
**COPORATE GOVERNANCE AND RISK TAKING WITH
MODERATING ROLE OF PRODUCT MARKET
COMPETITION**



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A thesis submitted to the Department of Management Sciences, Bahria University Islamabad in partial fulfillment of the requirements for the degree of

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DEDICATION

I dedicate my work to all my teachers, and especially to my parents who has inspired and supported me by all means, Whatever I am, my work that I am doing and I have done, and all my success is because of their good wishes, blessings and their confidence in me. May Allah Pak give them long and healthy life, May Allah Pak showers His blessings upon my affectionate teachers and parents.

AMEEN

Rizwan Musharaf

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Abstract

This research explores the association of Corporate governance and firms risk-taking ability and how this relationship has been moderated by product market competition. Corporate governance covers key areas such as board structure, ownership structure and audit quality. The research uses CapM by William Sharpe to measure idiosyncratic risk, and Herfindahl Hirschman Index to measure product market competition. Using a sample of 281 non-financial firms from 2011 to 2016, this study uses both Static and Dynamic Data-Estimation regression approach to uncover the relationship. Results revealed that the corporate governance significantly impact the firm's risk-taking ability and product market competition moderates the relationship between corporate governance and idiosyncratic risk.

Keywords: *Corporate Governance Index, Product Market Competition, Managerial ownership, Corporate Risk Taking, Firm performance, Board Structure, Ownership Structure, Audit Quality and Audit Committee Composition.*