



Amir Ur Rehman¹

¹Institute of Business Studies, Kohat University of Science and Technology, Pakistan.

KEYWORDS	ABSTRACT
Corporate Governance, Firm Performance, Non-Financial Firms	This study aimed to understand the impact of corporate governance factors on firm performance. Specifically, a case of non –financial firms was studied, and data were collected from 2015 to 2019. The source for data collection was balance sheet analysis published by the State Bank of Pakistan as well as the Karachi Stock Exchange website. In the existing study, we use the random effects model. The main finding of this research study reveals that managerial ownership, institutional ownership, as well as total assets significantly impact firm performance. Managerial ownership is reported to have a negative relationship with firm performance. Institutional ownership and total assets show a positive relationship with firm performance. The relationship between board independence and ROE is insignificant. The connection between board size and ROE is insignificant. The connection between CEO duality and ROE is insignificant. The relationship between audit committee size and ROE is insignificant. The relationship between board meeting and ROE is insignificant. Based on the results, this study presents important suggestions and recommendations for managers, policymakers, and other stakeholders. 
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Corresponding Author	Amir Ur Rehman
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Introduction

Corporate governance is simply the rules and procedures that corporation are managed and operated. It provides all the rules and procedures for corporations. It helps all those people who are connected to the corporation, including shareholders, regulators, and other stakeholders, etc for the best management of the corporation (Kiel & Nicholson 2003). According to Reyes and Zhao (2010), corporate governance may fall into two factors. One is the internal, and the second is the external factors. So, internal factors may include the board of directors, and it also prepares

unique plans for the best interests of managers and shareholders and others who are connected with corporate control systems.

Problems connected to corporate governance are not new. But it's connected with corporate governance when corporation came in birth. Therefore, the problem comes from the reason of CEO duality in the 1990s; after that, the massive drop meant the failure of Enron and WorldCom in the early 2000s. That problem of corporate governance in Asian countries, in which Malaysia in the 1990s is also involved, came after the Asian Financial Crisis in 1997. So, there are a lot of researchers have suggested that corporate governance plays a vital role in firms' organisation and functions (Fama, 1980; Fama & Jensen, 1983). Therefore, past studies support that their results are mixed of corporate governance practices and firm performance.

Corporate governance became an interesting area for Asian researchers, particularly after the 1997 financial crisis. Corporate governance is like a chain through which they distribute their responsibility as well as their charges to achieving the firm's final objectives, with the best management and accountability. From an economic point of view, corporate governance functions best in attaining effectiveness. Where scarce funds are transferred to investment projects that offer the best returns. The literature on corporate governance is very weak in Pakistan, because of the deficiency of research in Pakistani schooling as well as other academic research areas.

The present study is analysing the impacts of corporate governance mechanisms on firm performance in the context of Pakistan. So, because ethics codes and legal systems of corporate governance mechanisms affect firms' performance and change from one country to another, the characteristics of corporate governance are different in Pakistan from other developed economies.

In this research study, board independence, Board size, CEO/Chairman duality, audit committee size, meeting frequency, managerial ownership, institutional ownership, and audit committee size, all these are independent variables; therefore, they have a significant effect on firm performance. But in the existing study, the return on equity is used as an indicator of firm performance.

The significance of the current study is a lot of folds. Several researchers emphasise that economic and financial data alone are not sufficient to predict firm performance; thus, it is essential to include some other more dimensions like corporate governance attributes, to improve the prediction of firm performance (Chang, 2009). So the impact of agency, corporate governance is measured as a value- destructive strategy; so it stress for getting better corporate governance on credit rating mechanisms to certify so managers attention on their firms' basically competencies to maximized the value. So in the current study, firm performance is analyzed with the help of corporate governance exercises. The existing research work presents a value to firm's regulators, academics, investors, and other related stakeholders. The finding of this study will also serves as inciter for further researchers in this domain.

Several researchers have analysed the association of corporate governance proxies with firm performance, mainly stress on developed countries, specifically Canada, UK, US, India, China etc. Shafi et al., (2016), Sharifah (2016) and Rashid (2018) use only board size and board independence

as proxy to measure corporate governance, and they suggest that other proxies may also be used Sharma (2016); and Raymond, Shu,(2015); also suggest others proxy to measure corporate governance. Similarly, Arsalan et al., (2014) only use CEO duality and audit committee. From the suggestion of these empirical research work, we analyzed that influence of corporate governance over firm financial performance is still unexplored in Pakistan. The existing research work will analyzed the effect of corporate governance mechanisms over firm financial performance in the context of Pakistan. The ethics codes and legal systems of corporate governance processes to develop the firm performance are different from one country to other country; therefore the characteristics of corporate governance are change in Pakistan from that of other developed economies.

The present research work tried the effect of corporate governance over firm performance. For population, top 50 companies are chosen on the base of market capitalization. So in existing research work, only non-financial firms are choose likely capital structure, regulation complications and performance of financial firms (such as banks, mudarrabas companies etc) are change from non-financial firms, for that reason, it's clear these governance strategies are too various to each others. Therefore to exits financial firms from the existing study.

So first delimitation of this study, there were only 50/ fifty firms have selected on the market capitalization as a sample size but others firms not described or included in this study. One another valid delimitation of the present study has time duration selection from past 5 years (2015 to 2019).

Literature Review

Corporate governance factors and firm performance literatures were explored in this section. All these independent variables and dependent variables are explored as under. According to Sydney, (2004) corporate governance describes all the procedure, method, technique that are used for running, managing and operating to organisations. According to Brennan (2006); Rose (2005) corporate boards are the fundamental and dominant internal corporate mechanism and monitor their management for shareholders interest. According to Jonsson (2005), boards ensure care and diligence, along with ensuring the effectiveness of controls. Boards provide strategic guidelines on management and they may also act in reviewing and ratifying management proposals. According to Salmon (1993), boards dig out any problem early stage as well as exercise just likes a whistle blower functions. According to Mizruchi (2004); Braun and Sharma (2007), there is a considerable debate in the literature regarding the extent to which corporate boards are able to monitor organization. According to Mustafa and Ahmed (2011) corporate governance is a term which explains all rules and principle that are used to guide and manage a company activity to increase stakeholders worth as well as maximizing shareholder's wealth. Corporate governance takes attention of public due to play a vital role in companies as well as society. Corporate provide more production, more jobs, and more wealth for economy derive for a country. They provide job facility to public. Corporate very helpful to provides standard life facilities to people as well as boost the country GDP. There are numerous studies that have investigated the

connection between the corporate governance and the firm performance and their results are mixed (Anderson, Mansi, & Reeb, 2004; Black BS, Tang H, & Kim W, 2003; Gompers, Ishii, & Metrick, 2003; Klappe & Inessa). The researchers also argued that interest rate has significant positive impact on performance of firm. (Zaman, et al., 2014). In previous literature some researcher concluded that there is systematic relationship between the characteristics of board but its evidence is little (Adenikinju & Ayorinde, 2001). But some researchers determined the positive & some found negative relationship between firm performance and corporate governance (Bhagat & Black, 2002).

Meaning of corporate governance

Corporate governance is the claims of best organisation, exercise, complains about the rules in the true letter and obedience to the ethical custom for the best organisation and distributes of wealth. It also provides social responsibility for making a good image in all stakeholders as well as developed sustainable of all stakeholders.

Purpose of corporate governance.

The basic goals of business are the shareholder (maximizing wealth) while complying with the main procedure of society listed in local rule and duties, building and performing the company. In the company stakeholders include i.e. (Shareholders, Managers, Board of directors, Employs, Customers, Supplies, Community). According to Setiyanto and Rahardja (2012), best corporate governance is a form of best management. So the best corporate governance used unique techniques for the interests of their owners or shareholders as well as with the interests of the manager. There are four pillars of corporate governance which are as under.

1. Fairness (Justice). It means treat all shareholders equally. Work just like as safeguarded for the stakeholder's rights.
2. Transparency. Confirm time for any meeting in organization, no find any blunders in organization means good monitoring is must within organization.
3. Accountability. It means responsibility or answerability. In which top management peoples are responsible to board but board is accountable to shareholders. It means everyone accountable to one another's.
4. Independency (Independence). Independence means free any influence of others. Means company can take freely decision, no outsiders' interference in their decision.

The principle of corporate governance is a network to design in such a manner to goes the company performance the top management, supervision or monitoring and accountability of management towards other stakeholders. It may be expected from the good corporate governance is to control the agency costs.

There are different dimension of Corporate Governance such as Board Independence, Board Size, CEO Duality etc. These dimensions are explained in the following section.

Board Independence

The board of directors are combination of executive and non-executive members; it may be independent directors or non-executive directors. So the non-Executive Directors plays a good role in their monitoring function of the CEO but executive directors takes care of the shareholder's interest as well as adds different skills and knowledge of expertise of the directors. According to John and Sunbrite (1998) suggest that if both independent and non-executive directors are increase then what's effect on performance, so their result are unsatisfied. At the same time Executive directors have more knowledge about the company exercises, so they better placed to control top management. On the other words, it is alleged non-executive directors confirm that insider competition inspires actions that are consistent with maximizing shareholder value. According to Abdullah and Nasir (2004), the portion of non-executive director to the all members of directors in board. Independent directors do a good decision for maintaining a company because it's free from influence from other decision. Independent directors are not coming influence from others. According to Zinkin(2010), the fundamental involvement of the board is making firm's policy and application best monitor the entire function during the firm processes. So independent directors can freely as well as easily share their independent opinions and contribute in board conversation. As board independence, it frees from any influence of insiders or manages mention organization as well as must ensure their existence. According to Dharmadasa et al. (2014), propose if independence directors increase then it's bring their positive results. According to Brickley et al. (1994); and Fama; Jensen (1983) prove that independence board it could minimize the agency cost and also increase their firm performance by monitoring of board activities. Board independence may use different technique to dig out any problem, due to good monitor firms goes ahead. According to Berghe and Baelden (2005), board independence plays a best role in their monitoring as well as prepares unique plane for directors. So the other aspect of board independence is to achieve enough numbers of the independent directors on board. So they said the director's capability, inclination and board situation may lead to the independent patron of each director. Now a day, most firms understand the vital roles played by the independent directors ever since the flop of many big firms such as Enron and WorldCom. According to the Denis and Sarin (1997), proposed in the stock prices of any organization advancement board independence play a best act in it. The main reason behind of this if independent directors make a profitable project means a valid project then their reputation as well as good image will be increase (Eisenberg et al., 1998). When project fails at that time their good image and earnings are also damage.

Board Size

According to Levrau and Berghe (2007), the total number of board of directors. In board size consist both the executive and non-executive directors. An executive director is a managing director within an organization etc. The abbreviation of non-executive director is NED or NXD. It

also called outsider or Independent director etc. It takes participate in board of directors but not in executive management team of any organization. Executive director plays a good role in organization managing different important planning to minimizing cost and time etc. Executive director duties to check the daily basis function in organization and also to maintain staff as well as committee. Executive director is responsible to the chairman of the board of directors it provides report for organization policy. So board present different ideas for organization improvement. Then executive director take decision to how, where and when to underlying these ideas. According to Heidrick and Struggles (2007), no specific or fixed board size of any organization in the world, Due to difference in their culture one country board size change from other country. So there are not specific and standard sizes in the world. According to Lipton and Lorsch (1992), board size are also eight and nine as well as Leblanc and Gillies (2003), eight to eleven member in board size. So board size depends on their good operating management (Conger and Lawler, 2009). According to many studies which indicates that board size impact on firm performance. So the huge board size brings good ideas, vision, future target, easy goal that help stakeholders to increase their benefit. According to the following studies as Saibaba and Ansari (2012); and Ujunwa (2012), suggested more expertise, new skills, and vision etc were brings by large numbers of board size. So finally helps their stakeholders.

CEO Duality

CEO Duality means a person who deals two jobs at a time such as one chief executive officer and second is the chairman of the board. So there is different view about CEO Duality of different researchers. Some researchers favour in the CEO Duality but some researchers are not in the favour of CEO Duality. Due to agency theory there several researchers declares that CEO Duality does not good in their checking role. According to this reason these researchers view if all the power is only one person they don't good takes care of their stakeholders' interest (Kaymak & Bektas, 2008; Lin, 2011; Ujunwa, 2012). According to Brickley et al. (1997); Dahya et al. (1996) the present researchers argued double role of CEO is good for any firms because takes decision on time and solve matter in movement as well as finished all clashes on time. Also due to stewardship theory express CEO duality a good role in their monitoring. It provides unity of command in which they manage an unambiguous leadership from their subordinates. So they do an effective decision in this way (Donaldson & Davis, 1991). According to De Oliveira Gondrige et al., (2012); Dharmadasa et al., (2014); Schmid & Zimmermann, (2008) the present researchers says that there is no correlation found among double role of CEO and firm performance.

Board Meeting

The Board meeting is conducted in organization every year by its all members. When more board meeting is conducted in any organization its performance as well as improves their output. If more board of commissioners are meet than they discuss the shareholders interest as well for the company performance. The company performance depends on their commissioner's meet more because they discuss the problem of company act as monitor for company effectively. Therefore, shareholders interest depend board of commissioners and his coordination (Lipton and Lorsch,

1992). According to Vefeev (1999b); Ntim(2009) due to higher frequency board meeting has impact managerial monitoring as well as a positive effect over firm performance. According to Mangena and Taurangana(2008) more meeting deeply study any problem and point out the problem on timely for the advancement of an organization. So the company best corporate governance in which board of Commissioners leading and convincing to their Board of Directors KNKG (2006). In other hand it's the task of board of commissioners. If board of commissioners meet more frequently then they discuss company promotion because it just like work as monitor to see their top management. For good governance firms are stimulated as their daily basis distribute their tasks as well charges.

Managerial Ownership

When ownership and control for some time parting each other's then conflicts are creates between agent and owners, it is called agency problem. Due to their power agent can take unlawful or illegal benefit for their personal use. According to Jensen Meckling (1976), for this purpose to finished agency conflicts to maximizing managerial ownership. Agency conflicts occur between agent and shareholders. So to finish the conflicts owners gave some parts of share to agent in this way agent take care of their shareholders. The separation of the both control as well as ownership in any firms in currently business situation. It produces many problems in both manager and shareholders. So agent have high power then they use company resources, materials, bonuses and others item for personal using (Beasley, 1996; Fama, 1980). So the top level of managerial ownership convince agent to play a good role in the attention of owners as well as good oversight to minimize the agency problem and cost, (Jensen & Meckling 1976) and (Demsetz & Lehn1985).According to O'Sullivan and Diacon (2003), this study were conducted in British insurance firms see their effect on board composition and ownership with audit quality, So get some amount of non-executives directors positive but not any relation are found in Board Chairmen and CEOs ownership and audit quality. According to Cui and Mak (2002) these study approved that others issues which may show their connection between managerial ownership and organization concert. Furthermore, they point out that industry aspect shows their connection for top research and development in companies.

Institutional Ownership

Institutional ownership is that type of money of any firm his own or in the form of behalf with large type institutes, that manage fund on behalf. Institutional investors are very active to allocate beneficial info about those firms in which for they ready to participate or ready for investment. Institutional ownership is very interested and encouragement to collect information for their own personal benefit. So the high level attention increase investor. According to Mitra(2002), the big Institutional ownership just as outgrowth entities about the operation of earning as well as related policy. So there are two types of institutional thought are linked with the Institutional ownership. So the first thought of school was, establishment investors they are ready for power as well as controlling and leading organizing activities. So the second school of thought is that, in which only they are ready for short return but not prepare for any managing

activities, either they sale or cut their responsibility. According to Chung, Firth, and Kim (2002) suggest that some big types entities stakeholders that take care as monitor of resources also earning management. According to the GAAP policy agent may transmit profit one accounting period to another period for achieving the benefit when profit goes to high or come down. According to Chung et al. (2002), high ownership concentration and low firm position can reduce agents' incentives to use flexible accruals to maximise net profit. It is also sometimes the case that institutional investors increase their firm position because they are long-term investors and distribute value more than they motivate earnings management. According to Ansari, Mehrabian, and Pourheydari (2013), the research is based on institutional ownership, in which discretionary and non-discretionary accruals. So, the impact of ownership on discretionary and non-discretionary results is good. Corporate governance distributes ownership structure to control agency problems, because corporate governance is just like a machine, but ownership structure is also a piece of this machine (Farhani & Hajiha, 2011).

Audit Committee Size

According to Archambeault and DeZoort, (2001), prove that in the firms the high level committee size minimises auditor mistrust. According to Anderson et. Al., (2004), suggest that a larger audit committee size it depend on debt, meaning it minimises the cost of debt. So the above references support that there may be three directors in audit committee is very strong connection between audit committee size and firm performance. According to Sharma et al. (2009), suggest that the frequency of audit committee meetings is inverse relation with many directorships, so the audit committee is free from any influence, as well as an independent Audit committee lead. They also suggest a good relationship with many factors such as a higher threat of financial misrepresenting and audit Committee size, institutional and managerial ownership, financial knowledgeable etc. So, a big audit committee take a very strong control over their resources they check their performance by accounting or finance. According to Anderson & al. (2004), a large audit committee has many benefits, as they help in controlling, protecting, accounting and finance, etc. They show very clearness in their checking and balancing and also as a good relationship with financial performance on any firms. For the best monitoring, they use unique techniques to dig out misrepresentation or mistakes. They take care of shareholders and creditors and are also very fair with them. According to Anderson et al. (2004), suggest the large audit committee size minimises the cost of debt, but day-to-day, their experience, skill, and expertise come first, so at the end it means minimising the company's debt and maximising the company's best performance.

Agency Theory

All the system of Business Corporation are directed and managed by corporate governance. Due to the number of high-profile corporate failures in the last 30 years caused by failures of corporate governance structures. Examples include Enron, etc. We study big organisations in the world that collapse due to agency theory. They show to shareholders that are organization in high profit, but in real it's not means inverse. Agency theory was first used by Alchian and Demsetz (1972) in economics. According to Jensen and Meckling (1976), agency costs may occur due to the

reason of principles and manager's clashes. So, in agency theory by Jensen and Meckling (1976), they said the interests of managers as well as their shareholders is not running the best organisation. So the main reason is that clashes among managers and shareholders are part of ownership and control. When ownership and control are separated for some time, parting ways, then conflicts are created between agents and owners; this is called the agency problem. Due to their power, agents can take unlawful or illegal benefits for own use. According to Jensen and Meckling (1976), this purpose to finished agency conflicts to maximizing managerial ownership. Agency conflicts occur between agent and shareholders. So to finish the conflicts owners gave some parts of share to agent in this way agent take care of their shareholders. The separation of both control as well as ownership in any firms in currently business situation it produces many problems in both the manager and shareholders. So agent have high power then they use company resources, materials, bonuses and others item for personal using (Beasley, 1996; Fama, 1980). So the top level of managerial ownership convince an agent to play a good role in the attention of owners as well as good oversight to minimize the agency problem and cost, Jensen and Meckling (1976) and Demsetz and Lehn (1985).

Stewardship theory

Stewardship theory present by Donaldson and Davis. It is the inverse of agency theory. According to Davis et al. (1997), it explains the structure of corporate for the helping and motivating of shareholders' interest. This theory supports the CEO duality. It present that the CEO duality is very best for any firm due to decreasing the cost of other person. It also minimize the cost of monitoring as well as controlling. It helps in hurry decision means no extra time are wasting in decision making. Not hire to performing two persons for their job means only one person perform job easily. According to McGrath(2009), when two job perform only one person, it achieves their objectives best and increase firm profits. According to Abels & Martelli (2011), in Stewardship theory support to take care of firms but not prefer to their personal objectives. So in this theory of corporate governance, it comes among ownership and administration of the company. How to management intense to behave Within Company and its focuses, how manager are and what they are, and how they benefit the organization? So steward means someone who is responsible to protect and acts for the interest of their shareholders. It focuses on manager that they work for their interest of shareholders, owner and not only remain self-interest. So this theory focuses the goodness of manager because they are only one person how to handling all the responsibilities of the business and the work constantly toward achieving the particular visions of organization. So manager works for company growth and accomplishment their objectives. They also take care of stakeholders as well as owners of the company. So manager don't act self-interest way rather than collective way. Therefore manager is responsible for making work collectively towards a particular goal.

Research Methodology

In the existing study purposive sampling is used as sampling technique. So in the purposive sampling technique researchers select the company on their judgmental bases as well as the

characteristic of the population as per the need of study. For this study population are all the non-financial firms which are listed at Pakistan Stock Exchange. We have select top 50 companies as sample on the base of market capitalization.

Population and Sample Size

The present research population are all non-financial firms that are listed at Pakistan Stock Exchange. It also connected for trade with Pakistan Stock Exchange. In this study sample are taken of the past 5 years (2015 to 2019).

In current research study to describes the impacts of corporate governance above firm performance, for research population we selected all non-financial firms which listed at Pakistan Stock Exchange. For that population, on the base of market capitalization only top 50 choose likes, capital structure and regulation complications etc but the performance of financial firms like banks and leasing etc are different from non-financial firms, for this reason their governance strategies are also different to each other. Therefore financial firms were excluding from this study.

For data sampling was selection on basis of three criteria which are as given bellow.

- The company having top market capitalization were selected.
- The company must have financial data available from past 5 years (2015 to 2019).
- The company must be non-financial as listed in Pakistan Stock Exchange.

Data Collection

The present study uses quantitative techniques for analysis study. The panel data are used in current research work. The data are collected from companies' annually financial reports and Pakistan Stock Exchange website. For the purpose define the effect of corporate governance on firm performance. The key goal of current study is to evaluate the effect of seven independent variables over firm performance.

Variable Measurement

Table 3.2 present the short summary of all variables that are using in this study.

Table 3.2 Definition of Variables

Variables	Definition
Firm Performance	Return on Equity
Board size	Total number of board members
Board meeting	Total number of board meetings in a year
Board independence	A portion of non-executive directors to the total board of directors
Institutional ownership	Percentage of shares owned by different institutions out of total shares of the company
CEO duality	Put one, if the CEO and Chairman are the same and single person while putting 0, if CEO and Chairman are different people in the company

Managerial Ownership	Percentage of shares held by non-independent directors of the company
Audit committee Size	Numbers of members in audit committee
Firm size	Total assets at the end of the year

Data Analysis, Results and Discussion

Table 1: Descriptive Statistics

Variable	Obs	Mean	Std.dev	Min	Max
ROE	230	.367	.418	-1.212	.881
BI	255	.248	.408	.091	6.25
BS	255	7.624	1.619	3	13
CEOD	211	.156	.364	0	1
BM	220	5.686	2.475	3	30
MO	213	3.782	13.244	0	86.92
IO	213	6.707	18.41	0	91.83
ACS	255	3.267	.658	1	6

ROE is the abbreviation of return on equity. BI is the abbreviation of board independence. BS is the abbreviation of board size. CEOD is the abbreviation of CEO duality. BM is the abbreviation of board meeting. MO is the abbreviation of managerial ownership. IO is the abbreviation of institutional ownership. ACS is the abbreviation of audit committee size.

The above table shows all variables that are discussed in existing research. Summing up descriptive statistic describes or explains the total observation, minimum and maximum, average mean, standard deviation, means minimum and maximum values of every indicators. So in the existing study Return on Equity total observation are (230), mean value (.367), standard deviation (.418), minimum value (-1.212) and maximum value is (.881). So in the above table all companies average value of Board Independence is (.248), standard deviation (.408), and the minimum number is(.091), as well as the maximum value is (6.25). The mean value it suggested that all average companies having around members (7.624), in board. So some companies having minimum number (3) in board but some companies having maximum number (13). In the current study average of all the companies Board meeting are (5.686), and standard deviation (2.475), as well as the minimum number is (3) and maximum number is (30). After the analysis in this study Managerial Ownership mean value is (3.782), standard deviation (13.244), but the lowest value (0) and highest value is (86.92). In existing study the Institutional Ownership mean value is (6.707), standard deviation (18.41), minimum value of the Institutional Ownership (0), and maximum value is (19.83). Last one is Audit committee Size its average number is (3.267), standard deviation (.658), minimum value (1) and maximum value is (6).

Correlation

The correlation is also used to out find any violation of classical linear regression model (CLRM) assumption. The multicollinearity assumption of the ordinary least square (OLS) cannot be relaxed.

Table no: 2 Correlation Matrixes

Variables	ROE	BI	BS	CEOD	BM	MO	IO	ACS	TOTAL ASSET
ROE	1.000								
BI	0.102	1.000							
BS	0.181*	0.075	1.000						
CEOD	-0.262***	-0.079	-0.084	1.000					
BM	0.032	0.022	-0.000	-0.046	1.000				
MO	-0.149	-0.094	-0.174*	-0.011	-0.079	1.000			
IO	-0.040	-0.124	-0.146	0.129	0.017	0.092	1.000		
ACS	0.193*	0.062	0.406***	-0.031	0.053	-0.040	-0.050	1.000	
TOTAL ASSET	0.408***	-0.028	0.329***	0.012	0.294***	-0.170*	0.130	0.290***	1.000

ROE is the abbreviation of return on equity. BI is the abbreviation of board independence. BS is the abbreviation of board size. CEOD is the abbreviation of CEO duality. BM is the abbreviation of board meeting. MO is the abbreviation of managerial ownership. IO is the abbreviation of institutional ownership. ACS is the abbreviation of audit committee size.

The classical linear regression model (CLRM) has a basic assumption to checking of deficiency of perfect multicollinearity of one by one variable by means of descriptive and explain variable. The above table No 2 disclose the relation of various variables like dependent and independent variables each other. The table indicates the relation among the different variables. Some variables are closely link and some are less linked with each other. In the above table the value 1.00 means strong relation with each other and the some variable values like 0.03 means a moderate relation but the some variable values shows less are negative relation.

Result of heteroskedasticity

Table 3. Results of the Breusch Pagan test

Chi Sqaure Statistic	Probability
2.00	0.000

Homoskedasticity is one of the assumptions of classical linner regression modal, and if that assumption is violated then we have data would that a problem of hertroskesdasticity. In this case the P value is less then (0.05). Therefore, the Breusch pagan test suggests that data have a hertroskesdasticity issue. There is a problem of hertroskesdasticity.

The result of the Model Specification test**Table4. Hausman specification test**

Chi Sq Stat	Prob
6.001	0.647

Hausman test is use to find out the model to suggest to whether Fixed is a better model or Random effect is a better model. So here the P value is greater than (0.05). Therefore Hausman test suggest this study should use Random effect model. Hausman test indicate random effect is a better model.

Table5. Breusch and pagan lagrangian multiplier test for random effect model.

Chi bar2 (01)	Prob
191.86	0.000

Lastly, we use LM test to select among random effect and pooled OLS method. The null hypothesis there is no panel impact. Because probability value is minimum than (0.05), therefore null hypothesis is rejected. So, this study uses random effect model.

Table6. Random effect model

ROE	COEF	STERR	T.VALUE	P.VALUE
BI	-0.083	0.074	-1.13	0.260
BS	0.006	0.011	0.54	0.588
CEOD	-0.042	0.033	-1.25	0.211
BM	-0.03	0.004	-0.67	0.504
MO	-0.002***	0.001	-2.66	0.007
IO	0.002***	0.001	2.65	0.008
ACS	0.006	0.025	0.23	0.816
In total-asset	0.055*	0.029	1.92	0.055

Dependent variable: Asset Return, R = 0.147, N= 100, ***p<0.01, **p<0.05, *p<0.1

The results expose of managerial ownership, institutional ownership and total assets are significantly impacting our dependent variable that is ROE while the rest of the independent variables are reported to be not significantly impacting the ROE. The coefficient of managerial ownership reveals its negative relationship with ROE that is a percent increase in managerial ownership brings a minor decrease of 0.2 percent in the ROE. The relationship between managerial ownership and ROE is significant. While a percent increase in institutional ownership is reported to bring a 0.2 percent increase in ROE. The total asset is bringing 5 percent change positively in ROE but is less significant than managerial and institutional ownership.

If total size increase by one unit, then ROE is also be increase by 0.05 units. If board size increase by one unit, then ROE is also be increase by 0.006 units. If managerial ownership increases then ROE will be decrease. If institutional ownership increases then ROE will also increase. When

institutional ownership increases by one unit, ROE are also be increase 0.002. If audit committee size increase by one unit then ROE is also be increase by 0.006 units. The relationship between managerial ownership and ROE is significant. The relationship among Institutional ownership and ROE is also significant. The association between total asset and ROE is also significant. The relationship between board independence and ROE is insignificant. The connection between board size and ROE is insignificant. The connection between CEO duality and ROE is insignificant. The relationship among audit committee size and ROE is insignificant. The relationship between board meeting and ROE is insignificant. The following literature shows their association with current study.

Board independence has no influence on firm performance (ROE), (Sanjai Bhagat and Bernard Black 2002, Yu Liu at al 2014). Board independence has a positive impact over firm performance (Bhagat and Bernard Black 2002, Yu Liu at al 2014, and Sharma 2018; Imbierowicz, 2018). Board Size has negative effect over firm performance (SN Shukeri et al 2012 Ferreira, 2019; Chiou, 2019). Board meeting has a insignificant relationship with firm performance, (Jackling and Juhl, 2009). It presents that positive connection find among CEO duality and firm performance (Yang and Zhao 2014). Managerial ownership has a significant effect above firm performance (McConnell and Servaes, 1990). It finds the positive impact of managerial ownership over the performance, (Sarkar & Sarkar, 2000; Demsetz, 1983). It finds on insignificant relationship of ownership with performance, (Nevertheless, Randøy, Down, and Jenssen, 2003). Institutional ownership has positive association with firm performance, (Ullah, Ali, & Mehmood, 2017; Marcus, & Tehranian, 2008; Lang et al. 1989). Audit committee size has negative relationship with financial firm, (Lin, Li and Yang, 2006).

Conclusion

Return on equity (ROE) means a company how to use their resources or assets better to gain more and more profits. Return on equity to measure net income on its total shareholders' equity. According to Rudkin, Kimani, Ullah, Ahmed, & Farooq, (2019); Waheed and Malik (2019), Corporate governance take care of their shareholders. So it provides rules, regulations, laws and policies. With the help of this rule and regulation firms run smoothly means agency problem does not create. According to Sydney, (2004) corporate governance displays the procedure, method, technique that used for running, managing and operating to organizations. According to Shaheen and Nishat (2004), the connection of corporate governance and return on equity has positive. So the existing study is select for data collection Pakistan stock exchange (PSX) which has their record from 2015 to 2019.

The present research study checked the effect of corporate governance indicators above firm performance, a case of non-financial firms in Pakistan. In the current study (ROE) is used as dependent variable to measure firm performance and independent variable are board independence (BI), board Size (BS), CEO Duality (CD), Managerial Ownership (MO), institution ownership (IO), meeting frequency (MF), and last one Audit Committee size. All these above seven variables are the corporate governance indicators. For the existing study sample size were

taken 50 non-financial firms in Pakistanis contents. For the present study time period is 2014 to 2018. From different sources data was collected are balance sheet analysis annual reports of firms which publishes the state bank of Pakistan as well as from Karachi stock exchange website.

The present research has best connection with the literature in many ways. So in the present study we firstly focus the influence of board independence (BI) over firm performance. As well as in the present study we secondly the Board Size (BS) focus analyze the impact of Board Size (BS) on firm performance. Also, in present study we thirdly CEO Duality (CD) focus examine the effect of CEO Duality (CD) on firm performance. According to the need of the present study Fourth one is the Meeting frequency (MF) focuses analyzes Meeting frequency (MF) over firm performance. As per need of the present study the Fifth One is the Managerial Ownership (MO) focus what's the influence of the Managerial Ownership (MO) over firm performance. As per demand existing study sixth one is the Institution Ownership (IO) focus to be examined of Institution Ownership (IO) on firm performance. Finally, need of the present research Seven One is the Audit Committee size (ACS) focus to be examining of Audit Committee size on firm performance.

Investors play a very vital role day to day routine function currently in modern business. Investors are wealthy for any nation and for the demand of peoples who connected to the modern business. The present research work is to determine the influence of corporate governance on firm performance, a case of non-financial firms in Pakistani contents. So the present study information helps to other investors. At the end the Investors had taken the information according to his need and demand. After that they invest their money in those interested area where maximize their wealth and money.

The current study very helpful for owner's decision. They take best decision from current study for any kinds of information for their own business. They are not ready to maximize board size, independent directors, etc. as per the recommendation of present research study. Therefore, the current research study, provide a very best information for owner need and demand. From time to time owner may unable to pay full attention to their organization. The main reason is the insufficient information therefore owner may fail in their best result. The rules and regulation for the running of any firms function are makes by Regulatory body. They work just like a backbone in modern business. They formulate different policies and laws for firms because anyone firm cannot run without any laws and policies. So the present research study provides knowledgeable information to regulatory body to makes best laws and policies for firms.

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