Examining the Non-linear Relationship between Corporate Governance and Firm Performance in Pakistan

Waseem Ullah 1 Muhammad Sajid Amin 2 Sajid Mehmood 3

1. Lecturer, Department of Management Sciences, University of Gujrat, Punjab, Pakistan
2. Lecturer, Department of Commerce, The Islamia University of Bahawalpur, Punjab, Pakistan
3. Lecturer, Department of Management Sciences, University of Gujrat, Punjab, Pakistan

PAPER INFO

ABSTRACT
This study looks into the impact of board structure, reporting and disclosure and transparency on the success of family businesses in Pakistan. It also examines if the relationship between corporate indices is linear or non-linear in nature? BOD index, reporting index, and disclosure index are constructed based on governance practices. The dependent variable is return on assets (ROA), and the relationships are estimated using GMM. The findings reveal a strong relationship between each governance index and ROA. Further, the findings confirm the presence of non-linearity of the CG indices-performance relationships. Family firms are prone to extreme agency disputes, and both internal and external governance is needed to protect minority shareholders' interests from the family firm's entrenched ultimate controllers. The results show that good corporate governance practices have a significant positive monitoring impact on the success of family businesses in Pakistan.

Keywords: Corporate Disclosure, Corporate Governance, Corporate Reporting, Firm Performance

Corresponding Author
Waseem.ullah@uog.edu.pk

Introduction

Corporate governance has recently attracted the interest of scholars in the area of corporate finance. Since ownership and management are different in the company, corporate governance considerations are of greater concern to academics, administrators, and policymakers. For the protection of fund providers' equity stakes, it is critical to improve the firm's internal governance mechanism as well as the consistency of its external governance structure. Various studies have looked at various facets of corporate governance (CG) issues such as board composition, board independence, board control level, and board meeting frequency, and found that these factors have a direct effect on a firm's success (Vafeas, 1999; Ryan & Wiggins, 2004). Board structure such as leadership and director composition is said to influence corporate outcomes (Daily & Dalton 1994 & 1995; Dalton et al., 1998), as well as institutional investor participation and shareholder activism (Davis &
Thompson, 1994). As a result, global stock exchanges and regulatory bodies have proposed governance practices to address agency problems, resulting in the development of a controlling management structure to improve efficiency (Brown & Caylor, 2009). These activities have resulted in numerous developments such as the separation of the CEO and chairman, the majority of independent directors, and the inclusion of nominees in the board, among others, but a straightforward picture of board leadership styles and practices remain elusive (Dalton et al., 1998).

Corporate governance is concerned with reporting as a means for management to communicate to potential investors the extent of governance and internal financial results. The majority of non-executive directors of the board of directors are responsible for financial statements (Beasely, 1996). Corporate reporting (Eccles, 2004) is the availability of financial and non-financial information outside regulations to all stakeholders, which emerged when corporate reporting was limited only to financial reporting, ignoring environmental and social propositions (Deegan, 2004), and ignoring the views of many scholars who treated a firm as a social institution rather than a private institution (French, 2004). Furthermore, corporate disclosures are essential for a well-functioning market because they tend to reduce agency tensions between management and external investors and symmetry the details (Healey & Palepu, 2001; Eloisa, 2010).

On a sampling of family firms, the contribution is in building CGI across three areas, including BOD, transparency and disclosure. In the Pakistani business sectors, family businesses are the most visible (Waseemullah & Hasan, 2016, 2017 & 2018). Controlling and minority shareholders of family firms have serious agency disputes among themselves. Internal and external governance are key in these companies to avoid agency issues (Waseemullah et al., 2017). The impact of the BOD index, reporting index, and transparency index on the success of family businesses has never been studied in Pakistan.

**Literature Review**

According to La Porta et al. (1996) and Shleifer & Vishny (2007), firms working in weak investor protection system have a more concentrated shareholder structure. As a result, we might contend that the family owner's long-term perspective lowers agency costs (Hsu, Chen, & Lin, 2007) and leads to higher results (Mazumdar, Sarin, & Sengupta, 2002). The Turkish evidence also supports this point of view. Independent board members have a detrimental relationship with firm results, according to Ararat, Orbay, and Yurtoglu (2010). Their extensive analysis into the association between independent board members and their companies’ performance shows that a significant number of these board members do not meet the independence criteria and are not effective regulators in the spirit of the corporate governance guidelines.

Aside from family influence, foreign ownership is a major component of firm’s ownership structure. The majority of studies show that it has a positive effect.
Foreign equity investment, as Shleifer and Vishny (2007) show, results in improved monitoring of the executives. Foreign investors will drive out incumbent management and replace them with more effective directors by using their voting rights. In developing nations, corporate governance has been ignored. Two big causes for imminent corporate governance reforms in developing markets are Asian financial crises and capital market globalization (Tsamenyi, Noormansyah, and Uddin, 2008).

Waseemullah, Safi, and Shehzadi (2015) investigated the impact of earnings management on company results in Pakistan and discovered that it has a substantial positive impact on Return on Assets (ROA). The findings suggested that family-owned businesses, which are common in Pakistan, motivate controlling shareholders by checking subordinates and preventing them from engaging in out-of-line earnings management activities. The effect of corporate governance and earnings control on the financial performance of manufacturing companies in Nigeria was investigated by Hassan and Ahmed (2012). (Mansur & Tangl, 2018) The CG arrangement denotes the division of duties and rights among different members in the company, such as an external auditor, the board of directors (BOD), management, and shareholders. In terms of corporate shareholders, CG defines the rights of the shareholders and ensures that the company and its shareholders work together effectively.

The CG establishes the framework by which organisations' priorities are set in relation to management and boards of directors. When it comes to external auditors, organisations with a strong CG structure make it easier for auditors to do their jobs if they operate honestly and diligently. Organizations can fail due to a lack of a strong CG infrastructure, and it is essential to establish a CG framework in order to improve the organization financial outcomes (Arora & Sharma, 2016). In comparison to a poor CG structure, Berkman, Zou, and Geng (2009) claim that a strong CG structure helps to minimize accounting earnings manipulations. Another research find that companies with a poor CG system had a lot of agency issues, and that managers in these organizations get more personal benefits (Core, Holthausen, & Larcker, 1999). According to agency theory, BODs are far more vigilant about their personal property or assets than with other shareholders' funds (Letza, Sun, & Kirkbride, 2004). To protect the interests of investors, the agency theory proposes that managers' opportunistic actions be restricted. Furthermore, management should be controlled to prevent personal gain at the cost of the company's profitability.

The board's main responsibility is to improve the firm's efficiency in order to maximize shareholder returns. Additionally, it successfully tracks and manages administrative activities (Sheikh & Wang, 2012). The majority of recent research has been unable to find a consensus on the relationship between board size and company results. Some of these studies support agency theory; for example, Uadiale (2010), Jackling & Johl (2009), and Belkhir (2009) found a strong positive correlation between board size and company results. Rashid, Zoysa, Lodh, and Rudkin (2010)
found a connection between board structure and firm performance that was negative. Larger boards are inefficient in general so reaching a majority at the decision is very difficult for them.

In today working environment, CFO role is not limited to a functional level; the position also requires a strategic capacity to enhance the efficiency level. CFO is not only limited to the finance but also to decision making in order to forecast and maintain the financial changeovers, engulfing the market in the coming times. The ability of a CFO to predict financial variations is highly associated with the keeping the firm value higher. According to the survey studies in USA, UK and other developed countries, the CFO is not limited to functional, strategic roles only but also in leadership role. The importance of this position made it a part of corporate governance proxy.

The condition known as CEO duality occurs when the CEO and chairman of a company are the same individual. The majority of recent study has focused on the effect of integrated leadership functions on corporate financial efficiency. The agency principle adds to the two-tier system by segregating the CEO and chairmanships to increase independence for stronger oversight and management, resulting in improved firm performance. The number of independent directors to total directors, or board independence, has long been thought to be an important factor in financial success. In addition, according to Mura (2007), board independence is linked to firm performance. The involvement of independent directors guarantees board accountability by unraveling oversight and task execution, which is the fundamental justification for this positive association. In addition, by eliminating the internal conflict of interest, the relationship between management and stockholders can be strengthened.

Internal audit committee is the integral part of corporate governance system (Klein, 2000). The composition and independence of audit committee is very important otherwise it will be ineffective. Cadbury report recommends that audit committee should comprising of independent non-executive directors not less than three persons who should perform the supervision responsibility while preparing financial statements. Audit committees enhance investors’ trust on financial statements and improve the integrity and credibility of financial statements which will ultimately contribute to higher firm performance (Kam & Li, 2008). The auditor remuneration should be approved by the board and there should be no involvement of executives in any way that could affect the auditor performance as a result of any favoritism. There should be proper disclosure of members of internal audit committee, remuneration of external auditors’ and other key executives’ is essential for the awareness of concerned stakeholders. The disclosure of transparent information is expected to affect firm performance positively.

Annual general meeting allows shareholders to have an opportunity to be a part of the decision making and to make a relative change in their benefits. Shareholders have the option to retain their best people in the board or to change
those persons who are unable to provide any benefit to them. This allows the shareholders to change the direction of the company. The annual general meeting provides the supervision means and discloses the internal capability of holding operations which would help to improve the performance of the company.

Many corporate governance scholars highlight the significance of wide community as a major stakeholder of the firm, suggests: firm’s responsibility is not just serving the shareholders but to all stakeholders whose investment is necessary for the accomplishment of business activities. Firms should acknowledge and fulfill corporate social responsibility that will in turn attract the society toward business environment positively (Balabanis, Philips and Lyall, 1998). Numerous studies find a significant impact of corporate social responsibility on the performance of financial market (Spicer, 1978; Anderson and Frankle, 1980; Shane and Spicer, 1983). Some other studies find evidences regarding the higher performance impacts in developing markets than developed markets.

Material and Methods

The study employs 184 non-financial family firms listed on PSX. In order to estimate the impact of BOD sub-index, reporting sub-index, disclosure & transparency sub-index and ownership sub-index on firm performance, GMM is used.

Regression Models

Model 1

\[ ROA_{it} = B_0 + \beta_1 \text{ BOD Index}_{it} + \beta_2 \text{ Size}_{it} + \beta_3 \text{ Leverage}_{it} + \beta_4 \text{ Growth}_{it} + \varepsilon_{it} \]

Model 2

\[ ROA_{it} = B_0 + \beta_1 \text{ Reporting Index}_{it} + \beta_2 \text{ Size}_{it} + \beta_3 \text{ Leverage}_{it} + \beta_4 \text{ Growth}_{it} + \varepsilon_{it} \]

Model 3

\[ ROA_{it} = B_0 + \beta_1 \text{ Disclosure Index}_{it} + \beta_2 \text{ Size}_{it} + \beta_3 \text{ Leverage}_{it} + \beta_4 \text{ Growth}_{it} + \varepsilon_{it} \]

Model 4

\[ ROA_{it} = B_0 + \beta_1 \text{ BOD Index}_{it} + \beta_2 \text{ Reporting Index}_{it} + \beta_3 \text{ Disclosure Index}_{it} + \beta_4 \text{ Size}_{it} + \beta_5 \text{ Leverage}_{it} + \beta_6 \text{ Growth}_{it} + \varepsilon_{it} \]
Examining the Non-linear Relationship between Corporate Governance and Firm Performance in Pakistan

Model 5

\[ ROA_{it} = B_0 + \beta_1 \text{BOD Index}_{it} + \beta_2 \text{BOD Index}^2_{it} + \beta_3 \text{BOD Index}^3_{it} + \beta_4 \text{Size}_{it} + \beta_5 \text{Leverage}_{it} + \beta_6 \text{Growth}_{it} + \varepsilon_{it} \]

Model 6

\[ ROA_{it} = B_0 + \beta_1 \text{Reporting Index}_{it} + \beta_2 \text{Reporting Index}^2_{it} + \beta_3 \text{Reporting Index}^3_{it} + \beta_4 \text{Size}_{it} + \beta_5 \text{Leverage}_{it} + \beta_6 \text{Growth}_{it} + \varepsilon_{it} \]

Model 7

\[ ROA_{it} = B_0 + \beta_1 \text{Disclosure Index}_{it} + \beta_2 \text{Disclosure Index}^2_{it} + \beta_3 \text{Disclosure Index}^3_{it} + \beta_4 \text{Size}_{it} + \beta_5 \text{Leverage}_{it} + \beta_6 \text{Growth}_{it} + \varepsilon_{it} \]

Results and discussion

Table 1 presents descriptive statistics for ROA, governance variables and control variables. Mean (median) values are 13.5708 (12.5000), 10.2578 (10.0000) & 22.7645 (23.0000) respectively for BOD, reporting & disclosure index respectively. The correlations & VIF are given in Table 2 & 3 respectively. The results show that all of the governance indices are positively associated with ROA. These results confirm the results of earlier studies (for instance Javid & Iqbal, 2008). However, the correlation coefficients suggest that there is no strong relationship among the explanatory variables. Further, VIF results also confirm that there is no serious problem of multicollinearity.

| Variable          | Growth | Leverage | Size | Disclosure Index | Reporting Index | BOD Index | ROA | Observations |
|-------------------|--------|----------|------|------------------|-----------------|-----------|-----|--------------|
| Mean              | 0.1669 | 0.6623   | 7.7756 | 22.7645          | 10.2578         | 13.5708   | 0.0335 | 964          |
| Median            | 0.1372 | 0.6364   | 7.7827 | 23.0000          | 10.0000         | 12.5000   | 0.0293 | 964          |
| Maximum           | 0.9951 | 1.9989   | 10.9515 | 30.0000          | 25.0000         | 27.5000   | 0.3085 | 964          |
| Minimum           | -0.6126 | 0.0316  | 2.5486 | 4.0000           | 0.0000          | 2.5000     | -0.2578 | 964          |
| Std. Dev.         | 0.3402 | 0.3090   | 1.4276 | 3.6517           | 5.3376          | 5.7569    | 0.1070 | 964          |

Table: Descriptive statistics for family firms 2004-2012
Table 2
Correlation

| Variable | ROA | Growth | Leverage | Size | Disclosure Index | Reporting Index | BOD Index |
|----------|-----|--------|----------|------|------------------|-----------------|-----------|
| 1        | ROA | 1      | 0.1605   |      |                  | BOD Index       |           |
|          |     |        |          |      |                  |                  | 0.0000    |
|          |     |        |          | 1    | 0.2447           | Reporting Index  |           |
|          |     |        |          |      |                  |                  | 0.3664    |
|          |     |        |          |      |                  |                  |           |
|          |     | 1      | 0.3433   | 0.2760| 0.1554           | Disclosure Index |           |
|          |     |        |          |      |                  |                  |           |
|          |     |        |          | 1    | 0.3697           | Size            | 0.1768    |
|          |     |        |          |      |                  |                  |           |
|          |     |        |          |      |                  |                  |           |
|          |     |        |          | 1    | -0.1358          | Leverage         | -0.3941   |
|          |     |        |          |      |                  |                  |           |
|          |     |        |          |      |                  |                  |           |
|          |     | 1      | -0.1101  | 0.0239| -0.0899          | Growth          | 0.2550    |
|          |     |        |          |      |                  |                  |           |
|          |     |        |          |      |                  |                  |           |

All coefficient values greater than 0.05 are significant at 5% level

Table 3
Variance Inflation Factor

| Variable | Centered VIF | Coefficient |
|----------|--------------|-------------|
| ROA      | 1.1244       | 0.0000      |
|          | 1.2088       | 0.0000      |
|          | 1.3188       | 0.0000      |
|          | 1.2000       | 0.0000      |
|          | 1.0527       | 0.0001      |
|          | 1.0320       | 0.0001      |
|          | NA           | 0.0005      |

Table 4 reports regression results using GMM estimation method. The coefficient value of BOD index is 0.0020 with significant p-value at 1% level as given in model 1. Similarly, coefficient values of reporting index & disclosure index are 0.0057 & 0.0032 respectively with significant p-values at 1% level as shown in regression model 2 & 3. The results portray that relationship between BOD index & reporting index remain significantly positive whereas it is insignificantly positive for disclosure index as presented in model 4. These findings clearly confirm strong positive relationship between corporate governance index and firm performance in Pakistan. These findings support previous studies’ findings for instance Javed and Iqbal (2007), Arora and Bodhanwala (2018) among others.
Examining the Non-linear Relationship between Corporate Governance and Firm Performance in Pakistan

| Table 4 | Relationship between governance indices and firm performance |
|---------|---------------------------------------------------------------|
| Model 4 | Model 3 | Model 2 | Model 1 | Variable  |
| 0.0012** | 0.0020*** | 0.0008 | | BOD Index |
| 0.0048*** | 0.0057*** | 0.0000 | | Reporting Index |
| 0.0000 | 0.0000 | | | Disclosure Index |
| 0.0004 | 0.0032*** | 0.0007 | | Size |
| 0.0023 | 0.0049 | 0.0040 | 0.0052 | |
| 0.4822 | 0.1906 | 0.2148 | 0.1338 | |
| -0.1050*** | -0.1199*** | -0.1084*** | -0.1204*** | Leverage |
| 0.0000 | 0.0000 | 0.0000 | 0.0000 | |
| 0.0632*** | 0.0742*** | 0.0702*** | 0.0726*** | Growth |
| 0.0000 | 0.0000 | 0.0000 | 0.0000 | |
| -0.0013 | -0.0096 | 0.0049 | 0.0343 | |
| 0.9694 | 0.8000 | 0.8795 | 0.3283 | Constant |
| 0.2859 | 0.2202 | 0.2841 | 0.2210 | Adjusted R-squared |
| 11.2400 | 7.2840 | 6.1648 | 9.2146 | J-Statistics |
| 0.1285 | 0.2004 | 0.2905 | 0.1008 | Prob. J-statistics |

***, ** & * denote significance at 1, 5 & 10% level.

The results reported in Table 5 show the non-linearity of the CG sub-indices-performance relationships. The results of Model 5 confirm that BOD Index is non-linearly related with ROA of the family firms. All of the coefficient of BOD Index, BOD Index^2 & BOD Index^3 are significant at conventional levels. BOD Index is positively related whereas BOD Index^2 & BOD Index^3 are negatively related with ROA. These findings suggest that BOD Index at moderate level positively affects the performance and however, it negatively affects the performance both at initial levels & higher levels. Further, Reporting Index, Reporting Index^2 & Reporting Index^3 show positive relationship and however, the results are not significant at conventional levels as shown in Model 6. The results in Model 7 indicate that Disclosure Index is negatively associated whereas Disclosure Index^2 & Disclosure Index^3 are positively associated with ROA and however, results are not significant for Disclosure Index^3. The findings confirms that Disclosure Index-ROA relation is negative at lower levels and it becomes positive at moderate level of Disclosure Index. These findings suggest that at lower levels of CG indices, these do not affect positively the ROA and these started to affect positively when the levels of the CG indices reach at moderate levels. Moreover, after a certain level, it again started to affect negatively or insignificantly the ROA at higher levels. The negative or insignificant performance impacts of CG indices both at initial level & higher level tend to show that CG practices may not necessarily improve the performance rather firms may not have adopted the CG practice in true spirit of law rather just for the compliance.
### Table 5
Non-linearity of governance indices-performance relationships

| Model 7  | Model 6  | Model 5  | Variable         |
|----------|----------|----------|------------------|
|          | -0.0249*** | BOD Index |
|          | 0.0004    |          |                  |
|          | 0.0023*** | BOD Index^2 |
|          | 0.0000    |          |                  |
|          | -0.0001***| BOD Index^3 |
|          | 0.0000    |          |                  |
|          | 0.0027    | Reporting Index |
|          | 0.5055    |          |                  |
|          | 0.0002    | Reporting Index^2 |
|          | 0.5566    |          |                  |
|          | 0.0000    | Reporting Index^3 |
|          | 0.6077    |          |                  |
|          | -0.0246*  | Disclosure Index |
|          | 0.0755    |          |                  |
|          | 0.0013*   | Disclosure Index^2 |
|          | 0.0804    |          |                  |
|          | 0.0000    | Disclosure Index^3 |
|          | 0.1217    |          |                  |
|          | 0.0010    | 0.0041   | 0.0050 | Size          |
|          | 0.7894    | 0.1948   | 0.1459 |              |
|          | -0.1250***| -0.1079***| -0.1223*** | Leverage |
|          | 0.0000    | 0.0000   | 0.0000 |              |
|          | 0.0685*** | 0.0611***| 0.0665*** | Growth |
|          | 0.0000    | 0.0000   | 0.0000 |              |
|          | 0.1965**  | 0.0143   | 0.1249*** | Constant |
|          | 0.0137    | 0.6461   | 0.0017 |              |
|          | 0.2178    | 0.2835   | 0.2329 | Adjusted R-squared |
|          | 39.7013   | 10.4836  | 12.8577 | J-statistic |
|          | 0.1035    | 0.1628   | 0.1075 | Prob. (J-statistic) |

***, ** & * denote significance at 1, 5 & 10% level.

### Conclusion
In family firms, conflicts are more common. Increased quality of internal governance and compliance of the provisions of the external governance, according to agency theorists, are the most important methods for reducing agency problems and improving firm performance (Waseemullah, 2017). The CG indices are built in three categories: BOD, reporting and disclosure, and their ultimate impact on company financial performance are investigated. Further, it is examined that if CG indices-performance relationships are linear or non-linear in nature? The GMM method is used to establish the relationships. The results show that each index and company performance have a clear positive relationship in family firms. The firms adopting both the internal and external governance practices yield improved performance. The findings provide regulatory bodies insight into how to improve external monitoring of the companies to increase their financial outcomes. It also directs the firm's management to follow sound CG procedures in order enhance
shareholders’ confidence to avoid agency problems. Further, CG indices (BOD Index & Disclosure Index) are positively associated with the performance only at moderate levels of indices. These affect negatively or these indices are ineffective at lower & higher levels. The results are also evident that family firms may not follow governance practice in true spirit but these adopt the practice only for complying the rule of law.
Abdullah, A., Page, M. (2009). Corporate Governance and Corporate Performance: UK FTSE 350 Companies, The Institute of Chartered Accountants of Scotland: Edinburgh, UK.

Ananchotikul, S.; Eichengreen, B. (2009). Corporate governance reform in emerging markets: How much, why, and with what effects? Journal of the Japanese and International Economies, 23, 149–176.

Ararat, M.; Orbay, H.; Yurtoglu, B. (2010). The Effects of Board Independence in Controlled Firms: Evidence from Turkey. Working Paper. http://papers.ssrn.com/sol3/papers.cfm?abstract_id

Arora, A., & Sharma, C. (2016). Corporate governance and firm performance in developing countries: Evidence from India. Corporate Governance, 16(2), 420–436. DOI:10.1108/CG-01-2016-0018

Beasley, M. S. (1996). An empirical analysis of the relation between the board of director composition and financial statement fraud. Accounting review, 443-465.

Belkhir, M. (2009). Board of directors’ size and performance in the banking industry. International Journal of Managerial Finance, 5(2), 201-221.

Berkman, H., Zou, L., & Geng, S. (2009). Corporate governance, profit manipulation and stock return. Journal of International Business and Economics, 9(2), 132–145.

Brown, L. D., & Caylor, M. L. (2009). Corporate governance and firm operating performance. Review of quantitative finance and accounting, 32(2), 129-144.

Core, J. E., Holthausen, R. W., & Larcker, D. F. (1999). Corporate governance, chief executive officer compensation, and firm performance. Journal of Financial Economics, 51(3), 371–406. DOI:10.1016/ S0304-405X(98)00058-0

Daily, C. M., & Dalton, D. R. (1994). Bankruptcy and corporate governance: The impact of board composition and structure. Academy of Management journal, 37(6), 1603-1617.

Daily, C. M., & Dalton, D. R. (1995). CEO and director turnover in failing firms: An illusion of change? Strategic management journal, 16(5), 393-400.

Dalton, D. R., Daily, C. M., Ellstrand, A. E., & Johnson, J. L. (1998). Meta-analytic reviews of board composition, leadership structure, and financial performance. Strategic management journal, 19(3), 269-290.

Davis, G. F., & Thompson, T. A. (1994). A social movement perspective on corporate control. Administrative science quarterly, 141-173.
Examining the Non-linear Relationship between Corporate Governance and Firm Performance in Pakistan

Deegan, C. (2004, March). Environmental disclosures and share prices—a discussion about efforts to study this relationship. *In Accounting Forum, 28*(1), 87-97.

Eccles, R. G. (2004). Hopes and fears for financial reporting and corporate governance. *Balance Sheet, 12*(2), 8-13.

Hassan, S. U., & Ahmed, A. (2012). Corporate governance, earnings management and financial performance: A case of Nigerian manufacturing firms. *American International Journal of Contemporary Research, 2*(7), 214-226.

Hsu, C. Y., Chen, Y. L., & Lin, W. Y. (2007). Corporate governance and credit risk. *NTU Management Review, 6*, 100-110.

Jackling, B., & Johl, S. (2009). Board structure and firm performance: Evidence from India's top companies. *Corporate Governance: An International Review, 17*(4), 492-509.

Javed, A. Y., & Iqbal, R. (2007). The relationship between corporate governance indicators and firm value. A case study of Karachi Stock Exchange. PIDE-Working Papers 2007:14, Pakistan Institute of Development Economics.

Liew, K. P. (2008). The (perceived) roles of corporate governance reforms in Malaysia: The views of corporate practitioners. In M. Tsamenyi & S. Uddin (Eds.), *Corporate governance in less developed and emerging economies (Research in accounting in emerging economies)* (pp. 455-482). Bingley, UK: Emerald Group Publishing Limited. DOI: https://doi.org/10.1016/S1479-3563(08)08015-8

Larcker, D.F.; Richardson, S.A.; Tuna, I. *Corporate Governance, Accounting Outcomes, and Organizational Performance. Account. Rev. 2007, 6*, 963-1008.

Letza, S., Sun, X., & Kirkbride, J. (2004). Shareholding versus stakeholding: A critical review of corporate governance. *Corporate Governance: An International Review, 12*(3), 242-262.

La Porta, R.; Silanes, F.L.; Shleifer, A.; Vishny, R.W. (1996). Law and Finance; Working Paper; National Bureau of Economic Research: Cambridge, MA, USA,

Mazumdar, S. C., Sarin, A., & Sengupta, P. (2002). To Tell or Not to Tell: The Value of Corporate Disclosure; Working paper, Santa Clara University: Santa Clara, CA, USA, 2002.

Mura, R. (2007). Firm performance: Do non-executive directors have minds of their own? Evidence from UK panel data. *Financial Management, 36*(3), 81-112.

Mansur, H., & Tangl, A. (2018). The effect of corporate governance on the financial performance of listed companies in Amman stock exchange (Jordan). *Journal of Advanced Management Science* Vol, 6(2), 97-102.
Rashid, A., De Zoysa, A., Lodh, S., & Rudkin, K. (2010). Board composition and firm performance: Evidence from Bangladesh. Australasian Accounting Business & Finance Journal, 4(1), 76.

Ryan Jr, H. E., & Wiggins III, R. A. (2004). Who is in whose pocket? Director compensation, board independence, and barriers to effective monitoring. Journal of Financial Economics, 73(3), 497-524.

Sengur, E. D. (2011). Do Corporate Governance Index Companies Outperform Others? Evidence from Turkey. Int. J. Bus. Soc. Sci., 2, 254–260.

Sheikh, N. A., & Wang, Z. (2012). Effects of corporate governance on capital structure: empirical evidence from Pakistan. Corporate Governance: The international journal of business in society, 12(5), 629-641.

Shleifer, A., & Vishny, R.W. (2007). Large shareholders and corporate control. Journal of Political Economy, 94, 461-488.

Hassan, S. U., & Ahmed, A. (2012). Corporate governance, earnings management and financial performance: A case of Nigerian manufacturing firms. American International Journal of Contemporary Research, 2(7), 214-226.

Tsamenyi, M., Noormansyah, I., & Uddin, S. (2008, March). Management controls in family-owned businesses (FOBs): A case study of an Indonesian family-owned University. In Accounting Forum (Vol. 32, No. 1, pp. 62-74). Taylor & Francis.

Waseemullah & Hasan, A. (2016). Investigating the group diversification premium and discount in Pakistan. The Pakistan Development Review, 289-308. Retrieved April 10, 2021, from http://www.jstor.org/stable/44986489

Waseemullah (2017). Understanding the dynamics of business groups in Pakistan-A focus on the financial performance and dividend policy. Ph. D dissertation, Capital University.

Waseemullah & Hasan, A. (2018). Business group affiliation and firm performance-Evidence from Pakistani listed firm. The Pakistan Development Review, 57(3), 351-371.

Waseemullah, Ali, S., & Mehmood, S. (2017). Impact of excess control, ownership structure and corporate governance of firm performance of diversified group firms in Pakistan. Business & Economic Review, 9(2), 49-72. DOI: dx.doi.org/10.22547/BER/9.2.3

Waseemullah & Hasan, A. (2017). Ownership structure, excess control and firm performance: a focus on the internal corporate governance system of the family firms in Pakistan. Paradigms, 11(2).
Waseemullah, Safi, I., & Shehzadi, A. (2015). Earnings Management and Firm Performance: A Case of Karachi Stock Exchange Listed Firms in Pakistan. *International Journal of Economics and Empirical Research, 3*(6), 278-285.

Tsamenyi, M., Noormansyah, I., & Uddin, S. (2008). Management controls in Family-Owned Businesses (FOBs): A case study of an Indonesian family-owned university. *Accounting Forum, 32*(1), 62-74. DOI: https://doi.org/10.1016/j.accfor.2006.10.001

Uadiale, O. M. (2010). The impact of board structure on corporate financial performance in Nigeria. *International Journal of Business and Management, 5*(10), 155.

Vafeas, N. (1999). The nature of board nominating committees and their role in corporate governance. *Journal of Business Finance & Accounting, 26*(1-2), 199-225.