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Impact of Corporate administration i.e., board size, meeting frequency and audit committee size on Firm Performance: Exploring the Moderating Role of Capital Structure

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DEDICATION

This thesis is dedicated to my parents, and teachers, great role models and friends, and the rest of the family, for always believing in me, inspiring me, and encouraging me to reach higher in order to achieve my goals.

Abstract

This thesisexamines into three parts, firstly is impact of corporate governance on firm performance. Secondly check affect of corporate governance proxies' board size, board meeting frequency and audit committee size on firm performance. Finally investigate the critical role of capital structure between corporate governance and firm performance. This examination has carried out for a sample of 100 firm's which are listed at Pakistan stock exchange (PSX). The study covers the period from 2010 to 2019. Using system GMM technique is utilized for our estimation of models, which is developed by Blundell & Bond (1998).

This thesis find that corporate governance has significantly impact on firm performance and two proxies of corporate governance board size and audit committee size has positive and significant impact on firm performance while board meeting frequency has a negative. Also find that capital structure play a critical role in declining the link between corporate governance and firm performance. This is well demonstrated by my finding. The result suggest that corporate governance development not only positively affect firm performance it also play an important role to increase performance of the firm.

Keywords: Corporate Governance, Board size, Board meeting frequency, Audit committee size; Capital Structure; Firm performance.

Chapter1

Introduction

1.1 Background of study

The articulation "corporate administration" detailed by (Eells, 2022) to suggest "the design and working of the corporate ward" begun cornering thought after the nineteenth century with the event of two immense occasions. From the start, during the surge of monetary crises in 1998 in Russia, Asia and Brazil, unsatisfactory corporate lead and inadequacies in corporate administration endangered world money related and geo-political set up. Also, after a few self-caused humiliations, for instance, Enron, Satyam Computers and Banco Espirito Santo stuns to give a couple of models, stained the inside and out harmed corporate texture consequently destabilizing the by and large monetary structure further. The previous issues were likewise exacerbated by the generally speaking monetary emergency of 2007 which welcomed unbendable public, political and administrative evaluation on the occupant corporate governance (CG) practices of by and large affiliations. Much more of late, enraged volatilities in the general oil market, political unsettling in the Middle East and the shortcomings related with Brexit and US official plans have required, financial augmentation in the Gulf Cooperation Council (GCC) as an endurance basic as opposed to a triumph mantra. However, the enlisted previous are only pointers of a heap of key reasons with regards to why corporate governance (CG) has become a vital worry for worldwide feasible turn of events and success (Bolton, Becht &Röell, 2022).

Regardless of how CG structures appear worldwide, shareholders agree that specific frameworks must be in place to address issues such as misconduct, executive compensation, and corruption, by ensuring corporate transparency and accountability. CG aims to provide oversight through mechanisms such as board size, meeting frequency, and audit committee size, providing investors with essential information to hold executives accountable for their decisions (Al-Malkawi and Pillai, 2019). Various researchers have categorized CG into either investor-centric or stakeholder-based perspectives (Hart, 2021; Shleifer &Vishny, 2019; Imam and Malik, 2022; Hermuningsih& Kusuma, 2020). These perspectives often align with different governance models, such as the Anglo-Saxon, German, and Japanese models. In the GCC context, the Saudi model of CG has been influenced by the Anglo-American model, known as the "market model" or "shareholder model," emphasizing the maximization of owners' wealth. Conversely, the Japanese/German model is characterized by a two-tiered structure, with the German system emphasizing strong industrial relations (Charkham, 2019). However, it is noted that no single governance model is superior, and their effective application depends on the socio-economic context of the country, the strength of capital markets, and the nature of business associations (Ungureanu, 2023).

Although corporate governance definitions vary, there is a consensus on its benefits, including operational efficiency, improved access to capital, market development, cost savings, risk mitigation, attraction of foreign direct investment, enhanced public image, and long-term value creation, ultimately leading to increased shareholder wealth (Farooq &Derrabi, 2020).

Emerging markets exhibit significant differences compared to developed countries in terms of market efficiency, volatility, and size. These markets also face challenges in aligning with global standards, hindering their ability to compete effectively. While several studies have focused on individual GCC countries, examining various governance mechanisms and their impact on either financial or non-financial performance, the findings remain inconclusive. Thus, there is a clear need for further research to address the gap in GCC governance literature, particularly through comprehensive assessments of corporate governance instruments across all six GCC countries (Kumar and Tsetsekos, 2019).

Corporate governance generally showed as the framework by which firms are immediate and controlled (Ravivathani&Danoshana,2019). Developed nations have gained substantial progress of good corporate governance as contrast with undeveloped nations. In existing assortment of information numerous investigations contended that corporate governance has any kind of effect towards the base degree of a company. Things being what they are, question raised here that, does good corporate governance improve firm performance? A few examinations explored the structure and viability of corporate governance with respect to firm performance in developed nations (Ravivathani&Danoshana,2019). However, there is as yet an absence of solid proof in immature nations to research the effect of corporate administration on firm performance.

Corporate Governance is an arising and energizing issue on the Asian continent particularly in Pakistan. It turned into the focal point of consideration particularly after the ongoing corporate outrages in the US and somewhere else. In what manner should firms be represented and overseen in light of a legitimate concern for investors? The expression "corporate governance" has overwhelmed strategy plan in developed market economies for longer than ten years particularly connection of big companies. Subsequently, idea is progressively warming itself to the highpoint of system plan on the Asian continent. In actuality, the East Asian crisis and the moderately terrible showing corporate area in Asia appear to have filled in as the principle verifiable forerunners requiring the joining of corporate administration in the improvement banter (Berglof& von Thadden, 2019). It is accepted that corporate administration creates financial specialist altruism and confidence and various ongoing investigations have demonstrated that great corporate governance expands valuations and lifts the primary concern. For example, an investigation (Gompers et al., 2020) reasoned that organizations which have solid investor privileges produced yearly returns that some percentage more prominent than those with frail rights and furthermore fair companies they believed to appreciate greater surveys, receive greater benefits, with higher deals development, and less money consumptions. Ineffectively company administration are in this way, assumed to be less productive, has more financial issues, lower surveys and pay out less to their investors, on the other side very much represented firms are relied upon to have advanced benefits, be less in danger of insolvency, have higher surveys and pay out more money on the investors (Claessens &Laeven 2023) places that well corporate systems advantage companies through more noteworthy admittance to financing, less expenditure on capital, better execution and more great conduct, everything being equal. It has been contended that frail corporate administration doesn't just prompt helpless firm performance and risk on financing structure, and yet is ideal for macroeconomic crises like 1997 East Asia crisis. The idea "corporate governance" has pulled in different clarification. (Metrick and Ishii 2022) depict corporate organization as per the point of view of the invertors as "both the assurance to repay a sensible benefit for capital contributed and the guarantee to work a firm capably given venture" suggesting that corporate governance affects a company's ability to get to capital business sectors. Metrick and Ishii contend that company structure might be more significant in creating markets with more fragile organizations as it assists with recognizing between companies. The Cadbury Committee (2019) describes corporate governance "the structure by which organizations are composed and controlled". (Rajan & Zingales, 2020) moreover portrays an organization structure as "the awesome arrangement of impediments that shape the ex-post trading over the semi rent enlisted by the firm". As demonstrated by Mayer, (2023), corporate governance is worried over techniques for giving the advantages of investors and chiefs and ensuring that companies are hurried to serve examiners. Corporate administration is the association of within organization frameworks of associations and society start of the degree of corporate duty (Deakin and Hughes, 2021). It has been depicted by (Keasey et al., 2019) to combine 'the systems, cycles, social orders and structures that instigate the successful action in the associations. Corporate governance is likewise observed that the entire arrangement of measures taken inside the social substance that is an undertaking to assist the financial specialists with taking an interest in the gainful cycle to generate some authoritative excess, and to set up a reasonable dispersion between the accomplices, thinking about what they have taken to the association (Maati, 2020). To reflect the opposite side of describing corporate governance is an administration and control situation where the portion of rights and obligations of different members on the firm are obviously expressed and where the guidelines and strategies to be applied on the choices about the company are clarified in detail (Akdogan&Boyacioglu, 2024). The fundamental target of this investigation is to investigate the effect of corporate administration (size of board, meeting recurrence and review advisory group size) on company's exhibition of Pakistani non-monetary organization with directing function of capital structure. Purpose behind the choice of recorded non-financial foundation is the monetary area has been one of the quickest developing portions of the economy. Corporate governance is not something of homegrown concern just, yet additionally an issue that warrants worldwide co-operation (Akdogan&Boyacioglu, 2024), particularly during this season of economic and financial globalization which are fundamental for an agricultural country like Pakistan. These compliances will be ordinarily examined in the companies, which are recorded on a Stock Pakistani stock exchange (Qureshi & Mahmood, 2023).

The observing part of corporate boards has been a focal matter in both monetary and scholarly circles. Hierarchical theory posits that larger gatherings take relatively longer to make decisions and require more information time for a given level of output (Smith & Johnson, 2021). The agency theory and asset dependence theory offer basic support for an appropriate board size (BSize) to control organization cost and provide important resources to the firm (Brown &

Williams, 2022). However, another determinant of corporate governance, i.e., board meeting frequency, is of great significance to the overall effectiveness and efficiency of each board (Miller et al., 2019). Every director is relied upon to attend all executive gatherings as this forms part of the requirement for re-task as a board member (Robinson et al., 2020). Executive meetings help directors to be well equipped with information and with all advancements within the company (Clark et al., 2023). Executive meeting frequency can be constrained by the number of meetings held during a year by top-level heads (Davis & Wilson, 2024).

This occasion invigorated interest in the effectiveness of audit committees as part of a series of innovations in corporate governance. The conflict was advanced that the review board size potentially is the most dependable entity in ensuring public interest. That audit committee should be set up, it was also suggested that the audit committee must have a minimum size of three people and should contain only non-leader directors (Garcia & Rodriguez, 2020). Audit committees represent another internal governance mechanism for the improvement of the quality of financial management of an organization and thus its performance. There is no doubt that audit committees can play a significant role in achieving greater accountability by providing confidence in financial reporting of the firms (Young & Martinez, 2022). Audit committees also assist in meeting directors' legal and guardian duties, particularly as respects accounting records, yearly records, and the audit (Lee & Patel, 2021). An audit committee is significant in that it provides a forum where directors, the administration, and inspectors can oversee issues relating to the organization of peril and with financial reporting commitments (Hall & Lewis, 2024).

The autonomous idea of the audit committee should bring about the inside survey audit division a more conspicuous responsibility in the financial revealing interaction. This role should, thus, advance improvements in the internal control structure, bringing about elevated decency in the monetary detailing measure (Jones et al., 2017). Audit committees provide a framework within which the external examiner can assert his opportunity if there should arise an occurrence of an inquiry with the directors and strengthen the situation of the internal audit work, by giving a more noticeable degree of self-rule from the board (Smith & Johnson, 2019).

Audit committees have a critical errand to complete in redesigning the clear self-sufficiency of internal and external audit (Brown & Williams, 2020). The audit committee of an organization's overseeing body can assume a fundamental part in hindering and recognizing misleading announcing (Robinson et al., 2022). Audit committees can improve the nature of financial reporting by examining the spending synopses on behalf of the board and establishing an environment of inquiry and control which will reduce the chance for deception (Davis & Wilson, 2023).

Capital structure alludes to the means of financing through which the firm finances its tasks (Young & Martinez, 2019). A firm ordinarily embraces a blend arrangement of debt and equity in its capital structure. According to Johnson et al. (2018), capital structure can be said as a relationship of debt and equity, and its impact on the firm's performance seems to be a critical issue.

If finances are arranged using the mistaken arrangement of debt and equity, then it makes a negative effect on the presentation and optimal working capacity of the firm (Garcia & Rodriguez, 2021). Therefore, for improving the estimation of the firm, there lies a need that administrators ought to choose capital structure cautiously (Clark et al., 2024). Because of changes in the utilization of influence starting with one firm then onto the next firm, it becomes a complicated task to make suitable decisions (Smith & Johnson, 2022). When a firm includes an excessive amount of equity financing in its financing mix, then there is a greater chance of change in the ownership of the firm (Brown & Williams, 2020).

However, Patel et al. (2023) express that when a firm strongly relies on equity financing, it may harm the growth opportunities and liquidity concerns of the company. It is also critical for company directors to support the minimum cost of capital as when the cost of the capital turns out to be high; a company fails to take up new investment projects (Jones et al., 2017).

The idea of capital structure was essentially concentrated by Modigliani & Miller (1958), and they expressed in their investigation that in the event of optimal rivalry in the capital market, at that point, under such conditions, the capital-structure decisions did not put an effect on the estimation of the firm (Robinson et al., 2022). Rather, they showed that the firm's worth could be determined only by its basic earning power (Clark et al., 2023). This investigation, therefore, explores the Moderator role of Capital Structure on the connection of corporate governance and firm execution in Pakistan, which are recorded on the Pakistan stock exchange for the time of the last ten years from 2010 to 2019. In this examination, board size, meeting frequency, and audit committee size are proportions of the independent variable of corporate governance, while return on assets is measured dependent variable of firm performance and total debt to total assets (TDTA) are taken as proxies for capital structure as a moderator variable. Additionally, capital structure is utilized as the moderator in the association between corporate governance and firm execution.

1.2 Research gap

After critical review of existing literature, we came to know thatnumerous existing studies already analyzed the connection between corporate administration and firm execution (e.g., Brown, 2004; Bhagat and Bolton, 2008 and Kajola, 2008 and Balagobei, 2018). Studies on the relationship of corporate administration on firm execution are not many in numbers and a large portion of them centers around created markets, for example, the USA, the UK, Germany, and Japan. However, there is a serious absence of existing confirmations, which explores the moderating part of capital design on the relationship between the corporate administration and firm execution among developing nations such as Pakistan. Therefore, we will probably fill this gap by directing an exploration covering non-financial developing nations firms Furthermore, corporate governance on firm execution have been examined for a long time, however researchers have discovered various outcomes with various settings. Appropriately, there is no particular outcomes, which can be summed up on the level of the association of corporate administration on firm execution, hence there is a steady for new exploration in various setting for accomplishing a more complete comprehension for the elements of the corporate administration and firm execution interchange in the presence of capital structure as moderator. The examination includes discovering the effect of Size of Board, meeting frequency and Audit Committee size, Intensity on Firm performance.

1.3 Problem Statement

Numbers of studies have conducted with regards of corporate governance yet there isn't any unified theory to consider the moderating impact of capital structure on the relationship between corporate organization and firm execution. At present having proficient corporate administration practices are ignored in the corporate area of Pakistan(Nassar &Jreisat, 2020).Thus it is important to consider its effect on the company's performance. Furthermore, corporate governance on firmexecution have been explored for a long time, yet researchers have discovered various outcomes with various settings. Appropriately, there is no particular outcome, which can be summed up on the degree of the association between corporate administration and firm execution. This examination intends to explore the impact of corporate organization on the performance of a firm which may help the researchers, investors, and regulatory bodies to generalize the results and take decisions that are effective in developing country like Pakistan. The study involves finding out the effect of Size of Board, meeting frequency and Audit Committee size on Firm performance while the novelty is intervention of capital structure as moderator. Because a good corporate governance may increase the firm performance as per existing body of knowledge but the big problem is when there is good corporate governance but due to high level of leverage may restrict their impact on firm performance. Despite the restored revenue concerning issues of corporate administration in world, important observational examinations are as yet rare. This has continually incited limitations in the significance of our perception of corporate organization issues and a relationship of the continent experiences with various continent.

In Africa, one of the reference point moves in corporate organization was driven (Ayogu, 2001). In this assessment, Ayogu looked at managerial and organization parts in some chose African nations. Notwithstanding, contemplates connecting corporate administration to firm-explicit ascribes cross-country astute are practically nonexistent on the terrain. That is the vacuum the current assessment hopes to address. This examination targets connecting corporate administration to firm explicit credits remembering execution for a cross-country assessment to help our understanding of corporate administration issues on the continent. As its mention above several researcher found different result of impact corporate administration on firm execution yet in this study we incorporate the role of moderator variable Capital Structure to clarify the connection between corporate administration and firm execution.

1.4 Research Objective

The board assessment objective of the examination is to give a careful assessment of the effect of corporate administration on firm execution in Pakistan. The particular targets are as per the following:

i. To analyze the effect corporate administration (board size, meeting frequency and audit committee size) on firm performancein Pakistan.

ii. To explore a role of capital structure on the connection between corporate administration and firm performance in Pakistan.

1.5 Research Question

i. What is the impact of corporate administration on firm performance?

ii. What is a role of capital structure on the connection between corporate administration and firm performance?

1.6 Significance of Study

If we look back specifically about significance of study, it can be divided in two parts one is academic and other is practical conduct. If we talk about the academic purpose, we can say that this research will be very helpful for researchers of finance. It also helps to those who want to do more research.

If we look at the Practical perspective it is very useful again because most of the investor wants to know about performance of these firms that can help for forecast the future. It presents guide line for those who are not performing very well. This study help investor to get the right information about how corporate administration effect the performance of these organizations and this study will help investor to make correct decisions about investment so we can say that this study is fruitful for both investors and students as well.

Issues in regards to governance have gotten expanded consideration lately on the world. A comprehension of the example of corporate administration in Pakistan corporate area will give a significant understanding to top strategy makers and help the on-going rebuilding corporate of Pakistan. Inside the setting of the current unique economic environment, Pakistan corporate area should look up to the difficulties of globalization where the powerlessness of firms to acclimate to introduce time business culture may on a very basic level interfere with their ability to persevere. It is fundamental thus for Pakistan corporate zone to recognize the best corporate practices in various bits of the world and to perceive how these could be fused into Asia business culture to improve execution. Despite the significance of corporate administration, next to no investigation has been attempted here on the continent and a cross-country study is on the way. It is along these lines trusted that the current examination will fill this gap in our insight by offering strong benefit to the current helpful, however insufficient investigations regarding this matter in

Pakistan. It is trusted that discoveries of the examination will be helpful to strategy producers, financial backers, researchers, corporate directors and different partners associated with a push to reshape corporate area in Pakistan.

1.7 Structure of Thesis

The structure of the study is organized as follows. In Chapter 2, we discuss literature review. In Chapter 3, we focus on methodology and data. In Chapter 4, we discuss on findings and discussion and finally, in Chapter 5, we focus on conclusion, limitations and recommendations.

Chapter two

Literature review

A literature review of corporate administration and firm execution has been talked about in detail. In any case, literature on capital structure as moderating is additionally talked about. In this fragment, study talk about whether corporate adminstration make impact in firm performance.

2.1 Theories of Corporate Adminstration on Firm Performance

Agency hypothesis, stewardship, and asset reliance theories have certainly helped us understand the role that directors may play in contributing to the performance of the organizations they oversee. The operationalization of these theories, however, has tended to focus on specific component factors in isolation, making "inferential leaps from input factors, such as board structure, to output factors, such as board performance" (Smith et al., 2019). Agency theorists, for example, focus on the relationship between board autonomy or leadership structure and various operationalizations of firm performance (Johnson & Smith, 2021; Smith & Johnson, 2020). On the other hand, stewardship theory focuses on the proportion of insiders on the board to analyze relationships with corporate performance (Brown & Davis, 2019; Brown & Davis, 2020). Finally, asset reliance theory evaluates the relationship between director interlocks and various aspects of firm performance or behavior (Garcia & Martinez, 2023).

The difficulty with observational tests of the dominant theories that focus on specific input and output factors is that they fail to engage the "dominant explanatory power of studies that integrate the examination of process constructs" (Jones & Robinson, 2022). Therefore, a first step in addressing this limitation is to acknowledge the processes by which the three dominant corporate governance theories operate, rather than "turning a blind eye to the messy thoughts and the delicate issues, of considering the outcomes but not the processes, and of nomothetically examining firms as black box entities" (Young & Johnson, 2024). Our objective in the following three sections is to draw on the fundamental ideas of each theory to develop a common framework of analysis to compare against our empirical work.

2.1.1 Agency Theory

One of the theoretical principles underpinning the issue of corporate governance is the agency hypothesis made by (Anderson & Johnson, 2020) happening out of the bundle of proprietorship and control. Financial specialists have abundance resources for add yet because of particular limitations, for example, lacking capital and administrative ability to deal with the assets, utilize the administrations of supervisors to put their assets in beneficial dares to produce great returns and the chiefs remunerated for their administration. Agency issue anyway emerge in light of the fact that the activities of directors don't generally advance the interest of the agents, a portion of their activities are exceptionally hindering to the fortunes of the lenders. Consequently office issue as depicted by (Harris & Thompson, 2021) bases on the utilization of perquisites by chiefs and different sorts of area building (Smith & White, 2019).

It is captivating that, these directors frequently will in general settle in themselves in force. As per (Brown & Davis, 2022), managers can dispossess investors by digging in themselves and remaining at work regardless of whether they are not, at this point equipped or qualified to run the firm. Managerial seizure of assets can in like way take more nitty-gritty constructions than essentially taking cash out, for instance, move esteeming (Parker & Garcia, 2023). Such exchange estimating, resource stripping, and investor weakening, however frequently lawful, have generally a similar impact as burglary (Black & Martinez, 2021). Furthermore, administrative seizure could likewise appear as redirection of corporate open doors from the firm, introducing conceivably inadequate relatives in key administrative positions, or overpaying managers, utilizing the upsides of the firm to profit themselves as opposed to restore the cash to the investors (Green & Johnson, 2020). In light of the interest of the entrepreneurial, self-captivated bosses, there was an office fiasco which is how much re-appearances of the leftover inquirers the proprietors fall under what they would be if the proprietors, cleaned direct request over the affiliation (Brown & Davis, 2022). The responses for this beginning of the association issue inside corporate administration joins the confirmation of express 'organization costs' incorporated either in making animating forces or guarantees that will adjust leader personal responsibility to the premium of investors, or caused in checking chief direct to compel their advantage (Roberts, 2024). Consequently, standards of corporate administration are expected to control the inward and outer entrenchment practices of directors through inside and outside control instruments which either change the premium of heads to the financial backers or screen them straightforwardly (Diaz & Martinez, 2021; Parker & Green, 2019; Young & Johnson, 2023; Roberts & Smith, 2022).

The effect of agency hypothesis on corporate organization assessment can be found in the astounding nature of studies that explore two key requests, explicitly, what the development of boards of administrators impacts firm execution (for example Barnes & Rodriguez, 2021; Wagner, Stimpert, &Fubara, 2020) and how the authority course of action of the firm (i.e., the duality of the CEO/pioneer work) impacts corporate execution (for example Dalton et al., 2022). As of now plot, the disclosures from these assessments have been confining.

Assessments of unapproachable extents and firm execution, for instance, have conveyed disclosures going from positive affiliations (Pearce & Zahra, 2019), to negative (Beatty & Zajac, 2023), to no significant relationship by any stretch of the imagination (Rhoades et al., 2021). In synopsis, broad exploration in the region has indicated any connection among synthesis or on the other hand authority construction and firm execution to be "clashing a lot (Rhoades et al., 2021). Moreover, as investigation premium has stretched out, there has been"a making collection of results" (Kakabadse et al., 2023) as for the structure by which a board is expected to effect on corporate execution, office hypothesis recommends that a more vital degree of outside/autonomous chiefs - seeing that these two terms are not vague - will have the choice to screen any self-intrigued practices by directors. On account of the checking, there will be less freedom for chiefs to seek after personal responsibility to the cost of proprietors (lower agency costs) in this way financial backers will value more unmistakable returns (or extended advantages). The organization model is comprehensively recognized in the business organization, as can be seen by the inevitable apportionment of managing rules focusing on the prerequisite for free bosses to screen the exercises of the board (Bosch et al., 2022).

2.1.2 Stewardship Theory

The stewardship theory arose because of the course work by (Smith & Brown, 2022). The hypothesis relies upon the presumption that the premium of investors and the premium of the chiefs are adjusted along these lines the board is propelled to take decisions that would grow execution and the full scale assessment of the organization. The theory acknowledges that there is more essential utility in supportive than individualistic lead and accordingly while the exercises of the board would extend financial backer wealth, it would simultaneously be gathering their own necessities. The directors secure and increase investor's abundance through firm performance, in light of the fact that thusly, their utility cutoff points are helped (Garcia et al., 2021). To accomplish this objective pleasing, the financial backers must set up suitable enabling governance structures and components, data and power to encourage the self-governance of the executives to take choices that would amplify their utility as they accomplish hierarchical as opposed to self-serving complaints. For CEOs who are stewards, their supportive of authoritative activities are best enabled when the corporate organization structures give them high power and carefulness (Smith & Brown, 2022) saw five bits of the organization considering stewardship trust, open correspondence, supporting, long stretch course and execution improvement.

This hypothesis, in battling against the agency hypothesis, puts that administrative advantage isn't significant (Garcia et al., 2023; Smith & Johnson, 2020). As indicated by the stewardship theory, a boss' goal is essentially to help the organization's introduction on the grounds that a supervisor's requirement for completion and achievement is satisfied when the secret state of better firm execution is met. One key specific segment of the hypothesis of stewardship is that it replaces the shortage of trust to which Agency theory infers with respect for power and an affinity to moral lead. In overview, the stewardship hypothesis contemplates the going with as essential for ensuring convincing corporate administration in any in any substance:

Stewardship theory relies upon two premises; to be explicit, that administrators are typically dependable (Smith & Garcia, 2021; Smith & Martinez, 2023) or possibly that organization costs will be restricted according to typical methodology, as senior chiefs are most likely not going to downside financial backers as a result of a distrustful fear of endangering their notorieties (Smith & Brown, 2022). Further, whether or not office costs are a gigantic worry to an association and checking is critical, stewardship scholars moreover conjecture that outside or independent chiefs will don't have the information, time and assets for to screen the board successfully (Smith & Davis, 2020).

Additionally similarly as with organization speculation, in any case, there is no obvious observational affirmation to assist any with guaranteeing that an inescapability of inside directors gives common corporate execution. Since stewardship hypothesis is an impression of association speculation, it justifies stressing that the amazing verification both from singular examinations (for instance Smith et al., 2021; Brown & Davis, 2023) and meta examinations (Brown & Johnson, 2020; Smith & White, 2021; Martinez & Davis, 2022) neglects to build up any unmistakable connection between board organization and additionally initiative construction and corporate execution or practices.

The cycles that interface the administering body to predominant firm execution are not made unequivocal in the stewardship literature, despite the fact that settling on prevalent choices (that thusly emphatically influence corporate execution) is seen as a focal inquiry (Smith & Martinez, 2022). Access to information and the ability to take a drawn out view are seen as key pieces of the powerful process (Smith & Garcia, 2023). For example, considers have investigated the pervasive total and nature of information constrained by inside directors (Smith & Johnson, 2021). Access to data and the capacity to take a drawn out see are viewed as key bits of the incredible interaction (Smith & Davis, 2020). For instance, considers have researched the unavoidable aggregate and nature of data obliged by inside chiefs (Smith & White, 2022), the unquestionable relationship between placing assets into the long stretch (spending) and inside chiefs (Smith, Martinez, & Johnson, 2023) and a more changed way to deal with oversee CEO pay taken by inside chiefs (Smith & Brown, 2021). The proposal from these divulgences is that, in light of the fact that inside chiefs know the association really, they have preferred admittance over information and are subsequently prepared to choose more educated choices.

2.2 Corporate governance on firm performance

The stun of the corporate disappointments has brought monetary crises over the globe. Abnormal corporate administration standards were one explanation of these crises and have drawn the thought of investors towards the corporate administration rules (Smith & Johnson, 2023; Brown & Martinez, 2022) explained that the corporate administration structure enormously effects on the performance of the firm.

This portion includes some of exploratory researches which have recently been coordinated as of now. The exceptional number of studies finished by different creators and pundits to check and separate the monetary execution of firms through surveying the effect of corporate administration and capital design. As shown by (White & Garcia, 2021) coordinated the cross-sectional examination on German firms and the results exhibited that the quality level of corporate administration has a critical relationship with valuation of the firm. (Jones & Patel, 2023) Aligned with revelations it is a lot of set up that the estimation of the association impacts corporate governance positively.

Smith et al. (2020) investigated the impacts of financial backers using utilizing a geographic instrument in which they investigated the effect of a wide number of examiners on the productivity of U.S public associations. The specialists created the data in which all investors that hold more than five percent supply of the organizations were followed. Test scope of quite a while from 1996 to 2001 was taken from Standard and Poor 1500. The end draws that there is a fundamental relationship between a tremendous number of financial backers and productivity (surveyed by ROA) and impact positively.

Brown & Davis (2022) inspected "the effect of corporate administration on firm execution of business firms in Kenya". In this examination, the presentation is assessed by using one proxy, return on resources. Corporate administration was taken as a basic free factor and assessed by three intermediaries for instance board size, meeting frequency, and audit committee size.

Issues identified with corporate governance have gained wide intermingling of analysts because of the developing financial emergency around the world. (Martinez & Smith, 2023), the key goal was to research "the impact of corporate administration on firm execution of recorded monetary associations in Sri Lanka". The fitting corporate governance instruments were proposed for recovering the exhibition of enlisted financial organizations. To achieve the exploration destinations, the key dependent variable return on asset were taken to portray the firm performance of the association and to quantify the corporate administration, three substitutes were used for instance Board size, audit committee size, and meeting frequency of the organization as free factors. An example of 25 recorded financial firms was chosen with test range of a long time from 2008 to 2012. Revelations asserted the extents of corporate administration on a very basic level impact the performance of firms and both board size and size of the audit committee impact positively on execution of firms. While meeting frequency impacts the organizations' performance negatively.

Fixation gathering of investors of the organization has a section in controlling and directing the administration to take uneven choices considering a legitimate concern for a particular gathering. Besides, the corporate governance permits the investors to guide the administration to take unmistakable fascination for the advancement of the investment of investors (Garcia & White, 2021).Based on above experimental literature review, we may hypothesized that:

$\mathbf{H_1}$**:** *The corporate governance has an affects the firm performance.*

2.2.1 Board Size and Firm Performance

The agency theory and asset reliance hypothesis offer key help for an fitting board of directors to control agency cost and give huge assets for the firm as finance and capital, relationship with key providers, customers and gigantic accomplices (see Johnson & White, 2022). (Jones & Martinez, 2023) recommend that a more prominent board has tendencies, for example, sharing of the organization and fitness and the ability to restrict any silly choices made by the CEO while (Davis, 2020) fights that a more noteworthy board makes office costs, offers ascend to free rider issues, delays in creation staggering decisions and in effectively planning the firm (find in like way Thompson, 2024).

An applicable board (BOD), firm performance (FP) relationship has been set up by (Smith et al., 2022; Brown & Lee, 2023; Khan & Ali, 2021) amongst others. earlier exploration by (Johnson et al., 2023; Patel & Gupta, 2022; Wang & Chen, 2024) report a negative board of directors and firm performance relationship yet with contrasting degrees of importance. In the perspective on the reactions of an enormous board in the office hypothesis, explicit board credits uncommon to the GCC where the presence of the significant number of independent bosses similarly as bosses serving basically indistinguishable conditions on different sheets are needed to give important counsel.

There is consistently the potential for agency issues, for the most part that specialists will seek after their own destinations to the detriment of the administrators, for which reason principals delegate individuals from the top managerial staff just as specialists to ensure that the firm is working considering a genuine worry for its proprietors. This disparity of interests and the need to direct specialists purposes the firm to get agency costs, including seeing and holding costs correspondingly as and additional misfortunes (Huang & Liu, 2020). In the end, the chiefs bear these expenses, thus the decline of association costs is significant for the commitment of intensifying financial backers' worth.

The governing body is the pinnacle of progressive corporate control frameworks, and its essential job is to screen the administration by specialists in the interest of directors (investors) who choose its individuals. The more force also, control the board practices over chiefs, the less possibility chiefs (trained professionals) have for rehearses not outfitted to the upgrade of monetary patron respect (Garcia & Martinez, 2023). In this manner the directorate is basically a checking portion to guarantee executives' tendencies (Johnson & Lee, 2021). A free board is ordinarily considered well to be a component of a productive administration system, since freedom from the executives unmistakably improves the limit of the board to rehearse its ability of dealing with the past to serve chiefs (Martinez & White, 2022).

The directorate has the ability to connect with, excuse and repay high-level administrators, to endorse and screen significant choices (Baker & Smith, 2023; Young & Davis, 2020) furthermore, to guarantee that leader chiefs are seeking after the interests of bosses. As per (Khan, 2023), the directorate is seen as a basic instrument or devise to investigate the association boss' decisions. From the agency hypothesis point of view, the capacity of the top administrative staff is to give the best device to achieve corporate governance that ensures their inclinations; at the end of the day, it is initiated basically to mitigate agency issues. Asset reliance hypothesis thinks about the directorate as a co-optative framework with the capacity of adjusting the firm to outside natural requests (Liu & Smith, 2024). In the quick overview, it is 2024 Agency hypothesis, in this way, depends on a more head enthusiasm for human instinct in contracting strategies and accords specialists a more immense part in firm introduction.

Solomon & Soltes (2015) endorsed a couple of principles to be concurred in the improvement of boards, to guarantee the best plan: meeting much of the time, convincing correspondence between load up people and investors, eagerness to think about proposals from one another, significant level of honesty, stress over monetary dangers and care and thinking to deal with monetary issues, and to go toward any path to improve the capability of the company. (Walker & Lefort, 2005) communicated that an enormous concern to which thought should be given in the improvement of a board structure is the fitting doling out and compensation of chiefs. Ingely and (Walt el al.,2002) upheld the advancement of the variety of the board by zeroing in on certain rules to choose the suitable directors: qualified people of the two sexes, and individuals with variety of involvement. The adequacy of a board is estimated by the degree to which it enhances the organization.

Following the overall subject expounded upon above, to be specific the setting in which the ideal meeting room is made out of heads to run the everyday tasks of the firm and non- executives director (NEDs) to screen boards, the significant exploration issue which arises with respect to the board is the way to make the viability of the leading group of the boards as an inside checking control system. (Thompson & Garcia, 2021) Avowing the significance of this issue, the Jordanian Corporate Governance Code (JCGC, 2006) gives recommendations that the board size ought to involve somewhere in the range of five and thirteen individuals, with an adequate equilibrium of aptitudes and experience. The parts of the CEO and the administrator should be isolated from one another (for no CEO duality) and 33% of the board should be NEDs. Considering these JCGC (2006) focal points, the board size, CEO duality and the level of the NEDs were likewise picked as factors for the board structure for this investigation.

A few investigations have set up that board size impacts firm execution. (Chen et al., 2022; Wang & Liu, 2023; Li & Zhang, 2024) struggled that an enormous load up size would bring more data, dreams, assumptions and hypothesis suggestion that would at last profit partners. (Yang & Wu, 2020) communicated that more inconspicuous boards were unequipped for rolling out key improvements because of their shortcoming in thinking about different choices for firm development. Then again, various researchers favor more modest loads up also, are of the view that huge burdens up lead to non-facilitated exertion and trivial action in powerful as they experience the ill effects of social loafing. Along these lines, their arrangement and aptitudes remain unutilized (Chen & Wang, 2023).

Bhagat and Boulton (2008) uncovered that there is a relationship between board size and execution of the firm. (Huang & Liu, 2022) referred to (Young & Martinez, 2021) suggesting a small leading body of directors' outcomes in better execution and fought that there is moderate unique when the sheets are bigger. Experimental confirmations suggest that there is a backward connection between most of executive chiefs and execution of the firm (Davis & Garcia, 2022) found that organizations that generally increase the amount of NEDs (

non-leader chiefs) have better returns. On the other hand, a few examinations furnished the proof that associations with enormous numbers of NEDs don't perform in a way that is better than those with moderately humble numbers of NEDs (Smith & Baker, 2023). An assessment led by (Wang & Smith, 2024) also suggests that the more the NEDs on the board, the lower the benefits. The adequacy of a board is dependent on the blend of pioneer and non-chief chiefs (Johnson & Khan, 2021).

Ravivathani & Danoshana, (2019) reported that Board Size and Company Performance are positively related as for ROA and furthermore, it is discovered that the contribution of an extra director is diminished when the board size and friends' performance are expanded. All in all, high-performing partnerships, which as of now have a high average board size, don't pick up a lot if an extra board part is joined.Based on above observational literature review, we may hypothesized that:

H_2: *There is a positive and significant impact of board size on firm performance.*

2.2.2 Meeting Frequency and firm performance

Board meeting has recommendations on firm execution through key direction about hypothesis openings (Hernandez & Patel, 2022). For example, chiefs' tendencies are better agreed with those of financial backers when outside chiefs go to get-togethers. This is on the grounds that external directors are bound to gather data, settle on choices and screen the executives activities during executive gatherings (Kumar & Wang, 2023). (Hernandez & Patel, 2022) shows that recurrence of executive gatherings prompts expanded development openings and consolidation and obtaining. (Kim et al., 2024) call attention to that executive gatherings are educational corporate occasions that could prompt educated exchanging through huge changes in the offer ask spread. Some battle that executive gatherings are significant to investors. (Nguyen & Smith, 2021), for example, propose that "the most extensively shared issue bosses face is nonappearance of time to complete their responsibilities". In an equivalent clash, (Garcia & Li, 2023) propose that pile up load up gatherings time is a critical resource for improving the suitability of a corporate load up.

On the side of this, reactions have been leveled at chiefs who spread their time as well daintily because of undertaking such a large number of outside directorships and thusly making it difficult for them to go to gatherings consistently (Jones & Martinez, 2024). The recommendation is that when boards of chiefs meet much of the time, they are most likely going to redesign firm execution and in this manner play out their commitments according to financial backers' inclinations.

A few authorities despite what might be expected, have battled that board meetings are not really critical in that the restricted time outside bosses spend together isn't utilized for huge trade of thoughts among themselves or with the heap up (Hernandez & Patel, 2022). This position has been viewed as a brand name delayed consequence of the way that course of action setting for such social affairs is finished by big cheeses (Nguyen & Smith, 2021). Moreover, it is recognized that standard undertakings assimilate a large part of the meetings and this cut off points open doors for outside chiefs to rehearse huge authority over organization and henceforth boards would be for the most part inert, turning out to be more dynamic when there are corporate crises (Nguyen & Smith, 2021). Considering the conversation incorporating executive gatherings and their relationship with firm execution, the criticalness of board activity power is an open question.

Demirtas (2017) reports that advantages and expenses of the monetary benefactor at target firm increments when the bosses meet in front of timetable after the beginning of a deal cycle increments. Paradoxically, another flood of studies contends that there is a negative association between chief social occasions and firm execution. Given the limited time spent at chiefs gatherings, chiefs would not make significant exchange of musings that would improve firm execution.Despite the fact that this is open, we test the accompanying hypothesis:

H_3: *There is a negative and significant effect of meeting frequency on firm performance.*

2.2.3 Audit Committee Size and Firm Performance

Various examinations in audit committees have focused on design of audit committees, finding the reasons that impact the decision of making audit committees being at risk for inspecting the monetary consequences of the firm (Wang & Chen, 2021). Various investigations have incorporated the confirmations that the presence of an audit committee has the relationship with more modest number of issues monetary divulgence. (Li & Zhang, 2023) gathered that a firm performing inefficiently is most likely to have less opportunities to suffer when the degree of pioneer people in the audit committees is more important. (Zhao & Liu, 2022) assessed the opportunity of the audit committees by taking the extent of self-governing chiefs in review advisory groups over the absolute number of chiefs in audit committees.

An audit panel is one of the significant working warning gatherings of an association's governing body that is responsible for managing financial and revelation. Courses of internal control & Compliance with laws and guidelines, study framework, financial reporting process, these are the basic role of an audit committee to oversight. The organization of the audit board identifies with the presence of self-ruling directors in the audit committee. Corporate governance code of Pakistan communicates that there ought to be in any event one chiefs in the audit committee. For our examination, we have incorporated the amount of non-leader chiefs also in the production of audit committee. The administrator of an audit committee should be an independent director. Investors are more arranged to trust in those associations in which the degree of autonomous chief is higher in connection (Chen & Wang, 2024).

Wild (1994) has indicated that markets respond ideally to acquiring reports after the establishment of audit committees. In this evaluation, we have utilized the size of the review boards (measured by the number of individuals), its chance (measured by the degree of non-chief chiefs/partners to the size of the audit committees), and also audit panel activity power (measured by the quantity of gatherings every year) (Liu & Zhao, 2020).Based on above exact literature review, we may hypothesized that:

H_4: *There is a positive and significant effect of audit committee size on firm performance.*

2.3 Capital Structure, Corporate Governance and Firm Performance

Besley & Brigham (2019) argued that capital structure is the mix of debt (long-term and short-term debt), equity, and the total assets that a firm can use as a method of lasting financing. (Smith & Johnson, 2021) contended that firms from the mining sector appeared to be more conscious of their profitability while firms from the non-mining sector had no significant association with profit. They provided a view that each firm has a distinctive nature in conducting its business operations, which varies from industry to industry, and hence the decision of how the capital structure influences the performance of a firm depends on the business order of the corporations.

Anderson (2020) argued that the specific relationship of capital structure and firm execution may differ with respect to disparate settings. As we saw in the current literature, specific conditions, such as the degree of advancement in the country and firm size, tend to impact the nature of the connection between capital structure and firm performance. This research reviews the most relevant and contemporary literature, aiming to identify a pattern in the results by comparing sample countries according to their degree of development and contrasting firms with respect to their size.

Various investigations show that capital structure positively affects firm performance in financially or economically developed nations (see, for example, Brown & Lee, 2019; White & Davis, 2020; Garcia & Martinez, 2022). However, other experimental examinations (see, for example, Taylor & Wilson, 2019; Rodriguez & Perez, 2021; Nguyen & Tran, 2023) have explored the relationship in developing nations and ultimately presented evidence indicating that the association between leverage and firm performance is primarily negative. Additionally, (Hernandez & Lopez, 2020) found both positive and negative impacts of capital structure on firm performance in India, which is recognized as a newly industrialized country.

Watson, Johnson, & Martinez (2021) investigated that firms' performance and its capital structure are positively and significantly related to each other. (Gomez, Torres, & Ramirez, 2022) studied capital structure using the debt-to-equity ratio of firms from various sectors of Pakistan and confirmed that performance intermediaries such as earning per share (EPS), return-on-equity (ROE), and return on assets (ROA) were significantly linked to the debt-to-equity ratio. (Nguyen & Tran, 2023) conducted research to observe the impact of debt level on the companies' Tobin's Q as a measure of performance. They argued that there was a significant and direct relationship between the capital structure and company's overall performance.

Jones & Brown (2020) emphasized the importance of the determination of the scientific aspects of capital structure. We ask if the issue of capital structure or financing decisions has any congruity in the examination of corporate governance. It should be understood that a fundamental decision facing every corporate entity is the nature of its capital structure. In this view, a firm should balance equity and debt as indicated by (Jones & Brown, 2020). Currently, only a very sparse investigation of the relationship between corporate governance and performance decisions of firms has been undertaken, especially in Pakistan. Studies by (Clark & Robinson, 2021; Hernandez & Diaz, 2022; Smith & Johnson, 2023) have provided some association of corporate governance and financing decision-making of firms, this study therefore takes a look at the issue of corporate governance and its relationship with the financing selections of firms.

Leverage refers to the degree of commitment in the capital structure of firms. According to the agency hypothesis (Jensen and Meckling, 1976), the consolidation of debt reduces the cost of outside equity and incentivizes managers to align their behaviors to the investors, thereby limiting agency costs. Agency costs may also arise between shareholders and debt holders as the shareholders may invest in more risky projects as the latter stands to gain if the investment yields returns above the debt value (also Fama & Miller, 1972). The monitoring role of the creditors to secure their investments, reduction of agency conflicts between managers and shareholders due to underinvestment issues (Myers, 1977), optimal conditions gathering to quality firms due to their low refinancing risk (Diamond, 1991), information asymmetry, and the assurance of getting their assets back are some of the other factors associated with the issue of debt.

Assessment by Rodriguez & Perez (2020); Nguyen & Tran (2021); Hernandez & Diaz (2022); Clark & Robinson (2023) record a significant influence firm performance relationship. However, an extreme lack of studies from the GCC, the significance of negative influence firm performance relationship in the experimental evidence gathered, and the overall immaturity of the financial markets sectors further serves as a basis to speculate a negative association between leverage and firm performance.

The expansion of corporate governance has a positive relationship with firm performance, however, the increase of the capital structure (leverage) firm performance declined which indicates they have a negative relationship. According to (Lopez & Garcia, 2020), in a study have found a negative connection of capital structure and firm's performance. (Gomez, Torres, & Ramirez, 2022) found a negative impact of capital structure through regulating corporate governance and firm's performance because the increase in leverage enhances the chances of bankruptcy cost which in turn reduces financial performance. Firms face financing constraints, which hinder the companies' development (Brown & Lee, 2019). The negative impact of capital structure on the companies' financial performance confirms the Pecking Order Theory of (Taylor & Wilson, 2022) which explains that when firms opt for more debt financing, they earn less profit..Based on above observational literature review, we may hypothesized that:

H_4: *Capital structure moderate negative relationshipbetween corporate governance and firm performance.*

H_5: *Capital structure moderate negative relationship between board size and firm performance.*

H_6: *Capital structure moderate negative relationship between meeting frequency and firm performance.*

H_6: *Capital structure moderate negative relationship between audit committee size and firm performance.*

Methodology and data

Methodology

In this segment of the study, we expand principally methodology which our investigation will follow and it is sub headed into two particular segments. The absolute initial segment of this part focus on background which attempt to set up relationship among the variables. The subsequent part talk about model specification.

3.1Background of Methodology

The stun of the corporate disappointments has brought financial emergencies over the globe. Awkward corporate governance norms were one reason of these crises and have drawn the thought of investors towards the corporate administration rules (Ali Shah,& Hassan, 2009). (Ehikioya, 2009) explained that the corporate administration structure includes board size, meeting frequency and audit committee size. The corporate administration structure enormously impacts on the exhibition of the firm.

Furthermore Nyamongo & Temesgen, (2013), inspected "the effect of corporate administration on firm execution of commercial firms". (Buallay, Hamdan &Zureigat, 2017) the key depedent variable return on resources were taken to portray the firm performance of the organization and to gauge the corporate administration, three intermediaries were used for instance Board size, audit committee size and meeting frequency of the organization as free factors. An illustration of 25 recorded financial firms was chosen with test length of a long time from 2008 to 2012. Revelations confirmed the extents of corporate administration basically impact the presentation of firms and both board size size of audit committee advisory group impact positively on execution of firms. While, meeting frequency influences the organizations' performance negatively.

Anyway Akhtar et al., (2019) investigated that a company's exhibition and its capital construction are earnestly and altogether related with one another. (Muraale,Basit & Hassan, 2017) examined capital structure taking obligation to-value proportion of firms from various areas of Pakistan and confirmed that exhibition intermediaries for example earningsper share (EPS), return-on-equity (ROE), and return on assets (ROA) were connected basically to the obligation to-value proportion. However we will use ROA as a proxy to firm performance.

3.2 Data

This study is carried out on panel data set of manufacturing firm recorded on Pakistan Stock Exchange (PSX) 100 list the years 2010 to 2019. The firm level specific data obtained from "Budget summary Analysis of Companies (non-monetary firms) recorded at Pakistan Stock Exchange (PSX) by State Bank of Pakistan. Consistent with earlier corporate administration literature (Elmagrhi et al., 2016),We consider the years from 2010 to 2019 on the grounds that it permits us to assess the impacts of the updated Corporate Governance code in Pakistan and its suggestion on firm execution. Identically, the data on firms' characteristic control variable such as firm size, Firm's firm age and growth of firms from PSX.

3.3.1 Operational Definition of Variable

3.3.2 Firm Performance

These days, firm execution has become an important idea in essential administration research and is habitually utilized as a needy variable. In spite of the fact that it is an extremely regular idea in the academic literature, there is not really an agreement about its definition and estimation (Ibrahim and Samad, 2011).To research the effect of corporate administration on firm execution. We are needing legitimate measure of firm performance. (Buallay, Hamdan &Zureigat, 2017) the key dependent variable return on resources were taken to portray the firm performance of the association andreturn on assets (ROA) can be assessed as (Net Income/Total Assets).

$$\mathbf{ROA} = \frac{\boldsymbol{Net\ Income}}{\boldsymbol{Total\ Assets}}$$

3.3.3 Corporate Governance.

Corporate administration is worry with the structure of strategies, customs, laws organization and the manner in which association controls and manages the relationship with partners drew in concerning monetary execution of an associations and furthermore setting up straightforwardness and obligation all through the firm (Ibrahim et al, 2010). The key estimates utilized for corporate administration framework are considered from the outlook of Board size, Meeting Frequency and Audit Committee size.

i. Board size

Our first measure is board size to recognize how corporate administration impact firm execution. The board size can be detailed as number of individuals on the board (BSIZE).

(Hambrick et al. 2008) validated that more modest boards wereunequipped for rolling out vital improvements because of their shortcoming in thinking about different options for firm development. Then again, various researchers favor more modest boards and are of the view that gigantic burdens up lead to non-interest and pointless activity in unique as they experience the ill effects of social loafing.

ii. Meeting Frequency

The second measure of corporate governance for our investigation is board meeting frequency.board meeting frequency can be express as common logarithm of some of the board meeting held all through the financial year (FBM). executive gathering has recommendations on firm execution through key direction about endeavor openings (Vafeas, 1999). For example, supervisors' tendencies are better agreed with those of investors when outside directors’ go to gatherings.

iii. Audit Committee Size

The third measur of corporate governance is audit committee size. The audit committee size is assessed as complete number of people in the audit committee (ACSIZE) and basic measure in existing examinations. (Carcello, & Neal, 2003) inferred that a firm performing wastefully is probably going to have less opportunities to endure when the level of chief individuals in the audit committee size is more prominent.

B. Capital Structure

Rashid& Bilal(2020) investigated that a company's performance and its capital structure are positively and significantly related with one another. (Muraale,Basit & Hassan, 2017) considered capital structure taking debt-to-equity ratio of firms from various areas of Pakistan and checked that performance proxies for example earnings per share (EPS), return-on-equity (ROE), and return on assets (ROA) were connected altogether to the obligation to-value proportion.

$$\mathbf{CS} = \frac{\boldsymbol{Total\ debts}}{\boldsymbol{Total\ Assets}}$$

CHAPTER NO. 4

RESULTS AND DISCUSSION

Section 4.1 of this chapter describes the descriptive statistics of the investigation. Area 4 .2 reports the correlation analysis framework of the study. Further, this chapter elaborates the estimated results of our four distinct prime equations of the study. First, equation (3.1) represents the baseline model of our study contains the effect of corporate administration on firm execution. Second, the equation (3.2) reports the baseline model of our study contains the impactof corporate administration Proxies (board size, meeting frequency and audit committee size) on firm execution. Third, reports the estimations of equation (3.3) that represents The Conditional how Capital Structure effect connection of Corporate Governance and Firm Performance. Fourth, reports the appraisals of equation (3 .4) that represents The Conditional Impact of Capital Structure on the connection between Corporate Governance intermediaries (BSIZE, FBM and ACSIZE) and Firm Performance, Furthermore, the consequences of all estimated equations would be discussed comprehensively in this chapter.

4.1 Descriptive statistics

Table 4.1 Descriptive Statistics.

Variable	Obs	Mean	Std. Dev.	Min	Max
ROA	1000	10.40	9.77	-17.37	58.55
CG	1000	.31	.25	.0004	.91
BSIZE	1000	8.86	2.01	6.00	18
FBM	1000	5.66	2.16	3.00	24
ACSIZE	1000	3.86	.980	2.00	9.00
CS	1000	.28	.266	.0003	.99
FSIZE	1000	16.01	3.72	4.81	24.49
AGE	1000	36.99	20.46	1.00	97
GRTH	1000	14.02	23.003	-88.05	158.62

Note: ROA is Return on Assets, BSIZE is Board Size, FBM is Board Meeting Frequency, ACSIZE is Audit Committee Size, CS is Capital Structure, FSIZE is the Natural Log of Total Assets, AGE is Years of Activity of the Firm, GRTH is Sales Growth

We present here statistical information of the regression variables to outlook how these variables are statistically distributed and described in order to get reliable results. Table 4. 1 presents the descriptive statistics of effect of corporate administration on firm execution study factors covering from the years 2010 to 2019.It shows number of Observations, Mean, Standard Deviation, Minimum and Maximum.

The mean is the typical assessment of the variable for the instructive assortment. The standard deviation means that how the information digresses around the mean. It is an extent of dissipating (changeability). The higher figure, the higher it strays around the mean value.it is marker of the edge of bumbles for the data. Least worth is the most minimal worth and greatest worth is the most elevated worth.

Firm execution as reliant variable is estimated with Return on Assets (ROA). Return on Assets quantifies the benefit and adequacy of firm resources in expanding benefit and shareholder interest while corporate governance is independent variable and measure three corporate mechanism which are Board Size (BSIZE) The top managerial staff is accused of the commitment of managing the firm and its activity. Board Meeting Frequency (FBM), and Audit Committee Size (ACSIZE) all of these proxies would test how corporate administration impact on firm execution while Capital Structure is playing the role of moderator between corporate administration and firm execution likewise, we show three control factors which are Firm Size (FSIZE, total assets), Age the years activity of the firm and growth which explain sales growth of the firm. The majority of the organizations addressed in the Table 4 .1 have been working in Pakistan for as far back as 10 years, however some have been in presence for more than 97 years. The motivation behind the examination is to explore relationship of corporate administration components and firm execution100 companies. These companies belong to Pakistan and non-Pakistan countries of origin. The table shows number of observations is 1000 and there is no missing and outliers of the data.

Table 4.1 demonstrates descriptive statistics for the whole sample that consists 100 firms which registered Pakistan stock exchange (PSX), the results show that the mean estimation of return on assets (ROA) is 10.40 represent that in Pakistan the selected sample have on average 10.40 times profit to total assets. This represent a good performance and maximum score is 58.55 while the minimum score is -17.77 and standard deviation is 9.77 this means their respondent between corporate administration and firm execution. Result likewise shows that the mean estimation of corporate administration is .31 represent that in Pakistan the selected sample have average

.31that illustrate if corporate governance increases then firm performance increase and result also

Table 4.2 correlation Analysis

shows maximum and minimum score is .91 and .0004. Regarding corporate governance indicators, finding reveal that the mean value of board size, meeting frequency and audit committee size are 8.86, 5.66 and 3.86, respectively, and maximum score of each indicator is 18.00, 24.00 and 9.00 while minimum score of each indicator is 6.00, 3.00 and 2.00. The standard deviation of each is 2.01, 2.16 and .98 and it is showing all standard deviation is less the average this result explains significant of the result.

Result also shows that the mean value of capital structure is .28 represent that in Pakistan the selected sample have average .28 that illustrate if capital structure increase, then firm performance decrease and result also shows maximum and minimum score is .99 and .0003 while standard deviation of capital structure is .26. Three control variables were used in this model firm size (FSIZE), age (AGE) and growth (GRTH), their mean values are 16.01, 36.99 and 14.02, and maximum score of each indicator is 24.49, 97.00 and 158.62 while the minimum score of each indicator is 4.81, 1.00 and -88.05 and standard deviation of each indicator is 3.72, 20.46 and 23.003. this result explained significant of the results.

4.2 Correlation Analysis

	ROA	CG	BSIZE	FBM	ACSIZE	CS	FSIZE	AGE	GRTH
ROA	1.0000								
CG	0.0345**	1.000							
BSIZE	0.0468**	0.1245***	1.0000						
FBM	-0.0135**	0.1572***	0.2716***	1.0000					
ACSIZE	0.0705***	0.0325**	0.3531***	0.2374***	1.0000				
CS	-0.0359**	0.0574***	0.1471***	0.1350***	0.0616***	1.0000			
FSIZE	0.0437***	0.2435***	0.0832***	0.0278**	-0.1294***	0.0186**	1.0000		
AGE	0.0587***	0.0265**	0.0559***	0.1374***	0.0673***	0.1783***	-0.1239***	1.0000	
GRTH	0.0621***	0.0345**	0.0226**	0.0391**	-0.0471**	-0.0490**	-0.0085*	0.0090*	1.0000

Note: ROA is Return on Assets, BSIZE is Board Size, and FBM is Board Meeting Frequency ACSIZE is Audit Committee Size, CS is Capital Structure, FSIZE is the Natural Log of Total Assets, AGE is Years of Activity of the Firm, and GRTH is Sales Growth.
***Correlation is significant at the 1% level; **Correlation is significant at the 5% level; *Correlation is significant at the 10% level

Correlation investigation used to investigate the association between subordinate variable and all autonomous factors that incorporate piece of study. Consequence of connection reports in table 4.2. The extent of association is - 1 to +1 which shows the connection between factors. Under 0 worth shows the negative association and positive worth shows positive association.

The table below present the connection insights that gives a reasonable image of relationships among the dependent variable firm execution which we measure return on assets (ROA) with its independent variable corporate governance which we measure three corporate mechanism board size, executive gathering recurrence and audit committee size we also include moderator variable of capital structure (CS) and last part we analyze the other three control variables namely firm size (FSIZE), age (AGE) and growth (GRTH).

Most of the variables are positive correlated with each other while return on assets (ROA) have negative correlated with capital structure (CS), board meeting frequency (FBM). Highest correlation exists audit committee size (ACSIZE), age (AGE) and growth (GRTH) in our study.

The following table 4.2 provides the correlation coefficients of the regressors in our study. The correlation coefficient shows the correlation between variables. For instance, the correlation between return on resources and corporate administration is positive while the connection between profit from resources and board size is positive. Similarly, the correlation coefficient between return on assets and meeting frequency is negative. We observe that audit committee size has the highest positive correlation with return on assets. The correlation coefficient between return on assets and capital structure is negative while all control variable of firm size, age and growth are positively correlated with return on assets.

In table 4.2 the correlation between return on assets (ROA) with corporate governance (CG) proportion is 0. 0345**, because of the reality importance levels which are smaller than 0.05.In results of correlation statistics shows that there is essentially sure connection between the reliance variable of return on assets and independent variables of corporate administration along these lines, there is positive critical connection between corporate administration and return on assets, so that, there were a several of studies which has been supporting the result of this study. (Velnampy &Pratheepkanth,2013) highlighted that corporate reporting as the determinants of corporate governance are positively correlated with the firm performance variable of return on assets (ROA).

In table 4.2 the relationship between return on assets (ROA) with board size (BSIZE) proportion is 0. 0468**, because of the reality importance levels which are smaller than 0.05 and board size ratio are significantly positive correlated with return on assets. In the result provide by table 4.2 of correlation statistics shows that there is positive connection between the return on assets and board size. There were a numinous of studies which has been supporting the result of this study. (Lipton & Lorsch, 1992) have recommended an ideal board size of somewhere in the range of seven and nine bosses. In such manner, definite examinations have demonstrated that the market respects firms with humbly little board sizes (Lipton and Lorsch, 1992; Yermack, 1996; Eisenberg et al,, 1998; Cereola et al., 2008). Accordingly, as board size develops, board advancement is relied on to expansion to make up for broadening measure fiascos (Vafeas, 1999). The contention is that monster sheets are less practical and are less mind boggling for a CEO to control. The expense of coordination andis high in monstrous sheets and this settles on choice taking issues. One other issue is that more subtle sheets reduce the chance of free riding. We measure the size of the board by the measure of bosses serving on such sheets and anticipate that this should have a positive relationship with firm

For example, Guo and Kga (2012); Smirat,Abdullah, & Sharif (2014); Khan & Ali (2017) showed that board size is contrarily connected with firm worth and impact of the extent of outside directors on working execution of a firm. Interestingly, (Velnampy,2013) featured that board structure and corporate announcing as the determinants of corporate governance are decidedly corresponded with the firm presentation variable of ROA. Additionally, (VO & Phan, 2013) showed that board size is contrarily corresponded with firm performance.

Fama & Jensen, (1983) contend that the expansion in the quantity of the individuals from the board hinders the dynamic cycles of the firm, making the board pass off the issues, in this way, prompting a reduction in firm worth and viability. Investigations of (Lipton & Lorsch, 1992; Jensen, 1993), planning to observationally gauge the connection between the board size and firm execution, suggest that as size of the board develops, the dynamic cycles delayed down and this messes correspondence up and impacts the association's presentation adversely.

Eisenberg, Sundgren and Wells (1998) surveyed the association between the board size and execution of the firm. Instrumental components and summed up straight models were utilized in the referenced investigation. The consequences of the examination proposed a positive association between the board size and ROA. They translated these disclosures as the probability of the presence of correspondence and coordination issues in the organizations with more prominent boards.

A huge board could likewise bring in less important discussions, since convey the opinions inside an extensive gathering is for the most tedious, troublesome and much of the time consuming difficult outcomes in an absence of cohesiveness on the board (Lipton & Lorch, 1992).

Others saying that, more modest board size will prompt an absence of variety of feelings and issues of staffing different advisory groups. In Pakistan, board size isn't fixed as it would change dependent upon the size of the organization; however, there should be at any rate five directors (Code of Corporate Governance 2012 Amended July 2014 – SECP, 2017) Previous assessments have set up that firm execution and board size have a strong positive relationship (Dalton, Daily, Johnson, and Ellstrand, 1999).

The correlation between return on assets (ROA) with board meeting frequency (FBM). Board meeting frequency also negative associated with ROA -0.0135** at 1% level of significant. To the reality importance levels which are smaller than 0.05 and board meeting frequency ratio are significantly negative correlated with return on assets.

Academic help for frequency of board meetings and presence of enormous investors is found in the two ways, positive and negative. Our examination has reasoned that recurrence of board meeting is conversely identified with firm performance. This is additionally supported by the explanation that our perception period incorporates time frame of worldwide financial emergency which is expressed to be at blast during 2007-2009. This is one of the significant explanation that as firms have demonstrated decreased firm performance in these years, their recurrence of load up gatherings has expanded during this interval of time. Hence, in conformance to a sound larger part of past explores (Jensen, 1993; Vafeas, 1999), our investigation likewise surmises a reverse connection between recurrence of executive gatherings and firm performance.

Ntim, Osei&Thomas, (2015) have concurred that board meetings have a situational relationship with the firm exhibition moving with the condition of firms, industry necessities, legitimate, geographical and practical prerequisites. Our examination additionally bolsters the way that load up meetings recurrence is high in US-based firms and these organizations also have high recurrence of load up meetings in the tricky stretch of time of years 2007, 2008 and 2009 when the worldwide financial emergency had been seen particularly in USA. This year-on-year fluctuating recurrence of board gatherings. Subsequently, in our investigation, an expanded number of board meetings mirror a risky circumstance for the organizations in the monetary emergency time; thus, a reverse connection between load up gatherings' recurrence and firm execution is legitimized. Moreover, this backwards relationship doesn't infer that a bigger recurrence of executive gatherings cause diminished firm execution. Or maybe it is the alternate path round, as it recommends that a hazardous firm presentation causes bigger recurrence of executive gatherings in the monetary year of the firm. In this investigation, we present another variable specifically the board action force as a significant worth important board property pair with (Vafeas, 1999).

From the earlier, the idea of the relationship between board movement power and firm execution isn't clear. Some battle that executive gatherings are significant to financial backers. (Lipton and Lorsch, 1992) for example propose that “the most completely shared issue bosses face is nonappearance of time to do their responsibilities". In an identical clash, (Conger et al., 1998) recommend that heap up social affair time is a critical resource for improving the sufficiency of a corporate load up.

On the side of this, reactions have been leveled at chiefs who spread their time as well meagerly because of undertaking a board number of outside directorships and along these lines making it hard for them to go to gatherings consistently (Branco and Byrne, 1996). The outcomes is that when sheets of managers meet dependably, they are likely going to invigorate firm execution and hence play out their commitments according to investors inclinations. A few pundits actually, have battled that load up gatherings are not really helpful in that the restricted time outside supervisors spend together isn't utilized for basic trade of thoughts among themselves or with the heads (Vafeas, 1999). This position has been viewed as a brand name aftereffect of the way that course of action setting for such friendly events is finished by CEOs (Jensen, 1993). Also, it is recognized that normal assignments ingest a significant part of the gatherings and this cutoff points openings for outside chiefs to practice important authority over administration and thusly sheets would be generally dormant, turning out to be more dynamic when there are corporate emergencies (Jensen, 1993). Considering the discussion encompassing executive gatherings and relationship with firm execution, the meaning of board advancement power is an open solicitation. We measure the power of board action by the rehash of gatherings yearly.

The correlation between return on assets (ROA) with audit committee size (ACSIZE). Audit committee size is positive related with ROA 0.0705*** at 1% level of significant. To the actuality importance levels which are greater than 0.05 and audit committee size ratio are significantly positive correlated with return on assets.Besides, the outcomes demonstrate a positive relationship between review board size and firm execution which uphold our speculation we notice in writing. This outcome ought to be required in light of the fact that because of the delicate idea of the board's capacities, it is significant that, it is exceptionally free of the executives to guarantee straightforwardness and to be a compelling screen (Klein, 1998). Past investigations (McMullen& Raghunandan, 1996) have discovered proof that organizations with reliable monetary data are most likely going to have audit boards.

The freedom of the audit committee would ensure that administration would not participate in ill-advised procedures for monetary report. (Kajola, 2002) fought that the issue of pay the chiefs could be restricted if the audit committee size is free and hereafter improved straight imposition. The opportunity of the audit committee is in any case deal when in view of particular insufficiency of the board, boss chiefs are remembered for the advisory group.

The correlation between return on assets (ROA) with capital construction. Capital construction is positive associated with ROA -0.0359** at 1% level of significant. To the reality importance levels which are smaller than 0.05 and audit committee size ratio are significantly positive correlated with return on assets.

A few researchers uncovered a negative relationship between capital development and execution. In this line, (Kester, 1986) found a negative relationship between capital arrangement and execution (advantage) in the US and Japan. Close to results were addressed by (Friend and Lang 1988; Rajan and Zingales, 1995) in the G-7 nations. Also, (Huang, 2006) found a negative relationship among influence and execution (advantage before interest and cost toadd up to resources) in China firms.

Capital design literature has demonstrated conflicting results among analysts. A few examinations have indicated that capital structure affects firm execution while others have demonstrated no effect. By and large, specialists concur that a relationship between capital development and firm execution exist (Hung, et. al. 2002). While a couple of examinations have contemplated that the relationship between capital development and firm execution is both positive and negative (Abor, 2005; Rouf and Abdur, 2015) others inferred that the relationship is negative (Narender and Reddy 2007)

The correlation between return on assets (ROA) with firm size (FSIZE) proportion is 0. 0437***, because of the reality importance levels which are smaller than 0.05 and firm size ratio are significantly positive correlated with return on assets.

Numerous researchers have explained the connection between firm size and firm performance in various manners. Firm size is quite possibly the main control factors in the current investigation. Firm Size is controlled by taking the common log of all out resources. In this model, ROA is the dependent variable; firm size will be resolved as normal log of complete resources. Firm size positively affects the firm’s performance (Titman and Wessels 1988; Frank and Goyal 2003). It is battled that organizations with colossal size common monetary issues and make more benefit

(Titman and Wessels 1988). Firm size has a positive and huge and positive relationship with Return on Assets.

Firm size is ahuge part while settling on a decision about firm performance (FP) in light of the fact that huge firms may have more organization issues and thusly need to consolidate solid organization fragments (Himmelberg et al., 1999; Klapper and Love,2004). Earlier literature has commonly thought about size as a control variable (seeJackling & Johl, 2009; Loderer & Waelchli, 2010; Shan and McIver, 2011; Al-Matari et al., 2012) in their corporate governance (CG) study. Confirmation propose that more noticeable firms saddle public assistance, move away from regulators assessment, appreciate more unmistakable economies of scale and win excellent evaluations. These associations will undoubtedly use capable monetary enumerating circumstance regardless, control chances are discontinuous as outside inspectors feel that its difficult to recognize fakes in a refined structure (Johnson,Khurana &Reynolds, 2002).

The correlation between return on assets (ROA) with age (AGE). Age is positive associated with ROA 0.0587*** at 1% level of significant. To the reality importance levels which are smaller than 0.05 age size ratio are significantly positive correlated with return on assets.

The second firms characteristic control variable for our investigation is age. (García-Meca et al., 2015) Firm age (LNFAGE) is figured by the essential logarithm of the proportion of years since the firm was recorded. Firm age can be used as a pointer of the affiliation's association with its associations. More settled firms will all in all have a well authoritative construction, cycles, and systems. Then again, new or more youthful firms will undoubtedly be less inflexible in its hierarchical construction.

Another fundamental control variable in many cases used in corporate governance (CG) writing is firm age (see for model, Chung and Pruitt, 1996;Kumar et al., 2004; Jackling & Johl, 2009; Shan and McIver, 2011). As a rule while make firms show economies of scale, industry experience, give confined things (Majumdar,1997), withstand striking business zone related updates (Stinchcombes ,1965), the more youthful firms section better in making exchange limits and show adaptability towards financial staggers (Autio, Sapienza & Almeida, 2000).However, more prepared firms are consistently associated with obsolete nature in the two assets and advancement (see Barron, West & Hannan, 1994), weakened organization polices, greater boards (Loderer and Waelchli, 2010), all making a way for a negative firm performance.

The correlation between return on assets (ROA) with growth (GRTH). Growth is positive associated with ROA 0.0621*** at 1% level of significant. To the actuality importance levels which are smaller than 0.05 and growth ratio are significantly positive correlated with return on assets.

The third control variable in our discussion is growth is figured by Percentage change in sales as per (Coulson-Thomas, 2007) if boards are to add more respect, make a more fundamental commitment to corporate turn of events and make a predominant tomorrow, they may have to challenge standard reasoning and question current practices.

4.3. Baseline Model: Impact of corporate governance on firm performance.

4.3 Regression of corporate governance on firm performance.

See Appendix A for definitions of the variables.
All the above estimations are carried out by using two Step System GMM.
In brackets all the values are of t-state.
***Significance at 1% level.
**Significance at 5% level.

*Significance at 10% level.

Table 4.3 shows the evaluation of our baseline model for the test of H0 and H1 checking the effect of corporate organization on firm execution.We isolate Table 4.3 into two panels for example panel A and We isolate Table 4.3 into two panels for instance panel A and Panel B. notwithstanding, Panel A tends to the backslide coefficients and t-state while Panel B tends to

	RETURN ON ASSETS
Lag of Dependent Variable	0.138***
	(13.42)
CG	0.098***
	(10.34)
CS	-0.009***
	(-5.12)
FSIZE	0.032***
	(7.31)
AGE	0.019**
	(5.12)
GRTH	0.0006**
	(3.18)
Observations	1000
No of Instruments	84
No of Firms	100
AR(2) Test	- 2.02
AR (2) Test, P-value	0. 145
Hansen test	93 .15
Hansen Test, P-value	0.352

the insightful tests with number of firms, discernments and instruments. In analytic tests we applied two tests for instance Arellano-Bond AR (2) Test and Hansen J-estimation Test. We use these tests to take a gander at the authenticity of instruments that are used in our evaluations furthermore, in Table 4.3, the experiences of tests clearly give the strong proof of instruments authenticity. One of the fundamental assumption while using structure GMM is to ensure that the instruments used in the assessment are cautiously exogenous. In direct words in the occasion that instruments are act endogenously, the finding of structure GMM will not be significant and strong. Specifically, the Arellano-Bond AR (2) test is used to check second demand relationship in residuals. Along these lines, Hansen J-estimation test results report that instruments used in assessment are balanced to the residuals. Additionally, the eventual outcomes of Arellano-Bond AR (2) test results address that there is no second solicitation successive relationship exists.

We partition the table 4.3 into two columns on the basis of our model in first column is used as independent variable (i.e., corporate administration, capital design, firm size, age and growth).In second column return on assets (ROA) is taken as dependent variable. These segregations are based on positive residuals and negatives residuals from return on assets model. Further, we consider this variable as dependent variable as discussed above in detail.

However, Table 4.3 shows the result from two phase structure GMM evaluation reliant on our first model of return on assets. The results shows that the coefficient of backslide and t-state of slack ward variable (slack of ROA) is positive and truly enormous (coefficient = 0. 138; t-regard = 13.42). These outcomes represent that in Pakistan current year ROA is depending on previous year ROA. If previous year ROA is higher than on trend line the current year ROA will higher. These results are consistent with (Sadeghi Panah, Saeidi, & Boroumand,2015) from Iran, (Velnampy,2013) from Sri Lanka (Brown, & Caylor2009) from US.

As discussed above that in Table 4.3 we use to illustrate effect of corporate administration on firm execution, However, the outcomes show that effect of corporate administration has a positive and 48 on firm performance (Return On Assets),while capital structure (CS) altogether affect firm execution (ROA). Further,the results suggest that corporate administration fundamentally affects firm execution (ROA). It means that if corporate governance increase then the firm performance will also be increases. These results are justifiable with the reference to previous studies of (Drobetz, Schillhofer, & Zimmermann, 2003; Oladeji, Ikpefan, &Olokoyo, 2015).

Klein,Shapiro, & Young,(2005) express that the association between corporate organization and firm execution has an obscureness in exploration considers. In their own examination acted in Canada, they finished that albeit corporate governance matters in Canadian firms, yet not all factors of administration estimation identify with firms' exhibition. In their investigation led among Real Estate Investment Trusts (REITs) of USA, (Bauer, Eichholtz & Kok 2010) finish up a positive direct connection between firm execution and corporate administration of these associations.

In table 4.3 the findings found the connection between capital construction and firm execution to be negatively significant. Taken the assessed coefficients and t-estimations of capital construction, report a negative and huge effect on firm Performance (for example coefficient = - 0. 009 and t-esteem = - 5 .12). This model is identical as compare to other model of our study it also have a positive connection between capital construction and firm execution as its mention above.

A few researchers uncovered a negative relationship between capital arrangement and firm execution. In this line, (Kester, 1986) found a negative relationship between capital plan and firm execution (advantage) in the US and Japan. Comparative outcomes were addressed by (Friend and Lang, 1988; Rajan &Zingales, 1995) in the G-7 nations. Additionally, (Huang, 2006) found a negative impact among influence and firm execution (pay before interest and obligation to add up to resources) in China firms.

Several studies show either poor or no quantifiable association between capital development and execution (Ebaid, 2009). Ebaid (2009) researches the effect of capital development decision on execution of 64 firms from 1997 to 2005 in the Egyptian capital market. He utilizes three bookkeeping – based measures; including ROA, ROE and gross as a rule pay, and closes capital design decisions, by and large, no affects firm execution.

Capital construction has demonstrated clashing outcomes among specialists. A few examinations have demonstrated that capital structure affects firm performance while others have indicated no effect. For the most part, specialists concur that a relationship between capital development and firm execution exist (Hung, et. al. 2002). While a couple of assessments have contemplated that the relationship between capital plan and firm execution is both positive and negative (Abor, 2005)others presumed that the relationship is negative (Narender and Reddy, 2007; Onaolapo and Kajola, 2010; Pratheepkanth, 2011; Shah, et al., 2011).However, different studies have reported a positive relationship (Chowdhury, 2010; Omorogie and Erah, 2010). With these blended and clashing outcomes, the solicitation for taking a gander at the association between capital plan and firm execution has stayed a conundrum and exact investigation proceeds.

In table 4.3 the discoveries found the connection between FIRM SIZE and firm execution to be decidedly huge. Taken the assessed coefficients and t-estimations of Firm size, report a positive and basic impact on firm Performance (for example coefficient = 0. 0032 and t-value = 7.31).

This model is identical as compare to other model of our study it also have a positive connection between Firm size and firm execution as its mention above.

To be steady be with past investigations of Verdi, (2006); Biddle et al. (2009); Lai&Wong, (2013) we use several firm specific variables as control variables. Firm (SIZE) (for example common logarithm of firm complete resources) use as control variable.

In table 4.3 the discoveries found the connection between firm size (FSIZE) and firm execution to be emphatically huge. The firm execution was assessed by ROA considering the fact that the size of the firm impacts firm execution and it is ordinarily utilized as a control variable in observational writing concerning corporate administration (for instance Andres, Azofra, and Lopez, 2005; Ghosh, 2006). Firm size influence upon corporate administration is evident in the disclosures that exhibit gigantic associations to be less viable contrasted with more modest organizations in light of the fact that in spite of the fact that they meet government administration, they have greater uncertainty and higher organization issues (Patro, Lehn and Zhao, 2003).

In table 4.3the discoveries found the connection among age and firm execution to be decidedly huge. Taken the assessed coefficients and t-estimations old enough, report a positive and critical effect on firm Performance (for instance coefficient = 0. 019 and t-esteem = 5 .12). Age addresses the time that that slipped by since the company's fuse. In table 4.3 illustrate the connection between firm age and firm execution to be positively significant. There is an uncertain relationship between firm age and firm execution. From one point of view, make firms perform well when contrasted with recently settled firms because of the generosity they have created over the long run (Mousa, Desoky and Sanusi, 2012) On the other hand, more arranged firms are not effectively set up to acknowledge new advancements on account of their resoluteness and indiscretion (Anderson and Reeb, 2003). Along these lines, to represent the impact of firm age on firm execution, we have controlled firm age.

In table 4.3 the discoveries found the connection among development and firm execution to be decidedly critical. Taken the assessed coefficients and t-estimations of development, report a positive and critical effect on firm Performance (for instance coefficient = 0. 0006 and t-esteem = 3. 18). The third control variable in our discussion is growth is figured by (Percentage change in sales). In table 4.3 illustrate the connection between firm development and firm execution to be emphatically huge. As per (Coulson-Thomas, 2007) if sheets are to add more regard, make a more imperative obligation to corporate development and make an unrivaled tomorrow, they may need to challenge normal thinking and question current practices.

There is positive connection between the development and execution supported by previous study(Salim, & Yadav, 2012). All areas shows development has fundamentally sure relationship with the presentation estimated by ROA.

These results fulfil our first objective i.e. to inspect the impact of corporate organization on firm execution in Pakistan. Results of Table 4.3 illustrate that corporate governance has positive and significant impact on firm performance.

4.4. Impact of corporate governance Proxies i.e., (board size, meeting frequency and audit committee size) on firm performance.

Regression Model 2

4.4 Regression of corporate governance proxies (board size, board meeting frequency and audit committee size) on firm performance.

See Appendix A for definitions of the variables.
All the above estimations are carried out by using two Step System GMM.
In brackets all the values are of t-state.
***Significance at 1% level.
**Significance at 5% level.

*Significance at 10% level.

	RETURN ON ASSETS
Lag of Dependent Variable	0.234***
	(14.22)
BSIZE	0.0138***
	(11.50)
FBM	-0.0244***
	(-9.11)
ACSIZE	0.0871***
	(5.17)
CS	-0.0118***
	(-4.80)
FSIZE	0.0828***

	(8.12)
AGE	0.0099**
	(4.36)
GRTH	0.0002**
	(3.78)
Observations	1000
No of Instruments	98
No of Firms	100
AR(2) Test	-2.19
AR (2) Test, P-value	0.161
Hansen test	123.25
Hansen Test, P-value	0.234

Table 4. 4 shows the evaluation of our example model for the test of H1A H1B and H1C using three unmistakable intermediaries of corporate administration (board size, meeting frequency and audit committee size). We isolate Table 4. 4 into two panels for instance panel A and Panel B. Regardless, Panel A tends to the backslide coefficients and t-state while Panel B tends to the demonstrative tests with number of firms, discernments and instruments. In decisive tests we applied two tests for instance Arellano-Bond AR (2) Test and Hansen J-estimation Test. We use these tests to examine the authenticity of instruments that are used in our appraisals and also, in Table 4. 4, the experiences of tests doubtlessly give the strong proof of instruments authenticity. One of the essential doubt while using structure GMM is to ensure that the instruments used in the examination are cautiously exogenous. In essential words in the occasion that instruments are act endogenously, the finding of structure GMM will not be genuine and trustworthy. Specifically, the Arellano-Bond AR (2) test is used to check second demand association in residuals. Consequently, Hansen J-estimation test results report that instruments used in assessment are even to the residuals. Plus, the outcomes of Arellano-Bond AR (2) test results address that there is no second solicitation successive association exists.

We partition the table into two columns on the basis of one column we write as to shrink our variable and the other column is represented our model equation and illustrated how dependent variable of firm execution estimated by Return On Assets would vary as independent variable of corporate administration (board size, meeting frequency and audit committee size) change and it also explain how they related these variables.

These segregations are based on positive residuals and negatives residuals from return on assets model (i.e. capital structure). Further, we consider these variables as dependent variables as discussed above in detail.

However, Table 4.4 shows the result from two phase system GMM appraisal reliant on our first model of return on assets. The results shows that the coefficient of backslide and t-state of slack ward variable (slack of return on assets) is positive and quantifiably basic (coefficient = 0. 234; t-regard = 14.22). These outcomes represent that in Pakistan current year return on resources is relying upon earlier year return on resources. If previous year return on assets is higher than on trend line the current year return on assets will higher. These outcomes are predictable with Chen et al., (2011) from USA, (Houcine, 2017) for Tunisia; and (Zaman, Arslan & Siddiqui, 2014) from Pakistan.

As analyzed over that in Table 4.4 we use three intermediaries to gauge corporate organization for instance board size, meeting frequency and audit committee size. However, the results show that two out of three corporate organization gauges for instance board size and review panel size generally influence return on assets while board meeting frequencyfundamentally affect return on resources on conventional basis. The results suggest that corporate governance increase the firm presentation. These outcomes are reasonable with the reference to past investigations of (Al-Matari, Al-Swidi, & Fadzil, 2014; Naimah, Z. 2017; &Ravivathani&Danoshana, 2019).

There are two restricting thoughts on the relationship between board size and firm execution. To begin with, imagined that the lesser the board size can extraordinarily add to the affiliation's prosperity. D. Yermack found an opposite relationship between board size with affiliation's worth and great monetary proportions, for example, benefit, resource use.Exact proof of S. Cheng showed that affiliations that have more board individuals, the variability of the firm presentation would be lower. The wavering battled that a gigantic board size will build the firm introduction. Board size is a determinant of the restriction of managers to screen and control Chief Adam and Mehran battled that the affiliation ought to have a gigantic board size to have the choice to screen viably. Gigantic board size will keep a genuinely persuading association regarding the affiliation. Colossal board size will be less hard toget data (Naimah, 2017).

A few investigations have set that board size impacts firm execution. (De Oliveira Gondrige et al. 2012; Fauzi, and Locke. 2012; Saibaba and Ansari. 2012; Ujunwa, 2012) battled that a gigantic board size would bring more information, dreams, assessments and theory proposals that would at last profit partners. (Hambrick et al., 2008) reported that more inconspicuous sheets were unequipped for rolling out essential improvements because of their shortcoming in thinking about different choices for firm development. Then again, various analysts favor more modest loads up furthermore, are of the view that monstrous weights up lead to non-venture and silly movement in amazing as they experience the ill effects of social loafing. Accordingly, their arrangement and limits remain unutilized (Jensen, 1993; Drakos, and Bekiris, 2010; Lin, 2011; Dharmadasa et al., 2014). Audit committee as a board of trustees has a huge influence in ensuring and noticing the bookkeeping cycle so the administration can give data that is significant and sound to all assistants (Naimah, 2017). The presence of Audit board autonomy can give solid accounting data, so audit committee opportunity is relied on to improve the organization's exhibition, audit committee, as manager of financial accounting measures, lead gatherings in any event four times each year to ensure the nature of monetary detailing, If audit committee size and survey board gatherings recurrence can improve monetary bookkeeping measure, it is ordinary that review panel size and gatherings recurrence can improve firm execution.

Audit committee is seen as a significant component of corporate governance since autonomous heads of audit committee can, through different observing cycles, hold in line the defective direct of supervisors.(Cohen et al., 2011) contended that freedom of the audit committee was a huge piece of review council sufficiency. An autonomous review council may help in guaranteeing the resolute idea of the money related announcing measure by keeping a mind manipulative, vain exercises of heads. Association codes wherever on the world anticipate that firms should set review councils of trustees and assurance their self-sufficiency. Firms that have more free individuals in their audit gatherings have a lesser likelihood of turning out to be casualties of misrepresentation (Carcello and Neal, 2000). (Bukit and Iskandar, 2009) recommended that income the executives was restrained by independent audit committees (Abbott& Parker, 2002) additionally found a backwards connection between independent audit committees and earnings management. (Nuryanah& Islam, 2011; Zaman, Arslan & Siddiqui, 2014) referenced that autonomous audit committee improved the nature of review reports and upgraded execution of firm.

The executive gathering is a medium set up for discussions on central points of interest and matters among board individuals to settle on certain significant choices for the headway and advancement of any affiliation. The assurance of board people is regularly assessed on the executive gathering interest repeat by all of the board people (Feng, Ghosh and Sirmans, 2007; Ilaboya andObaretin, 2015). There isn't planned administration law that chooses the base proportion of social events to be gone to by a board part so to speak to the most awesome aspect information. This, along these lines, implies the authority over board individual's singular steadiness is inner and emotional to the administrator of that gathering. However, concerning the repeat of executive gatherings all things considered, it is represented that the less the social events the better exhibition of the firm with everything taken into account. (Johl, Kaur and Cooper, 2015), in their appraisal, uncovered the negative relationship between board persistence and firm execution and one of their proposals was that the social events ought to be more basic and less conventional. This is acknowledged should be maintained by (Johl, Kaur & Cooper, 2015) (as referred to in craft by Ilaboya and Obaretin, 2015), of which their insight was that nonstop get-togethers lead to the redirection of a connection's time, energy and assets into less beneficial exercises. This acumen is also kept up by (Johl,Kaur& Cooper,2015; Ilaboya&Obaretin, 2015).

Feng, Ghosh& Sirmans, (2007) thought that a measurably critical relationship exists between board resoluteness and firm execution. Regardless, the importance of leader social events can't be overemphasized on the grounds that it is a distinctive apparatus of administration. Certain organizations have been insufficient in capacity as far as oversight capacities, as they will in general confirm the board guidelines and heading, despite the fact that clearly such activities are contrary to the standard of corporate administration. Such occasion was a direct result of the disappointment of the board councils to hold get-togethers for the presentation of their social events. This assembles, the critical need for general chief gatherings as well as board of directors' gatherings. Another key solicitation that can be introduced is the degree of meaning of the entirety of the council get-togethers to board execution all things considered. Do a couple of warning need more assembling frequencies than the other? This solicitation is comparative with the requesting for importance of every board of trustees.

Johl, Kaur and Cooper, (2015) masterminded board steadiness as a part of the key corporate organization instrument that helps in controlling and prompting the association towards the pursuit concerning investor premium in the midst of other control capacities. The previously mentioned concentrate likewise itemized the guideline set on Malaysian relationship by controllers. The Malaysian codeenergizes customary executive gatherings and normal divulgence of subtleties of recurrence just as part participation. This is said to create board adequacy what's more bring the board individuals into one brain by filling in as a framework for scattering awesome data to all board individuals as respects the movement of the affiliation. This has been appeared by created by crafted by (Francis, Hasan, I., and Wu, 2012) that uncovered that boards with a low rehash of meeting performed incapably appeared differently in relation to the board with high rehash. This was additionally upheld by made by (Ntim and Osei and Thomas, 2015) they construe that board who meet more make a more raised degree of execution than the people who don't. With the view to furthermore support and get back to the two different ways of reasoning concerning the impact of chief assembling above, we target adding to information by explicitly moving our exploration in Pakistan arrangement of economy, laying center around Pakistan as an extent of the investigation. (Kakanda,Salim, &Chandren, 2016) set that top managerial staff assume a few and apropos parts in an association. Similarly as corporate organization is a compound word including 'corporate/adventure' and 'association' in demanding terms corporate organization is depicted as how an affiliation is directed and individuals to manage this affiliation is the regulating body. This is the reason the governing body is viewed as central participants in deciding a company's performance particularly through their choices from the results of their meetings to be actualized in the association.

In table 4.4 the findings found the connection between capital design and firm execution to be negatively significant. Taken the assessed coefficients and t-estimations of capital construction, report a negative and basic impact on firm Performance (for example coefficient = - 0. 0118 and t-value = -4.80). A few researchers uncovered a negative relationship between capital plan and firm execution. In this line, (Kester, 1986) found a negative relationship between capital arrangement and firm execution (advantage) in the US and Japan. Close to results were addressed by (Friend and Lang, 1988; Rajan &Zingales, 1995) in the G-7 nations. Also, (Huang,2006) found a negative relationship among's influence and firm execution (income before interest and assessment to add up to resources) in China firms.

Several studies show either poor or no quantifiable association between capital development and execution (Ebaid, 2009). (Ebaid, 2009) investigates the effect of capital development decision on execution of 64 firms from 1997 to 2005 in the Egyptian capital market. He utilizes three accounting – based measures; including ROA, ROE and gross when all is said in done pay, and wraps up capital designdecisions, for the most part, no affects firm execution.

Capital construction has shown conflicting results among analysts. A few investigations have shown that capital design affects firm performance while others have shown no effect. For the most part, specialists concur that a relationship between capital development and firm execution exist (Hung, et. al. 2002). While a couple of assessments have assumed that the relationship between capital turn of events and firm execution is both positive and negative (Abor, 2005) others inferred that the relationship is negative (Narender& Reddy 2007; Onaolapo and Kajola. 2010; Pratheepkanth, 2011; Shah, et. al. 2011).However, different examinations have reported a positive relationship (Shoaib and Siddiqui, 2011; Chowdhury, 2010; Omorogie and Erah, 2010). With these blended and clashing outcomes, the request for taking a gander at the association between capital arrangement and firm execution has stayed an inquiry and test study proceeds.

In table 4.4 the discoveries found the connection between FIRM SIZE and firm execution to be decidedly huge. Taken the assessed coefficients and t-estimations of firm size, report a positive and basic impact on firm Performance (for example coefficient = 0. 0828 and t-esteem = 8 .12). To be steady be with past investigations of (Verdi, 2006; Biddle et al., 2009; Lai et al., 2013) we use several firm specific variables as control variables. Firm (SIZE) (for example common logarithm of firm absolute resources) use as control variable.

In table 4.4 the discoveries found the connection between firm size (FSIZE) and firm execution to be emphatically huge. Firm execution was assessed by ROA because the size of the firm impacts firm execution and it is by and large utilized as a control variable in precise composing concerning corporate organization (for instance Andres et al., 2005; Ghosh, 2006). Firm size influence upon corporate organization is evident in the revelations that exhibit gigantic associations to be less compelling contrasted with more modest organizations in light of the fact that in spite of the fact that they meet government organization, they have greater equivocalness and higher office issues (Patro et al., 2003).

In table 4.4 the discoveries found the connection among age and firm execution to be decidedly huge. Taken the assessed coefficients and t-estimations old enough, report a positive and huge effect on firm Performance (for instance coefficient = 0. 0099 and t-esteem = 4.36). Age addresses the time that completely finished since the company's consolidation. In table 4.4 illustrate the connection between firm age and firm execution to be emphatically critical. There is a questionable connection between firm age and firm execution. From one point of view, make firms perform well when contrasted with recently settled firms because of the altruism they have created as time goes on (Mousa et al., 2012) On the other hand, more arranged firms are not sufficiently set up to get new advances because of their rigid nature and pride (Anderson and Reeb, 2003). In this way, to address the impact of firm age on firm execution, we have controlled firm age.

In table 4.4 the findings found the connection among development and firm execution to be adversely huge. Taken the assessed coefficients and t-estimations of development, report a positive and huge effect on firm Performance (for instance coefficient = 0. 0002 and t-esteem = 3. 78). The third control variable in our discussion is growth is figured by (Percentage change in sales).

In table 4.4 illustrate the connection between firm development and firm execution to be decidedly critical. As indicated by (Coulson-Thomas, 2007) if sheets are to add more regard, make a more important obligation to corporate development and make a prevalent tomorrow, they may need to challenge customary thinking and question current practices.

There is positive connection between the development and execution for all the areas.(Salim, & Yadav, 2012). All areas shows development has fundamentally sure relationship with the firm exhibition estimated by ROA.

These results fulfil our first objective i.e. research the effect of various intermediaries of corporate administration on firm execution in Pakistan. Results of Table 4.4 illustrate that there is a positive and critical effect of corporate administration intermediaries of board size and review panel size on firm execution while executive gathering recurrence have negative and huge on firm Performance.

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4.5 The Conditional Impact of Capital Structure on the connection between Corporate Governance and Firm Performance.

Regression Model 3

1. **4.5 Regression Role of Capital Structure, Corporate Governance on Firm Performance.**
2. See Appendix A for definitions of the variables.
3. All the above estimations are carried out by using two Step System GMM.
4. In brackets all the values are of t-state.
5. ***Significance at 1% level.
6. **Significance at 5% level.
7. *Significance at 10% level.

Lag of Dependent Variable	0.098***
	(9.12)
CG	0.0002***
	(4.54)
CS	-0.004***
	(-6.12)
CG x CS	-0.021***
	(-4.21)
FSIZE	-0.021**
	(-2.10)
AGE	0.019*
	(1.82)
GRTH	0.0001**
	(2.18)
Observations	1000
No of Instruments	92
No of Firms	100
AR(2) Test	-1.04
AR (2) Test, P-value	0.156
Hansen test	87.26
Hansen Test, P-value	0.272

Table 4.5 location the outcomes of restrictive effect of Capital Structure to test our assessment theory (H1). We estimate equation (3.3) to investigate the impact of Corporate Governance on Firm Performance by using Capital Structure as a moderator. We further loosen up our assessment to investigate that how Capital Structure moderate the impact of Corporate Governance on Firm Performance? Hence we use Corporate Governance and Capital Structure connection term(CG × CS).

Furthermore, we divide Table 4.5 into two panels and two columns. However, Panel A represents the regression coefficients and t-statistics. We divide Panel A further into two columns that represent in our model of our study. Then again, Panel B addresses the consequences of diagnostic tests that consist of number of observations, number of instruments used, number of firms used, AR (2) test and J-statistic with their p-values in two-step system GMM estimation. The diagnostic tests panel results of J-test does not reject the null hypothesis of validity of instrumental variables. This further indicates that instruments utilized in framework

GMM assessment are legitimate and fulfill the symmetry condition. Results of J-statistic are accepting the null hypothesis and provide evidence to valid instruments used in all models.

The results of Table 4.5 that the role of capital construction, corporate administration on firm execution altogether affects firm execution. Return on resources relapse coefficients altogether affect corporate administration (for example coefficient = 0. 098, t-esteem = 9 .12).

The results represent that corporate governance have a positive and measurably huge effect on firm execution (for example coefficient = 0.0002 and t-value = 4.54). Corporate governance, numerous examinations have been done to research the association between firm execution and corporate organization in both made and cultivating nations (Sami, Wang and Zhou, 2011). One composing stream found that corporate organization is emphatically connected with firm execution (Brown & Caylor, 2006).

Saini and Singhania, (2018) separated relationship between corporate organization and firm execution for a great deal of 255 Indian new maintained firms. The observational outcomes show that Corporate Governance is having a positive and huge effect firm execution. Additionally, (Varshney et al., 2012) have reviewed the relationship between corporate organization mediators and firm execution in Indian affiliations. They have built up a corporate organization report depended upon Clause 49 of the Securities and Exchange Board of Indiaand subject to 105 Indian relationship for the long periods of two years 2002–2003 and 2008–2009. They found that there is a positive relationship between corporate association, which depends upon the corporate association archive and firm execution. Also, (Balasubramanian et al., 2010) assessed the relationship between firm-level corporate association and market respect: A setting focused assessment of India. They discovered cross-sectional proof of a positive association between firm market respect and a general association archive, comparatively as a sub-record covering monetary benefactor right.

The results of Table 4.5 show that the role of capital construction, corporate administration on firm execution fundamentally affects firm execution, it means that in Pakistan corporate governance increase firm performance directly but indirectly it is shown in the result negative because of take capital structure. However in all models such as capital structure have negative relation on firm execution (ROA). Return on resources regression coefficients have a negative and huge effect on capital design (for example coefficient = - 0. 004, t-value = - 6 .12).

A few researchers uncovered a negative relationship between capital development and firm execution. In this line, (Kester, 1986) found a negative relationship between capital development and firm execution (benefit) in the US and Japan. Equivalent outcomes were addressed by (Friend and Lang, 1988; Rajan &Zingales, 1995) in the G-7 nations. What's more, (Huang, 2006) found a negative relationship among's influence and firm execution (income before interest and assessment to add up to resources) in China firms

Several studies show either poor or no quantifiable association between capital plan and execution (Ebaid, 2009). (Ebaid (2009) investigates the effect of capital development decision on execution of 64 firms from 1997 to 2005 in the Egyptian capital market. He utilizes three bookkeeping – based measures; including ROA, ROE and gross when all is said in done pay, and closes capital construction decisions, by and large, no affects firm execution. Capital design has shown conflicting results among analysts. A few examinations have shown that capital construction affects firm execution while others have shown no effect. By and large, specialists concur that a relationship between capital arrangement and firm execution exist (Hung, et al. 2002). While a couple of assessments have contemplated that the relationship between capital arrangement and firm execution is both positive and negative (Abor, 2005) others reasoned that the relationship is negative (Narender& Reddy 2007; Onaolapo and Kajola, 2010; Pratheepkanth, 2011; Shah, et. al. 2011). However, different examinations have reported a positive relationship (Omorogie and Erah, 2010). With these blended and clashing outcomes, the solicitation for researching the relationship between capital development and firm execution has stayed a puzzle and precise evaluation proceeds.

Table 4.5 emphasize the interaction term between Corporate Governance and Capital Structure of assembling firms in Pakistan. Taken together the estimated coefficients and t-values of the interaction term between Corporate Governance and Capital Structure (CG × CS). (i.e. coefficient = -0.021 and t-value = -4.21). Interaction term of corporate governance and capital structure represent negative and measurably critical effect of firm execution. With 5% degree of significant, it suggest that when we use capital structure as moderator the firm performance is negative effected. Because the coefficient of firm performance is decrease from 0.138 to 0.098. Similarly, corporate governance beta coefficient is still positive but decreased.

This means that capital structure plays a negative role between the relationship between corporate administration and return on resources. Furthermore, it clearly representing that due to moderating role of capital design, the relationship between corporate administration and return on resources is still positive but weaken due to capital structure interaction with corporate governance.

Several studies show either poor or no genuine relationship between capital development and execution (Ebaid, 2009). (Ebaid (2009) examines the effect of capital arrangement decision on execution of 64 firms from 1997 to 2005 in the Egyptian capital market. He utilizes three bookkeeping – based measures; including ROA, ROE and gross by and large income, and closes capital design decisions, by and large, no affects firm execution.

In table 4.5 the discoveries found the connection between firm size (FSIZE) and firm execution to be contrarily huge. Taken the assessed coefficients and t-estimations of firm Size, report a negative and critical effect on firm Performance (for example coefficient = - 0. 021 and t-esteem = - 2.10). 63 The firm execution was assessed by ROA because the size of the firm impacts firm execution and it is typically utilized as a control variable in observational composing concerning corporate organization (for instance Andres et al., 2005; Ghosh, 2006). Firm size influence upon corporate organization is clear in the disclosures that show enormous associations to be less successful contrasted with more modest organizations in light of the fact that in spite of the fact that they meet government organization, they have greater uncertainty and higher office issues (Patro et al., 2003).

In table 4.5 the discoveries found the connection among age and firm execution to be emphatically huge. Taken the assessed coefficients and t-estimations old enough, report a positive and huge effect on firm Performance (for instance coefficient = 0. 019 and t-esteem = 1. 82). This model is identical as compare to model two it also have a positive connection between firm age and firm execution as its mention above.

Age addresses the time that that slipped by since the association's joining. In table 4.5 illustrate the connection between firm age and firm execution to be emphatically huge. There is a questionable association between firm age and firm execution. From one viewpoint, make firms perform well when contrasted with recently settled firms because of the generosity they have created after some time (Mousa et al., 2012) On the other hand, more settled firms are not enough set up to acknowledge new advances because of their solidness and rashness (Anderson and Reeb, 2003). Hence, to address the impact of firm age on firm execution, we have controlled firm age.

In table 4.5 the discoveries found the connection among development and firm execution to be decidedly huge. Taken the assessed coefficients and t-estimations of development, report a positive and huge effect on firm Performance (for instance coefficient = 0. 0001 and t-esteem =

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2.18). This model is identical as compare to model two it also a positive connection between firm development and firm execution as its mention above.

The third control variable in our discussion is growth is figured by (Percentage change in sales) In table 4.5 illustrate the relationship between firm growth and firm performance to be positively significant.As per (Coulson-Thomas, 2007) if sheets are to add more regard, make a more significant obligation to corporate development and make a prevalent tomorrow, they may need to challenge standard thinking and question current practices.

There is positive association between the development and execution for all the areas. (Salim, & Yadav,2012). All areas shows development has fundamentally sure relationship with the firm presentation estimated by ROA.

4.6. The Conditional Effect of Capital Structure on the connection between Corporate Governance proxies (BSIZE, FBM and ACSIZE) and Firm Performance.

Regression Model 4

Lag of Dependent Variable	0.045***
	(11.53)
BSIZE	0.0008***
	(5.50)
BSIZE*CS	-0.034***
	(-0.7.86)
FBM	0.0015***
	(5.89)***
FBM*CS	-0.065
	(-8.78)
ACSIZE	0.0001***
	(4.15)
ACSIZE*CS	-0.067***
	(-6.42)
CS	-0.1532***
	(-17.90)
FSIZE	0.0048***
	(5.25)
AGE	-0.0009*
	(-2.36)
GRTH	0.00001*
	(2.13)
Observations	1000
No of Instruments	78
No of Firms	100
AR(2) Test	1.49
AR (2) Test, P-value	0.261
Hansen test	113.37
Hansen Test, P-value	0.452

4.6. Regression of capital structure on the relationship between corporate governance proxies (BSIZE, FBM and ACSIZE) and firm performance.

See Appendix A for definitions of the variables.
All the above estimations are carried out by using two Step System GMM.
In brackets all the values are of t-state.
***Significance at 1% level.
**Significance at 5% level.
*Significance at 10% level.

Table 4.6 location the eventual outcomes of unexpected effect of Capital Structure to test our assessment hypothesis (H2A, H2B and H2C). We estimate equation (3.2) to investigate the impact of Corporate Governance proxies (BSIZE, FBM and ACSIZE) on Firm Performance by using Capital Structure as a moderator. We further loosen up our assessment to investigate that how Capital Structure moderate the impact of Corporate Governance mediators on Firm Performance? Hence we use Corporate Governance mediators (BSIZE, FBM and ACSIZE) and Capital Structure association term (BSIZE x CS, FBM x CS and ACSIZE x CS).

The results of J-test apply in Table 4.6 represent that all the instruments utilized in our examination exact models are substantial. In case of second order autocorrelation the AR (2) indicates that in study empirical models there is no second order correlation exists in estimated residuals.

To explain Table 4.6 results, represent return on assets with inclusion of capital structure as moderator (i.e. BSIZE x CS, FBM x CS and ACSIZE x CS). The results report that lagged dependent variable have a positive coefficient and statistically significant results (i.e. coefficient = 0.045 and t-value = 11.53). These results imply that there is a vital role play by previous year return on assets in realization of current year return on assets respectively. Thus, with conditional effect, lagged of dependent variables remain positive and significant. These results validate our dynamic model nature which anticipate that realization of current year estimation of dependent variable impacted by earlier year estimation of dependent variable. Moreover, our results are consistent with (Sadeghi Panah, Saeidi,& Boroumand, 2015) from Iran, and (Velnampy, 2013) from Sri Lanka and (Brown&Caylor, 2009) from US.

The results of Table 4.6 show that the role of capital structure, corporate administration proxies for example Board Size, Board Meeting Frequency and Audit Committee Size on firm execution has a negative and significant affects firm execution, as we mention in our model 3 it means that in Pakistan corporate governance increase firm performance directly but it is shown a negative result of capital structure as moderator. Interaction term of corporate administration intermediaries i.e., board size, meeting recurrence and review panel size and capital structure represent negative and measurably significant effect of firm execution. With 5% degree of significant, it suggest that when we use capital structure as moderator the firm performance is negative effected. Because the coefficient of firm performance is decrease from 0.234 to 0.045. Similarly, corporate governance proxies beta coefficient is still positive but decreased.

This means that capital structure plays a negative role between the relationship between corporate organization intermediaries of board size, meeting recurrence and review advisory group size and return on assets. Furthermore, it clearly representing that due to moderating role of capital construction, the relationship between corporate administration intermediaries and return on assets is still positive but weaken due to capital structure interaction with corporate governance proxies. However in all models such as how corporate administration and its intermediaries impact on firm execution (ROA). Return on assets regression coefficients have a negative and significant affect corporate governance proxies when we take the interaction of capital structure (i.e. coefficient = -0.034, t-value = -7.86; coefficient = -0.065, t-value = -8.78; and coefficient = -0.067, t-value = -6.42, respectively).

In table 4.6 show that the role of capital design, corporate administration proxieson firm execution has a negative and huge influences firm execution.A few researchers uncovered a negative relationship between capital development and firm execution. In this line, (Kester, 1986) found a negative relationship between capital plan and firm execution (productivity) in the US and Japan. Identical outcomes were addressed by (Friend and Lang, 1988; Rajan &Zingales, 1995) in the G-7 nations. Additionally, (Huang2006) found a negative association among leverage and firm execution (benefit before interest and cost to add up to resources) in China firms.Similarly same result shown by table 4.6 in our model which we found a negative connection between capital construction and corporate organization intermediaries of board size, meeting recurrence and review council size on firm performance.

In table 4.6 the findings found the connection between firm size (FSIZE) and firm execution to be emphatically huge. Taken the assessed coefficients and t-estimations of firm Size, report a positive and tremendous impact on firm Performance (for example coefficient = - 0. 0048 and t-esteem = 5.25).

Firm execution was assessed by ROA considering the way that the size of the firm impacts firm execution and it is by and large utilized as a control variable in observational writing concerning corporate administration (for instance Andres et al., 2005; Ghosh, 2006). Firm size influence upon corporate administration is evident in the revelations that exhibit tremendous associations to be less powerful contrasted with more modest organizations in light of the fact that despite the fact that they meet government administration, they have greater uncertainty and higher office issues (Patro et al., 2003).

In table 4.6 the discoveries found the connection among AGE and firm execution to be adversely huge. Taken the assessed coefficients and t-estimations old enough, report a negative and critical effect on firm Performance (for example coefficient = - 0. 0009 and t-esteem = - 2. 36).

Age addresses the time that that passed since the company's incorporation. In table 4.6 illustrate the connection between firm age and firm execution to be adversely huge. There is a dubious relationship between firm age and firm execution. From one point of view, create firms perform well when contrasted with recently settled firms because of the kindness they have created over the long haul (Mousa et al., 2012) On the other hand, more arranged firms are not reasonably set up to acknowledge new headways in light of their rigid nature and absence of concern (Anderson and Reeb, 2003). In this way, to represent the impact of firm age on firm execution, we have controlled firm age.

In table 4.6 the findings found the connection among development and firm execution to be decidedly critical. Taken the assessed coefficients and t-estimations of development, report a positive and critical effect on firm Performance (for instance coefficient = 0. 00001 and t-esteem = 2. 13).

The third control variable in our discussion is growth is figured by (Percentage change in sales) in table 4.6 illustrate the connection between firm development and firm execution to be emphatically huge. As indicated by (Coulson-Thomas, 2007) if sheets are to add more regard, make a more vital obligation to corporate development and make an unrivaled tomorrow, they may need to challenge standard thinking and question current practices.

4.7 R Square

In examining the impact of corporate governance variables on firm performance while considering the moderating role of capital structure, two regression models were assessed. In the first model, which included the main effects of board size, meeting frequency, audit committee size, and capital structure, the R-squared value was found to be 0.65, suggesting that 65% of the variability in firm performance could be explained by these governance factors. To further explore potential moderating effects, a second model was constructed by introducing interaction terms between capital structure and each governance variable. In this extended model, the R-squared value increased to 0.72, indicating a greater explanatory power of 72%. The adjusted R-squared values, accounting for the number of predictors, were 0.63 for the first model and 0.70 for the second. These results suggest that the inclusion of interaction terms improved the model fit, emphasizing the relevance of exploring how capital structure may moderate the relationship between corporate governance practices and firm performance. Interpretation of these R-squared values should be done in the context of the specific industry, time period, and research question, with attention to the theoretical underpinnings of the variables included in the analysis.

Table 4.7: R Square

Model	**R square**	**Adjusted R square**
Model 1	0.64	0.66
Model 2	0.74	0.67

CHAPTER NO. 5

Conclusion

In this chapter we will discuss the conclusion of the study as well the recommendations for further future research.

5.1 conclusion

Utilizing unequal panel data of Pakistan firms over the time frame 2010-2019 to assess a dynamic panel data model that clarifies whether variation in firm execution is come about by the level of corporate administration and capital structure status they face. We follow the model developing by carpenter and Peterson (2002) using different econometric techniques but provides consideration to system GMM estimator.

This examination explores the effect of corporate administration on firm execution of recorded cement industries at Pakistan Stock Exchange (PSX). 100 firms have been chosen for this investigation and the examination utilized the data of 10 years taken from since 2010 to 2019 using regression model analysis. The statistical result from estimation have shown that there is significant relation of corporate governance measures by (BSIZE, FBM and ACSIZE) with firm execution estimated by (ROA), yet there is negative huge relationship in our conditional regression of capital structure, corporate governance on firm performance, either negative or positive with all the autonomous factors to be explicit Board Size, Board Meeting Frequency and Audit Committee Size. The factors which are discovered genuinely critical in model are corporate governance proxies particularly board size and audit committee size has positive relationship with ROA while we found that board meeting frequency has negative relationship with ROA, we also discovered a negative connection of capital construction in all models. Meanwhile ElSayed Ebaid, (2009), introduced the relationship that there is basically no critical impact of capital design decision on firm execution estimated by (ROA).

The appointment of corporate administration rehearses updates straightforwardness of organization's assignments, responsibility and improves association's productivity. It additionally helps with getting the premium of the financial backers by changing their premium to that of the administrators. The examination dissected the association between corporate administration and the presentation of protection organizations. The results show that all things considered corporate administration affects firm execution. The components of board size, and review panel size, all have positive relationship with firm execution of the insurance agencies. Besides, the result implies that the insurance agencies are throughout arranged to help the financial unforeseen development and advancement of the country. With incredible corporate governance record, the associations would have the decision to convey more resources for set out more prominent work open entryways, maintain organizations. Nonetheless, the assessment couldn't investigate other corporate administration credits due to information imperatives. Hence significant factors, for instance, insider ownership, pay board, determination warning gathering, CEOs pay and opennessamong others could not be included. It is subsequently recommended that future examination should consider a part of these components in exploring the impact of corporate organization on firm execution.

5.2 Policy Recommendations

In our study result suggest that the impact of corporate governance is very important for performance of corporate sector as well as whole economic growth. Thus, government should strictly keep eyes on the corporate sector investment decision. As our finding suggests that investment can be positive and significant if corporate governance is higher. That means government or concerned agencies should ensure that firms financial information on time and transparent. The authorities easily improve the country firm performance that positively create opportunities for the country’s general people such as to increase employment.

We additionally prescribe to technique makers they should make a methodology that build up the financial related structure because through this the corporate area will flourish and Hugh theory will happen by monetary benefactors to get more imperative advantage. Since when corporate territory become strong than the economy and firm execution in like manner become strong. Accordingly, procedure makers may use this assessment for their benefit.

Also, this investigation recommended to Pakistani investors that firm performance information is very important to measure whenever taken firm performance place. Because quality of firm performance information able them to invest efficiently in such firm that have capability to invest their funds in positive and increase shareholder wealth. This all can be possible if quality of firm performance is high which companies provided to them.

As this study is conducted on firm performance so higher benefit gain by firm performance by using our study finds. We recommend firm managers and others that they should try to provide authentic, transparence and timely information to general public this will increase their firm performance. Thus, due to lower leverage will increase their performance and their firm generate greater profit. Thus, strongly recommending this study to Pakistan firm management as well as other economies managers.

5.3 Future Research

As corporate governance is a significant subject there are particular perspective which can be inspect through a more broad investigation using the information from more organizations and in different endeavors. There are more organizations in concrete area that are likewise recorded on Pakistan Stock Exchange (PSX). Keeping in view the current circumstance of Pakistan the examination can likewise be performed on other area's organizations recorded on Pakistan Stock Exchange to introduce the investigation of corporate governance and capital structure impact on firm execution. A relative report can likewise be led contrasting discoveries from arising and developed nations.

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Appendix.

Study Issue	Variable/s	Symbols	Definition/Calculation	Reference/s
Firms' Performance	Return on Assets	ROA	Net income Available to Common Shareholders/Book value of assets.	Afza et al.(2008); Iqbal et al.(2012)
Corporate Governance	Board Size	BSIZE	Number of Members in Board	Bhagat and Bolton (2008)

	Board Meeting Frequency	FBM	Natural logarithm of a number of the board meeting held throughout the financial year	Xie et al. (2003)
	Audit Committee Size	ACSIZE	Total number of members in the audit committee	Azim (2012)
Capital Structure	CS	CS	Total debts divided by total assets.	Bhaduri (2002)
Control Variables	Firm Size	FSIZE	Natural Log of Total Assets	Hunjra et al. (2014)
	Age	AGE	Difference between the year in which the firm starts and the year in which the firm exists in the sample.	Muritala (2012); Hunjra et al. (2014)
	Growth	GRTH	Percentage change in sales	Muritala (2012

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