How Corporate Governance Influence on Firms Performance: An Association between Fuel and Power Sector Listed in KSE-100

Mansoor Ahmed

M.S Scholar in Mohammad Ali Jinnah University, Karachi

Abstract

The purpose of this paper to examines the impact of corporate governance on firm's performance for listed companies of Fuel and Power. In this paper we analyzed the corporate governance such as board size, board independence block holders on firm performance (ROE, ROA, Tobin's Q, Firm Size and leverage). It covers the study for the period of 2010-2014 with 15 listed companies of Fuel and Power in KSE using linear regression analysis. The empirical findings show a firm size and leverage is significant effect with corporate governance and also positive association between board of independence and firm's performance. The research has been limited to some selected fuel and power sector companies focus on the comparison of corporate governance 2002 and 2012. This paper suggests the reforms of corporate governance in Pakistan companies or firms especially in board size and block holders should be promoted to the other sectors.

Keywords: Corporate Governance, Fuel and Power Sectors, Karachi Stock Exchange

1.0   Introduction

Good corporate governance always presents to be maintained at a certain level of economic development by intensify the corporate performance and become their entrance to exterior resources. In developing markets good corporate governance assist to achieve the guidelines of number of goals. It decreases at risk of the financial catastrophe, decreasing the transaction cost and cost of capital. Corporate governance always promotes relationship of the management and BOD and they always try to better governance in the future. In Pakistan, the publicizing of the SECP Code of Corporate Governance 2012 promulgate the some important points to the listed companies as well as the other firms whose directly or indirectly included in the corporate sector in Pakistan.

We try to find out the association betwixt corporate governance and firm performance in energy and power sectors, whether they are giving the good result or not in the current situation. Corporate governance is mechanism by which all the firms are interconnected to each other, they examined the management whether they perform the work on time or they better organized the BOD whereas they are always liable for the governance of their decisions. The block holders are appoint the directors and the auditors and to convince them to better governance in the region.

In broad sense stakeholders such as suppliers and employees will favor to being to be involved in to business association with well-control companies, since outcome the associations are likely to be more flourishing financially, equitable and extended to lasting measure with association with companies where corporate governance practices are not having enough of a specified quality. They will also benefit from less risk and the enhance wealth formation of the company.

Some researcher argument about corporate governance such as (Berle and Means, 1932); and Jensen and Meckling, 1976) corporate governance assumes underlying tenseness between stockholders and the managers who they participate in the business. However, (Fama and Jensen, 1983) Observing the individualistic and participate BOD convince that comptroller attitude in the foremost attentiveness of the stake holders.

The empirical evidence shows with the large number of learning record a noteworthy pessimistic relation between BS and CF. According to dominant intellects who have insist that board size at least 8 or 9 (Lipton and Lorsch, 1992; and Jensen, 1993) for every one of the organizations. However, a various number of the latest research papers (Lehn et al., 2004; Boone et al., 2007;Coles et al., 2008; Guest,2008; and Linck et al., 2008) exhibit that Tobin's Q, profitability and firm size are the part of the board size which is confirmed by the more variables who relate with the extra firms.

Corporate Governance ameliorates with the initiation Corporate Governance Ordinance in 2002. There is very short task to analyze the relationship between corporate governance and their stake holder depiction in the Pakistan. The literature on corporate governance focus on the topic of stock holder congruence, whereas shareholder who relates with a family or a person or worker or manager or financial institution or foreign enterprise that indication is how much shareholder retains the shares.

Numerous empirical studies have opinion upon the momentousness of independent directors to favorable result of a firm. According to (Elloumi and Gueyié, 2001) opinions that the firms have excessive number of independent directors have resulted slightly persistent to financial pressure in a board. According to Lasfer (2002), Coles et al. (2004) and Pass (2004) assert that the size of the firm pertinent to influence on board independence. In additional, small firms are better significant influence on firm's performance for board independence however, large firms to have much multiplex influence of board independence on performance that possibility of unable to

see or be seen clearly.

2.0   Research Problem
The study problem is to examine that:
- How board independence, board size and block holder's impact on Firm's Performance?
- What is the association betwixt corporate governance and firm's performance?

2.1   Research Objective
- To find out the influence of board independence, board size and block holders on firm performance of fuel and power sectors.
- To find out the association betwixt corporate governance and firm's performance.

2.2   Research Scope
This research will focus particularly Fuel and Power Sector which is listed in KSE-100 through 2010-2014 and they focus on the previous researches with the verification regarding corporate governance on firm's performance.

3.0   Literature Review
Corroboration from prior research studies from academic literature have tried to found out verifies clout of corporate governance on a firm's performance. A literature review of the following characteristics covered to corporate governance such as board size, independent directors and block holders.

A research framework is given below in figure:
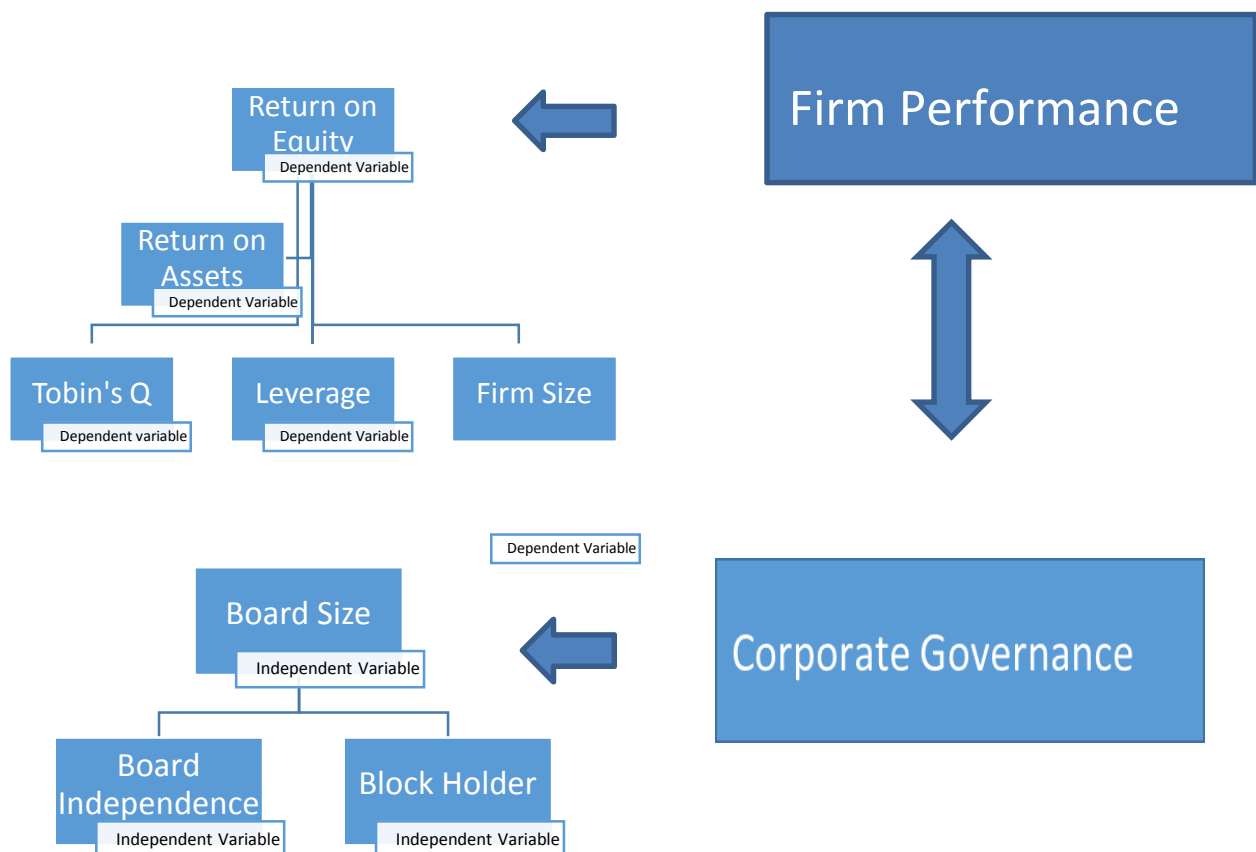
1)   Board Size and Firm Performance:
An interrelation in the middle of board size and a firm's performance, a small group of point of view of notion gives argues with ground basis. The first point of view that a small board size will give additional opulence to the firm (Lipton and Lorsch, 1992; Jensen, 1993; Yermack, 1996) along with this support by numerous viewpoint of thoughts also, further thought examine that a great size of board will increase a firm's opulence (Pfeffer, 1972; Klein, 1998; Coles and ctg, 2008).Coles et al.(2008) find out i.e., few other internal elements influence in the firm resulting gives the pessimistic tie-up of board size accompanied by firm achievement.

According to Hermalin and Weisbach (2003) argue that board size and firm value are pessimistic associated. The negative board size influence predictable only to firms with a juxtaposition great size of directors.

Lipton and Lorsch (1992) assert that optimum level in a size of board at least 8 or 9. However, Dahya and McConnell (2007), and Wintoki, Linck and Netter (2012), find out the board size and firm performance are not link there. Our research manoeuver a specimen of 75 observations over the period 2010–2014 and find out the impact of Board Size in Fuel and Power sector stipulate that the out-turn of board size on firm opulence is insignificantly pessimistic especially in countries where weaker governance.

2)   Board Independence and Firm Performance:

Some researcher significant arguments upon the board independence, such as first argued that few figure of board members can swell footprint on independence of board (Berle and Means, 1932; Solomon, 2010; Chen, 2011; Al-Janadi et al., 2013).A higher quality model of stakeholders to furnish the associates of independent board that they can ameliorate the worth of good governance. (Clarke, 1998; Solomon, 2010).Haniffa and Cooke (2002) and Barako et al. (2006) avow that their grasp and proficiency given by independent directors that could encouragement to the board and their committees.

Assorted achievements of board and firm regarding segment of non-executive director research affirmation. According to Fosberg (1989); Hermalin and Weisbach (1991); Bhagat and Black (2002) and Abdelsalam, Masry and Elsegini (2008) assert that fraction of independent directors and firm performance have no alliance it measures, especially in weaker countries where weaker governance .Our research using a sample of 75 observations over the period 2010–2014 and investigate the valuation impacts of independent directors in Fuel and Power sector indicate that the consequence of independent directors on firm wealth is noteworthy positive.

3)   Block holders and Firm Performance:

Block holders are shareholders who lean to have a big portion of the company's shares as compared to other shareholders. In particular, block holders play momentum role in any firm along with corporate governance should be focus on the required adroitness and time to firm's accomplishment. According to Denis and McConnell (2003), Becker et al. (2011) avow that, concentrating on relating to managerial power may impact on block holding to accomplishment the firm's performance. Demsetz and Lehn (1985) avow that block holder to give intellectual benefit for the purpose of limit the allocating of controlling the firm wealth. Also, block holder alleviate the wealth of management and through the investiture ameliorate the productivity of the firm (Jensen (1986)).

According to Villalonga and Amit (2006) specify that block-holders' ownership is negatively correlation with firm accomplishment, and also Lefort and Urzúa (2008) point out that firm performance and block holder is negatively correlated to each other. Belkhir (2009) also argues that block-holders' ownership and firm performance an opposite direction to each other.

4.0   METHODOLOGY

This research using a sample of 75 observations over the period 2010–2014 and investigate the valuation impacts of block holders in Fuel and Power sector indicate that the outcome of block holder on firm wealth is insignificantly negative.

1)   Hypothesis

On the basis of above study the following hypotheses have been developed:

H1: Corporate governance does not influence on ROE

H2: Corporate governance does not influence on ROA

H3: Corporate governance does not influence on TQ

H4: Corporate governance influence on FS

H5: Corporate governance influence on LEV

2)   Data Collection Method:

Secondary data is gathered from the Analysis of Balance sheet, Report of SBP of Joint stock companies listed of fuel and power on Karachi Stock Exchange-100, and annual reports of the listed companies of fuel and power sector.

3)   Analysis of Data Tool:

We have look over our data by using E-views software.

4)   Specification of Model:

These models are used to test the hypothesis

The following five models will be used to test the research hypotheses:

$ROE = \beta_0 + \beta_1 (BI) + \beta_2 (BS) + \beta_3 (BH) + \varepsilon$ ....(1).

$ROA = \beta_0 + \beta_1 (BI) + \beta_2 (BS) + \beta_3 (BH) + \varepsilon$...(2).

$TQ = \beta_0 + \beta_1 (BI) + \beta_2 (BS) + \beta_3 (BH) + \varepsilon$...(3).

$FS = \beta_0 + \beta_1 (BI) + \beta_2 (BS) + \beta_3 (BH) + \varepsilon$ ....(4).

$LEV = \beta_0 + \beta_1 (BI) + \beta_2 (BS) + \beta_3 (BH) + \varepsilon$ ....(5).

5)   Research Variables

Dependent Variables

ROE: Return on Equity of the Fuel and Power Sectors

ROA: Return on Assets of the Fuel and Power Sectors
TQ: Tobin's Q of the Fuel and Power Sectors
FS: Firm Size of the Fuel and Power Sectors
LEV: Leverage of the Fuel and Power Sectors
Independent Variable
BI: Board Independence of the Fuel and Power Sectors
BS: Board Size of the Fuel and Power Sectors
BH: Block Holder of the Fuel and Power Sectors
ε: The error term.
β0: Constant

6.0)   Results and Discussion:

Table-01.Multiple Regressions.

V	Coeft.	Std. Er	t-Stat	Prob.
C	24.02831	3.895310	6.168523	0.0000
BI	6.640713	8.211437	0.808715	0.4214
BS	-4.699909	5.094776	-0.922496	0.3594
BH	-47.81889	27.70524	-1.725987	0.0887
R^2	0.064544	M.D.V		20.82160
Adj. R^2	0.025018	S.D.D.V		13.64583
S.E.O.R	13.47405	A.I.C		8.091267
S^2-res	12890.05	S.C		8.214866
Log lik-li	-299.4225	H-Q.C		8.140619
F-stat.	1.632942	D-W.S		0.920947
Prob(F-stat.)	0.189419			

Analysis:
ROE dependents on BI, BS and BH or other 6.45% fluctuation of ROE can be explained by three variables such as BI, BS and BH. These independent variables can influence 6.45% only on ROE and rest of percentage fluctuation on ROE i.e., means outside independent variables that influence on 93.55% but inside factor can be influence on 6.45% so that means dependent and independent variable are not relate each other. We found from the multiple linear regressions that all the independent variables shows insignificant effect on dependent variable and also +ve sign indicates a direct relationship between BI with ROE, but overall F-Stats shows .189 which means 0.189419 >.05. So, this is insignificant.
Therefore, the return on assets impacts on Fuel and Power Sectors. The following equation has been made after the outcomes of the model research testing:
ROE = 24.02831 +6.640*BI-4.699*BS-47.818*BH + ε

Table-02.Multiple Regressions

V	Coeft.	Std. Er	t-Stat	Prob.
C	6.865569	2.068055	3.319820	0.0014
BI	21.64582	4.359525	4.965179	0.0000
BS	-1.549174	2.704862	-0.572737	0.5686
BH	-5.281498	14.70896	-0.359067	0.7206
R^2	0.271194	M.D.V		9.763600
Adj. R^2	0.240399	S.D.D.V		8.207777
S.E.O.R	7.153494	A.I.C		6.824937
S^2-res	3633.246	S.C		6.948537
Log lik-li	-251.9351	H-Q.C		6.874289
F-stat.	8.806538	D-W.S		0.499887
Prob(F-stat.)	0.000049			

Analysis:
ROA dependents on BI, BS and BH or other 27.11% fluctuation of ROA can be explained by three variables such as BI, BS and BH. These independent variables can influence 27.11% only on ROA and rest of percentage fluctuation on ROA i.e., means outside independent variables that influence on 72.81% but inside factor can be influence on 27.11% so that means dependent and independent variable are not relate each other. We found from

the multiple linear regressions that the significant effect of BI on ROA which means .000 < .05 and also the +ve sign indicates a direct relationship between BI with ROA, but overall F-Stats shows .000049 which means 0.000049 < .05 so, this is significant.

Therefore, the return on assets impacts on Fuel and Power Sectors. The following equation has been made after the outcomes of the model research testing:

ROA = 6.865+21.645*BI-1.549*BS-5.281*BH + ε

Table-03.Multiple Regressions.

V	Coeft.	Std. Er	t-Stat	Prob.
C	0.868388	1.208487	0.718574	0.4748
BI	3.540978	2.547530	1.389965	0.1689
BS	0.082117	1.580612	0.051953	0.9587
BH	-2.671274	8.595321	-0.310782	0.7569
R^2	0.032355	M.D.V		1.539359
Adj. R^2	-0.008531	S.D.D.V		4.162495
S.E.O.R	4.180212	A.I.C		5.750460
S^2-res	1240.666	S.C		5.874059
Log lik-li	-211.6422	H-Q.C		5.799811
F-stat.	0.791347	D-W.S		0.062912
Prob(F-stat.)	0.502724			

Analysis:

TQ dependents on BI, BS and BH or other 3.235% fluctuation of TQ can be explained by three variables such as BI, BS and BH. These independent variables can influence 3.235% only on TQ and rest of percentage fluctuation on TQ i.e., means outside independent variables that influence on 96.765% but inside factor can be influence on 3.235% so that means dependent and independent variable are not relate each other. We found from the multiple linear regressions that all the independent variables shows insignificant effect on dependent variable and also +ve sign indicates a direct relationship between BI and BS with TQ, but overall F-Stats shows .5027 which means 0.5027 >.05. So, this is insignificant.

Therefore, the Tobin's Q impacts on Fuel and Power Sectors. The following equation has been made after the outcomes of the model research testing:

TQ = .8683 +3.540*BI-.0821*BS-2.671*BH + ε

Table-04.Multiple Regressions.

V	Coeft.	Std. Er	t-Stat	Prob.
C	8.089770	0.092493	87.46405	0.0000
BI	0.789382	0.194977	4.048588	0.0001
BS	-0.614774	0.120973	-5.081895	0.0000
BH	-2.991282	0.657849	-4.547061	0.0000
R^2	0.474372	M.D.V		7.731733
Adj. R^2	0.452162	S.D.D.V		0.432252
S.E.O.R	0.319936	A.I.C		0.610465
S^2-res	7.267480	S.C		0.734065
Log lik-li	-18.89245	H-Q.C		0.659817
F-stat.	21.35882	D-W.S		0.779820
Prob(F-stat.)	0.000000			

Analysis:

FS dependents on BI, BS and BH or other 47.43% fluctuation of FS can be explained by three variables such as BI, BS and BH. These independent variables can influence 47.43% only on FS and rest of percentage fluctuation on FS i.e., means outside independent variables that influence on 52.57% but inside factor can be influence on 47.43% so that means dependent and independent variable are satisfactory relate to each other. We found from the multiple linear regressions that the significant effect of BI, BS and BH on FS which means .000 < .05 and also the +ve sign indicates a direct relationship between BI with FS, but overall F-Stats shows .0000 which means 0.0000 < .05 so, this is significant.

Therefore, the firm size impacts on Fuel and Power Sectors. The following equation has been made after the outcomes of the model research testing:

FS = 8.089+.789*BI-.614*BS-2.991*BH + ε

Table-05.Multiple Regressions

V	Coeft.	Std. Er	t-Stat	Prob.
C	13.70083	2.849596	4.807991	0.0000
BI	-12.88846	6.007039	-2.145560	0.0353
BS	3.826625	3.727060	1.026714	0.3080
BH	-67.43553	20.26764	-3.327251	0.0014
R^2	0.163820	M.D.V		12.39120
Adj. R^2	0.128488	S.D.D.V		10.55851
S.E.O.R	9.856880	A.I.C		7.466075
S^2-res	6898.224	S.C		7.589674
Log lik-li	-275.9778	H-Q.C		7.515427
F-stat.	4.636642	D-W.S		0.603238
Prob(F-stat.)	0.005113			

Analysis

LEV dependents on BI, BS and BH or other 16.38% fluctuation of LEV can be explained by three variables such as BI, BS and BH. These independent variables can influence 16.38% only on LEV and rest of percentage fluctuation on LEV i.e., means outside independent variables that influence on 83.62% but inside factor can be influence on 16.38% so that means dependent and independent variable are not relate each other. We found from the multiple linear regressions that the significant effect of BI and BH on LEV which means .0353< .05, .0014< .05 and also the +ve sign indicates a direct relationship between BS with LEV, but overall F-Stats shows .00511 which means 0.005113 < .05 so, this is significant.

Therefore, the Leverage impacts on Fuel and Power Sectors. The following equation has been made after the outcomes of the model research testing:

LEV = 13.700-12.888*BI+3.826*BS-67.435*BH + ε

Correlation Results:

	ROE	ROA	TQ	FS	LEV	BI	BS	BH
ROE	1.000000	0.681676	-0.367204	0.407967	0.512761	0.093450	-0.099938	-0.221152
ROA	0.681676	1.000000	-0.252581	0.320216	0.336387	0.515723	0.073906	-0.106783
TQ	-0.367204	-0.252581	1.000000	0.064786	-0.228016	0.176167	0.047822	-0.057423
FS	0.407967	0.320216	0.064786	1.000000	0.202793	0.286564	-0.128138	-0.154776
LEV	0.512761	0.336387	-0.228016	0.202793	1.000000	-0.034188	-0.009204	-0.335354
BI	0.093450	0.515723	0.176167	0.286564	-0.034188	1.000000	0.260234	-0.124146
BS	-0.099938	0.073906	0.047822	-0.128138	-0.009204	0.260234	1.000000	0.074113
BH	-0.221152	-0.106783	-0.057423	-0.154776	-0.335354	-0.124146	0.074113	1.000000

Analysis:

In ROE is strongly correlated with changes in the ROA and LEV whereas negative correlation with BS and TQ and vice versa.

In ROA is strongly correlated with changes in ROE and BI whereas negative correlation with TQ and BH and vice versa.

In TQ is weakly correlated with changes in FS, BI and BS whereas negative correlation with ROE, ROA, LEV and BH

In FS is weakly correlated with changes in TQ, LEV and BI whereas negative correlation with BS and BH and vice versa

In LEV is strongly correlated with changes in ROE whereas negative correlation with TQ, BI, BS and BH and vice versa

In BI is strongly correlated with changes in ROA whereas negative correlation with LEV and BH and vice versa

In BS is weakly correlated with changes in ROA, TQ, BI wand BH whereas negative correlation with ROE, FS and LEV

In BH is weakly correlated with changes in BS whereas negative correlation with rest of all variables

6)   Conclusion

This research is assessing working corporate governance and its components with firm's performance with 15 listed companies of Fuel and Power Sectors in KSE over the period from 2010 to 2014 were used.

Based on the finding of the research, following conclusions are dawned:

Our present findings of the results are support to the prior researches. According to the results of the models are corporate governance does not impact or insignificant impact on firms performance such are as ROE, ROA and

Tobin's Q so, research hypothesis is accepted. However, significant or does impact on firm size and leverage so, research hypothesis are accepted.

From overall results are analyzed that association between BH and BS are found negative whereas positive association of BI on firms performance. According to Dahya, Dimitrov and McConnell (2008) argue that the correlation between firm value and the percentage of independent directors is positively significant, however this report shows above the model the significant association between BI and firms performance. In Corporate Governance 2002 describe that at least only one independent director should in the public listed company also the criteria for independence assessment was very limited and in corporate governance ordinance, 2012 has been expanded and one independent director should be obligatory for $1/3^{rd}$ of the total members of the BOD so that's why board independence is a vital role play in fuel and power sectors in the Pakistan.

References

Abdelsalam, O., Masrey,E.A., & Elsegini,S. (2008). Board composition, ownership structure and dividend policies in an emerging market further evidence from CASE 50.*Managerial finance*, 34(12).

Al-Janadi, Y. Rahman, A. & Omar, N. (2013).'Corporate Governance Mechanisms and Voluntary Disclosure in Saudi Arabia', *Research Journal of Finance and Accounting*, Vol. 4, No. 4, Pp.25-35.

Barako, G. Hancock, P. & Izan, Y. (2006). 'Factors Influencing Voluntary Corporate Disclosure by Kenyan Companies', *Corporate Governance: An International Review*, Vol. 14, No. 2, Pp.107-125.

Becker, B. et al (2011), "Estimating the effects of large shareholders using a geographic instrument".*Journal of Financial and Quantitative Analysis*, 46(4), 907-942.

Belkhir, M. (2009). Board Structure, Ownership Structure and Firm Performance: Evidence from Banking. *Applied Financial Economics*, 19(19), 1581-1593.

Berle, A. & Means, G. (1932).*The Modern Corporation and Private Property*, Macmillan, New York, US.

Berle, A. A., & G. C. Means (1932) *The Modern Corporation and Private Property*. New York.

Bhagat, S. & Black, B.(2002). The Non-correlation between Board Independence and Long-term Firm performance.*Journal of Corporation Law*, 27(2), 231-274.

Boone, A. L., Field, L. C., Karpoff, J. M. & Raheja, C. G. (2007) The determinants of corporate board size and composition: An empirical analysis, *Journal of Financial Economics*, 85, 65-101.

Boone, A.L., Field, L.C., Karpoff, J.M. & Raheja, C.G. (2007),''The determinants of corporate board size and compositions: an empirical analysis'', *Journal of Financial Economics,* Vol. 85 No.1, pp.66-101.

Chen, H. (2011). 'Does Board Independence Influence the Top Management Team? Evidence from Strategic Decisions toward Internationalization', *Corporate Governance: An International Review*, Vol. 19, No. 4, Pp.334-350.

Clarke, T. (1998). 'The Stakeholder Corporation: A Business Philosophy for the Information Age', Long Range Planning, Vol. 31, No. 2, Pp.182-194.

Coles, J. L., Daniel, N. D. & Naveen, L. (2008) Boards: Does one size fit all? *Journal of Financial Economics,* 87, 329-356.

Coles, J., L., Daniel, N., D. & Naveen, L. (2008), "Boards: Does one size fit all?",*Journal ofFinancial Economics*, 87(2), 329-356.

Coles, J., N. Daniel, & L. Naveen. 2004. "Boards: Does One Size Fit All?" *Working Paper*, Arizona State University.

Dahya, J. & McConnell, J. J. (2007).Board Composition, Corporate Performance, and the Cadbury Committee Recommendation. Journal of Financial and Quantitative Analysis, 42(3), 535-564.

Dahya, J., Dimitrov, O. & McConnell, J. J. (2008). Dominant Shareholders, Corporate Boards, and Corporate Value: A Cross-Country Analysis. *Journal of Financial Economics,* 87(1), 73-100.

Demstez, H. Lehn, K., (1985), The structure of corporate ownership: Causes and consequences. *Journal of Political Economy, 93*, 1155-1177.

Denis, D., K. & McConnell, J. (2003), "International Corporate Governance".*Journal of Financeand Quantitative Analysis*, 38(1), 1-36.

Elloumi, F. & Gueyié, J., P. (2001), "Financial distress and corporate governance: an empirical analysis". *Corporate Governance*, 1(1), 15-23.

Fama, E. F., & M. Jensen (1983) Separation of Ownership and Control.*Journal of Law andEconomics* 26, 301–325.

Fosberg, R. (1989), Outside directors and managerial monitoring, *Akron Business and EconomicReview*, Vol.20,pp. 24-32.

Guest, P.M. (2008) The determinants of board size and composition: Evidence from the UK, *Journal of Corporate Finance*,14 , 51-72.

Haniffa, R. & Cooke, T. (2002). 'Culture, Corporate Governance and Disclosure in Malaysian Corporations', *A Journal of Accounting, Finance and Business Studies (Abacus),* Vol. 38, No. 3, Pp.317-349.

Hermalin, B. E. & Weisbach, M. S. (2003) Boards of directors as an endogenously determined institution: A survey of the economic evidence, Economic Policy Review,9,7-26.

Hermalin, B., & Weisbach, M. (1991).The effect of board composition and direct incentives on firm performance.*Financial Management*, 20(4), 101-12.

Jensen, M. C. (1986), "Agency Costs of Free Cash Flow, Corporate Finance and Takeovers." *AmericanEconomic Review*, 76, 323–329.

Jensen, M. C. (1993) The modern industrial revolution, exit, and the failure of internal control systems, *Journal of Finance,* 48, 831-880.

Jensen, M., & W. Meckling (1976) Theory of the Firm: Managerial Behaviour, Agency Costs, and Ownership Structure.*Journal of Financial Economics* 3, 305–360.

Klein, A. (1998), "Firm Performance and Board Committee Structure".*Journal of Law andEconomics*, 41(1), 275-303.

Lasfer, M. A. 2002. "Board Structure and Agency Costs".*Discussion Paper*, City University Business School, Barbican Centre, London.

Lefort, F. & Urzúa, F. (2008). Board Independence, Firm Performance and Ownership Concentration: Evidence from Chile. *Journal of Business Research*, 61(6), 615-622.

Lehn, K., Sukesh, P. & Zhao, M. (2004) Determinants of the size and structure of corporate boards: 1935-2000, Working Paper, *Katz Graduate School of Business.*

Linck, J., Netter, J. & Yang, T.(2008) The determinants of board structure, *Journal of FinancialEconomics*, 87,308-328.

Lipton, M. & Lorsch, J. W. (1992) A modest proposal for improved corporate governance, *Business Lawyer*, 48, 59-77.

Pass, C. 2004. "Corporate Governance and the Role of Non-Executive Directors in Large UK Companies: An Empirical Study". *Corporate Governance*, 4(2): 52-63.

Pfeffer, J. (1972), "Size and Composition of Corporate Boards of Directors: The Organization and its Environment". *Administrative Science Quarterly*, 17(2), 218-228.

Solomon, J. (2010). *Corporate Governance and Accountability,* 2nd Edition, Hoboken, NJ, Wiley, Chichester, UK.

Villalonga, B. & Amit, R. (2006). How do Family Ownership, Control and Management Affect Firm Value? *Journal of Financial Economics*, 80(2), 385-417

Wintoki, M. B., Linck, J. S. & Netter, J. M. (2012).Endogeneity and the Dynamics of Internal Corporate Governance.*Journal of Financial Economics*, 105(3), 581-606.

Yermack, D. (1996) Higher market valuation of companies with a small board of directors, Journal of Financial Economics, 40, 185-221.