure effects the sustainable development and recital of capital and debt marketplace.
- Ownership configuration is important in the governance of firms impacting the growth and sustainable development.

Ownership structure functions as observing and governance instrument in so doing enhancing firm's performance, growth and sustainable development. This recommendation comes from Jensen & Fama (1983), Short et. al. (2002), Spring-Ragain (2024) and Jeet et al. (2020).

Research Objective: To determine the factors affecting growth and sustainable development of sample firms.

3. Sample and Methodology

To determine the factors affecting growth and sustainable development, Indian companies constituting BSE500 index were referred to for panel regression. Data from collected from Accord Fintech. Accord Fintech Pvt. Ltd. delivers admittance to Indian companies' monetarist and non-financial statistics, through its databank, ACE equity. Financial information for the research under consideration has been extracted from this database. Annual reports as well as ACE equity, both have been accessed for getting data on several variables serving as dependent, independent and control factors.

The study pertains to the time period ranging from 1st April, 2019 to 31st March, 2024. India became the third largest economy according to data released by International Comparison Program (ICP) in 2011, as hosted by the Sustainable development Data Group at the World Bank Group. The study of the performance of companies of third prevalent economy became significant. The reason for not considering the prior period was to avoid the waves of demonetization on the performance of companies. A sample of 154 registered and active companies of the key industries classifications in India expressive of four major industry groupings were engaged for study. These 154 companies continued their operations during the above said period.

Panel Data technique is adapted for studying the relationship that is majorly used in developed countries as it is best suited for longitudinal data or cross-sectional data. This method is important because it allows researchers to analyse data with both cross-sectional and time-series components, enabling the estimation of dynamic relationships and accounting for unobserved heterogeneity, leading to more robust and flexible findings. For studying the determinants of growth and sustainable development of the firms, variables have been categorized into two sub-headings for panel regression:

Equation for Panel Regression:

$$Y\ it = a + bx\ it + \sum it$$

where: *Y* - dependent variable, *X* - independent variable, *a* and *b* - coefficients, *i* and *t* - indices for individuals and time.

The aim of this study is to identify the factors impacting growth and sustainable development of the firms where ownership pattern in the narrow sense of corporate governance has been considered in Indian context as it is the leadership of the firm that ensures promising and unrelenting future; henceforth ownership pattern is used as dependent variable. Shareholders are largely separated into two categories in India i.e., promoter and non-promoter shareholders. The same has been supported by Agrawal & Ganguli, (2008) in their studies. For enhanced understanding and comprehensive study, director ownership, institutional investors, foreign ownership, foreign promoter and Indian promoter shareholdings were taken distinctly.

Determinants of Growth and Sustainable Development

Governance mechanisms comprising of the part of corporate proprietorship and the board impacting growth and sustainable development have been focus of extensive empirical exploration. Berle & Means (1932) transported the topic to find the determinants and contrivance through which the ownership is configured. From that time on, the researchers have endeavoured to exert out the same. Discoveries in compound studies conducted point to the fact that board structures and corporate ownership are allied. Blach et. al. (2025) and Li & Mak (2001) pointed to the fact that together with ownership characteristics, board physiognomies are presumed to be endogenously resolute. The highlighting consequence of the board faces has also been laid by Demsetz & Lehn (1985), Weisbach & Hermalin (1988) and by Yuan & Mak (2001) in their studies. In the models proposed by them, the contributing factors of administration ownership and shares held by freestanding shareholders were analysed. Also, Morck et al. (1988) castoff board of directors' equity affluences as a representation for managerial proprietorship. Some authors statistically determine noteworthy consequence of Board conformation on ownership organization thereby impact their sustainable development.

The board characteristics examined in this study include board leadership structure, board composition, and board size, as recognized by Mak & Li (2001). Numerous researchers, including La Porta et al. (1999), Wolfenzon (1999), Bebchuk et al. (1999), and Ungki & Chang Soo (2005), have investigated the contributing factors of ownership structure in Korean firms, concluding that debt and firm magnitude impact ownership structure. Firm's financial results play a decisive role for various stakeholders as an indicator of a company's financial well-being. It helps investors and stakeholders in taking informed investment decisions. Diverse studies have engaged varying processes of financial performance, some applying market-based indicators whereas others concentrating on accounting-based metrics. The association between RoE and ownership structure was explored by Krivogorsky (2006) and Hatem (2014). Furthermore, La Porta et. al. (2002), along with Hatem (2014), evaluated the impression of growth prospects on ownership meditation using Tobin's Q. Housing on the work of Demsetz & Lehn (1985), Ungki & Chang-Soo (2005), Hatem (2014) examined the effect of firm size on ownership structure in their exploration.

Table 1 presents the variables and their conforming symbols used in the models, together with their measurements and descriptions.

Table 1: Variables used to identify the determinants of firm growth and sustainable development

no.	Name of the Variable	Symbol used	Description
1	Financial Performance	RoE	Return on Equity = Profit After Tax/Common Stockholder's Equity (extracted from ACE Equity)
2.	Ownership Pattern (proxy for growth and sustainable development)	OP	Indian Promoters Shareholding and Foreign Promoters Shareholding quantify ownership pattern
3.	Financial leverage	Debt Equity Ratio (DEr)	Debt / equity (extracted from ACE Equity)
4.	Firm Size	FS	Net Block (extracted from ACE Equity).

no.	Name of the Variable	Symbol used	Description
5.	Board size	BS	Total number of directors running the board
6.	No. of Non-Executive Directors	NXd	Proportion (number) of non-executive directors on board
7.	No. of Independent Directors*	Id	Proportion (number) of independent directors on board
8.	No. of Women Directors	Wd	Proportion (number) of female directors on board
9.	Duality	dl	Leadership position of chairman and managing director being held by same person (0 is absence of duality and 1 is presence of duality)
10.	Growth prospect	Tobin's Q (Tq)	Market capitalisation/book value of total assets.

Note: *Non-executive independent directors are counted in Independent Directors.

Research Questions:

RQ_1: Taking director ownership as proxy, do the independent variables impact firm performance and growth?

RQ_2: Taking foreign ownership as proxy, do the independent variables impact firm performance and growth?

RQ_3: Taking institutional investors as proxy, do the independent variables impact firm performance and growth?

RQ_4: Taking Indian promoters as proxy, do the independent variables impact firm performance and growth?

RQ_5: Taking foreign promoters as proxy, do the independent variables impact firm performance and growth?

4. Hypothesis Development

The individual hypothesis elucidates the theoretical context for the relation of separate element with growth and sustainable development.

Financial Performance

Financial performance has been measured by RoE. This proportion is deliberated as net income to shareholders funds, where higher the value, better is the performance. Therefore, virtuous financial performance is likely to have an optimistic influence on proprietorship outline and growth (Hatem, 2014).

Hypothesis 1: An optimistic relation exists between return on equity and proprietorship structure impacting growth and sustainable development of the firm.

Financial Leverage

The extent of debt in the capital configuration of the firm be contingent on voluminous factors comprising the accessibility of investment prospects, indecision of future sales, the attitude toward corporate control, the fraction of fixed costs to total costs, and the administrative thinking are few like that of Ungki & Chang-Soo (2005). Hatem (2014), anticipated an undesirable impact of this variable.

Hypothesis 2: High degree of leverage distresses ownership structure and growth undesirably.

Firm Size

Torre & Julio (2006) advocate that as a firm's magnitude rises, the cost for insiders and outcasts together to grow their stake in the company's capital correspondingly increases. Similarly, Hatem (2014) pronounced that as firms grow, it becomes progressively perplexing for stakeholders to obtain larger holdings.

Hypothesis 3: there exists a negative relation amongst firm size and ownership arrangement and growth.

Board Size

Board size was recognizing as a variable that marks the governance potential of a board thereby impacting the sustainability of the organization by Jensen (1993). A hefty specialized board may fetch constructive stimulus on proprietorship pattern. As foretold by Mak & Li (2001), larger boards will bring added directors with proficiency in unalike expanses of business. As firms convert to being time-honoured, managers are upheld to directors with board becoming larger enabling the firms grow and develop.

Hypothesis 4: well expanded boards' impacts ownership pattern and growth positively.

Count of Non-Executive Directors

Cadbury Report of 1992 originated a discussion on the vital roles of non-executive directors. Their chief measure is to contribute to the board by offering liberated and fruitful wisdom. In a study by Mak & Li (2001), the researchers were inept to conclusively determine if non-executive directors are truly independent. They considered misclassification errors as unsystematic, that faded the reliability of their tests. However, this study addresses that constraint by applying a more defined categorization, distinguishing between independent and non-executive directors for analytical purposes. Guo & Kumara (2012) in their study recognized that the section of non-executive directors adversely affects a firm's recital and growth, making it less striking to prospective investors.

Hypothesis 5: The existence of non-Executive directors' impact ownership and growth negatively.

Count of independent directors

Inside directors are significant as they are the source of information to both outside directors and top management. Black & Bhagat (1999) argue that an increased number of independent executives will lead to shoddier performance. Also, Weisbach & Hermalin (1988) find that proprietorship and growth are contrariwise interrelated with the quantity of outside directors.

Hypothesis 6: The presence of independent directors' impact proprietorship pattern and growth negatively.

Number. of women directors

Though Companies Act, 2013 made it needed to have a female director on the board but largely, board rooms have remained rooms of men. Although, it is a proven that women may have the same pertinent credentials as well as skills and as that of their counter parts (Smith et al., 2006). The breakdown of WorldCom and Enron have evidenced to the same detail (Erhardt et al., 2003). Also, Coluccia, Fontana & Solimene (2017) established that woman directors are forthcoming proficient figures with their ability and expertise. Adams & Ferreira (2009) also exhibited in their study that lady directors have a remarkable comportment on board ideas and firm's growth. By this means, the venturing in such companies becomes lucrative leading to growth and sustainable development of firms.

Hypothesis 7: The presence of women directors on the board has positive bearing on growth.

Duality

Jensen & Fama (1983) were of the view that composition of board is a vital determining factor that marks board's dimensions to regulate sustainability. In regulated firms there are greater chances for single person holding dual positions. In the current learning when chairman is furthermore the managing director, the supremacy within the firms will be fundamentally resolute with an individual. Brickley et al. (1997) and the arguments of Mak & Li (2001) concluded that MDs with stretched tenancies hold the position of chairperson and who pass the test of time in due course gross the added award of being in the board eventually.

Hypothesis 8: Duality of leadership on the board effects growth positively.

Profitable opportunities

Opportunities are an essential component for any company, regardless of size. Capitalizing on available opportunities is essential for a firm's long-term survival in uncertain and ever-changing environments (Marris, 1980; Downie, 1985). A higher Tobin's Q indicates that a company is utilizing its assets efficiently, suggesting that the assets are more valuable within the firm than if deployed elsewhere (Desender, 2009). Tobin's Q also reflects the ownership equity stake of the firm's shareholders and serves as an indicator of the firm's growth prospects and future potential (Cornett et al., 2007). According to Graham & Bhattacharya (2009), both current and prospective shareholders evaluate equity investments based on a firm's performance. More profitable opportunities signal financial and economic strength, encouraging administrators or external investors to increase their ownership stake to capitalize on the firm's future benefits.

Hypothesis 9: Profitable opportunities have a bearing on ownership structure and growth positively

Impact of Ownership Structure on Growth and Sustainable Development

Ownership configuration impacting growth and sustainable development draws from numerous resolves that impacts the growth and sustainable development of firms. Various economic and non-financial factors have influence. This segment shows factors impacting ownership, growth and sustainable development of Indian companies. Five proxies are used individually in Table 2 to Table 6 where the dependent variable is changed in each table to find the influences for pattern of ownership thereby impacting growth and sustainable development. At 10% level of significance, results in each case are discussed ahead.

Table 2 shows the results of panel regression determinants of ownership structure and growth. 58% variation is captured by the model.

Table 2: Results of panel regression analysis. Dependent variable: percentage of director ownership

Independent Variables	Symbol	Coefficients	p- Value (@10%)
Financial performance (RoE)	fp	-0.003	0.655
Financial leverage (DEr)	fl	-0.001	0.976
Firm Size	fs	-2.72	0.764
Board size	bs	0.63	0.059
No. of Non-Executive Directors	NXd	-1.088	0.006
No. of Independent Directors	Id	-0.7	0.07
No. of Women Directors	Wd	1.757	0
Duality	dl	0.054	0.961
Growth prospect (Tobin's Q)	gp	0.056	0.476
R square		0.5849	

All the nine independent variables and their effect on sustainable ownership pattern and growth of Indian firms are summarized below in the table along with their coefficients and p-values. Symbols used for the independent variables in the study are also shown.

Taking percentage of director ownership as proxy it is found to be significantly influenced by presence of women directors on board (p-value 0.00 < 0.01) and thus giving conclusive evidence of women directors being professional figures with experience impacting ownership structure positively. This conclusion is in contour with the findings of Hussain et. al. (2024). An expanded board concocts beneficial impact (p-value 0.06 < 0.10). Mak & Li (2001) in their studies predicted that expanded firms will have grander boards. However, the fraction of non-executive directors confirms a radically deleterious impact with p-value 0.00 that is less than 0.01. The measurement of independent directors on board too acts as a downbeat with negative influence (p-value 0.07 < 0.10). While other determinants of financial leverage, firm size, financial performance, duality and growth prospect do not show in the least significant effect as the p-values are statistically irrelevant.

Table 3 depicts panel regression results and this model explains 73% variation. Taking proportion of foreign ownership as proxy, it is found to be confidently and suggestively prejudiced by presence of women directors on board. This backs the fact that presence of womenfolk on board impacts ownership structure optimistically as they not only influence board inputs but also firm outcomes.

Table 3: Results of Panel Regression (Dependent Variable-% of Foreign Ownership)

Independent Variables	Symbol	Coefficients	p- Value (@10%)
Financial performance (ROE)	fp	0.007	0.493
Financial leverage (DEr)	fl	0.034	0.536
Firm Size	fs	0	0.073
Board size	bs	0.472	0.382
No. of Non-Executive Directors	NXd	-0.795	0.218
No. of Independent Directors	Id	-0.479	0.444
No. of Women Directors	Wd	3.373	0
Duality	dl	0.898	0.622
Growth prospect (Tobin's Q)	gp	0.119	0.353
R square		0.733	

Firm size exhibits a noteworthy but negative effect, with a p-value of 0.07, which is significant at the 10% level. This finding suggests that as firm size increases, it imposes additional costs on insiders and minority shareholders, thereby discouraging them from increasing their ownership stake. For the remaining variables - financial performance, CEO duality, growth prospects, board size, financial leverage, the proportion of non-executive directors (Guo & Kumara, 2012), and independent directors - no significant effects are observed, as indicated by their non-significant p-values. These results are in line with Bhagat and Black (1999), who argue that an excessive majority of independent directors may lead to poorer firm performance.

Table 4 reports the results of the panel regression analysis, which explains 88% of the variation in ownership patterns. Growth prospects, captured through indicators of competitive environment and specific opportunities, exert a significant positive influence on ownership structure (p-value = 0.00, p < 0.01). The presence of professionally qualified women directors on the board emerges as a critical determinant, with a highly significant impact (p-value = 0.00), corroborating the findings of Abdullah et al. (2024). Consistent with earlier models, the results affirm that female board representation positively affects ownership structure, contributing to growth and sustainable development. In contrast, the proportion of non-executive directors displays a significant negative association with ownership patterns (p-value = 0.00). Other governance variables - namely financial leverage, firm size, financial performance, board size, CEO duality, and the proportion of independent directors - do not exhibit statistically significant effects in this model.

Table 4: Results of panel regression (dependent variable % of shares held by institutional investors)

Independent Variables	Symbol	Coefficients	p- Value (@10%)
Financial performance (ROE)	fp	-0.007	0.198
Financial leverage (DEr)	fl	-0.036	0.211
Firm Size	fs	3.82	0.615
Board size	bs	0.383	0.169
No. of Non-Executive Directors	NXd	-1.225	0
No. of Independent Directors	Id	-0.452	0.162
No. of Women Directors	Wd	1.674	0
Duality	dl	0.495	0.598
Growth prospect (Tobin's Q)	gp	0.196	0.003
R square		0.8787	

Table 5 describes effects of determinants moving ownership pattern and growth describing 92% variation. Using RoE as measure of financial performance this model posits a noteworthy positive sway on corporate status (Kaur & Singh, 2018). This is in line with the international indication this is also stated by Hatem (2014). Financial enactment with p-value 0.00 depicts a notable influence when taking calculation of Indian promoters' shareholding as substitution. All other variables fail to cast any imperative effect as the p-values stand inconsequential.

Table 5: Results of Panel Regression (Dependent Variables-% of shares held by Indian Promoters)

Independent Variables	Symbol	Coefficients	p- Value (@10%)
Financial performance (ROE)	fp	0.024	0.001
Financial leverage (DEr)	fl	0.047	0.197
Firm Size	fs	-2.57	0.791
Board size	bs	0.246	0.491
No. of Non-Executive Directors	NXd	-0.189	0.658
No. of Independent Directors	Id	-0.379	0.359
No. of Women Directors	Wd	0.218	0.655
Duality	dl	-0.823	0.494
Growth prospect (Tobin's Q)	gp	0.124	0.143
R square		0.9221	

Table 6 describes panel regression results and describing 92% variation. Debt equity ratio representing financial leverage interprets majorly negative impact as p-value 0.09 is less than 0.10. Also as expected by Ben Said Hatem (2014). Duality in leadership configuration, (managing director and chairman in our study) in our case demonstrates a striking constructive impact with p-value 0.00. As already pointed, Brickley et al. (1997) structured firms are prospective to have solitary holding positions in cooperation. Also, it was found that MDs with lengthier tenancies are more probable to hold the chairperson's position as well. All the other variables miscarry any essential consequence on proprietorship configuration as the p-values stand statistically immaterial.

Table 6: Results of Panel Regression (Dependent Variables-% of shares held by Foreign Promoters)

Independent Variables	Symbol	Coefficients	p- Value (@10%)
Financial performance (ROE)	fp	-0.007	0.169
Financial leverage (DEr)	fl	-0.043	0.097
Firm Size	fs	-3.63	0.958

Independent Variables	Symbol	Coefficients	p- Value (@10%)
Board size	bs	0.164	0.514
No. of Non-Executive Directors	NXd	0.204	0.497
No. of Independent Directors	Id	-0.005	0.987
No. of Women Directors	Wd	0.004	0.991
Duality	dl	2.625	0.002
Growth prospect (Tobin's Q)	gp	0.015	0.798
R square		0.9218	

Conclusion

This study aimed to clarify the determinants influencing the growth and sustainable development of Indian firms. The results emphasize that corporate leaders and senior managers must recognize the essential components of an effective ownership structure, as it has a substantial impact on a firm's long-term success.

Overall, the findings reveal that strong financial performance plays an important role in attracting investments. Enhanced financial outcomes lead to greater operational efficiency, thereby promoting both growth and sustainability. Additionally, the findings can inform regulatory frameworks by promoting balanced ownership structures that mitigate excessive risk-taking and enhance transparency. A better understanding of ownership patterns also helps employees and other stakeholders align expectations with the firm's long-term vision, particularly in areas like job security, corporate social responsibility, and sustainability practices.

Among all the models analyzed, the shareholding of women directors emerges as the most influential factor, making investments in companies more attractive and reinforcing the importance of gender diversity on corporate boards. Firm size, while fundamental, is perceived negatively, as larger firms are often associated with increased operational costs (Torre & Julio, 2006). Thus, caution is advised against unchecked expansion.

Leadership duality also emerges as a key determinant; dual leadership structures, where the CEO also serves as chairperson, contribute positively to decision-making, in line with Brickley et al. (1997). Growth prospects consistently demonstrate a positive influence on financial health (Cornett et al., 2007), and board size proves significant, reflecting the need for directors with diverse expertise.

Conversely, higher proportions of non-executive and independent directors, along with greater financial leverage, are associated with inferior performance. A prudent approach to board composition and leverage management is therefore recommended.

The panel regression results affirm the international robustness of the findings: the drivers of ownership patterns observed in the Indian context mirror those found globally. Embedding these determinants into firms' strategic planning processes is crucial for achieving sustainable ownership structures and long-term competitive advantage.

However, the current study has limitations. It covers the period from 1st April, 2019 to 31st March, 2024 and focuses exclusively on firms listed in the BSE 500 index as of January 2019. The reduced sample size results from limited data availability. Future studies could extend the period under consideration, incorporate additional indices, or employ primary data collection (e.g., investor or financial analyst surveys) to deepen insights. Moreover, investigating potential endogeneity and mediating effects among variables using advanced econometric methods could offer a more nuanced understanding of the ownership-growth relationship.

Credit Authorship Contribution Statement

Jeet, D. & Chittineni, J. contributed equally to the paper. Jeet, D. was responsible for the conceptualization of the study, methodology, data analysis, and writing the original draft. She also contributed to the revision and editing of the manuscript. Chittineni, J. contributed to the literature review, data collection, and reviewed and edited the manuscript. Both authors worked together throughout the research process and approved the final version of the paper.

Conflict of Interest Statement

The author declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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