

Impact of Corporate Governance on Investment Efficiency: Evidence from Non-Financial Firm of Pakistan

* Asiya Khattak, PhD Scholar (Corresponding Author)

** Dr. Arif Hussain, Assistant Professor

*** Dr. Junaid Athar Khan, Assistant Professor

Abstract



The study aimed to investigate the impact of corporate governance on the investment efficiency of the non-financial firms of Pakistan. Data was taken from a sample of 56 non-financial firms listed on the Pakistan stock exchange. The data was collected from the year 2010 to 2020. Results of the Generalized method of moments (GMM) indicated a statistically significant impact of corporate governance practices i.e., board independence, board meeting, the board size, audit committee meeting, audit quality, managerial ownership, ownership concentration, and institutional ownership except for audit committee independence on investment efficiency. However, no statistically significant impact of audit committee independence on investment efficiency was found. The research concluded that adopting international standards of corporate governance might help formulate and rectify the governance system in the country by emulating the successful features of corporate governance seen in advanced economies.

Keywords: Corporate Governance (CG), Investment Efficiency (IEN), GMM

Introduction

After the Asian financial crisis of 1997–1998 (Norwani et al., 2011) impacted numerous Southeast Asian nations, including Pakistan, the need for good corporate governance became apparent. The crisis revealed a lack of accountability and transparency as well as a poor capital structure and untenable gearing level. Transparent financial statements and high-quality financial reporting are just two of the many benefits that strong and effective corporate governance brings to stakeholders, according to the research. Improved investment decisions and greater stock value may result from good governance because of the reduced agency costs associated with monitoring and regulating management. Characteristics of a Responsible Business Organization The Board of Directors independence, size, and management ownership may all have an impact on the reliability of financial statements. There is evidence that public companies with independent directors have more trustworthy financial reports. Company performance increases when the number of board members and the proportion of company executives who hold shares both increase. These figures demonstrate that the board of directors has qualified members who will monitor the company's finances and operations closely. Better financial reporting, performance, value, and investment efficiency are all goals of this study.

Maximizing shareholders' returns via cost-effective investment is a top priority for every company. Although a high rate of return is something to strive for, it is not without its risks, and there is always the possibility that your investment might end up losing money. This involves monitoring the company's investment managers to ensure they are generating a satisfactory return for shareholders. To be in a position to seize advantageous possibilities, people must also actively work to increase their wealth at a lower cost. To entice serious investors, it may be necessary to set and maintain rigorous corporate governance policies. Despite the importance of corporate governance and investment efficiency, there is a dearth of research on these topics. There has been researched on the

* Institute of Business studies and Leadership, Abdul Wali Khan University Mardan
Email: asiya@northern.edu.pk

** Institute of Business studies and Leadership, Abdul Wali Khan University Mardan
Email: arifhussain@awkum.edu.pk

*** Institute of Business Studies and Leadership, Abdul Wali Khan University Mardan
Email: junaid@awkum.edu.pk

possible causal relationship between the governance systems and the quality of financial reporting, as well as the potential causal relationship between the quality of financial reporting and the efficiency of investments. This exemplifies the value of good corporate governance in guiding a business's investment strategy and other functions. To rephrase, the agency problem is mitigated when solid corporate governance structures are in place since management cannot hide the value of their investment from shareholders and other stakeholders. Because of this motivation, this research intends to analyze how corporate governance affects the effectiveness of investment for non-financial businesses in Pakistan. This study takes into account a variety of Board (Board independence, Board size, Board meeting), Audit (Audit quality, Audit committee independence, Audit committee meetings), and Management (Ownership characteristics, management ownership, and institutional ownership) aspects.

There are several ways in which this research adds to the existing body of knowledge. First, it helps answer the question of whether or not a correlation exists between corporate governance measures and the investment efficiency of companies. Second, this research will educate shareholders, managers, board members, and creditors on the state of corporate governance and the cost-effectiveness of investments in Malaysian businesses. Third, the results would help businesses keep an eye on and manage their performance, while also showing them the value and importance of corporate governance.

Objectives of the study

Below are the study objectives

- To investigate the impact of the board characteristics (Board independence, board size, board meeting) on the investment efficiency of non-financial firms in Pakistan.
- To investigate the impact of audit characteristics (audit quality, audit committee independence, audit committee meetings) on investment efficiency of non-financial firms in Pakistan.
- To investigate the impact of managerial characteristics (ownership characteristics, managerial ownership, and institutional ownership) on the investment efficiency of non-financial firms in Pakistan.

Literature Review

Agency Theory

Tensions between the principal (the company owner) and the agent (the person hired to run the firm) are predicted by Agency Theory (Jensen & Meckling, 1976). (the manager). Agent monitoring services are often paid for by the principal. This research shows that owners (shareholders) pay a measurable "agency cost" in monitoring management's performance (agent). The money will go toward hiring experienced external auditors and boosting the Good corporate governance is based on a large number of independent non-executive directors and a large number of executive directors who are not themselves executives. In the context of this study, the moral hazard issue suggests that the management may not endeavor to maximize the company's investments, which might result in lesser returns than the shareholders had hoped for.

Corporate Governance

A collapse in corporate governance practices was revealed by a string of accounting scandals, firm failures, and management misconduct (Kiel & Nicholson, 2003). During the 1997–1998 Asian financial crisis, flaws in corporate governance practices became apparent, prompting demands for quick adjustment. To assess the quality of corporate governance in Malaysia's private sector, the country's government established the High-Level Financial Committee on Corporate Governance in 1999. To aid businesses and their boards of directors, the Malaysian government drafted the Malaysian Code of Corporate Governance (MCCG) in the year 2000. It describes the corporate governance structure and its internal processes while emphasizing the principles and best practices of good governance. The purpose of the 2007 update to the MCCG was to give the board of directors more power and guarantee that its committees would fulfill their mandates efficiently. In 2012, it was updated once more to incorporate a focus on market regulation to supplement the internal governance mechanisms. With the expectation that these changes would boost productivity, corporate governance reforms were put into effect. By instituting checks and balances and giving all relevant parties a voice, good corporate governance guarantees that businesses prioritize their investors' and other stakeholders' interests. (Manan et al., 2013; Siti) Strong work ethics, independent directors, and block

ownership (Kim et al., 2003). Since numerous empirical studies have suggested that the complex relationships between governance and performance lead to conflicting outcomes, this list is by no means exhaustive. In particular, businesses should use a plethora of monitoring tools all at once, making it simple to switch out or add to less reliable ways (Azim, 2012). An increase in the number of independent non-executive directors on the Board may improve CEO duality practices by ensuring a more balanced allocation of authority in management and decision-making.

Investment Efficiency

When an organization's investment project has a positive NPV in a situation where there is no adverse selection or agency cost, the project is said to be efficient (Li & Wang, 2010). Future growth and product demand are two factors that might influence a company's choice to spend (McNichols & Stubben, 2008). A company may improve its investment efficiency by fortifying its capital structure so that it can readily invest in promising opportunities as they arise (Verdi, 2006). Because of this, the management will be unable to pass on good NPV investments in order to fund such projects, which will lead to underinvestment (Hubbard, 1998). Despite having access to funds, the corporation may find itself in a position where it is underinvesting. The company's management steals money by investing inefficiently to further his or her own goals (Verdi, 2006). Underinvestment and overinvestment are proxies for the amount of money a company should be spending on its various departments. Overinvestment is the decision to put money into a project that has a negative net present value, whereas underinvestment is the decision to forego investment possibilities that would have resulted in a positive net present value (Li & Wang, 2010). If the business succeeds in reaching its ideal investment position, it will have maximized its investment efficiency. Inefficient investment is often the result of information asymmetry inside a company (Myers & Majluf, 1984; Verdi, 2006). If a management is aware of a potentially lucrative investment opportunity, agency theory suggests that they may choose to ignore it out of concern for the organization's moral standing. Previous research has shown that reducing information asymmetry via accurate financial reporting improves investment returns. As a result of the low degree of information asymmetry between the firm and its investors, the price of obtaining money and monitoring the company's management will be lowered. As a result, this will help with project selection in a roundabout way (Verdi, 2006). Quality financial information gives data on investment possibilities, which increases the effectiveness of investments (Gilaninia et al., 2012; Healy & Palepu, 2001). Overspending and underspending are used here as stand-ins for actual investment positions. Both proxies have connections to investing inefficiency. Research suggests that companies with little financial resources are more likely to underinvest, whereas those with substantial cash reserves are more likely to overinvest (Verdi, 2006). Biddle et al. (2009) used investment below forecast (so-called smaller investment) and investment above forecast (investment above forecast) as a function of revenue growth (so-called excess investment). Similar to Biddle's et al. (2009) and Kangarlouei (2005), this research also uses (2011).

Corporate Governance and Investment

Governance practices and the level of investment made by a business may be read as indications of its management, strategic focus, and financial health. Investment may be affected by the form of a company's board of directors, although this topic has received less attention. Previous research has substituted corporate governance for the strength of the connection between financial reporting quality and investment efficiency (Li & Wang, 2010). Investment decisions and organizational output may be affected by the accuracy of financial accounting data, according to research by Bushman and Smith (2003). A more methodical approach to management, made possible by reliable financial accounting information, has been shown to boost economic performance. El-Gammal and Showeiry found that investors' decisions are influenced by the connection between corporate governance and financial accounting data (2012). Niu's (2006) study suggests that there may be a correlation between a company's ability to provide reliable financial statements and the quality of its corporate governance. For every business to succeed, reliable financial records are required. This study aims to address this information gap by analyzing how different corporate governance arrangements affect investors' faith in a company. The purpose of the study is to provide information relevant to the research topic. Does the organizational structure for regulating enterprises have an influence on the amount of money invested into R&D by companies?" and "Can excessive or inadequate expenditure be monitored and controlled?" Over- or under-investment is less likely when financial data can be trusted, according to a hypothesis proposed by Biddle et al (2009). The negative consequences of

information asymmetry and agency cost may be mitigated by higher-quality financial reporting (Healy & Palepu, 2001).

Study Hypotheses

Based on the above discussion, below are the study hypotheses.

- H1: Board independence has a significant impact on investment efficiency.
- H2: Board size has a significant impact on investment efficiency.
- H3: Board meeting has a significant impact on investment efficiency.
- H4: Audit committee independence has a significant impact on investment efficiency.
- H5: Audit committee meeting has a significant impact on investment efficiency.
- H6: Audit quality has a significant impact on investment efficiency.
- H7: Managerial ownership has a significant impact on investment efficiency.
- H8: Institutional ownership has a significant impact on investment efficiency.
- H9: Ownership concentration has a significant impact on investment efficiency.

Methodology

Research design

Choosing the research design depends on the objectives to be achieved in a study. In this study, quantitative research type and descriptive research design were chosen in the current study.

Population and Sample

For this analysis, we focused on non-banking companies trading on the Pakistan Stock Exchange.. Following the purposive sampling technique, a total of 56 samples of non-financial firms were chosen from the firms that were listed on the Pakistan stock exchange.

Variable Measurement

The study's dependent and independent variables were measured using the following proxies:

S/N	VARIABLE	TYPES	Measurements	Supporting Scholar
1	Board independence.	Independent	The percentage of independent directors who are not executive officers.	Ngoc,(2018).
2	Board size.	Independent	We determined the size of the board by taking a headcount of all of its members.	Ngoc,(2018).
3	Board meeting.	Independent	Board of Director Meetings are held throughout the fiscal year of the organization.	Ngoc,(2018).
4	Audit committee independence.	Independent	Time trends in the number of independent directors serving on audit committees.	Ngoc,(2018).
5	Audit committee meeting.	Independent	The total of the company's annual audit committee meetings.	khaled,(2018)
6	Audit quality.	Independent	To separate the impacts of internal and external audit quality, we created a dummy variable for auditor quality (BIG4) that takes the value of 1 if the firm was audited by a Big 4 auditor and the value of 0 otherwise. To separate the impacts of internal and external audit quality, we created a dummy variable for auditor quality (BIG4) that takes the value of 1 if the firm was audited by a Big 4 auditor and the value of 0 otherwise.	Ngoc,(2018).
7	Managerial ownership	Independent	As of time t, the total percentage ownership of Company I is held by its board of directors.	Ngoc,(2018).
8	Ownership Concentration	Independent	The top five shareholders of Company I at time t, are expressed as a proportion of the total number of shares.	Ngoc,(2018).
9	Institutional ownership.	Independent	institutional ownership rate as a percentage of total stock.	Ngoc,(2018)

10	Investment efficiency	Dependent	Sales expansion is used as a surrogate for capital expenditures. Here's how the model breaks down: Financial Outlay $i,t+1 = 0 + 1 * \text{Increase in Sales } i,t + i,t+1$	Biddle (2009)
11	Firm size	Control	Total firms assets logarithm $\text{Size} = \log(\text{Assets})$	Kholid,(2018)
12	Leverage	Control	It was calculated by total long term debt / total asset.	Ngoc,(2018)

Data collection and Analysis

The information was gathered from companies' financial reports from 2010 through 2020. The present research made use of statistical methods for analysis, such as descriptive statistics, correlation analysis, and regression analysis.

Results

Descriptive analysis

The dependent and independent variables' means and standard deviations are shown below.

Table1: Descriptive analysis

S.No	Variable	Mean	SD	Minimum	Maximum
1	Investment efficiency	.0281096	.9782571	-2.27586	2.634132
2	Board independence	.5862355	.1480154	.055556	1.75
3	Board Size	5.409888	2.115536	3	35
4	Board Meeting	8.173844	1.893343	0	14
5	Audit quality	.7527911	.431331	.4317337	1
6	Audit committee independence	.6604958	.1458865	.066666	1
7	Audit Committee Meetings	4.277955	1.743392	1	44
8	Ownership Characteristics	.5008894	.3105839	.0024841	1.13873
9	Managerial Ownership	1664074	.2299645	0	.9874655
10	Institutional Ownership	1.832376	4.134484	0	28.9751
11	Firm size	7.88	1.133	2.569	10.762
12	Leverage	.6106	1.417	0	34.65

The average investment efficiency is shown to be .0281096 with a standard deviation of .9782571 in the above table. Based on these numbers, we can say that the average degree of independence amongst boards is .5862355, with a standard deviation of .1480154 and a range of .055556 to 1.751. As an example, the range of board sizes is 3, 25, and 35, with a mean of 5.409888 and a standard deviation of 2.115536. For the board meeting, the range is from 0 to 14, with a mean of 8.173844 and a standard deviation of 1.893343. Additionally, the range of Audit quality is from .4317337 to 1 with a standard deviation of .431331, a mean of .7527911, and a median of .7527913. Also, the audit committee's degree of independence ranges from .066666 to 1. The range of Audit Committee meetings is also wide: from 1 to 44, with an average of 4.277955 sessions per year and a standard deviation of 1.743392. Furthermore, Ownership Characteristics have a standard deviation of .3105839, a mean value of .5008894, a minimum value of .0024841, and a maximum value of 1.13873. Similarly, the range of management ownership is from 0 to .9874655, with a mean of 1664074 and a standard deviation of .2299645. Similarly, the range of institutional ownership is from 0 to 28.9751, with a mean of 1.832376 and a standard deviation of 4.134484.

Correlation analysis

Correlation analysis findings are shown in the table below.

Table: Correlation analysis

Variables	(1 IEN	BIP	BDM	BSZ	ACIP	ACTM	ADQ	MGO	OWSC	IOWS	FSZ	LVRG
IEN	1.000											
BI	-0.569	1.000										
BM	.166***	0.119***	1.000									
BS	-.0138***	-0.0601	-0.0621	1.000								
ACI	0.006	0.1015**	0.098**	0.0570	1.000							
ACM	-.110***	-0.0057	0.0496	0.0099	0.042	1.000						
AQ	-.101***	-0.105***	0.1015**	.196***	-0.010	-0.023	1.000					
MO	0.218***	-0.0113	.229***	0.0370	0.0465	-0.010	.1382***	1.000				
OC	0.044	-0.080**	-0.144***	.16***	-0.051	-0.069*	.169***	.15***	1.000			

Impact of Corporate Governance on Investment Efficiency.....Khattak, Hussain & Khan

IO	-0.151*	-0.0413	0.164***	-0.045	0.0192	-0.019	.117**	0.101**	0.070*	1.000	
FS	.853***	.108***	-0.0648	.155***	-0.039	.152***	-0.050	0.096**	0.019	.108***	1.000
LVRG	0.339	-0.0327	-0.0143	-0.036	0.0180	0.076*	0.019	0.077*	-0.034	0.0033	.16*** 1.000

***, ** and * represents values statistically significant at 1%, 5% and 10% respectively.

The above table is showing the correlation coefficient value between independent variables (corporate governance mechanisms) and dependent variables (investment efficiency). The above table shows that board independence has strong negative relation with investment efficiency, board meeting has a strong weak negative with investment efficiency, board size has a weak positive relationship with investment efficiency, audit committee independence has a weak positive relationship with investment efficiency, audit committee meeting has a weak positive relationship with investment efficiency, audit quality has weak negative relation with investment efficiency, managerial ownership has a moderate positive relation with investment efficiency, ownership concentration has a weak positive relationship with investment efficiency, and institutional ownership has weak negative relation with investment efficiency.

Generalized method of moments (GMM)

In order to learn how the independent variable affected the dependent one, the generalized method of moments (GMM) was used in the current study. The endogeneity issue was managed with the help of the GMM. Using an internal data transformation and the inclusion of lagged values of the dependent variable, the GMM accounts for endogeneity. The Variance Inflation factor approach was first used to identify multicollinearity. Here are the outcomes of VIF.

Table: VIF

Independent variables	VIF	1/VIF
BS	1.133	.883
BI	1.068	.936
BM	1.179	.848
ACI	1.047	.955
ACM	1.045	.957
AQ	1.305	.767
MO	1.299	.77
IO	1.106	.904
OC	1.153	.868
FS	1.135	.881
Lev	1.053	.95
Mean VIF	1.138	.

The above table demonstrates that there is no significant multicollinearity in the explanatory variables of the research since the VIF value for all the variables is much less than 10 (Groebner, Shannon, Fry, & Smith, 2008).

Below are the results of the GMM

IEF ~d	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
Investment efficiency ~L	1.045	.0039	266.01	0.000	1.0373	1.053	**
BI	.2332	.0253	9.19	0.000	.1823	.2840	
BM	-.0089	.0017	-5.20	0.000	-.0124	-.0055	**
BS	-.0134	.0009	-14.87	0.000	-.0152	-.0116	***
ACI	-.0089	.0180	-0.50	0.622	-.04514	.0272	
ACM	.0074	.003	2.41	0.019	.0012	.0136	
AQ	.0575	.0063	9.09	0.000	.0448	.0702	**
MO	.0392	.0100	3.90	0.000	.01909	.0532	
OC	.0462	.0077	5.98	0.000	.0307	.0617	**
IO	.0018	.0008	2.18	0.033	.0001	.0034	
FS	-.0288	.0033	-8.73	0.000	-.0355	-.0222	***
Leve	.0026	.0030	0.86	0.394	-.0034	.0087	***
Constant	.1631	.0474	3.44	0.001	-.0681	.2581	***
Mean dependent var	-0.048		SD dependent var		1.956		
Number of obs	569		F-test		350516.75		

*** $p < .01$, ** $p < .05$, * $p < .1$

Board independence contributes much more to the dependent variable investment efficiency, as shown by the regression coefficient of .2332 ($t=9.19$, $p=0.000$). Similarly, the regression coefficient values for Board Meeting, Board Size, Audit committee meeting, Audit quality, Managerial ownership, Ownership concentration and Institutional ownership are $-.0089$ ($t=-5.20$, $p=0.000$), $-.0134$ ($t=-14.87$, $p=0.000$), $.0074$ ($t=2.41$, $p=0.019$), $.0575$ ($t=9.09$, $p=0.000$), $.0392$ ($t=3.90$, $p=0.000$), $.0462$ ($t=5.98$, $p=0.000$), $.0018$ ($t=2.18$, $p=0.033$) and $-.0288$ ($t=-8.73$, $p=0.000$) respectively. Thus, these significant values are showing that Board meetings, Board Size, Audit committee meetings, Audit quality, Managerial ownership, Ownership concentration, and Institutional ownership have a significant impact on investment efficiency. There is no statistically significant relationship between Audit committee independence and investment efficiency, as shown by the $-.0089$ -regression coefficient value with a t-value of -0.50 and a significance level of $p=0.622$ ($p > 0.05$). Thus, H1 H2, H3, H5, H6, H7, H8, and H9 of the study are accepted, however, H4 of the study is rejected.

Discussion

The results presented above agree with those of the aforementioned studies. Investment increases with a larger board, as shown by several authors, including Góis (2009). Big boards are always made up of people with different backgrounds and perspectives. So, it's important for everyone on the board to have input on every single decision. And by the way, management's bad investment decisions (overinvestment or underinvestment) will be avoided, and funds will be reallocated to other promising projects. Several studies have looked at the connection between corporate governance and investment efficiency on the assumption that this structure was designed to lessen the impact of the agency problem. A high percentage of managerial ownership, as reported by Richardson (2006), a high percentage of institutional ownership, as reported by Gao et al. (2017), the absence of a CEO duopoly, as reported by Aktas et al. (2019), and a high percentage of active ownership, as reported by Chen and Chen (2017), all contribute to greater investment efficiency for businesses. Cao et al. found this to be the case. Effective corporate governance depends on elements such as a company's ownership structure, board composition, auditing practices, and executive compensation. According to (Chen and Chen, 2017). In order to reap the many benefits that they seek, businesses must have a solid foundation of governance in place. Economic efficiency is one such advantage. Specific board characteristics, such as large board size (Jackling and Johl, 2009; Gaur et al., 2015), strong board independence (Bhagat and Bolton, 2013), and no CEO duality in leadership form, have been linked to improved financial success in businesses (Assenga et al., 2018).

Conclusion

The purpose of this research was to examine how good corporate governance affects investment returns for Pakistan's non-financial businesses. The study's goals were accomplished via the use of a quantitative methodology. Information on 56 non-financial companies trading on the Pakistan Stock Exchange was analyzed using the Generalized Method of Moments (GMM).. Investment efficiency was highly influenced by the following corporate governance factors: board meetings, the board size, audit committee meetings, audit quality, managerial ownership, ownership concentration, institutional ownership, and board independence. The results were consistent with the previous studies. It was found from the empirical data and theoretical arguments that Pakistan's current corporate governance standards are inadequate. Adopting the advantageous features of corporate governance that exist in developed nations, as outlined by international standards, might help in the formulation and correction of the governance system in the country.

References

- Abu-Tapanjeh, A. M. (2009). Corporate governance from the Islamic perspective: A comparative analysis with OECD principles. *Critical Perspectives on Accounting*, 20(5), 556-567.
- Ashbaugh, H., & Warfield, T. D. (2003). Audits as a corporate governance mechanism: Evidence from the German market. *Journal of International Accounting Research*, 2(1), 1-21.
- Babbie, E. (2012). *The Practice of Social Research*: Cengage Brain.
- Baek, J.-S., Kang, J.-K., & Suh Park, K. (2004). Corporate Governance and Firm Value: Evidence from the Korean Financial Crisis. *Journal of Financial Economics*, 71(2), 265-313.
- Baker, M., & Gompers, P. A. (2003). The determinants of board structure at the initial public offering. *The Journal of Law and Economics*, 46(2), 569-598.

- Caramanis, C., & Lennox, C. (2008). Audit effort and earnings management. *Journal of accounting and economics*, 45(1), 116-138.
- Carcello, J. V., & Neal, T. L. (2000). Audit committee composition and auditor reporting. *The accounting review*, 75(4), 453-467.
- Carter, D. A., Simkins, B. J., & Simpson, W. G. (2003). Corporate Governance, Board Diversity, and Firm Value. *Financial Review*, 38(1), 33-53.
- Dahlquist, M., Pinkowitz, L., Stulz, R. M., & Williamson, R. (2003). Corporate Governance and the Home Bias. *Journal of Financial and Quantitative Analysis*, 38(01), 87-110.
- Fukuyama, F. (1992). *The End of History and the Last Man*: New York: Free Press.
- Gabrielsson, J. (2007). Correlates of Board Empowerment in Small Companies. *Entrepreneurship Theory and Practice*, 31(5), 687-711.
- Gabrielsson, J., & Winlund, H. (2000). Boards of Directors in Small and Medium-Sized Industrial Firms: Examining the Effects of the Board's Working Style on Board Task Performance. *Entrepreneurship & Regional Development*, 12(4), 311-330.
- Haniffa, R., & Hudaib, M. (2006). Corporate governance structure and performance of Malaysian listed companies. *Journal of business finance & accounting*, 33(7-8), 1034-1062.
- Haniffa, R., & Hudaib, M. (2006). Corporate governance structure and performance of Malaysian listed companies. *Journal of business finance & accounting*, 33(7-8), 1034-1062.
- Johnson, S., & Mitton, T. (2003). Cronyism and Capital Controls: Evidence from Malaysia. *Journal of Financial Economics*, 67(2), 351-382.
- Jose, M. L., Lancaster, C., & Stevens, J. L. (1996). Corporate Returns and Cash Conversion Cycles. *Journal of Economics and finance*, 20(1), 33-46.
- Kakabadse, A., Kakabadse, N. K., & Kouzmin, A. (2003). Reinventing the Democratic Governance Project through Information Technology? A Growing Agenda for Debate. *Public Administration Review*, 63(1), 44-60.
- Kang, J.-K., & Stulz, R. (1997). Why Is there a Home Bias? An Analysis of Foreign Portfolio Equity Ownership in Japan. *Journal of Financial Economics*, 46(1), 3-28.
- Muth, M., & Donaldson, L. (1998). Stewardship Theory and Board Structure: A Contingency Approach. *Corporate Governance: An International Review*, 6(1), 5-28.
- Myers, S. C. (1977). Determinants of Corporate Borrowing. *Journal of Financial Economics*, 5(2), 147-175.
- Najid, N. A., & Abdul Rahman, R. (2011). Government Ownership and Performance of Malaysian Government-Linked Companies. *International Research Journal of Finance and Economics*, 61, 42-56.
- Schulze, W. S., Lubatkin, M. H., & Dino, R. N. (2003). Exploring the Agency Consequences of Ownership Dispersion among the Directors of Private Family Firms. *Academy of management journal*, 46(2), 179-194.
- Serrasqueiro, Z. S., & Nunes, P. M. (2008). Performance and Size: Empirical Evidence from Portuguese Smes. *Small Business Economics*, 31(2), 195-217.
- Shanikat, M., & Abbadi, S. S. (2011). Assessment of Corporate Governance in Jordan: An Empirical Study. *Australasian Accounting Business and Finance Journal*, 5(3), 93-106.
- Thomsen, S., & Pedersen, T. (2000). Ownership Structure and Economic Performance in the Largest European Companies. *Strategic Management Journal*, 21(6), 689-705.
- Tihanyi, L., Johnson, R. A., Hoskisson, R. E., & Hitt, M. A. (2003). Institutional Ownership Differences and International Diversification: The effects of boards of directors and technological opportunity. *Academy of Management Journal*, 46(2), 195-211.
- Topak, M. (2011). The Effect of Board Size on Firm Performance: Evidence From Turkey. *Middle Eastern Finance and Economics*, 14, 119-127.
- Tricker, A. R. (1984). Effects of rounding on the moments of a probability distribution. *Journal of the Royal Statistical Society: Series D (The Statistician)*, 33(4), 381-390.
- Zahra, S. A., & Stanton, W. W. (1988). The implications of board of directors composition for corporate strategy and performance. *International journal of management*, 5(2), 229-236.
- Zajac, E. J., & Westphal, J. D. (1996). Who Shall Succeed? How CEO/Board Preferences and Power Affect the Choice of New Ceos. *Academy of Management Journal*, 39(1), 64-90.