

Impact of foreign equity holding on firm performance: a study of selected Indian NSE companies

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Abstract

Purpose – This study looks into how foreign equity holdings affect a company's performance, which is an important topic given the rise in cross-border capital flows and globalization. The study looks at how key performance metrics, including profitability, efficiency and market valuation of businesses across different industries, are affected by the presence of foreign investors.

Design/methodology/approach – To separate the impact of foreign ownership from other confounding factors, the analysis uses rigorous econometric models and a large dataset of companies with different levels of foreign equity participation. Therefore, during a ten-year period from 2009 to 2018, this article aims to analyse the relationship between foreign equity holding and corporate performance of Indian NSE companies. Secondary sources are used in the data collection process. The Centre for Monitoring Indian Economy's (CMIE) electronic database "PROWESS" provided the pertinent data needed for the current study. There is a sample of 286 NSE chosen. Panel regression analysis has been used to examine the data.

Findings – The results imply that having foreign equity has a typically advantageous effect on the performance of the company. Higher foreign ownership percentages are associated with better financial measures for the company, such as return on assets (ROA). The findings suggest that foreign equity holding has a generally negative impact on firm performance. Firms with higher levels of foreign ownership exhibit superior financial metrics, including higher return on assets (ROA), compared to their counterparts with lower or no foreign equity participation. This improvement is attributed to several factors, including enhanced corporate governance practices, access to international networks and expertise, and the infusion of capital which supports growth and innovation. However, the study also identifies potential downsides associated with foreign equity holdings, such as increased market volatility and potential conflicts of interest between foreign and domestic stakeholders. These findings highlight the necessity for a balanced approach in policy formulation, ensuring that the benefits of foreign investment are maximized while mitigating associated risks.

Originality/value – Overall, this research contributes to the literature on international finance and corporate governance, providing empirical evidence on the role of foreign equity in enhancing firm performance. The insights gained from this study are valuable for policymakers, investors, and corporate managers aiming to optimize the benefits of foreign investment in the globalized economy.

Keywords Foreign equity holding, Performance, Panel regression, Assets and companies

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Introduction

The ownership of shares in a foreign corporation by an investor or other entity is referred to as foreign equity holding. With this kind of investment, investors can diversify their portfolios globally, potentially taking advantage of growth prospects in various economies and reducing risks related to the economic conditions in their home country. Key details about foreign equity holding are as follows: Diversification: By distributing risk throughout several economies and industries, investing in overseas stocks helps lessen the impact of regional downturns. Growth Prospects: The potential for growth varies across developed and emerging markets. In certain places, access to better growth rates can be obtained through foreign stocks. Currency Risk: Purchasing overseas stocks exposes investors to exchange rate changes, which may have an



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impact on the value of their holdings. Political and Economic Risks: The performance of international stocks can be impacted by political unrest, shifts in governmental agendas and economic conditions into the nations. Regulatory Environment: Investment decisions and returns can be influenced by the various laws and tax consequences that different nations have for overseas investors.

A foreign equity stake is an investment made by a non-resident or by multinational corporations in a host country's business, over which they have control and get a private return. By purchasing stock in a foreign corporation, shareholders gain managerial authority over the business (Griffith & Simpson, 2004). According to International Monetary Fund rules, Foreign Equity Holding is actually direct capital in India. As a result, the Indian government defined foreign direct investment arriving in 2002 and took venture capital and reinvestments into account in addition to equity capital.

Moran (2008) described foreign equity holding as the movement of "managerial resources" from one country to another, taking into account the function that foreign equity holding plays in emerging nations. The term "managerial resources" refers to specific and technological information in the fields of managerial proficiency, sales methods, patents, know-how and credit and funding acquisition. These transferred management resources contribute significantly to the development of the industry in the host country because of their high productivity in the receiving country. The research on foreign stock holdings is extensive and describes how foreign equity holdings have a favourable impact on the host country (Eichengreen & Kohl, 1998; Navaretti & Venables, 2004). Therefore, the purpose of this study is to investigate the impact of foreign equity holdings on a subset of Indian NSE businesses' business performance. The study's impetus comprises of making better judgements about asset allocation, risk management and portfolio diversification, which can be aided by having a better understanding of the characteristics of holding foreign equities. Research can draw attention to the dangers of making investments abroad, including unpredictability in politics, exchange rates and a law, which helps investors better understand and control these risks.

Review of literature

Carlos and Luis (2011) looked at how the appointment of directors and their accountability for the firm's return on assets related to the board structure. The authors have come to the conclusion that the most significant factors contributing to the improvement in firm performance were the outside busy directors. Eniola (2014) talked about the accountability and contribution of SMEs to the growth of emerging nations such as Nigeria. The author of this article has covered the obstacles that businesses confront as well as the performance contribution of SMEs. The study's findings showed that the primary goals of the investigation were to increase SMEs' performance and awareness of their significance for the national and economic growth of Nigeria. Vincent (2011) investigated the impact of ownership structure on the performance of Kenyan listed companies. The agency theory has been used by the author as a theoretical framework or analytical method. The measuring variables that have been found to have a substantial negative relationship with the firm's performance are return on assets, return on equity, and dividend yield. Furthermore, there is a strong positive association between managers' shareholding and the firm's performance. It further used firm-level data from India's developing markets to examine the relationship between ownership structure and firm performance. His main area of interest was the hitherto unresearched event titled "Differing roles played by foreign institutions and stakeholders from foreign corporate." The results of the author's examination of the group of enterprises showed that there was a detrimental effect on the performance of the firms.

Attiya and Iqbal (2010) identified the elements determining ownership concentration as well as the impact of ownership concentration on other variables, such as business performance. The study was conducted during the years 2003 and 2008. Furthermore, the results showed that going for ownership concentration is preferable when there are more

investment alternatives available. In 2015, Jayesh conducted research on how ownership structure affected the performance of unbalanced panel enterprises. The performance of Indian corporate enterprises has been studied by the author in relation to the relationships between foreign, institutional, corporate and managerial ownership. His research also led him to the conclusion that corporate and international stockholders had little bearing on the success of the company.

[Fitzsimmons and Douglas \(2005\)](#) examined the connection between a company's performance in an emerging market and its international diversification strategy. The Mexican companies provided the sample size. The findings showed that there was a U-shaped curvilinear link between business success and international diversification. [Dwivedi and Jain \(2005\)](#) looked at the worldwide literature on corporate governance and business performance and looked at how it related to India. [Vincent and Peter \(2011\)](#) looked at the relationships between ownership, manager and board qualities, and business performance. The study's findings indicated that there are notable differences between the effects of varied and concentrated ownership on a company's success.

[Gozzi, Levine, and Schmukler \(2013\)](#) looked at the impact of foreign equity listings on business valuation and found that companies that participated in foreign equity typically had higher valuations and easier access to finance. In their 2014 study, Chari and Henry examined how the liberalization of foreign equity affected asset prices and risk sharing. They discovered that greater involvement in foreign equities enhanced risk sharing and raised asset values. In their analysis of the global financial crisis's spill-over effects on equity markets, [Bekaert, Ehrmann, Fratzscher, and Mehl \(2014\)](#) demonstrated how foreign equity ownership affected the cross-border transmission of shocks. [Karolyi, Ng, and Prasad \(2015\)](#) examined the investment behaviour of investors in emerging markets, specifically looking at the factors that influence their preferences for domestic versus overseas stocks. [Didier, Levine, and Schmukler \(2014\)](#) investigated the connection between company growth and access to international equity markets and discovered that companies with foreign equity investments typically had higher productivity gains and faster growth.

A slowdown in cross-border equity investments and the effects of regulatory reforms on capital flows were highlighted by [Lane and Milesi-Ferretti \(2017\)](#) in their examination of developments in post-crisis international financial integration. [Shrivastav and Kalsie \(2017\)](#) investigated the effects on business performance of foreign ownership, including foreign institutional investors, foreign corporate holdings, and foreign promoters. An empirical research is conducted using panel data from 145 non-financial NSE listed companies during a five-year period, from 2008 to 2012. According to the Pooled OLS model, foreign ownership has a positive and significant impact on firm performance indicators; however, Random Effect Regression only finds a favourable impact. Positive correlation exists between foreign corporate ownership and firm performance. [Gupta, Yadav, and Jain \(2024\)](#). This article uses data from non-financial companies that make up the Nifty 200 index for the years 2007–2018 to investigate how foreign ownership affects the financing mix. The research findings indicate a statistically significant inverse correlation between foreign ownership and leverage. [Gupta and Mittal \(2022\)](#) examined with the use of various configurations of corporate governance (CG) principles. This article attempts to provide a framework that helps corporate organizations achieve the intended level of financial performance. The outcomes demonstrate that a specific state of RONW may be reached via eight fuzzy configurations.

Research methodology

This section contains the details of various tests used for estimating the impact of foreign equity holding on firm performance. The present study selected companies listed in NSE 500 index and these 500 companies are considered to be the largest companies on the basis of full market capitalization, accounting for more than 95% of the total market capitalization of the companies listed on the National Stock Exchange. The traded value of stocks of companies

listed on the NSE 500 index accounts for more than 96% of the total traded value of all stocks listed on the National Stock Exchange [1]. Therefore, companies listed on NSE 500 may be considered as the best representative of all companies listed on NSE that well reflect the whole market. The list of companies listed on the NSE 500 was obtained from the official website of National Stock Exchange (www.nseindia.com). In order to collect the data relating to selected variables, CMIE's corporate database Prowess was explored and it was found that data for selected variables for all companies was unavailable. Therefore, such companies, for which the required data was not available on Prowess, were excluded from the list. Subsequently, data for 286 companies were obtained from Prowess and considered for the final analysis.

The present study measured foreign equity holding utilizing three variables, including foreign equity holding, Indian promoter holding and non-promoter holding, in accordance with the study's purpose. Although firm's performance was measured using variable, i.e. return on assets (ROA). These variables were considered as independent variables and dependent variables respectively. In addition to independent and dependent variables, the present study also selected four control variables given as under:

Independent variables.

- (1) Foreign equity holding: The term "foreign equity holding" describes the ownership of shares or interests in a business by foreign investors. This approach is widely used in investment portfolios as a strategy for risk management and diversification, and it has a number of significant ramifications.
- (2) Indian promoter holding: The term "Indian promoter holding" describes a company's promoters' ownership of its shares. Promoters are usually the company's founders, executives, or a collection of people or organizations with a big say in how the business is run. A key component of corporate governance, promoter holding has a big influence on the company's direction and control.
- (3) Non-promoter holding: The term "non-promoter holding" describes a company's shares held by people or organizations that are not considered promoters. Retail, institutional and overseas investors are all included in this. The liquidity, stability and governance of a company's shares depend on non-promoter interests.

Dependent variables.

- (1) Return on assets (ROA): A financial term called return on assets (ROA) gauges a company's profitability in relation to its total assets. It shows how well a business uses its resources to turn a profit. ROA is computed using the following formula and is expressed as a percentage:

$$ROA = \text{Total Assets} / \text{Net Income} \times 100$$

Control variables.

- (1) Size of the firm: A firm's size can be determined by a number of criteria, each of which offers a unique viewpoint on the firm's scope and financial significance. Revenue, market capitalization, total assets, workforce size and market share are examples of common metrics. Because a company's size can affect its market power, competitive position and strategic decisions, it is crucial for investors, analysts, and policymakers to understand a company's size.
- (2) Age of the firm: A company's age is the amount of years after its founding that it has been in business. A company's age can have a big impact on how it operates, how the market views it, what strategic choices it makes and how well it performs overall.

- (3) Tangibility: When a firm talks about its tangible assets, it usually means its tangible assets that are visible and touchable. Since they constitute the foundation of many businesses' operations and manufacturing processes, these physical assets are essential. The perceptibility of goods or services to customers can also be considered a component of tangibleness.
- (4) Capital expenditure: The cash that a business uses to purchase, renovate or maintain tangible assets like real estate, buildings, machinery or technology is referred to as capital expenditure, or CapEx. This kind of investment is essential for a business's expansion and growth since it guarantees the infrastructure the enterprise needs to run.

The data was collected for the previous 10 years, i.e. for the period 2009–2018. In order to achieve the objectives of the study, the following regression equation has been developed to test the significant relationships among variables.

$$ROA = \alpha + \beta_1 (FEH) + \beta_2 (IPH) + \beta_3 (NPH) + \varepsilon$$

Where, ROA = Return on assets.

FEH = Foreign equity holding.

IPH = Indian promoter holding.

NPH = Non-promoter holding

ε = Error term.

Discussion of results

The discussion on the above-mentioned regression model is given as under.

Calculating the influence of non-promoter, promoter and international equity holdings on return on assets.

In order to calculate the effect of foreign equity holdings, promoter holdings from India, and non-promoter holdings on return on assets for the chosen companies, it was crucial to choose an appropriate type of model, i.e. whether a fixed effects or random effects model is suitable for the given data. Fixed effects model estimates the effects of variables that do not change over time; however, the random effects model estimates the effects of variables that change over time. Fixed effects variables are assumed to be constant and they have fixed effects on the dependent variable, i.e. the influence they have over the dependent variable is the same.

Selection of fixed and random effects model: applying Hausman test

Literature suggested using Hausman test to choose between fixed and random effects model. This test also helps researchers to diagnose an endogenous predictor in a regression equation. The presence of an endogenous predictor in a regression model renders estimates inconsistent because it violates an important assumption of regression model that there is no significant correlation between independent variables and the [error term](#). Therefore, in order to choose between fixed and random effects model; the present study used Hausman test for model specification. The null and alternate hypotheses developed for Hausman test are given as under.

H0. Random effect model is appropriate.

H1. Fixed effect model is appropriate.

Under this test, the random effects were selected for cross-sections. In the present study, 286 companies were selected for cross-sections and not over time. Findings of Hausman test are given in the following table.

The above Table 1 revealed that H_0 proposed for Hausman test is rejected, which implies that the fixed effect model is appropriate in the present study. This finding suggested using a dummy intersection model in which 285 ($n-1$) dummies were introduced.

Significance of dummies: applying Wald test

In this step, it is pertinent to decide between the application of fixed effects model and pooled regression OLS; for this, the present study uses the Wald test that examines the significance of dummies introduced in the model. In this test, when dummy variables are found to be insignificant, i.e. the influence of dummy variables is not different from zero, then the use of pooled regression is advisable; otherwise, the fixed effects model is advisable to use. The null and alternative hypotheses developed for the Wald test are given as follows.

H_0 . The influence of dummy variables on the model is insignificant.

H_1 . The influence of dummy variables on the model is significant.

Findings of the Wald test are given as under.

Table 2 defined the findings of Wald test ($F = 8.02$; $p < 0.05$) and suggested rejecting the null hypothesis, implying that there is a significant influence of dummy variables introduced in the model. Therefore, the application of fixed effect model seems to be justified. Following these findings, estimating the impact of foreign equity holding; Indian promoter holding; and non-promoter holding on return on assets for the selected companies, fixed effect model of regression in E-views was used. On the basis of previous literature available in this domain, the following null hypotheses were developed.

H_0 (1). The foreign equity holding is likely to show no impact on return on assets for selected companies.

H_0 (2). The Indian promoter holding is likely to show no impact on return on assets for selected companies.

H_0 (3). The non-promoter holding is likely to show no impact on return on assets for selected companies.

On the basis of the above-mentioned hypotheses and the use of four control variables, the following regression equation was developed:

$$ROA = \alpha + \beta_1 (FEH) + \beta_2 (IPH) + \beta_3 (NPH) + \varepsilon$$

Where, ROA = Return on assets.

Table 1. Selection of fixed and random effects model: Hausman test

	Chi-sq. Statistic	Chi-sq. d.f	Prob	Decision
Cross-section random	51.23	7	0.00	H_0 is rejected

Table 2. Significance of dummies: applying Wald test

	Value	Degree of freedom	Prob	Decision
F-statistic	8.02	(208, 2,567)	0.00	H_0 is rejected

FEH = Foreign equity holding.
IPH = Indian promoter holding.
NPH = Non-promoter holding
 ε = Error term.

Statistical diagnostics: testing multi-collinearity and autocorrelation

Literature suggested that it is important to test multi-collinearity among the independent variables of the study. Multi-collinearity is a state when there are high correlations between two or more independent variables of the study. The presence of high correlation among independent variables renders estimates inconsistent. Therefore, the present study tested the correlation among all independent variables. Findings in this regard are given as follows.

The above Table 3 revealed the correlation among all independent variables. Findings revealed that there is no high correlation between independent variables. The maximum correlation between two independent variables, i.e. Indian promoter holding and foreign equity holding was found to be 0.254, which is lower than the permissible correlation value of 0.8 (Gujarati, 2006). Therefore, it is concluded that there is no multi-collinearity among independent variables.

The auto-correlation between variables was also tested in order to examine the independence of error terms in the regression equation. For testing the presence of autocorrelation, Durbin-Watson test was used. It is a test used for diagnosing autocorrelation in the residuals from a regression analysis. The range of Durbin-Watson statistic lies between 0 and 4. Any value greater than 2 and less than 4 means that there is negative autocorrelation between residuals from a regression analysis; whereas any value between 0 and 2 implies that there is positive autocorrelation between residuals from a regression analysis. Gujarati (2006) suggested that Durbin-Watson statistic between 1.5 and 2.5 indicates insignificant autocorrelation residuals from a regression analysis. Findings of Durbin-Watson test revealed that the statistics lies between the permissible levels, i.e. between 1.5 and 2.5. Therefore, the presence of autocorrelation was ruled out in the present study.

Estimates of the regression model

For testing the hypotheses proposed in the present study, a fixed effects regression model was used. The overall model fit was diagnosed using the F-statistic, which was found to be significant ($F = 9.49$; $p < 0.001$). It means that the combined effect of all independent variables on return on assets for selected companies was found to be significant. However, this statistic does not highlight the individual effect of the independent variable on return on assets for selected companies. The individual-level effects of independent variables on return on assets for selected companies are mentioned in the table given below.

In addition to three independent variables, the present study also included four control variables in the regression equation. The selected control variables were size of the firm; age of the firm; tangibility and capital expenditure. Table 4 described that the influence of three of the control variables on return on assets was found to be significant. For instance, the impact of

Table 3. Correlation between independent variables: testing multi-collinearity

	FEH	IPH	NPH
FEH	1	0.254*	-0.104*
IPH		1	-0.616*
NPH			1

Note(s): *significant at 1 percent level; FEH: Foreign equity holding; IPH: Indian promoter holding; NPH: Non-promoter holding

Table 4. Estimating the impact of foreign equity holding; Indian promoter holding and non-promoter holding on return on assets

Null hypotheses	Coefficient	t-statistic	Prob	Accept/ reject the null hypotheses
H0 (1): The foreign equity holding is likely to show no impact on return on assets for selected companies	−0.046	−1.359	0.174**	Accepted
H0 (2): The Indian promoter holding is likely to show no impact on return on assets for selected companies	0.098	3.432	0.0006*	Rejected
H0 (3): The non-promoter holding is likely to show no impact on return on assets for selected companies	0.111	4.876	0.0000*	Rejected

Note(s): *significant; **insignificant

size of the firm on “return on assets” was found to be negative ($\beta = -0.036$; $p < 0.000$); indicating that when the size of the firm increases, then return on assets decreases. This finding suggested limiting size of the firm because a huge size of the company may result in reduced “return on assets” of the company. The result supports the study of [Saftiana, Mukhtaruddin, Putri, and Ferina \(2017\)](#). The result differs from the research done by [Indriyani \(2017\)](#), [Peranginangin \(2019\)](#), [Salim and Susilowati \(2019\)](#). The second control variable included in the model was “age of the firm”; finding in regard to this variable revealed that there is a positive impact of “age of the firm” on return on assets of the company ($\beta = 0.043$; $p < 0.000$). This finding indicated that the higher the age of a firm, the higher is the return on assets; indicating that older firms are able to obtain more returns on their assets. The work done after [Davidsson \(2009\)](#) has demonstrated that the age variable may have an impact on a firm’s ability to reach or sustain the performance state of high growth with high profitability or end up in a state where both are at a low level ([Ben-Hafaïedh and Hamelin, 2022](#); [Jang, 2011](#); [Steffens, Davidsson, & Fitzsimmons, 2009](#)).

Further, tangibility of the firm also revealed a significant impact on “return on assets” of the firm ($\beta = -0.042$; $p < 0.05$). However, the nature of relationship between tangibility of the firm and “return on assets” of the firm was found to be negative; indicating that the higher the tangibility of the firm, lower is the “return on assets” of the firm. The findings of the study are inconsistent with [Olatunji and Tajudeen \(2014\)](#) and in accordance with [Okwo, Ugwunta, and Nweze \(2012\)](#). In contrast, the impact of capital expenditure on “return on assets” was found to be insignificant ($\beta = 0.00016$; $p = 0.177$), indicating that the quantum of capital expenditure makes no difference in return on assets of the firm. Our results are in contrast with [Azhagaiah and Gavoury \(2011\)](#) and in line to the results reported by [Ebaid \(2009\)](#).

The R-squared of the model was found to be 0.519, which represents that all the independent variables explained 51.9% variation in the dependent variable, i.e. return on assets. The above table revealed that out of the three null hypotheses proposed, two of them were rejected; whereas one hypothesis was accepted. The present study proposed in [H0\(1\)](#) that the foreign equity holding is likely to show no impact on return on assets for selected companies. This hypothesis was accepted, but failed to establish a significant relationship between foreign equity holding and return on assets for selected companies ($\beta = -0.046$; $p = 0.17$). This finding implied that a change in foreign equity holding of a company failed to bring any significant change in return on assets.

From [H0 \(2\)](#), it was expected that Indian promoter holding is likely to show no impact on return on assets for selected companies. Findings rejected this relationship as the Indian promoter holding was found to have a positive impact on return on assets for selected companies ($\beta = 0.098$; $p < 0.05$). In other words, it can be interpreted that when the Indian promoter holding increases, then return on assets also increases. Therefore, an increase in

Indian promoter holding is one of the ways for improving performance of the companies. Promoters may increase their holding in the companies by buying stocks of the company and this activity is often considered positive among stakeholders of the company because stock-buying by promoters indicates that promoters are very certain regarding the future growth of the company. Thereby, promoters attempt to influence potential investors to buy stocks of their company, leading to a substantial increase in price of the company's stocks. Subsequently, promoter's wealth also increases. However, literature suggested that a significant decrease in promoter's holding indicates that promoters have low confidence regarding future prospects for their stocks. Literature suggests that promoters holding up to a certain extent beyond which it starts affecting the interests of the stakeholders. For instance, in case of very large promoter holding, it may result in the manipulation of company's decisions while disregarding stakeholder's interest.

Further, it was interesting to note that non-promoter holding revealed a positive impact on return on assets for selected companies ($\beta = 0.11$; $p < 0.05$). This finding rejected the relationship proposed in H0 (3), suggesting that the higher is the non-promoter holding, the higher is the return on assets for selected companies. However, the strength of the relationship was found to be weaker than for the relationship proposed in H0 (2). Non-promoter investors include Foreign Institutional Investor (FII); mutual funds and financial institutions etc. On the basis of these findings, companies are suggested to focus more on increasing promoters holding, which is more likely to impact return on assets of the company.

Conclusion

The principal purpose of the present study is to investigate the relationship between foreign equity holding and firm performance as measured by Return on Assets (ROA). Firm performance of a company has been measured by using panel data methodology. Present analysis has been conducted on a sample of 286 NSE companies, which include firm equity holding. Overall empirical findings, which are based on Panel Regression analysis between firm performance and corporate equity holding measures, clearly indicate that foreign equity holding has a negative relationship with firm performance. These findings allow the present researchers to conclude that the companies should invest in NSE companies to stand for the financial gain, but foreign equity holding is not consider the key factor for investment. The practice of investing in foreign equity holding may be exercised by the managers to organize and utilize foreign equity capital effectively to have additional profitable gain. The financial information used in the study was sourced from CMIE's Prowess database. Therefore, all of the inherent limitations of the secondary financial data are present in the study.

The majority of the data used in this analysis is secondary data that was obtained from periodically released annual reports, the Prowess database and other reports. All of the constraints that come with using secondary data are present in the material gathered for the study that uses it. The addition of certain other variables may have an impact on the outcomes even though the dependent, independent and control variables were chosen with the utmost care.

Implication of the study

- (1) Policymakers should be urged to liberalize foreign investment regulations in order to draw in more foreign capital if the study indicates that foreign equity holding improves business performance. Better business performance brought about by foreign equity can support general economic growth, which may necessitate changing economic regulations to encourage foreign investment.
- (2) Investment Decisions for Investors: Investors may utilize the results to direct their investment plans. A favourable outcome can draw more international investors to

companies that hold a larger percentage of foreign equity. By comprehending the effects of foreign equity, investors can weigh the advantages and disadvantages of making investments in companies that have a substantial foreign ownership stake.

- (3) Corporate Governance for Management of the Company: Improved corporate governance procedures can result from the participation of foreign stockholders, which can boost business performance. In order to enhance performance and take advantage of global experience, management may be more receptive to strategic alliances and collaborations with foreign organizations.
- (4) Researcher Resources: Additional Studies: Further study on relevant areas, such as the processes via which foreign equity influences business performance or its impact across various industries and geographies, can be facilitated by the findings.

The study adds empirical data and insightful analysis that can be consulted in subsequent research, thus enhancing the body of knowledge on corporate governance and international finance.

Limitations and future scope of the study

Financial data from CMIE's Prowess database served as the study's foundation. All of the inherent limitations of the secondary financial data are thus present in the study. The reasons for the remaining restrictions are as follows.

- (1) Mainly secondary data from published yearly reports, the Prowess database, and occasionally other publications were used to compile the data for this study. The data gathered for the study utilizing secondary data has all of the limitations associated with secondary data.
- (2) Even with the greatest of caution, some additional variables may still have an impact on the outcomes, even if they were excluded when choosing the dependent, independent and control variables.
- (3) Additionally, utilizing various sectors allows for relative examination as well. For a more comprehensive analysis, other firm-level variables may also be added.

Note

1. https://www1.nseindia.com/products/content/equities/indices/nifty_500.htm

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