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CORPORATE GOVERNANCE AND SUSTAINABILITY PRACTICES OF ENERGY COMPANIES IN INDIA

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ABSTRACT

In order to better understand how energy firms in India approach problems of corporate responsibility, sustainability, and regulatory compliance, the goal of this research is to analyze the various approaches that these companies use. It focuses on the processes that they use in a variety of different areas of practice. As a result of the fact that India has one of the energy markets that is increasing at the fastest rate around the globe, energy firms have a significant impact on the path that India is on towards achieving sustainable development. Within the scope of this study, the key objectives are to explore the reporting procedures, governance structures, and sustainability activities of major energy businesses in India.

Keywords: Corporate Governance, Sustainable Development, Corporate Social Responsibility

1. INTRODUCTION

The energy business is very important with regard to the expansion of India's economy and the country's progress towards achieving sustainability. With its fast-growing energy consumption, India is faced with the double whammy of having to satisfy that need while simultaneously transitioning to electricity sources that are more environmentally friendly and sustainable. When operating in an environment that is always changing, it is necessary for energy companies to have robust corporate governance and sustainability policies in order to maintain compliance with national and global sustainability goals. Corporate governance in the energy sector entails a system of regulations, norms, and procedures that regulate and drive businesses. The goal of this system is to strike a balance between the interests of a large number of stakeholders, including shareholders, management, consumers, suppliers, financiers, the government, and the community. [1-2]

On the other hand, sustainability plans include a wide range of activities that ensure economic viability, social equity, and the health of the environment for the long term. Increasing energy efficiency, reducing emissions of greenhouse gases, adopting renewable energy sources, and actively interacting with local communities are some of the initiatives that are included in this category of actions. Rules and regulations in India have been pushing for transparency,

accountability, and preventive sustainability measures. This is a result of the regulatory environment in India putting a higher focus on these practices. [2-3]

The leading energy companies in India are the subject of this study, which takes a comprehensive look at the sustainability initiatives, reporting procedures, and corporate governance frameworks that these companies have implemented.[4-5] The purpose of this research is to provide light on the current state of governance and sustainability in the Indian energy business by analyzing the ways in which these companies deal with the challenges of regulatory compliance, the expectations of stakeholders, and the dynamics of the market. The purpose of this report is to identify best practices and areas for improvement, in addition to making recommendations for regulations that would promote the integration of sustainability and corporate governance in this essential company. [6-7]

The importance of effective governance cannot be overstated, regardless of whether we are discussing the sphere of politics, the world of business, or ordinary life. Increasing the level of trust and confidence that the general public has in the democratic system is one method that may be used to put excellent governance into practice. [8-9] In situations when resources are inadequate to meet even the most fundamental needs of the people, a reasonable level of government may be able to make a positive contribution to the well-being of society. It should come as no surprise that concerns over governance are as prevalent in the corporate sector. [10-11]

When we speak about strong corporate governance, we are referring to an environment that is characterized by trust, ethics, moral standards, and confidence. The business sector, the general public, and other stakeholder groups, such as the government and the general public, are working together to come up with a solution to this problem. [12-13] A consequence of concerns over the actions of corporations and the consequences of such actions is the ever-increasing emphasis placed on corporate governance. Because of this, the term "corporate governance" is now getting a lot of attention. Over the last several years, its prominence has increased at an exponential rate. Two of the most important elements that are contributing to this increase in interest are the need for a new corporate philosophy and a more rigorous adherence to the law. [14-15] Additionally, the economic liberalization and deregulation of industry and business are also having a significant impact. A new paradigm for corporate governance that is in keeping with the times has recently been introduced to the corporate sector for a number of reasons, one of which is the need that firms be more responsible to their shareholders and customers. [16-17]

OBJECTIVE

1. Research on the Sustainability Practices and Corporate Governance of Indian Energy Companies.
2. Promote gender diversity and an even distribution of executive and non-executive directors

METHODOLOGY

This study employs a mixed-methods approach to investigate the corporate governance and sustainability practices of energy companies in India. The methodology is designed to provide a comprehensive analysis through both qualitative and quantitative data collection and analysis. The key components of the methodology are as follows:

Sample Selection:

A number of well-known publicly listed energy companies in India are included in the sample. These companies operate in a variety of sectors, including coal, oil and gas, coal, and renewable energy. When deciding which businesses to include, we considered their market capitalizations, how well they matched the profile of the Indian energy sector, and whether or not they made their data about governance and sustainability accessible to the public. [18-19]

Data Collection:

Secondary Data: The majority of the data that is gathered from secondary sources comes from the annual reports, sustainability reports, corporate governance reports, and regulatory filings of selected companies. [20-21] These papers address governance structures, sustainability activities, and performance measurements in considerable detail. All of these topics are discussed in great detail. [22-23]

Primary Data: Through in-depth interviews with key stakeholders, such as corporate executives, industry experts, and regulatory authorities, we are able to get insights into the facets of governance and sustainability processes that are practical in nature. [24-25]

Quantitative Analysis:
A combination of descriptive statistics and trend analysis is used in order to determine the degree of conformity with the requirements for governance and sustainability. In order to evaluate the sustainability performance of businesses, many factors are taken into consideration. These criteria include social effect, energy efficiency, greenhouse gas emissions, and exploitation of renewable energy sources. [26-27]

Comparative Analysis:
The objective of this research is to examine and contrast the policies on sustainability and governance that are implemented by energy firms in India with those that are implemented by their worldwide counterparts. The findings of this study are helpful in identifying gaps, prospective improvements, and competitive leaders in the market. [28]

Case Studies:
The purpose of the extensive case studies that are developed for selected companies is to highlight the exceptional governance and sustainability practices that they practice. Providing insight into the how's, why's, and what's of developing robust frameworks for governance and sustainability, case studies such as this one shed light on these topics. [29]

This study adopts a method that is both thorough and multi-faceted in order to conduct an analysis of the corporate governance and sustainability practices of energy companies in India. In this report, an attempt is made to determine the primary drivers, barriers, and opportunities for growth in these areas. [30]

3. RESULTS AND ANALYSIS

This section elaborates on the study's results.
Tabular data on survey environmental concerns found in Table 2. According to the table, executives selected "Local Environmental Impact" as the most important environmental concern for oil and gas companies' annual reports, with a mean score of 84.63 (standard deviation = 15.17). The factor "Biodiversity and Ecosystem issue" was picked less frequently than others, with an average score of 81.98 and a standard deviation of 15.27. The "Climate Change and Energy" component had an M-value of 74.46 and an SD-value of 14.31, indicating that it was less important than the two fears preceding it. Water (fresh and effluent) was the least concerning problem, with an average score of 64.30 (standard deviation = 11.22). Since the z-values for the four environmental issues and the PCED Index did not fall between (-) 1.96 to (+) 1.96, the normality test showed that the data did not follow a normal distribution. This means the data was not normally distributed. In Table 1, the total PCED Index score was 76.34 (standard deviation = 10.89), indicating that O&G executives support CEDs at a level between "average" (60%) and "above average" (80%).

Table 1: Descriptive Statistics of Environmental Issues of Oil and Gas Industry (N = 830)

Environmental Issues	Mean Statistic	Std. Deviation Statistic	Data Distribution
Local Environmental Impact	84.63	15.17	Not Normal
Biodiversity and Ecosystem	81.98	15.27	Not Normal
Climate Change and Energy	74.46	14.31	Not Normal
Water (Fresh & Effluent)	64.30	11.22	Not Normal
Overall PCED	76.34	10.89	Not Normal

The results of the Kruskal-Wallis H test, which are provided in Tables 2 and 3, indicate that there was a considerable variance in PCEDI scores across a variety of executive roles. This was discovered based on the findings of the test. The average rank PCEDI score for Junior Level Executive was 364.40, while the score for Middle Level Executive was 412.83, the score for Senior Level Executive was 463.08, and the score for Top Level Executive was 507.05. This was a p-value that was lower than.05. We are able to declare that the null hypothesis H01 is "rejected" and that there is a significant

association between the quantity of PCEDI and the positions held by O&G firm executives. This is due to the fact that the p-value is lower than the significance threshold of 0.05.

Table 2: Kruskal-Wallis H Test Ranks Disclosure Across Categories of Executive Position.

Executive Position	N	Mean Rank
Junior Level Executive	182	364.40
Middle Level Executive	446	412.83
Senior Level Executive	182	463.08
Top Level Executive	20	507.05
Total	830	

Table 3: Kruskal-Wallis H Test Statistics

	Disclosure
Kruskal-Wallis H	18.411
Df	3
Asymp. Sig.	0.000
a. Kruskal Wallis Test	
b. Grouping Variable: Executive Position	

It is demonstrated in Tables 4 that there is a statistically significant difference in the PCEDI scores between the various degrees of executives' knowledge of annual reports. The scores range from 410.96 for little knowledge to 349.51 for Somewhat knowledge, 407.21 for Much knowledge, and 450.66 for Great deal information. The results of the second Kruskal-Wallis H test pointed in this direction. Given that the p-value is lower than the significance level of 0.05, we are able to declare that the null hypothesis H02 is "rejected" and that the knowledge of annual reports held by executives of O&G companies has a significant impact on the quantity of PCEDI that is present.

Table 4: Kruskal-Wallis H Test Ranks Disclosure Across Categories of Level of Knowledge of AR.

Knowledge on AR	**N**	**Mean Rank**
Little	14	410.96
Somewhat	140	349.51
Much	333	407.21
Great Deal	343	450.66
Total	830	

Table 5: Kruskal-Wallis H Test Statistics for Knowledge of Annual Reports

Kruskal-Wallis H	**Df**	**Asymp. Sig.**
18.613	**3**	**0.000**

a. **Kruskal-Wallis Test**
b. **Grouping Variable: Knowledge on AR**

In order to determine the significance of variations between different levels of knowledge, the Kruskal-Wallis H test was utilized in the process of examining the influence that executives' understanding of annual reports had on their scores on the Public Corporate Environmental Disclosure Index (PCEDI). There are three degrees of freedom, and the findings are shown in Table 5. The Kruskal-Wallis H statistic is 18.613, and it is presented there. It is suggested that there are considerable variations in PCEDI scores across the various levels of executive knowledge regarding annual reports, as indicated by the fact that the corresponding p-value of 0.000 is highly significant. To be more specific, executives who have a "Great Deal" of understanding about annual reports had better PCEDI ratings than those who have "Little" or "Somewhat" knowledge of the subject. This substantial finding lends credence to the rejection of the null hypothesis (H02), which proposed that there was no significant difference in PCEDI scores between the various levels of expertise. Therefore, the findings demonstrate that a stronger comprehension of annual reports among executives is positively linked with higher scores on the PCEDI. This highlights the need of developing executive knowledge and awareness in order to facilitate improvements in corporate governance and sustainability policies.

RESULT

After conducting an analysis of the data, substantial insights have been revealed on the environmental concerns and corporate governance procedures of executives working in the oil and gas (O&G) industry. The descriptive data shown in Table 1 demonstrate that "Local Environmental Impact" is seen as the most important concern by executives. This is indicated by a mean score of 84.63, which indicates that a significant amount of attention is placed on this particular domain. The "Water (Fresh & Effluent)" category, on the other hand, had an average score of 64.30 which indicated that it was the least worrying. These ratings are indicative of diverse degrees of worry over various environmental issues, with worries regarding climate change and energy being scored lower in comparison to concerns regarding local environmental consequences and biodiversity. The findings of the Kruskal-Wallis H test, which are presented in Tables 2 and 3, show that there are substantial differences in PCEDI scores between the various executive levels under consideration. A p-value of 0.000 indicates that the differences are statistically significant. Junior executives had a mean rank of 364.40, while Top Level Executives scored much higher at 507.05. This indicates that There is a significant difference between the two groups. Taking into consideration this data, it can be concluded that CEOs with higher ranks tend to disclose more rigorous environmental disclosure policies at their companies. On top of that, the data shown in Table 4 demonstrate that there is a substantial disparity in PCEDI ratings according to the degree of knowledge that executives have regarding annual reports. When compared to executives with less expertise, those with comprehensive knowledge had the highest scores, with a mean rank of 450.66. This highlights the favorable link that exists between in-depth knowledge and better environmental disclosure ratings. With a statistic of 18.613 and a p-value of 0.000, the Kruskal-Wallis H test statistics presented in Table 5 provide additional support for these findings. These statistics validate the importance of the differences that were found from the previous findings. In general, the findings suggest that higher ranks and more extensive executive knowledge are related with improved corporate governance and sustainability practices. This highlights the significance of expertise and position in the process of promoting successful environmental disclosures.

CONCLUSION

Sustainable development has come into our lives and changed many things. The way businesses operate and think may be the most crucial shift. According to the above sections, firms, particularly international corporations, began to take sustainable development seriously. Management boards and executives now consider sustainability problems in all their actions. Managers now consider more than share and dividend returns. They combine all three components of sustainable development policy into corporate governance for various reasons. Most modern firms have a CSR policy and actively promote it. The environmental pillar of sustainable development is most popular. Companies focus on this area since society is most reasonable there. They demonstrate their environmental responsibility to maintain their image and attract new customers. That's why boards of directors are increasingly concerned about their firms' environmental performance and forcing CEOs to manage them more sustainably and provide information on these concerns.

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CONFLICT OF INTEREST

None.

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