

**Effect of Corporate Governance on Performance of Financial Institutions: Evidence
From Islamic and Conventional Banks of Pakistan**

Shafiq Ur Rehman

*Department of Commerce and Management Sciences
University of Malakand, Pakistan.
shafiquol@hotmail.com*

Irfan Muhammad

*MPhil Scholar at Department of Commerce and Management Sciences
University of Malakand, Pakistan.
irfankhan25916@gmail.com*

Shabir Ahmad

*Department of Commerce and Management Sciences
University of Malakand, Pakistan
shabirhi@uom.edu.Pk*

Abstract

This paper examines the impact of Corporate Governance on performance of Islamic and conventional banks in Pakistan. To achieve our aim, panel data was collected from the banks' annual reports for the time period of 2007-2014. This study incorporated Board Size, Outside Directors, Board Meetings and Board Gender Diversity as attributes of corporate governance, whereas, Return on Assets was adopted to capture banks' performance. The results of regression analyses show that, board size adversely affected the performance of Islamic and conventional banks. Outside Directors and gender diversity in the board enhance the performance of banks. A significant link is established between board meetings and performance of Islamic banks however, this association is negative in case of conventional banks. Furthermore, the study also investigated the performance of Islamic and conventional banks during the financial crises (2007-2009) period. The findings show that financial crises had no significant impact on the performance of Islamic banks. While a significant decline was observed in the return of conventional banks in the period of global financial crises, 2007-2009¹.

Keywords: *Corporate Governance, Banks' Performance, Islamic banks, Conventional banks, Financial Crisis.*

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1. Introduction

Corporate governance (Corp.Gov) refers to the mechanism by which a company is directed, managed or controlled (Ahmed Sheikh, Wang, & Khan, 2013). Corp.Gov includes setting of objectives for the company, means for achieving those objectives and monitoring the performance (PERF) of the company.

Maintaining Sound Corp.Gov is more significant in the banking sector, as banks affect other firms in the form of creditors or equity holders (Tariq, Ali, Ibrahim, Asim, and Rehman (2014). Cornett, McNutt, and Tehranian (2009), argued that Corp.Gov promotes bank PERF as it directly effects the market reputation of the bank in entire industry. Researchers have also found that weak Corp.Gov practices not only lead to risky financial patterns and poor firm PERF but also cause macroeconomic crises like the Asian crises in 1997 and global financial crises of 2007-2009 (Suroso, Widyastuti, Salim, & Setyawati, 2017).

Inefficiencies in banking sector have raised many financial issues which has led to slow economic growth, this fact further increased the need for proper Corp.Gov in banking sector. In addition, several mergers and acquisitions in financial sector have transformed the bank's ownership from domestic to foreign or from government to private and have increased the average level of ownership concentration. These changes have paved a way for some important research questions like which Corp.Gov structure banks should adopt to enhance PERF? (Ivantsova, 2012). Tariq et al. (2014), state that the existence of proficient Corp.Gov practices are not given due importance in Pakistan. Hence, the consequences may be crucial; as bad Corp.Gov adversely effects the PERF of the organizations.

In Pakistan, the initial Corp.Gov draft code was issued by "Security & Exchange Commission of Pakistan (SECP)" on 28 March 2002. This draft code was then eventually acquired by all the listed firms of Islamabad, Lahore, and Karachi stock exchanges. Later on in 2004, the SECP was able to develop the "Pakistan Institute of Corporate Governance" in public private partnership mode. In addition, state bank of Pakistan has also formulated Corp. Gov codes known as "Prudential Regulations", to regulate the financial sector of Pakistan.

After emerging from political instability and severe terrorism, the economic conditions in Pakistan are flourishing, but still Pakistan is a developing country with breaches in its economic framework. The banking sector of Pakistan is facing various challenges in the form of variable interest rate, limited variety of products, capital outflows, high administrative costs, undiversified consumer and mortgage finances, inadequate internal control, low quality technological and human resources, and interference of different unions in policy making (Tariq et al. 2014).

Like other developing countries the banking sector of Pakistan is also performing a leading role in the development of Pakistan's economy. The impact of Corp.Gov on banking sector is still relatively new topic in Pakistan (Sohail, Rasul, & Fatima, 2017). Therefore, this study aims to cover up the gap in the existing literature by contributing to the understanding of Corp. Gov influence on PERF of full-fledged Islamic banks (ISLM'BNKS) and Conventional banks (CNVN'BNKS) which having no Islamic branches in Pakistan. Furthermore, this study also investigates the impact

of global financial crises 2007-2009, on the PERF of ISLM'BNKS and CNVN'BNKS of Pakistan.

1.2 Problem Statement

Previous studies examining the impact of Corp.Gov on banks 'PERF provide inconsistent results. Moreover, these studies are mostly conducted in technologically sound and socio-politically stable environment like Germany, Japan, United States of America and United Kingdom (Aebi, Sabato, & Schmid, 2012; Bhagat & Bolton, 2008; Grove, Patelli, Victoravich, & Xu, 2011; Sakawa & Watanabel, 2011; Walker, 2009). The findings of these studies cannot be generalized to the banks functioning in Pakistan, operating in turbulent socio-political environment. Limited studies have analyzed the relevance of Corp. Gov in determining the PERF level of banks in Pakistan. However, these studies are based on different sample banks and different time span.

Currently, few studies have examined the effect of Corp.Gov and global financial crises 2007-2009, particularly focusing on the PERF of pure ISLM'BNKS (which have no conventional branches) and CNVN'BNKS (which have no Islamic branches) in Pakistan.

Therefore, this research attempt to cover up the gaps in the existing literature and contribute to the understanding of Corp.Gov and PERF of pure ISLM'BNKS and CNVN'BNKS in Pakistan.

1.3 Objectives of the Research

Main objectives of this research are:

- i. To examine the effect of Corp.Gov on the PERF of ISLM'BNKS.
- ii. To examine the effect of Corp.Gov on the PERF of CNVN'BNKS.
- iii. To examine the effect of global financial crises on the PERF of ISLM'BNKS and CNVN'BNKS.
- iv. To offer suggestions for improving Corp.Gov practices in the banking sector of Pakistan.

1.4 Theoretical Framework

Agency theory enlightens the association between the firm' management and ownership. Jensen and Meckling (1976), characterized this relationship as an agreement under which the principal hires the services of an agent by anticipating that the manager will perform and make decisions in best concern of all the shareholders. Despite this fact, the manager gets involved in immoral practices which may not be in the best benefits of all the shareholders.

Other important theories of Corp.Gov, for example, the Stewardship theory elaborates that managers are steward of the corporations, who perform to secure and increase the wealth of shareholders through better firm performance (Arora & Sharma, 2016). The stakeholder theory focuses on the interest of diverse stakeholders of the corporations. Corporations seek to maintain a balance between the competing interests of different parties and its goals. John and Senbet (1998), presented a detailed report of the

stakeholder theory and identified the existence of different stakeholders, having diverse benefits in the performance of the firm.

2. Literature Review

The Organization for Economic Co-operation and Development (OECD) (2005), described Corp.Gov as, “the mechanism through which organizations are being administered and controlled”. Malik, Wan, Ahmad, Naseem, and Rehman (2014) highlighted that the main challenge is to present the perfect measure of Corp.Gov, as in current situation there is no ideal measure of Corp.Gov that is acceptable universally. According to Rashid (2008), the attributes like Price to Market Capitalization Ratio, Shareholder Concentration, Book Value Ratio, Return on Assets, CEO Duality, Audit Committee, Board Size and Efficiency of Regulatory and Judiciary Authorities may help to comprehend and explain the association between firms’ governance and its performance standard.

2.1 Board size

Recognizing a proper and ideal board size of corporation has been a subject of argument in various studies (Jensen, 1993; Lipton & Lorsch, 1992; Neville & Van den Berghe, 2011; Topak, 2011; Yermack, 1996). Supporting smaller Board size, Lipton and Lorsch (1992), contend that bigger board may create issues like free riding and social loafing, which reduces the board efficiency level. This was affirmed by Jensen (1993), by stating that small boards have high coordination among members which results in better decision making and less communication problems. Yermack (1996), stated that poor coordination and communication in large boards can raise disputes among directors therefore, less number of directors increase the performance level of firms.

2.2 Outside Directors

Fama (1980) described the board as a chief factor of Corp.Gov, and recognized outside directors as a source of knowledge along with monitoring of management. Ivantsova (2012), described that independent directors have vast theoretical knowledge and experience and, hence, their involvement in the board significantly effects the performance of banks.

Kyereboah-Coleman and Biekpe (2006), examined the link between return on equity and outside directors in the banks of Ghana. The study suggests that more outside directors declines the performance of banks in Ghana. Becht, Bolton, and Röell (2011), affirmed the same fact by exploring the causes of banks failures in Australia and Europe during the financial crisis period.

2.3 Board Gender Diversity

Carter, Simkiens, and Simson (2003), stated that, inclusion of women directors increases the degree of board independence and will enhance the board potential to monitor the behavior of top level management. Smith, Smith, and Verner (2006), described that companies with female directors have advance problem solving skills.

2.4 Board Meetings

Vafeas (1999), describes board official meetings as one of the important element which significantly effects the board’s ability of controlling the firm. The empirical

findings, based on board meetings and the performance of corporations, are inconclusive. Many empirical evidences have documented that board meetings enhance the firms' performance. Jensen (1993), suggests that there should be more board meetings when the economy is suffering from crisis.

2.5 Financial Crises

The reports of OECD contends that inadequate Corp.Gov framework is one of the major factor, responsible for the occurrence of financial crises (Kirkpatrick, 2009). There has been limited literature available, explaining the relationship between recent financial crises and bank profitability. Cornett et al. (2009), analyzed the influence of global financial crises on the profitability of banks in United States. The findings concluded that financial turmoil has affected all size banks negatively. Beltratti and Stulz (2009), reported that banks with higher deposits in pre crises years performed well by exhibiting significantly more profitability during the global crises period.

2.6 Bank's Leverage

Leverage represents, the proportion of total debt to total assets of a firm (Bansal & Sharma, 2016). In this study leverage is included as a control variable. Bansal and Sharma (2016), concluded that firm's leverage positively effects the market performance of firms. Interestingly, Arora and Sharma (2016), Ahmed Sheikh et al. (2013), and Bansal and Sharma (2016), observed that more leverage resulted in lower return on assets of the firms.

2.7 Research Hypotheses

Considering the developing Corp.Gov framework in Pakistan, the study implies the following research hypotheses:

H1_A: Board size negatively effects the performance of Islamic banks.

H1_B: Board size negatively effects the performance of Conventional banks.

H2_A: Outside directors effects the performance of Islamic banks.

H2_B: Outside directors effects the performance of Conventional banks.

H3_A: Board gender diversity effects the performance of Islamic banks.

H3_B: Board gender diversity effects the performance of Conventional banks.

H4_A: Board meeting negatively contributes to the performance of Islamic banks.

H4_B: Board meetings negatively contributes to the performance of Conventional banks.

H5_A: Financial crisis decreased the performance of Islamic banks.

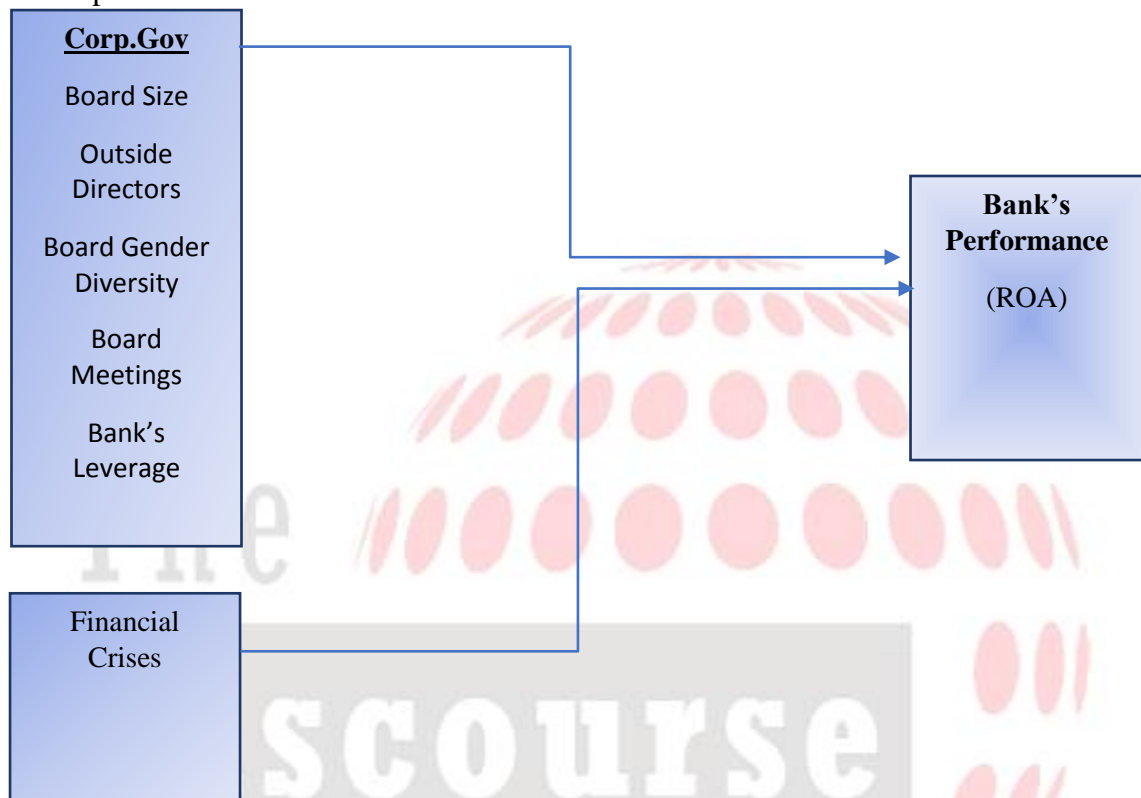
H5_B: Financial crisis decreased the performance of Conventional banks.

H6_A: Banks' leverage adversely effects the performance of Islamic banks.

H6_B: Banks' leverage adversely effects the performance of Conventional banks.

2.8 Conceptual Framework

After reviewing the literature, a conceptual model is formulated to illustrate the effect of Corp.Gov and financial crises on the PERF of banks.



3. Research Methodology

3.1 Data Sources

Panel data for this study is extracted from secondary sources which include bank's annual reports and financial statements published by State bank of Pakistan for eight years period covering 2007 to 2014. The period of data collection is crucial, not only because Islamic banking system was introduced in the banking sector of Pakistan, but also different codes of Corp.Gov were designed and executed during the same time period. Moreover, the global financial crises of 2007-2009 also occurred during this era.

3.2 Sample Frame and sampling Design

A sample of 08 banks, for instance, 4 pure ISLM'BNKS and 4 CNVN'BNKS having no Islamic branches (as classified by SBP Islamic Banking Bulletin, 2018) functioning in banking sector of Pakistan is purposively selected for the period 2007-2014 to accomplish the purpose of this study. The selection of sampling is based on non-probability sampling technique, in which purposive sampling has been adopted.

3.3 Empirical Model

The study designs a multiple linear regression model by incorporating frequent used and reported variables of Corp.Gov and firms' performance measure in previous studies (Bansal & Sharma, 2016; Sohail et al 2017). The PERF of banks is taken as dependent variable and is represented by Return on Assets (ROA). While the variables of Corp.Gov like Board Size; Outside Directors; Board Gender Diversity; Board Meetings, the period of Financial Crises and Bank's Leverage are assumed as independent variables.

The empirical model of the study is:

$$ROA_{it} = \beta_0 + \beta_1 BSZ_{it} + \beta_2 OSD_{it} + \beta_3 BGD_{it} + \beta_4 BMT_{it} + \beta_5 FC_{it} + \beta_6 BLEV_{it} + \varepsilon_{it}$$

3.4 Description of Variables

Table1: Description of Variables

VARIABLES	DEFINITION	MEASUREMENT
BSZ	Board SIZE	Sum of Directors in the Board.
OSD	Outside Directors	Independent nonexecutive directors/ Total number of directors in the Board.
BGD	Board Gender Diversity	Dummy Variable, 1 for female director in board and 0, otherwise.
BMT	Board Meetings	Total number of board of directors' meetings in each year.
FC	Financial Crises	'1' for financial crises period and "0", otherwise.
BLEV	Bank's Leverage	Total debt/ Total Assets
ROA	Return on Assets	Earnings before taxes/ Total Assets

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ and β_6 represent the coefficients of independent variables, i & t : cross sectional and time series dimensions, and ε : Error Term.

3.5 Analysis of Data

Panel data is explored to assess the effect of Corp.Gov on PERF of ISLM'BNKS and CNVN'BNKS. Correlation analysis and VIF test is used to manage multicollinearity issue. Heteroscedasticity is fixed by using white period method. Furthermore, autocorrelation if detected by using the Durbin Watson statistics can be corrected by adopting corrective measures. Finally, in regression analysis fixed effects model (FED) is used as FED is more appropriate, if time period is larger than number of cross sections and also if samples are not randomly selected from the population

(Gujarati & Porter, 2003). All the analysis is performed separately for both ISLM'BNKS and CNVN'BNKS and are presented in separate tables.

4. Results of Statistical Analysis and Discussion

4.1 Correlation Analysis

From correlation analyses of ISLM'BNKS and CNVN'BNKS, it is clear that all the correlation values are within the acceptable range, 0.8 (Gujarati & Porter (2003), and hence there is no need for elimination of any variable from the study. For further confirmation that there is no issue of multicollinearity in the model, a Robustness test is also performed by using Variance Inflation Factor. The highest VIF value in current study for both Islamic and conventional banks is 2.1, which is less than 10. According to Gujarati and Porter (2003); Hair, Anderson, Tatham, and Black (1998), if the VIF is below 10 then there is no problem of multicollinearity, and the explanatory variables are well estimated in the model.

Table 2: Correlation Analysis for Islamic Banks.

VARIABLES	Correlations					
	BSZ	OSD	BGD	BMT	FC	BLEV
BSZ	1					
OSD	-.466** (.004)	1				
BGD	.027 (.441)	-.239 (.094)	1			
BMT	-.232 (.101)	-.084 (.324)	-.201 (.135)	1		
FC	-.195 (.142)	.545** (.001)	-.139 (.224)	-.096 (.300)	1	
BLEV	.259 (.076)	-.315* (.039)	.315* (.039)	-.244 (.089)	-.582** (.000)	1

** : 0.01 level of Correlation significance.
* : 0.05 level of Correlation significance.
Highest VIF: 2.137

Table 3: Correlation Analysis for Conventional Banks.

Correlations						
VARIABLES	BSZ	OSD	BGD	BMT	FC	BLEV
BSZ	1					
OSD	.250 (.142)	1				
BGD	.665** (.000)	.356* (.033)	1			
BMT	-.090 (.600)	.143 (.406)	-.109 (.525)	1		
FC	-.073 (.674)	.354* (.034)	.047 (.784)	-.232 (.174)	1	
BLEV	-.239 (.161)	.219 (.199)	-.049 (.775)	.132 (.443)	-.204 (.232)	1

** : 0.01 level of Correlation significance.
* : 0.05 level of Correlation significance.
Highest VIF: 2.145

4.2 Regression Results and Discussion

Table 4: Fixed Effect Model For Islamic Banks.

Dependent Variable; Return on Assets (ROA).

Variables	Coefficient	Std. Error	t-statistics	Prob.
CONSTANT	-0.049606	0.007479	-6.632664	0.0000
BSZ	-0.000802	0.000511	-1.570825	0.1305
OSD	0.034568	0.007577	4.561939	0.0002
BGD	0.001940	0.001329	1.459578	0.1585
BMT	0.003580	0.000619	5.782594	0.0000
FC	-0.003733	0.005386	-0.693110	0.4955
BLEV	0.001404	0.000253	5.540921	0.0000
R-square	0.648488		F-Statistic	4.509631
Adj. R-square	0.504687		Prob.(p-value)	0.001885

4.3 Effect of Corp.Govon PERF of ISLM'BNKS

The findings reported in Table "4", states that BSZ has negative and insignificant relationship with the PERF of ISLM'BNKS, thereby confirming the acceptance of H1_A hypothesis. This insignificant relationship suggest that Islamic banks have

limited scope of operations in which directors' are not allowed to introduce innovations from their sides, directors are rather responsible to keep the banking operations in compliance with the rules and principles of *Shari'ah* (Islamic Law). OSD have significant and positive relationship with ROA, leading to the acceptance of H2_A hypothesis. The finding is consistent with the predictions of Busta (2008); Fama and Jensen (1983); John and Senbet (1998); Pathan, Skully, and Wickramanayake (2007). From regression analysis of ISLM'BNKS, it is evident that BGD has positive and insignificant connection with financial performance of ISLM'BNKS. The positive relationship affirms the H3_A hypothesis. This insignificant relationship might exist because of low involvement of females in the Islamic financial institutions of Pakistan. This result is in conformity with the analysis of Wachudi and Mboya (2012), who found an insignificant connection between BGD and the performance of banks functioning in Kenya. BMT have positive and significant link with ROA in ISLM'BNKS of Pakistan, causing the rejection of H4_A hypothesis. This indicates that more meetings of board of directors leads to better coordination among directors. In addition, frequent meetings also allow the directors to discuss the significant issues and thus improves the board effectiveness. The result is consistent with the conclusions of Lipton and Lorsch (1992), and Liang, Xu, and Jiraporn (2013).

The results report that FC has negative and insignificant impact on Islamic banks of Pakistan, confirming the approval of H5_A hypothesis. The insignificant relationship between performance of Islamic banks and FC might possibly occur because of difference in nature of services and products offered by Islamic banks. Further, in lights of *Shari'ah*'s law Islamic banks are not allowed to purchase interest based debt securities and deal in transactions characterize with extreme uncertainty also known as *Gharar*(uncertainty). Therefore, the return of Islamic banks appeared to be statistically insignificant to the global financial shocks.

BLEV has positive and significant relationship with ROA in Islamic banks, hence causing the rejection of H6_A hypothesis. This positive relationship suggests that in debt-based financing, Islamic banks are more likely to act like a seller, buyer, lessor or manufacturer instead of a lender. Further, the findings support the statement of Jensen (1993) that high level of debt decreases the agency cost and significantly enhances the firm performance.

Finally, the overall model state that 64% (R-square=0.64) variation in the PERF of ISLM'BNKShave been explained by the explanatory variables in the study. The value of Adj. R-square (Adj. R-square=50%) affirm the capability of explanatory variables employed in the multiple regression model. Furthermore, the analysis also confirms that Corp.Gov significantly effects the PERF of ISLM'BNKS in Pakistan (F-Statistic=4.509631; Sig.=0.001).

Table 5: Fixed Effect Model For Conventional Banks.
Dependent Variable; Return on Assets (ROA).

Variables	Coefficient	Std. Error	t-statistics	Prob.
CONSTANT	0.141516	0.045945	3.080086	0.0055
BSZ	-0.011250	0.005658	-1.988151	0.0594
OSD	0.001299	0.028501	0.045587	0.9641
BGD	0.028892	0.004606	6.271929	0.0000
BMT	-0.003804	0.002001	-1.901134	0.0705
FC	-0.027111	0.014429	-1.878902	0.0736
BLEV	-0.003539	0.001184	-2.988466	0.0068
R-square	0.720705		F-Statistic	6.307738
Adj. R-square	0.606447		Prob.(p-value)	0.000207

4.4 Effect of Corp.Gov on PERF of CNVN'BNKS

The results of regression analysis specify that BSZ has a significant and opposite relationship with ROA, hence allowing the acceptance of H1_B hypothesis. This opposite association confirms the predictions of Lipton and Lorsch (1992), who argued that large boards are less proficient than smaller boards. The result indicates that proportion of OSD has a positive but highly insignificant relationship with ROA, this leads to the affirmation of H2_B hypothesis. The positive relationship is consistent with the findings of Pathan et al. (2007). Theoretically, this outcome is supported by the agency theory, which recommends that boards should have a more OSD to effectively maintain the shareholders' interests and enhance the financial PERF of the firm (Jensen, 1993). Result also affirms the H3_B hypothesis by revealing that BGD has positive and significant relationship with ROA in conventional banks of Pakistan. This shows that female directors may raise certain issues which are not considered important by male directors and, thus, enhances the board responsibility of monitoring and controlling the management. This result is in line with the findings of Adams, Gupta, and Leeth (2009); Shungu, Ngirande, and Ndlovu (2014). Further, the result shows that BMT has significant negative impact on the PERF of CNVN'BNKS of Pakistan, allowing the acceptance of H4_B hypothesis. This decrease in performance might occur because of different costs linked with board meetings such as directors' fees, travel expenses, managerial time and other expenses. This result affirms the findings of Poudel and Hovey (2012); Shungu et al. (2014); Tariq et al. (2014), and Vafeas (1999).

FC has negative and significant relationship with ROA, hence accepting the H5_B hypothesis. This indicates that the profitability of Pakistan's conventional banks also suffered like most of other banks across the world, during the financial crises of 2007-2009.

The findings confirm that BLEV has indirect relationship with ROA, thus approving the H6_B hypothesis. This adverse relationship between BLEV and ROA is in line with

most of the other studies for example, Ahmed Sheikh et al. (2013); Arora and Sharma (2016); Bansal and Sharma (2016).

Finally, the overall model reveals the 72% (R-square=0.72) variation in the PERF of CNVN'BNKS has been explained by the explanatory variables in the study. The value of Adj. R-square (Adj. R-square=60%) confirms the strength of explanatory variables employed in the multiple regression model. Moreover, the analysis also shows that Corp.Gov has significant effect on the PERF of CNVN'BNKS in Pakistan (F-Statistic=6.307738; Sig. =0.000).

5. Conclusion

From the analysis of the study, it is concluded that most of the Corp.Gov' variables significantly affect the PERF of pure ISLM'BNKS and CNVN'BNKS. Therefore, existence of proficient Corp.Gov framework is immensely important for all financial firms in emerging economies like Pakistan to attain higher returns. Furthermore, from theoretical aspects proper Corp.Gov reduces the agency costs and significantly elevates the firm financial performance.

The result further concludes that because of the principle of sharing the risks and difference in nature of business and products offered by Islamic banks no significant effect is observed between financial crisis and return on assets of Islamic banks. However, the conventional banks which are featured with interest based financing and high default risks experienced significantly lower returns during the financial turmoil. Finally, the study shows that increasing level of debt significantly effects the financial PERF of both ISLM'BNKS and CNVN'BNKS. The return on assets of Islamic banks raises with the increase in level of debt because in Islamic banking the risk of default is shared among the parties and also no interest is paid on debts. Alternatively, in conventional banks indirect relationship is confirmed between banks leverage and bank's performance. The decline in performance might possibly occur because of lender's influence on the management to avoid risks, to remain not being creative and bringing new innovations in the business which are the core of firm prosperity.

The results of this study are relevant for both regulators and policy makers. The regulatory authorities should design an effective governance mechanism for ISLM'BNKS and CNVN'BNKS in order to enable them to perform effectively.

6. Recommendations, Limitations of the study, and suggestions for future research

It is strongly recommended for both ISLM'BNKS and CNVN'BNKS, to adopt optimal board size because, board size perform a significant role in determining the performance level of banks. Banks can also enhance their performance by encouraging participation of outside directors and women directors in decision making process. Directors must provide relevant information to all the banks' stakeholders about the decisions made and accurate position of financial statements, in order to retain customers and investors for a longer period. It is important for directors to perform their duty with due diligence to minimize agency costs in the form of free riding and social loafing. Government should design and implement effective corporate governance framework to ensure good governance in financial sector of the country. There should be proper monitoring and assessment of banks otherwise, the

concept of good corporate governance will depend on the bank's internal environment. Moreover, implementation of general corporate governance framework from a single platform will also help in effective regulation of all banks.

The current study also has some limitations as, it focuses only on the financial sector of Pakistan the results cannot be accurately generalized to various other sectors. In present study PERF of banks is assessed by ROA, there are also many other variables which can be employed to measure the performance. Accordingly, in future this study can be expanded by analyzing other variables of corporate governance. A qualitative study can also be performed considering the board of director's behavioral aspect. Further, studies can also be conducted by comparing the impact of Corp.Gov on firm's PERF in different sectors and economies.

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