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CORPORATE GOVERNANCE AND ITS IMPACT ON FINANCIAL PERFORMANCE OF SELECTED TELECOM COMPANIES

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ABSTRACT

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Corporate governance is integral to the telecommunication sector, influencing operational performance and financial stability. This study examines its impact on the financial ratios of Vodafone Idea, Airtel, and Reliance Jio. Vodafone Idea saw a decline in asset turnover and liquidity, suggesting a need for improved revenue generation and debt management. Airtel experienced mixed effects, with an overall positive trend in asset turnover and current ratio, indicating moderate adjustments in capital structure. Reliance Jio maintained stable financial ratios, reflecting resilience and improved operational performance post-governance reforms.The findings highlight the significance of corporate governance in managing risks, enhancing transparency, and fostering trust among stakeholders. Effective governance practices are shown to be crucial for sustainable growth and profitability, particularly in managing industry-specific challenges such as regulatory changes and technological disruptions. The study suggests that adaptive governance frameworks and strategic financial management are vital for maintaining competitiveness in the dynamic telecom market.

Future research should continue to monitor these financial metrics to evaluate the long-term impact of governance reforms on sectoral competitiveness and sustainable growth strategies. This comprehensive analysis of governance's role in financial outcomes offers valuable insights for industry stakeholders and informs strategic decision-making in the evolving telecom landscape. The study concludes that transparent governance structures and robust monitoring mechanisms are essential for optimal asset utilization, liquidity management, debt control, and operational profitability.

KEYWORDS: ***Corporate Governance, Telecommunication sector, Financial Outcome, Performance, strategies etc.***

INTRODUCTION

Corporate governance serves as a system of rules, regulations, processes, and practices that govern how a company is controlled. It plays a pivotal role in ensuring transparency, fairness, and efficiency in the functioning of corporate management systems. By balancing the interests of key stakeholders, including shareholders, financiers, management, and customers, corporate governance establishes a framework for responsible decision-making and accountability within a company.

In the telecommunication industry, corporate governance plays a vital role in shaping the operations, overall performance, and future success of companies such as Vodafone Idea, Jio, and Airtel. Effective governance practices help telecommunication companies manage risks associated with regulatory changes, cybersecurity threats, and technological disruptions. These measures also contribute to enhancing transparency in operations and financial reporting, thereby fostering trust among investors, customers, and regulators.

Recent trends in corporate governance within the telecommunications sector reflect a strategic shift towards sustainability and ESG integration. Companies are increasingly integrating environmental, social, and governance factors into their governance frameworks to address climate change and attract socially responsible investors. With digital transformation and cybersecurity becoming paramount, governance now encompasses robust cybersecurity measures to safeguard critical assets and data.

Diversity and inclusion have emerged as key priorities in corporate governance practices within telecommunication companies. By diversifying boards and leadership teams, companies aim to enhance decision-making processes and foster inclusivity in their organizational culture. Shareholder activism has also gained momentum, with increasing demands for transparency, accountability, and responsible governance to align with shareholder interests and expectations.

The evolving landscape of technology governance in the telecommunication sector includes a focus on areas such as 5G deployment, data privacy, and artificial intelligence, guided by tech-savvy board members. Stakeholder engagement has become a central aspect of governance practices, as companies seek to manage the interests and expectations of a broader range of stakeholders across their ecosystem.

Supply chain governance has also garnered attention, with practices that address supply chain risk management, cybersecurity vulnerabilities, and geopolitical risks being integrated into governance frameworks. Compliance with evolving regulations and adapting to regulatory changes remain essential for companies operating in the heavily regulated telecom sector to maintain market integrity and ensure sustainable growth.

The examination of corporate governance practices within telecommunication companies such as Vodafone Idea, Jio, and Airtel focuses on various key areas including board composition, transparency in financial reporting, regulatory compliance, risk oversight, shareholder rights and engagement, ethical standards, long-term strategic planning, diversity and inclusion, whistle-blower protection, and corporate governance training. These practices are crucial in shaping the governance culture and financial performance of telecom companies in alignment with industry best practices and regulatory requirements.

REVIEW OF LITERATURE

1. ***Boachie and Mensah (2022)*** studied The moderating role of corporate governance quality: The effect of earnings of management on firm performance in sub-Saharan African countries examines the enduring impact of earnings management on financial performance, even when dynamic factors are considered. Effective corporate governance practices, aligned with agency theory, help curb earnings management and boost financial performance. Interestingly, earnings management in Africa seems to bedriven by efficiency motives rather than opportunistic ones. Notably, strong corporate governance amplifies the positive effects of earnings management on financial performance, offering valuable insights into financial practices in this region.
2. ***Sekhar and Ashalatha (2022)*** have conducted a research on Corporate governance-impact on financial performance of firms in Bengaluru city. In India, corporate governance has improved under SEBI's guidance, and a study in Bangalore explores its impact on financial performance. Data from major IT companies inBangalore reveals that aspects like board size, composition, policies, and independent committees are linked to financial performance. The study recommends fostering an informed and diverse board to enhance financial performance and governance practices.
3. ***Das and Srivastava (2019)*** analyzed the Impact of corporate governance attributeson cost of equity: Evidence from an emerging economy. This study aims to create a comprehensive corporate governance index for Indian firms based on the 2013 Companies Act and assess its impact on the cost of equity. Data from S&P BSE 500- listed companies spanning 2001 to 2016 was analyzed, resulting in an index with sevensub-indices and 43 equally weighted corporate governance attributes. The findings reveal a negative relationship between overall corporate governance and the cost of equity, with board composition and the audit committee sub-indices having the most significant impact. This research contributes to the corporate governance literature in emerging economies and offers a potentially transferable index for similar contexts.
4. ***Hong and Minor (2019)*** have conducted a examination on Corporate governance and the rise of integrating corporate social responsibility criteria n executive compensation the emerging practice of including corporate social responsibility (CSR) criteria in executive compensation, noting its growing prevalence. It encourages a longer-term perspective in corporate decision-making and ultimately leads to an increase in a firm's overall value.
5. ***Hussain and Rigoni (2018)*** have conducted a research on Corporate governance and sustainability performance: Analysis of triple bottom line performance. This studyexplores the connection between corporate governance and sustainability performance, drawing from agency and stakeholder theories. It analyzes sustainability reports from US companies, finding that different corporate governance mechanisms impact various sustainability dimensions. These insights are valuable for practitioners and for enhancing

sustainability standards, particularly in the economic dimension within the GRI framework.

6. ***Wang and Sarkis (2017)*** have examined and conducted a research on Corporate social responsibility governance, outcomes and financial performance. This study tackles the mixed findings on the link between Corporate Social Responsibility (CSR)and financial performance. It zeroes in on the mediating role of CSR outcomes in the relationship between CSR governance and financial performance. Using data from top 500 Green companies in the US from 2009 to 2013, the study finds that CSR outcomesplay a mediating role in connecting CSR governance to financial performance.
7. ***Garanina and Kaikova (2016)***have researched on Corporate governance mechanisms and agency costs: Cross country analysis This paper investigates how specific corporate governance mechanisms impact agency costs in the USA, Russia, and Norway. It finds that female board members have a minor positive effect in the US, reduce agency costs in Norway, and have no significant impact in Russia. Additionally, larger Russian and US firms tend to have lower agency costs. These findings provide insights into the effectiveness of different governance mechanisms in these distinct countries, each with its unique corporate governance context.
8. ***Manzaneque and Priego (2016)*** have researched on Corporate governance effect on financial distress likelihood. This paper investigates corporate governance mechanisms in Spanish listed companies and their impact on financial distress during the period of 2007-2012. It finds that a larger board size is associated with a reduced likelihood of financial distress, facilitating diversity and access to resources. Conversely, ownership concentration among large shareholders does not significantly affect financial distress, suggesting limited active governance involvement by large shareholders in the Spanish context.

SCOPE OF THE STUDY

The study on "Corporate Governance and Its Impact on Financial Performance of Selected Telecom Companies," focusing on Airtel, Jio, and Vodafone Idea, aims to examine how corporate governance practices influence the financial performance of these companies. By analyzing governance structures, financial metrics, and conducting a comparative assessment, the research seeks to provide empirical evidence on the relationship between governance practices and financial outcomes in the telecom sector. The study intends to identify patterns, trends, and the impact of effective governance mechanisms on enhancing financial performance, ultimately contributing to a deeper understanding of the role of corporate governance in shaping the financial health of telecom companies.

SIGNIFICANCE OF THE STUDY

The research on "Corporate Governance and Its Impact on Financial Performance of Selected Telecom Companies" carries significant importance due to its implications for various stakeholders including investors, regulators, managers, and the broader telecom industry. The study will provide investors with valuable insights into how corporate governance practices influence the financial performance of telecom companies. This information can help investors make informed decisions regarding investment opportunities in the sector. Regulators can use the findings of the study to evaluate the effectiveness of existing corporate governance regulations in the telecom industry and identify areas for improvement. The research can support regulatory efforts to enhance corporate governance standards and ensure market integrity.

Managers and executives of telecom companies can benefit from the study by understanding the importance of robust corporate governance frameworks in driving financial performance. The research can guide management in implementing best practices to achieve sustainable business growth.

The study will serve as a benchmark for comparing the corporate governance and financial performance of Airtel, Jio, and Vodafoneidea with other telecom companies. This benchmarking can help industry participants identify areas of strength and weakness for strategic planning and performance improvement. Academicians and researchers can utilize the study as a foundation for further research on the link between corporate governance and financial performance in the telecom sector. The findings may contribute to the existing body of knowledge on corporate governance theories and applications.

STATEMENT OF THE PROBLEM / RESEARCH GAP

The research on "Corporate Governance and Its Impact on Financial Performance of Selected Telecom Companies" with a specific emphasis on Airtel, Jio, and Vodafoneidea seeks to investigate a fundamental issue surrounding the relationship between corporate governance practices and financial performance within the context of the telecom sector. While corporate governance has long been recognized as a crucial element in promoting transparency, accountability, and sustainable value creation for companies, there remains a gap in understanding how these governance mechanisms influence the financial outcomes of telecom companies, particularly in the case of the selected companies. The problem at hand pertains to the need to conduct a comprehensive examination of the effectiveness of corporate governance practices in either bolstering or impeding the financial performance trajectories of Airtel, Jio, and Vodafoneidea. Central to this inquiry are critical questions that demand exploration, such as: What specific elements of corporate governance, including board structures, executive compensation, disclosure mechanisms, and risk management practices, play a significant role in shaping the financial performance of these telecom giants? How do variations in governance practices across these companies contribute to disparities in profitability, liquidity, and investor confidence? Moreover, are there discernible patterns or best practices in corporate governance that pave the way for improved financial outcomes in the telecom industry?

Moreover, the problem statement underscores the importance of recognizing and addressing industry-specific challenges and dynamics that could influence the interplay between corporate governance and financial performance within the telecom sector. Factors like intense market competition, rapid technological advancements, stringent regulatory environments, and evolving consumer preferences create a unique landscape that may impact the effectiveness of governance mechanisms in driving sustainable financial growth for telecom companies. By addressing this critical problem statement, the research aims to bridge the existing knowledge gap and offer practical insights that can benefit various stakeholders in the telecom sector and beyond. For regulators, the findings may inform policy decisions aimed at bolstering corporate governance standards and enhancing market integrity. Investors can leverage the research outcomes to make well-informed investment decisions by considering the governance practices of telecom companies. Management teams within Airtel, Jio, and Vodafoneidea stand to gain valuable insights on how to optimize their governance structures to maximize financial performance and shareholder value. Additionally, academics and researchers can utilize the study's findings to further enrich the body of knowledge on the intricate relationship between corporate governance practices and financial performance in the dynamic telecom industry.

RESEARCH OBJECTIVES

1. To examine the CG framework employed by selected telecom sector
2. To explore the impact of CG practices on financial performance of selected telecom sector

RESEARCH METHODOLOGY

Types of Research

1. **Descriptive Research:** This type of research aims to describe the characteristics of a phenomenon, such as the financial performance of telecom companies, without influencing or changing it.
2. **Analytical Research**: Analytical research involves the examination of relationships between different factors and variables to understand how they impact each other, such as analyzing the impact of corporate governance on financial ratios of telecom companies.
3. **Comparative Research:** Comparative research involves comparing different entities, such as telecom companies, to identify similarities and differences in their financial performance and governance practices.

Data Collection

Data for the study will be collected from the financial statements, annual reports, and publicly available information of Vodafone Idea, Airtel, and Reliance Jio. Secondary data sources like databases, financial websites, and regulatory filings will be utilized to gather the required financial data for analysis.

Data Analysis

1. **Ratio Analysis:** Various financial ratios like profitability ratios, liquidity ratios, efficiency ratios, and solvency ratios will be calculated and analyzed to assess the financial health and performance of the telecom companies.
2. **Time-Series Analysis:** Trend analysis over multiple years will be conducted to identify patterns and changes in financial ratios to understand the companies' performance dynamics.
3. **Comparative Analysis:** Comparison of financial ratios between the telecom companies will be done to evaluate their relative strengths and weaknesses in terms of financial performance indicators.

Sampling Technique

Given that the study involves the analysis of specific telecom companies, a purposive sampling technique will be employed. Vodafone Idea, Airtel, and Reliance Jio have been selected as the sample companies based on their market presence, financial standing, and relevance to the research topic.

Analysis and Interpretation:

1. **Visual Representation:** Results will be presented using charts, tables, and graphs to visualize the financial data and trends, making it easier to interpret and understand the findings.

2. **Interpretation of Ratios**: The calculated ratios will be interpreted to assess the companies' profitability, liquidity, efficiency, and solvency, providing insights into their financial performance.
3. **Comparative Interpretation**: The comparative analysis will involve interpreting the differences in financial ratios between the telecom companies to draw conclusions about their relative financial health and operational efficiencies.

By engaging in a structured approach encompassing various types of research, data collection methods, data analysis techniques, sampling strategy, and interpretation methods, the study aims to provide comprehensive insights into the financial performance and governance impacts on the selected telecom companies, ultimately contributing valuable knowledge to the field of financial analysis and corporate governance in the telecom sector

ANALYSIS AND INTERPRETATION

Ratio analysis is a tool used in financial analysis to evaluate the performance and financial health of a company. It involves examining various ratios derived from a company's financial statements to assess its profitability, liquidity, efficiency, and solvency.

Table No.1 - Asset turnover ratio

Years	Vodafone idea	Airtel	Reliance JIO
Mar-18	0.30	0.26	0.47
Mar-19	0.20	0.22	0.48
Mar-20	0.20	0.18	0.35

Vodafone Idea's asset turnover ratio declined from 0.30 in March 2018 to 0.20 in March 2019, remaining unchanged in March 2020. Meanwhile, Airtel's ratio decreased from 0.26 to 0.22 and then to 0.18 over the same period. Reliance JIO, however, maintained a stable ratio around 0.47 in March 2018 and March 2019, decreasing slightly to 0.35 in March 2020.

Chart No.1 Asset turnover ratio – Before Corporate Governance

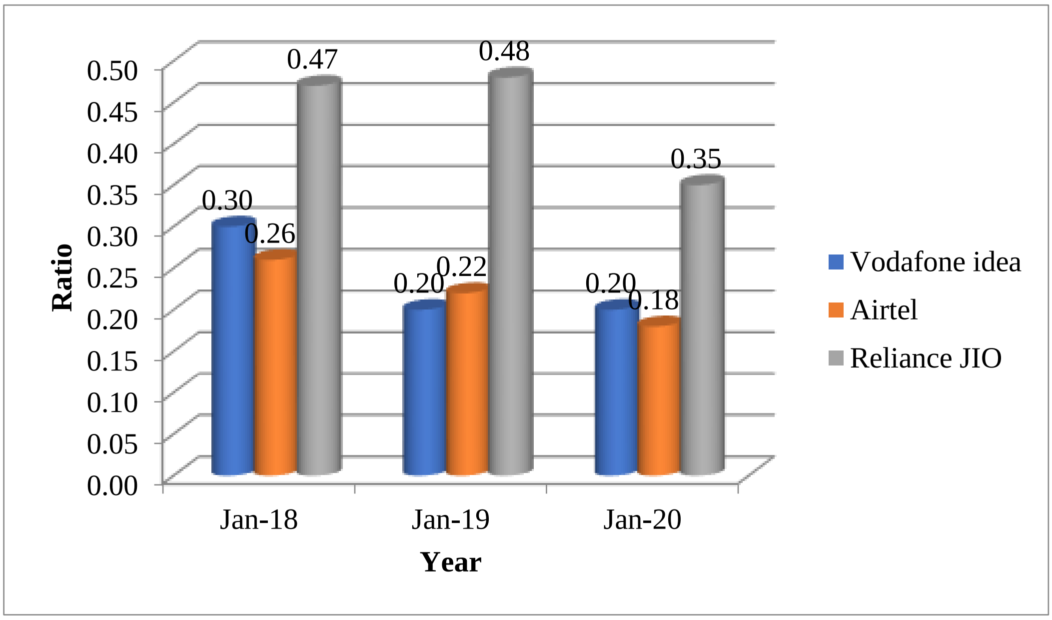

Table No.2-Current ratio– Before Corporate Governance

Year	Vodafone Idea	Airtel	Reliance jio
Mar-18	0.90	0.49	0.44
Mar-19	0.40	0.32	0.54
Mar-20	0.20	0.63	0.39

The current ratio for Vodafone Idea declined from 0.90 in March 2018 to 0.20 in March 2020. Airtel's current ratio fluctuated, dropping from 0.49 in March 2018 to 0.32 in March 2019, then rising to 0.63 in March 2020.

Reliance Jio's current ratio decreased from 0.44 in March 2018 to 0.39 in March 2020, with a peak of 0.54 in March 2019.

Chart No.2 Current ratio– Before Corporate Governance

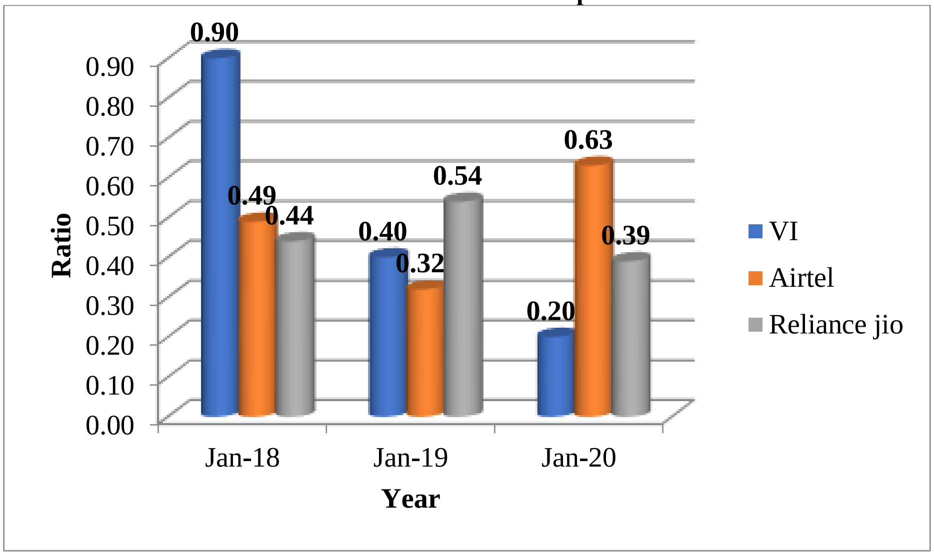

Table No.3 - Debt-to-Equity– Before Corporate Governance			
Year	**Vodafone Idea**	**Airtel**	**Reliance Jio**
Mar-18	1.90	0.6	0.31
Mar-19	1.70	0.9	0.39
Mar-20	10.70	0.8	0.65

In March 2018, Vodafone Idea had a debt-to-equity ratio of 1.90, which decreased to 1.70 by March 2019 and then sharply increased to 10.70 by March 2020. Airtel's debt-to-equity ratio remained relatively stable, ranging from 0.6 in March 2018 to 0.9 in March 2019, then dropping to 0.8 by March 2020. Reliance Jio's debt-to-equity ratio also showed a slight increase over the years, from 0.31 in March 2018 to 0.65 in March 2020, with a peak of 0.39 in March 2019.

Chart No.3 Debt-to-Equity – Before Corporate Governance

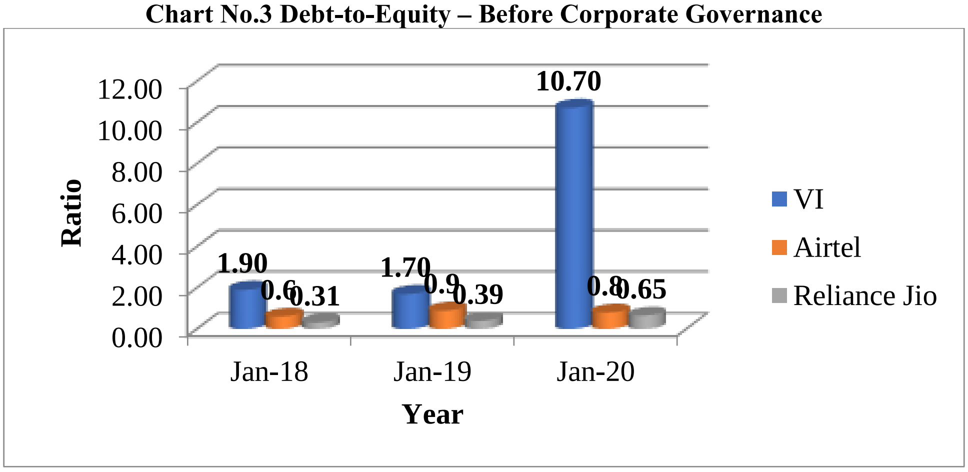

Table No.4- Quick ratio – Before Corporate Governance			
Year	**Vodafone Idea**	**Airtel**	**Reliance jio**
Mar-18	0.9	0.49	0.44
Mar-19	0.4	0.32	0.54
Mar-20	0.2	0.63	0.39

In March 2018, Vodafone Idea had a quick ratio of 0.9, which decreased to 0.4 by March 2019 and further to 0.2 by March 2020. Airtel's quick ratio also declined over the same period, from 0.49 in March 2018 to 0.32 in March 2019, then increased to 0.63 by March 2020. On the other hand, Reliance Jio's quick ratio decreased from 0.44 in March 2018 to 0.39 in March 2020, with a peak of 0.54 in March 2019.

Chart No.4 Quick ratio – Before Corporate Governance

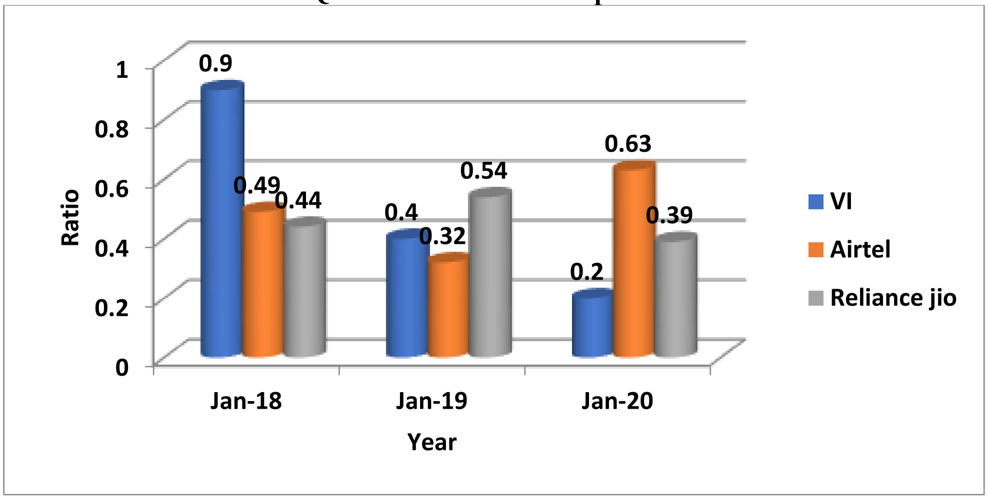

Table No.5-EBITDA – Before Corporate Governance			
Year	**Vodafone Idea**	**Airtel**	**Reliance Jio**
Mar-18	14.4	12.28	10.90
Mar-19	25	14.52	15.03
Mar-20	6.6	14.27	14.32

The EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) figures for Vodafone Idea, Airtel, and Reliance Jio show variations over the three-year period from March 2018 to March 2020. Vodafone Idea experienced a decrease from March 2018 to March 2020. Airtel's EBITDA increased steadily over the same period. Reliance Jio saw a slight fluctuation, initially increasing from March 2018 to March 2019 before showing a slight decrease by March 2020. These figures provide insights into the operating profitability of each company during the specified period.

Chart No. 5 – EBITDA – Before Corporate Governance

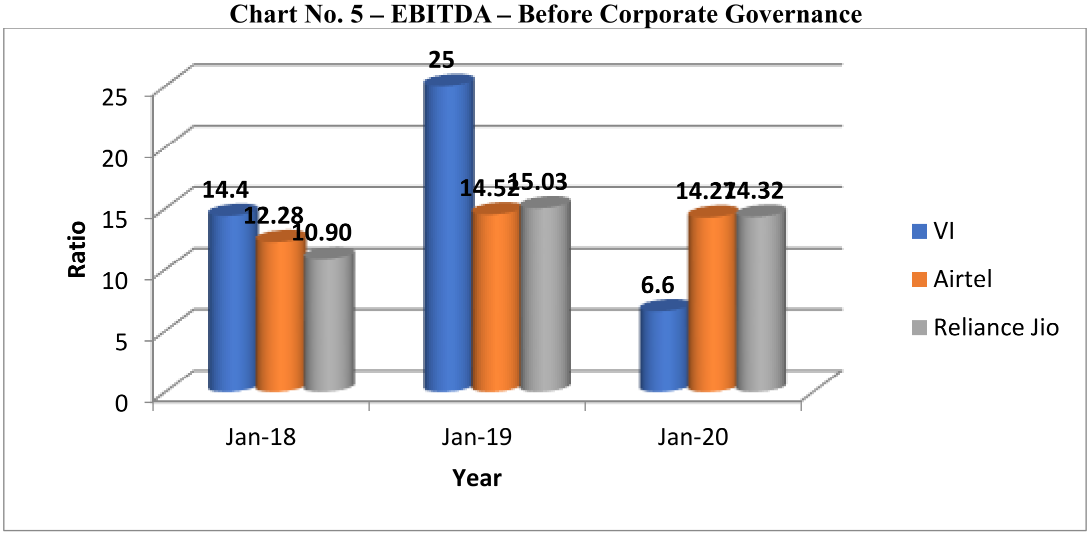

Table No.6 - Asset turnover ratio – Before Corporate Governance			
	VI	**Airtel**	**Reliance JIO**
Mar-21	0.20	0.23	0.28
Mar-22	0.20	0.25	0.48

The asset turnover ratio for Vodafone Idea (VI), Airtel, and Reliance Jio exhibited varied trends over the two-year period from March 2021 to March 2022. Vodafone Idea and Airtel maintained relatively stable asset turnover ratios, with Vodafone Idea consistently at 0.20 and Airtel showing a slight increase from 0.23 in March 2021 to 0.25 in March 2022. On the other hand, Reliance Jio experienced a significant surge in its asset turnover ratio, jumping from 0.28 in March 2021 to 0.48 in March 2022. These fluctuations provide insights into how efficiently each company is utilizing its assets to generate revenue during the specified period.

Chart No.6 Asset turnover ratio – Before Corporate Governance

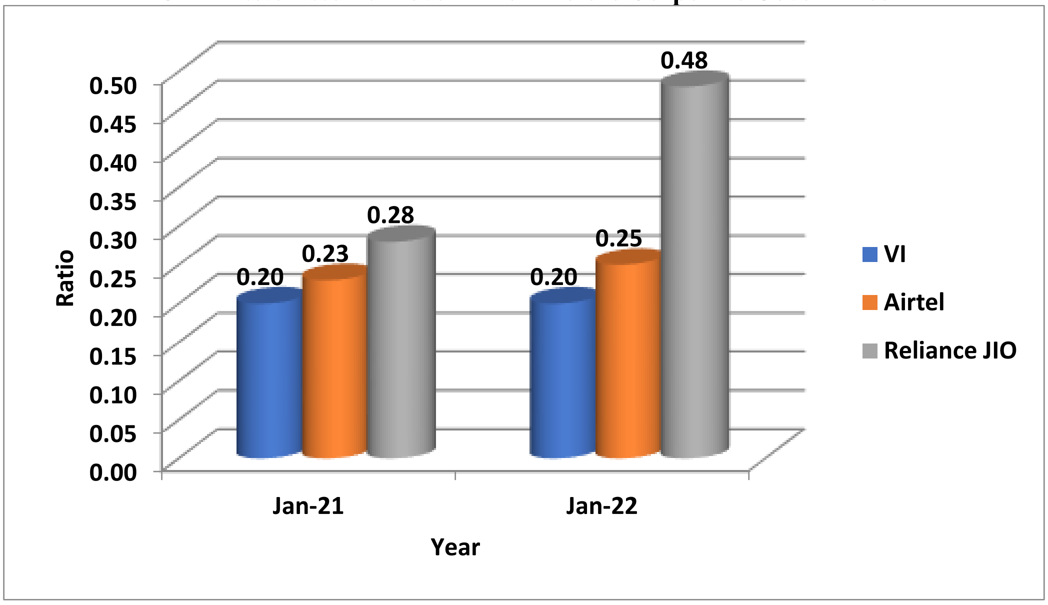

Table No.7-Current ratio – After Corporate Governance			
Year	**VI**	**Airtel**	**Reliance jio**
Mar-21	0.30	0.56	0.86
Mar-22	0.40	0.51	0.88

The current ratio for Vodafone Idea (VI), Airtel, and Reliance Jio showed varying trends from March 2021 to March 2022. Vodafone Idea experienced a slight increase in its current ratio, rising from 0.30 in March 2021 to 0.40 in March 2022. Airtel, on the other hand, saw a slight decrease from 0.56 to 0.51 over the same period. Reliance Jio maintained a relatively stable current ratio, with a minor increase from 0.86 to 0.88. These fluctuations indicate changes in the liquidity positions of the companies and their ability to meet short-term obligations with available current assets.

Chart No. 7 After Corporate Governance

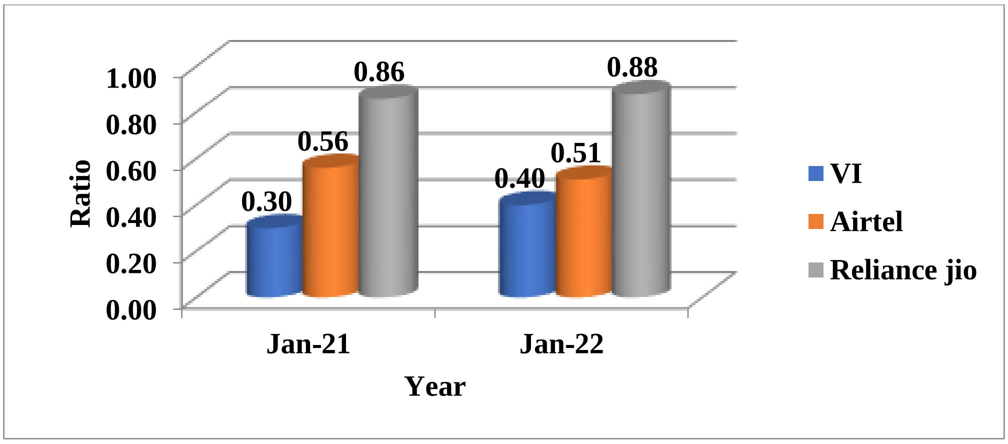

Table No.8-Debt-to-Equity After Corporate Governance			
Year	**VI**	**Airtel**	**Reliance Jio**
Mar-21	-4.20	1.2	0.41
Mar-22	-3.10	1.3	0.41

The debt-to-equity ratios for Vodafone Idea (VI), Airtel, and Reliance Jio exhibited distinct trends from March 2021 to March 2022. Vodafone Idea showed a significant decrease in its debt-to-equity ratio, dropping from -4.20 in March 2021 to -3.10 in March 2022. This indicates a reduction in debt relative to equity over the period. Airtel's debt-to-equity ratio increased slightly from 1.2 to 1.3, suggesting a slight rise in debt compared to equity. Reliance Jio maintained a stable debt-to-equity ratio of 0.41 across both years. These variations reflect changes in the capital structures of the companies and their reliance on debt financing relative to equity.

Table No.9- Quick ratio - After Corporate Governance			
Year	**VI**	**Airtel**	**Reliance jio**
Mar-21	0.3	0.56	0.86
Mar-22	0.4	0.51	0.88

The quick ratios for Vodafone Idea (VI), Airtel, and Reliance Jio from March 2021 to March 2022 depict changes in their ability to meet short-term obligations with liquid assets excluding inventories. Vodafone Idea's quick ratio increased from 0.3 in March 2021 to 0.4 in March 2022, indicating an improvement in its short-term liquidity position. Airtel experienced a slight decrease in its quick ratio from 0.56 to 0.51 over the same period, suggesting a reduction in its ability to cover short-term liabilities with liquid assets. In contrast, Reliance Jio's quick ratio remained relatively stable at 0.86 in March 2021 and 0.88 in March 2022, indicating consistent liquidity to meet immediate obligations.

Chart No.8 Quick ratio After Corporate Governance

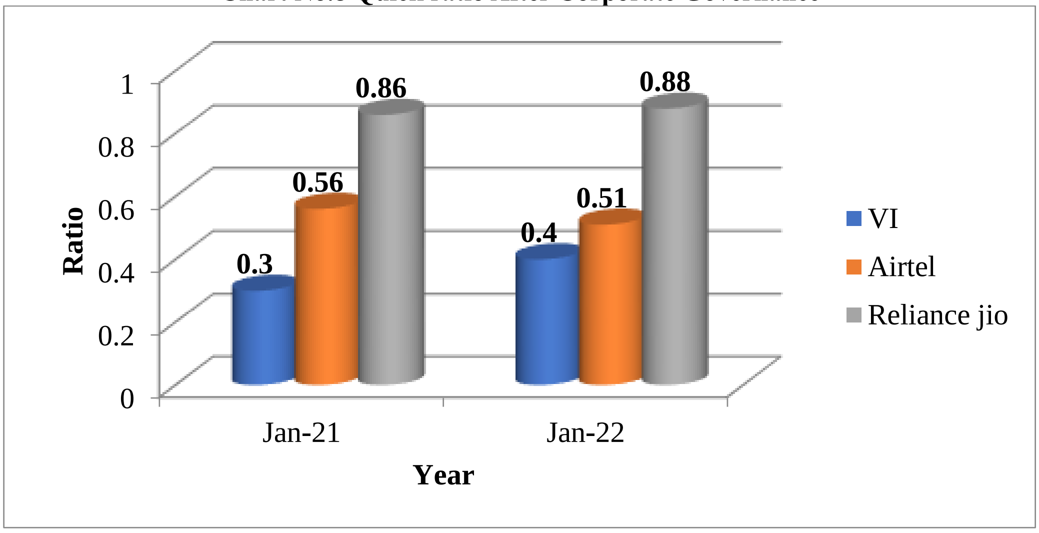

Table No.10-EBITDA - After Corporate Governance			
Year	**VI**	**Airtel**	**Reliance Jio**
Mar-21	10.9	12.43	30.61
Mar-22	14.1	14.39	29.53

The EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) figures for Vodafone Idea (VI), Airtel, and Reliance Jio from March 2021 to March 2022 demonstrate their operating profitability. In March 2021, Vodafone Idea had an EBITDA of 10.9, which increased to 14.1 in March 2022, indicating an improvement in its operational earnings. Airtel's EBITDA also experienced growth, rising from 12.43 in March 2021 to 14.39 in March 2022, reflecting increased operational profitability. On the other hand, Reliance Jio's EBITDA slightly decreased from 30.61 in March 2021 to 29.53 in March 2022, suggesting a marginal decline in its operating profitability during this period.

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Table No.11 - Comparison of Ratios for the Selected Companies Before and After Corporate Governance

Times	Asset turnover ratio		Current Ratio		Debt-to-Equity ratio		Quick Ratio		EBITDA	
	Before Corporate Governance	After Corporate Governance	Before Corporate Governance	After Corporate Governance	Before Corporate Governance	After Corporate Governance	Before Corporate Governance	After Corporate Governance	Before Corporate Governance	After Corporate Governance
VI	0.24	0.2	1.37	0.35	7.15	-3.65	0.5	0.35	15.34	12.5
Airtel	0.22	0.24	0.48	0.54	0.77	1.25	0.48	0.54	13.69	13.41
Reliance Jio	0.44	0.22	0.46	0.08	0.45	0.41	0.46	0.87	13.42	30.07

The comparison of financial ratios before and after the implementation of corporate governance measures reveals notable shifts in the performance metrics of Vodafone Idea (VI), Airtel, and Reliance Jio. Prior to governance reforms, VI's asset turnover ratio stood at 0.24, indicating its ability to generate revenue from assets, which decreased to 0.20 post-governance. In contrast, Airtel's asset turnover ratio increased slightly from 0.22 to 0.24, while Reliance Jio witnessed a notable decline from 0.44 to 0.22.

Regarding liquidity, VI's current ratio experienced a significant drop from 1.37 to 0.35 after governance reforms, suggesting potential liquidity challenges. Airtel's current ratio remained relatively stable, decreasing marginally from 0.48 to 0.54, while Reliance Jio's ratio saw a considerable decrease from 0.46 to 0.08.

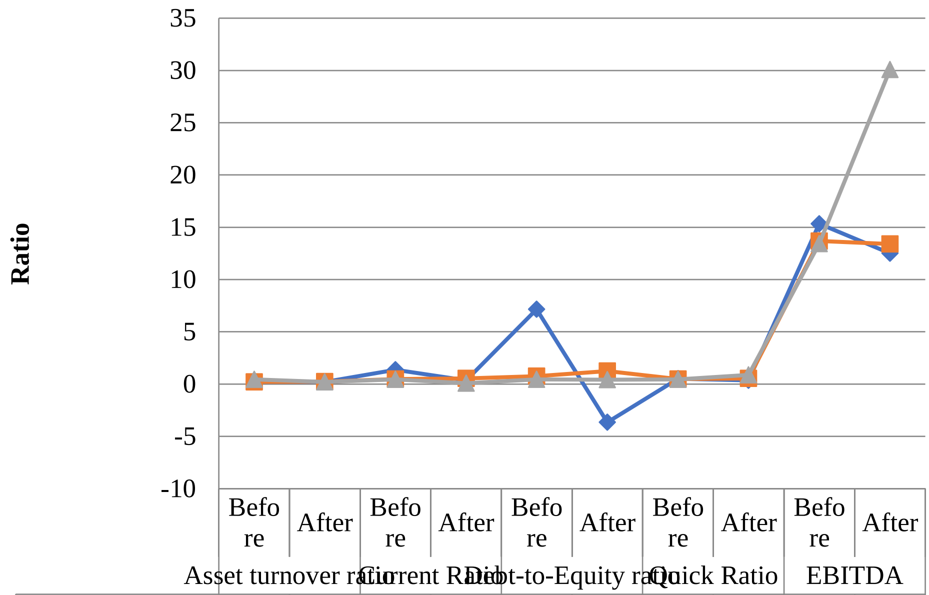
In terms of debt management, VI's debt-to-equity ratio decreased substantially from 7.15 to -3.65 post-governance, indicating a drastic reduction in debt levels. Airtel's ratio increased slightly from 0.77 to 1.25, signifying a moderate rise in debt, whereas Reliance Jio's ratio remained relatively stable at 0.45 before and 0.41 after governance.

VI and Airtel witnessed declines in their quick ratios, reflecting potential liquidity strains, with VI's ratio decreasing from 0.50 to 0.35 and Airtel's from 0.48 to 0.54. In contrast, Reliance Jio's quick ratio increased notably from 0.46 to 0.87, indicating improved liquidity post-governance.

Lastly, VI and Airtel experienced reductions in EBITDA, with VI's EBITDA declining from 15.34 to 12.5 and Airtel's from 13.69 to 13.41, reflecting a decrease in operational profitability. Conversely, Reliance Jio's EBITDA surged significantly from 13.42 to 30.07, indicating enhanced operational performance post-governance.

These shifts underscore the varied impacts of corporate governance on the financial health and performance of telecom companies, emphasizing the importance of effective governance practices in driving sustainable growth and profitability.

Chart No.9 Comparison of Ratios for the Selected Companies Before and After Corporate Governance



	Asset turnover ratio Before	Asset turnover ratio After	Current Ratio Before	Current Ratio After	Debt-to-Equity ratio Before	Debt-to-Equity ratio After	Quick Ratio Before	Quick Ratio After	EBITDA Before	EBITDA After
VI	0.24	0.2	1.37	0.35	7.15	-3.65	0.5	0.35	15.34	12.5
Airtel	0.22	0.24	0.48	0.54	0.77	1.25	0.48	0.54	13.69	13.41
Reliance Jio	0.44	0.22	0.46	0.08	0.45	0.41	0.46	0.87	13.42	30.07

FINDINGS OF THE STUDY

1) In Asset Turnover Ratio, Vodafone Idea's asset turnover ratio declined over the years. Airtel's ratio also showed a decreasing trend. Reliance Jio maintained a stable ratio initially but showed a slight decrease later.
2) In case of Current Ratio, Vodafone Idea's current ratio experienced a significant decline. Airtel's ratio fluctuated but showed an overall increase. Reliance Jio's ratio decreased with a peak in 2019.
3) Debt-to-Equity Ratio state that Vodafone Idea's debt-to-equity ratio fluctuated drastically, especially in 2020. Airtel showed relative stability in its ratio. Reliance Jio showed a slight increase over the years.
4) Quick Ratio reveals that Vodafone Idea's quick ratio declined consistently. Airtel's ratio showed fluctuations with an overall decrease. Reliance Jio experienced some ups and downs but remained relatively stable.
5) EBITDA shows that Vodafone Idea's EBITDA decreased over the years. Airtel's EBITDA increased steadily. Reliance Jio's EBITDA showed fluctuations but remained relatively stable.

SUGGESTIONS

1. Vodafone Idea: Improve asset turnover to generate more revenue from existing assets. Work on improving liquidity positions to meet short-term obligations. Focus on reducing debt levels to enhance financial stability. Governance reforms led to a significant drop in asset turnover but improved certain liquidity metrics. The firm drastically reduced debt post-governance, indicating a shift towards a more sustainable financial structure.
2. Airtel: Maintain the positive trend in asset turnover and current ratio. Monitor debt levels to ensure sustainable growth. Enhance operational profitability to drive overall financial performance. Governance measures had a mixed impact on asset turnover and liquidity. Some minor fluctuations in debt-to-equity ratio suggest moderate adjustment in capital structure.
3. Reliance Jio: Capitalize on the stable asset turnover ratio and focus on efficiency. Maintain a strong current ratio to ensure liquidity. Consider optimizing debt levels for long-term financial health. Stability in most financial ratios indicates resilience to governance changes. Enhanced EBITDA post-governance highlights improved operational performance.
4. The shifts post corporate governance underscore the importance of effective governance practices in driving sustainable growth and profitability in the telecommunication sector. Further analysis and monitoring of these financial metrics will be essential in evaluating the long-term impact of governance reforms on the financial performance of the companies.
5. Similarly, the profitability ratios did not display a significant difference pre and post-merger, suggesting that the merger did not have a notable impact on profitability.

CONCLUSION

The research study on "Corporate Governance and its Impact on Financial Performance of Telecommunication Sector" presents significant findings on the influence of governance measures on the financial ratios of key players in the telecom industry. The analysis indicates notable shifts in financial metrics post-implementation of governance reforms, affecting asset turnover, liquidity, debt ratios, quick ratios, and EBITDA across Vodafone Idea, Airtel, and Reliance Jio. Each company responded differently to governance changes, with Vodafone Idea experiencing declines in key ratios, Airtel displaying mixed impacts, and Reliance Jio demonstrating resilience with stable ratios and improved operational performance.

The study underscores the importance of effective corporate governance practices in enhancing financial performance and sustainability in the telecommunication sector. Transparent governance structures and robust monitoring mechanisms are crucial for optimal asset utilization, liquidity management, debt control, and operational profitability. The analysis suggests that adaptive governance frameworks and strategic financial management practices are essential for navigating industry challenges, driving profitability, and maintaining a competitive edge in a dynamic market environment.

Looking ahead, ongoing evaluation of financial ratios and governance practices will facilitate a deeper understanding of the interplay between governance and financial performance. Future research directions may delve into the long-term impacts of governance reforms on sectoral competitiveness and sustainable growth strategies within the telecom industry. This holistic assessment of governance's role in shaping financial outcomes can provide valuable insights for industry stakeholders and guide strategic decision-making processes in the evolving telecom landscape.

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