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CORPORATE GOVERNANCE AND FIRM'S PERFORMANCE: A STUDY ON THE FOOD AND BEVERAGE SECTOR LISTED IN THE PAKISTAN STOCK EXCHANGE (PSX)

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ABSTRACT

Corporate governance is the co-ordination of guidelines, practices and techniques that are incorporated by organisation. Strong corporate governance policies empower the growth as well as the survival of the companies. The basis of this research to find out the relationship among corporate governance and the financial performance of the companies of food and beverage sector, listed on the Pakistan Stock Exchange(PSX).The financial data for the research was taken from the annual reports of thirteen companies ranging from 2012 to 2020. The data was panel data and was analysed using regression to create a contributory connection among the variables. The overall results support both a positive and negative relationshipwith dependent variables(profit margin, return on capital employed and EPS) and independent variables (board size, board meetings, and CEO duality)at 99.99%, 99.95%, and 90% confidence levels. However there is insignificant relation of audit committee HR and remuneration committee. Pakistan is a developing country where execution of the sound codes of corporate governance not take seriously. It is the responsibility of the regulatory specialists to instruct the foodand beverage firms to strictly monitor the codes of corporate governance by creating its implication stronger.Theseconclusions have empirical implications for policy makers and governments.

1. INTRODUCTION

1.1 . Background of the research

There is a need of every organization to create a culture where there is transparency, sincerity & consciousness. It is believed by many scholars that strong corporate governance policies empower the growth as well as the survival of the companies..(Gupta & Sharma, 2014), It has been also argued by many researchers that, there is an important role of corporate governance in controlling organization's operations and there is a highly significant relationship among corporate governance and firm's performance.(Zabri, Ahmad, & Wah, 2016). Also, it is the mostimportant aspect of corporate governance is to reduce residual loses (Buallay, Hamdan, & Zureigat, 2017).

The term "Corporate Governance" have been explained in different manner, however, in broader term and the way in which organisational bodies are governed and managed(Yasser, Entebang, & Mansor, 2015).The Corporate Library has proposed four elements of corporate governance. Firstly, it states that the rights of stakeholders must be secured by corporate governance and there should be controls for the proper check and balance of the rights given (Security of Stakeholders Rights and Enforceability). Secondly, it should mediate the demands and interest of both external and internal stakeholders (Stakeholders' Relationship Management). Thirdly, it proposed that transparent information should be provided (Disclosure of information). Lastly, there should be ethical and strategic guidance for the organisations (Ethical and Strategic Guidance)(Aguilera, Desender, Bednar, & Lee, 2015).

Firms' with sound corporate governance structure are likely to get loans from investors much easily, as a functional corporate structure guards the interest of shareholders, enhances transparency and reduces the agency conflicts. Moreover, those firms that practice poor governance are likely to face more agency problems as governing bodies of those firms can easily obtain private assistances due to poor corporate governance structure(Okiro, Aduda, & Omoro, 2015).Improved compliance of the corporate governance results the firms' greater monitoring by those institutional investors who have high performing firms in their portfolios(Akbar, Poletti-Hughes, El-Faitouri, & Shah, 2016).

1.2. Objective of research

The objectives of this research are as follow:

- To find out relation between corporate governance and profitability of the companies in the food & beverage sector of Pakistan.
- To find out the factors that has a positive or negative contribution to the profitability of the organization. The food sector is one of the largest economic sectors of Pakistan & the output of food companies is higher this year in comparison with the year 2016.

1.3. Problem Statement

Corporate governance's effectonthe firm's performance has been a subject of great experimental research in accounting, management and finance. It is vital for the companies to enhance economic growth through having strong corporate governance system. Financial value can be enhance by putting efforts in stabilizing the performance through different measures of profitability such as ROA, ROE, EPS etc., and due to poor governance strategies, many companies portray bad impact on the performance (Kazi, Arain, & Sahetiya, 2018). Also avitalquery always come to our mind whenever we talk about the corporate governance is that, only few corporate governance practices are followed by some of the republics, whereas others don't put values on the corporate governance practices (Tyagi & Tamboli)2018.

1.4. Significance of Research

Researches on corporate governance include an extensive collection of captivating and multifarious themes ranging from the board of director' structures to the issues related to the accountability, transparency of information and responsibility. Many researches are already done in developed economies, however, the difference in background may yield different results. Thus findings and conclusions of these studies may not be applicable to the results of the firms operating in the Pakistani municipal context. This paper aims to explain the relationship between the corporate governance and the profitability of the firms related to the food and beverage sector of Pakistan.The study examines that whether well managed practices of corporate governance benefits firms or it's just the cost of doing business.Likewise is there any connection between corporate administration and the exhibition of the business identified with the food and drink area of Pakistan.

2. LITERATURE REVIEW

For the last few years, researchers are now focusing on examiningthe conceivable effect of corporate administration rehearses and the organizations' exhibition.From an economic point of view, those firms that are highly interconnected with the economic status, their corporate governance practices are highly allied with the business expansion cycle(Al-Najjar, 2014).Those firms that are increasingly relying on the on governance are gaining efficiencies and enhancement in their legitimation(Aguilera & Crespi-Cladera, 2016). There is a need to understand the fact that that organizations work in multifaceted and self-motivatedbusiness surroundings, where there is a need of somehowmultifaceted but stretchy governance parameters reflecting the individuality of conditions ascending from explicit features such as lawful and economic schemes, cultural values , corporate possession constructions and financial circumstances (Machuki & Rasowo, 2018).

Investors always focus on the governance of the companies in order to insure transparency as well as their own interest protection being expropriate either by the management or by the other shareholders having major part. Investment in the companies having strong level of command on the governance, tends to have higher returns as compared to the non-compliant companies (Ansari, Gul, & Ahmad, 2017). Appropriate compliance of corporate governance plays a significant role in the bookkeeping of frauds.Firmshaving weak governance structure are more prone to frauds(Arora & Sharma, 2016).

In majority of the developed as well as developing countries, some major reforms of corporate governance took place that not only affected the protection of the investors but also investments on corporate level also got impacted (Das, 2018).

The strong relationship between the compliance of corporate governance and firms' performance results in better governance which improves the effectiveness in the monitoring ofadministrativeactivities. Also, this helps the supervisors to pursue for the projects that are helpful inesteem amplifying and to keep away from seizure of firms' assets.Compliance of the corporate governance might enables firms' with low performance in giving signals to the other competitors for the future performance (Akbar et al., 2016).

Better corporate administration practices can help firms in raising capital. However this may bound the ability of the controllers of the public firms to take part in self-managing.

It is likewise detailed that organizations work on their administration as they develop. Nations with lower political danger are probably going to have great administration, however by one way or another, organizations in high-political-hazard nations are bound to work on their administration (Ararat, Black, and Yurtoglu, 2017). The successful structure of corporate administration ought to be planned so that it advances straightforwardness, consistency with the standards of law and it ought to unmistakably express the conveyance of obligations among various overseeing assortments of the associations.

Corporate administration codes involve references that reflect best lead of practices and furthermore they fill in as the public core values for the recorded organizations, accentuating on the straightforwardness, as an essential corporate administration issue. In any case, such suggestions might be delivered useless until and except if inside controls are fortified by senior administration and joined by the execution of a moral tone by the top managerial staff (Rose, 2016). Somewhat it additionally happens that further developed corporate administration rehearses failure to advance the organizations' exhibition, either in light of the fact that the uncertainty of the improvements upsurges or the costs of utilizing great administration outperform the advantages of market esteem (Zagorchev and Gao, 2015).

Board Structure

Board structure is taken as a measure of board size, division of non-executive and independent directors on the total number of directors and the number of meetings arranged during the financial year .Prior studies have shown that corporate governance system was not up to the mark in many companies of USA. Reason behind is not the proper judiciary or rules and regulations but inappropriate number of board of directors and less attendance of them in the committee meetings. Ideally there should be maximum ten directors and having at least two independent directors (Ansari et al., 2017).

The board of directors is tasked with supervising and empowering the firm's deliberate judgements, which includes acquisitions and mergers, acquisitions, agreements, capital structures, hiring/firing executives etc.The overall performance and also the capital expenditures of the firms have great impact on these strategies (Terjesen, Couto, & Francisco, 2016). Larger scale companies are likely to have more multifaceted procedures and more disseminated shareholding as compared to the small companies. This shows that larger companies are in more need for board monitoring and access to expert guidance and resources(Christensen, Kent, Routledge, & Stewart, 2015).

There is a very multi faceted association between board size, board efficacy and business performance. One of the advantages of small size of board is that the board members feel more possession and responsibility for the judgements they are eligible to make. Also the collaboration between the members are at ease. However, in spite of the advantages, there are some disadvantages of small size. It restricts several openings due to less competence and perception. If the board size is large in number it have more proficiency in several areas and so the chances raise very extraordinary(Tyagi & Tamboli). Majority of the nation opt one-tier panel structure, because of the advantage that there is merely just one board which leads and controls the business operations. All the associates have through admittance to the same information and are involved in policymaking procedure. However there is a disadvantage of one-tier board structure that is there will be a problem among judgements and monitoring actions.

Also due to small panel size the work load on the members becomes high which ultimately have bad impact on the monitoring and can also draw less diversified range of expertise (Jizi, Salama, Dixon, & Stratling, 2014). Board members are considered as the most important medium for ensuring effectiveness of the corporate governance principles and also enhancing shareholders' worth through having firm control over the teams of top management (Hassan, Marimuthu, & Johl, 2015). It is found in the literature that there is a positive impact of board size on the firm's performance of the large companies in Australia, where as negative relationship was found in the Thailand banking firms which as measured by ROA and ROE (Dalwai, Basiruddin, & Abdul Rasid, 2015)

Board structure is one of the proactive mechanism that has a significant role in improving the corporate governance of firms. Board of directors has two key important roles i.e. monitoring and advising.The board of directors has very inexplicable and time consuming accountabilities which are mostly dependent on the substantial evidence provided by the administration of the company. It is also important to bear in mind that the provided evidence is accurate. Sufficient pertinent and high excellence data is in need of the board to make the finest judgements for both shareholders and stakeholders(Tyagi & Tamboli). As per agency theory, there is a key of non-executive directors to monitor performance. Also big portion ofnon-executive directors results in the better monitoring of the activates performed by the board(Darko, Aribi, & Uzonwanne, 2016)It is the key role of non-executive directors to improve the processes and to lessen the agency problem(Kazi et al., 2018). Independent directors also underachieve the targets when come across the complicate glitches since there is a nonexistence of deep information in business(SHIGERU & MASAAKI).

Much attention has been received by the scholars regarding characteristics of the board and it is argued that board are not fairly active, however during financial crises, their role becomes more important (Al-Najjar, 2014). Nowadays, the difference between the board of directors and management has become an important element in getting a deep insight about the ownership structure and its influence on the corporate governance of the firms (Aguilera & Crespi-Cladera, 2016).

An examination directed on fifty recorded organizations of Sri Lanka for researching the effect of various codes of CG. The outcomes show that there was a huge effect of board size on benefit which was estimated by ROA and Tobin's Q, anyway there was irrelevant of board independency on ROA and Tobin's Q (Balagobei, 2018). The results of 500 Fortune worldwide organizations represents positive connection among CG and association's presentation. As per the investigation, the more modest the size of the board, the better the exhibition of the organizations (Malik and Makhdoom, 2016).

H_1. There is a significant association between board structure and firm's performance.

Board Meetings

Board meetings are considered as a proxy for the board activities and persistence. It is assumed by many scholars that frequency in meeting shows inefficiency of the members, whereas others consider this as the effectiveness of the board members, which facilities the company's day to day operations and also increase firm's transparency (Hussain, Rigoni, & Orij, 2018). It is an organised setup for allowing board of directors to address all the important aspect and issues in relation to the previous experiences, current situation and also for the matters that are important to put keen importance related to the firm's survival (Eluyela et al., 2018).

It is also mandatory to disclose how many meetings held in a year of the board members as well the attendance of every individual of the board. Also poor attendance shows the inefficiency and inefficacy of the board members as compared to the ones who maintain optimum level of attendance (Johl, Kaur, & Cooper, 2015). The results of the study based on the Malaysian companies show inverse impact of more frequent meetings on the firms' performance. Another study conducted on Nigerian banks shows positive association between the board meetings and the performance of the firm.The results of 500 Fortune worldwide organizations represents backwards connection between executive gatherings and association's exhibition. As per the examination, continuous gatherings don't muchly affect the presentation of the organizations (Malik and Makhdoom, 2016).

It is the responsibility of the directors to execute due conscientiousness in assuring the presence in the meetings, which also include going through meeting constituents, enquiring and pursuing clarificationsof difficulties, understanding audit and directorial communications, and exercising independent conclusion. Failure in attending meetings is somehow an indication of decreased monitoring quality (Lin, Yeh, & Yang, 2014).There is a huge impact of board procedures on firm's performance. Meetings are also considered highly important for the effectiveness of the board tasks as meeting frequently of the directors is more likely to have discussion on the concerned issues and also beneficial in monitoring the management more successfully, thusexecuting their duties with better harmonisation and in synchronization with shareholders' interests(Arora & Sharma, 2016).It is also beneficial for the board to meet at least bi monthly which should also include committee sessions and other meetings.(Ansari et al., 2017).

H_2. There is a significant association between board meetings andfirm's performance.

Committees and details

Theimportantfeature of good governance comprises of different mechanisms such as, transparency of corporate constructions and procedures, the responsibility of the administrators to the board and shareholders and corporate accountability towards stakeholders. However, talking in a wider sense, effective governance is not just related to sustaining long term relationships with the dealers of the company, but also for a common pathway that leads to accomplishment of all the stakeholders to the organisation. All characteristics of corporate governance are very significant, therefore various committees are also required such as audit committee, HR and remuneration committee etc. are required (Tyagi & Tamboli).

The board of directors can create different committees such as proposing committee, HR and remuneration committee, audit committee, risk monitoring committee, and so on, in order to sustenance its role and to conduct self-governing checking of the firm(Srairi, 2015). Some of the major function of these committees include holding meetings as well as determination of the number of meetings,substituting ideas on administering and monitoring managers, deliberating company-related matters etc. (Salim, Arjomandi, & Seufert, 2016).

The audit committee has a vigorous part in guaranteeing the superiority of financial recording, revising and evaluatinginternal regulatory systems and monitoring the association between administration and the external auditor(Al-Janadi, Rahman, & Omar, 2013).The charmed in review board of trustees has been improved profoundly with direction to individuals' mindfulness, freedom, and their inclusion. The obligation of review council is to resolve every one of the issues that require uncommon consideration before the chiefs (Darko et al., 2016).

An examination directed on fifty recorded organizations of Sri Lanka for exploring the effect of various codes of CG. The outcomes show that there was a huge effect of review council on benefit which was estimated by ROA and Tobin's Q, anyway there was negative relationship of review panel with the exhibition of the firm (Balagobei, 2018). Another examination directed on 34 recorded organizations of Ghana for measuring the connection between corporate administration and the company's exhibition. The outcomes show that there is no effect of review panel on productivity which was estimated by ROA ROE, NPM and Tobin's Q (Darko et al., 2016).

H$_3$. There is a significant relationship between committees and details and firm's performance.

CEO duality

Duality of CEO means holding multiple positions, i.e. CEO as well as the chairman of the board. It is also argued by agency theory that if CEO is also board's chairman, then he will gain several controlling power or may have more personal benefits rather than of corporate (Amba, 2014). It can be taken both as a sign as well as the instrument of managerial power. CEOs who also head as a chair can easily hide crucial information as compared to other officials. The separation of titles may facilitate controls and board meetings but on the other hand quick decision making and firm's leadership can be critical when dealing with the environmental uncertainty (Chang, Lee, & Shim, 2018).

Studies show that CEO turnover to the performance of the firm is expressively lesser in the circumstance of CEO duality. However, comparatively firms without CEO duality are likely to lessen the jeopardy of insolvency and enhancement in the probabilities of raising surplus capital because of the confidence of stakeholders in them. The results of the study conducted on 30 companies listed in BSE show an inverse association of CEO duality with the performance of firms which means that the should be separation of the titles to boost the performance (Mohan & Chandramohan, 2018).

It has also argued by the agency theory that CEO duality increase the power over the board which can be a subject matter of hindrance between BODs and management in dealing with supervisory entrenchment. The results of the panel of US firms show that CEO duality has statistically noteworthy negative influences on firm performance(Duru, Iyengar, &Zampelli, 2016). It is noted from the studies that CEO duality would be valuable under circumstances of high environmental ambiguity because CEO duality offers a harmony of understanding and rapid decisionmaking that is essential to accomplishambiguity. On the other hand, under conditions of low environmental ambiguity, the risk of CEO resourcefulnessupsurges, making non-duality more beneficial(Krause, Semadeni, & Cannella Jr, 2014).

A study conducted on fifty listed companies of Sri Lanka for investigating the impact of different codes of CG. The results show that there was an insignificant impact of CEO duality on profitability which was measured by ROA and Tobin's Q (Balagobei, 2018).

H$_4$. There is a significant relationship between CEO duality and firm's performance.

Firm's Performance

The effects of corporate governance on the firm's on the performance is the result of increased in the value because of reduction in expropriation by the insiders and also the improved cash flows that are available to the investors in a form of dividends (Okiro et al., 2015).There may be the cases where improved compliance of the corporate governance practices might help in improving the reorganisation of rents between the management and the shareholders, but not it is not necessary that it increases firms' performance as well. Nonetheless, this may decrease organization costs for minority and controlling investors by restraining administrators all the more successfully (Akbar et al., 2016). The examination depended on the organization hypothesis that assembled an extensive system to investigate whether there is an impact of corporate administration on the organizations' presentation by incorporating capital construction in the model (Okiro et al., 2015).

Rose (2016) analysed the Danish firms that show the significant link between the profitability and CG compliance or explain disclosure scores, however the outcomes show the least level of consent or clarify revelation inside the classifications: compensation strategy, board arrangement, just as inside hazard the executives and interior controls. There may the reasons that the references inside these three classes are seen to be more irksome in contrast with the codes of different classifications.

Arora (2016) in his study on the 20 major companies of manufacturing sector of India indicates that the larger size of board is associated with the greater complexity of intellectual understandings as this helps in decision making and also in the enhancement of the firms' performance. Also the results show no significant relationship between two different parameters of profitability and CG.

3. METHODOLOGY

3.1 Data Collection

The secondary data is taken from the authority sites of the food and refreshment organizations, recorded on the Karachi Stock Exchange (KSE) in Pakistan. There are fourteen food and drink organizations that are recorded and their monetary information are utilized for the investigation.

3.2 Sample Size

Out of fourteen listed companies, the data ofthirteencompaniesis used in this research from the year 2012 to 2020.The number of observations was 117 and there are following companies which data are collecting in this study

S. No	Company Name	S. No	Company Name
1	Nestle' Pakistan Ltd.	8	Ismail Industries Ltd.
2	Unilever Pakistan Foods Ltd	9	Quice Food Industries Ltd
3	National Foods Ltd.	10	Clover Pakistan
4	Mitchell's Fruit Farms Ltd.	11	Engro Foods Limited
5	Punjab Oil Mills Ltd	12	Goodluck Industries Ltd
6	Shezan International Ltd	13	Murree Brewery Company Ltd.
7	Fauji Food Industries Ltd		

3.3. Variables

Following are the parameters chosen for measuring the variable

<u>Independent Variables:</u>This related to the components of the corporate governance.

1. Board Structure –all out number of chiefs, number of leader and autonomous chiefs. This shows the freedom of the board in its working.
2. Board Meetings - – This parameter talks about total number of conducted during the year by the members of the board. This shows the board activities and persistence.
3. Committees and details –This boundary discusses the quantity of panels identified with corporate administration the organization has and the constitution of these councils. This shows the responsibility of organizations towards satisfying corporate administration standards.

4. CEO Duality – This parameter talks holding multiple positions, i.e. CEO as well as the chairman of the board.

Dependent Variables: For the purpose of analysing organization's performance.

1. Return on Capital Employed (ROCE) = Net Operating profit / capital employed.
2. Profit after Tax = Net Income / Sales.
3. Earnings per share (EPS) = Net earnings / Outstanding Shares

3.4 Model Specification

The model used is this research is as follows:
Y = a + b X + e (Eq. 1)

Inthe above equation, dependent variable is termed as" Y", whereas 'a' in the equation is the constant. The coefficient of variable is "b" which are the components of corporate governance (board structure, board meetings, committee and its details and CEO duality) and "e" is the error term in the equation.From the equation 1, three equations are designed for the fitness of the model

$$\mathbf{ROCE = a + b_1 * BS + b_2 * BM + b_3 * AC + b_4 * HRC + b_5 * CEOD + e} \text{ (Eq. 2)}$$
$$\mathbf{NPM = a + b_1 * BS + b_2 * BM + b_3 * AC + b_4 * HRC + b_5 * CEOD + e} \text{ (Eq. 3)}$$
$$\mathbf{EPS = a + b_1 * BS + b_2 * BM + b_3 * AC + b_4 * HRC + b_5 * CEOD + e} \text{ (Eq. 4)}$$

3.5 Statistical Technique

Ordinary least square simple regression model was used to test the hypotheses which is most commonly used predictive analysis as the data was based on the numerical and this technique can be ideal for testing the results.

4. RESULTS & DISCUSSION

4.1 Research findings and interpretation

Research data was based on the sample of thirteen companies of the food industry of Pakistan that are listed on Karachi Stock exchange. The statistical technique used for this study was Ordinary least square Simple Linear Regression (SLR). This technique was used for the examination of the impact of corporate governance mechanisms i.e. board structure, board meetings, committees and details and CEO duality which are the independent variables on the profitability of firm using return on capital employed (ROCE), net profit margins (NP) and earnings per share (EPS) i.e. dependent variables. EViews was used for the examination of the data. The interpretation of the results are as follows:

Table 1 Descriptive Analysis

	Mean	Std. Dev.	Skewness	Kurtosis
BS	8.24	1.34	1.08	3.65
EXEC	0.37	0.05	-0.52	2.27
BM	5.40	1.81	1.01	3.47
AC	3.63	0.69	0.62	2.28

H & RC	3.49	0.72	1.54	5.25
CEO D	0.76	0.43	-1.19	2.43
N/P	0.10	0.24	2.53	13.13
ROCE	0.26	0.42	2.06	9.65
EPS	40.55	70.33	2.18	7.01

Table 1 shows the illustrative measurements for the board information of 13 organizations and 78 perceptions. The outcomes show the normal of board size is 8, which portrays a hopeful image for the presentation of the organization. Number of executive gathering exhibitions a normal of 5 gatherings for every annum, which is additionally a positive sign towards the presentation of the organization. Be that as it may, boards, for example, review council and HR and compensation advisory group of food and refreshment area shows a normal of 4 individuals, which is likewise a solid sign for the association's durable presentation. Though the consequences of CEO Duality show that almost 76% of the CEOs possess only one position, while the excess 25% shows that CEOs involve at least two positions, for example, GM or MD in the food and drink area of Pakistan.When discussing about the firms' performance, it is concluded that the average of net profit margin is 0.097, ROCE is 0.255 whereas of EPS is 40.55. CEO Duality (Mean=0.76, SD= 0.43) has the lowest skewness(-1.19), however net profit margin(Mean = 0.10, SD=0.24) has the highest skewness (2.53). Audit committee (Mean=3.63, SD= 0.43) has the lowest kurtosis (2.28), however net profit margin (Mean = 0.10, SD=0.24) has the highest kurtosis (13.13).

Table 2 Correlation Matrix

	BS	**EXEC**	**BM**	**AC**	**HR & C**	**N/P**	**ROCE**	**EPS**
BS	1							
EXEC	-0.99	1						
BM	0.07	-0.04	1					
AC	0.33	-0.34	0.05	1				
H & RC	0.23	-0.22	0.25	0.64	1			
N/P	-0.35	0.31	-0.21	-0.17	-0.19	1		
ROCE	-0.09	0.01	-0.24	0.14	0.17	0.14	1	
EPS	0.12	-0.19	-0.31	0.15	0.09	0.09	0.82	1

It is important to analysis the relationship between the variables, therefore correlation analysis is done and to check about the multicollinearity existence among the variables or not. It is also necessary for regression analysis to check correlation is a requirement(Bryman & Bell, 2015). The values should be between -1.00(i.e. the negative value) - +1.00 (i.e. the positive value). The strength of correlation between variables shows the relationship among each other, which can be strong or low and also the direction i.e., whether positive or the negative. The results are of correlation as summarized in Table 2. The results show that there is a very weak association among some variables and some have strong association between variables.

	Unstandardized Coefficient		
Model	**B**	**Std.Error**	**Sig**
Constant	15.826	3.317	0.000*
Board Size	-0.920	0.189	0.000*
Executive D	-21.925	4.715	0.000*
Meetings	-0.044	0.024	0.078***
Audit Com	0.002	0.084	0.978
HR & Rem	0.159	0.079	0.047**
CEO Duality	-0.195	0.101	0.05

R-squared 0.34 F-stat 6.214Prob(F-stat) 0.000

***Significance Level at 1%**
****Significance Level at 5%**
*****Significance Level at 10%**

The relationship of corporate governance (CG) which includes board structure, board meetings, audit committee, HR and remuneration committee and CEO duality, which are the independent variables and profitability of the firm which includes return on capital employed (ROCE), net profit margins (NP),and earning per share (EPS) which are the dependent variables, are analysed by using the panel data technique of regression. Regression is the technique that is use to determine the causes and effects of the relationship amongindependent and dependent variable. Values of coefficient is used to analyse the relationship between independent variable "Corporate Governance (CG)" and dependent variable "Profitability". If the value shows positive results, this means that there is a positive relationship between the dependent variable and the predictor.

<u>Table 3. Dependant Variable ROCE; Method: Panel Least Square.</u>

The tables3 shows the regression analysis with F-values. In this study, it is found that the board size (ß = -.920, $p<.0.05$), executive directors (ß = -21.92, $p<.0.05$), CEO duality (ß

Unstandardized

= -0.159, $p<0.05$) and board meetings (ß = -.044, $p<0.10$)have significant negative impact on CG. HR and remuneration committee (ß = 0.159, $p<0.05$), has significant positive impact on CG. However audit committee has insignificant impact on the CG. The regression results also indicates that the predictors of corporate governance explain 34.4 % of the variance ($R2=0.344$, F (6,124, $p<0.05$) on ROCE, the dependant variable of profitability.

<u>Table 4. Dependant Variable Net Profit; Method: Panel Least Square</u>

Coefficient

Model	B	Std.Error	Sig
Constant	3.329	2.077	0.113
Board Size	-0.198	0.118	0.099***
Executive D	-3.781	2.952	0.204
Meetings	-0.026	0.015	0.093***
Audit Com	-0.043	0.053	0.417
HR & Rem	0.004	0.049	0.935
CEO Duality	0.121	0.064	0.060***

R-squared 0.23 F-stat 3.484Prob(F-stat) 0.004

***Significance Level at 1%**
****Significance Level at 5%**
*****Significance Level at 10%**

Unstandardized

The results of table 4 show that, board size (ß = -.198, $p<0.10$) and board meetings (ß = -.026, $p<0.10$) have significant negative impact on CG. CEO duality (ß = 0.121, $p<0.10$), has significant positive impact on CG. However audit committee and HR and remuneration committee have insignificant impact on the CG. The regression results also indicates that the predictors of corporate governance explain 22.7 % of the variance (R2=0.277, F (3.4841,p<0.05) on NP, the dependant variable of profitability.

Table 5. Dependant Variable EPS; Method: Panel Least Square.

However, the results of table 5 show that, board size (ß = -141.90, $p<0.05$) and board meetings (ß = -7.68, $p<0.05$), CEO duality (ß = -59.94, $p<0.05$) and executive directors (ß = -3627.63, $p<0.05$) have significant negative impact on CG. However audit committee and HR and remuneration committee have insignificant impact on the CG. The regression results also indicates that the predictors of corporate governance explain 40.6 % of the variance (R2=0.406, F (8.097, p<0.05) on EPS, the dependant variable of profitability.

The overall results support both a positive and negative association between dependent

Factors, i.e., overall revenue and return on capital utilized and EPS and autonomous factors as board size, executive gatherings, and CEO duality at 1%, 5%, and 10% certainty levels. Anyway there is no critical effect of review panel HR and compensation board. R square fundamentally decides the adjustment in subordinate factors which happens because of the adjustment of the autonomous factors. Likewise F insights exhibit the meaning of the model that whether the model utilized in the examination is huge or not.

Coefficient

Model	B	Std.Error	Sig
Constant	2586.937	524.021	0.000*
Board Size	-141.908	29.995	0.000*
Executive D	-3627.636	744.882	0.000*
Meetings	-7.682	3.855	0.050**
Audit Com	8.878	13.272	0.506
HR & Rem	8.330	12.448	0.502
CEO Duality	-59.847	16.042	0.000*

R-squared 0.41 F-stat 8.097Prob(F-stat) 0.000

***Significance Level at 1%**
****Significance Level at 5%**
*****Significance Level at 10%**

4.2 DISCUSSION

Corporate governance is basically the structure of rights and responsibilities of stakeholders. It is a set of processes which is used as a direction for running the business. An appropriate and effective corporate governance system helps in the appropriate division of power among the shareholders. The results show that there is a significant negative impact of board structure, board meetings and CEO duality on the performance of the firms. These results leads to the acceptance of the H_1, H_2 and H_4. The results are consistent with the studies conducted by (Dalwai et al., 2015),(Mohan & Chandramohan, 2018), (Duru et al., 2016)The negative association between CEO duality and firm's performance advocate that the results sustenance the guidelines of corporate governance that are in regard with the separation of the CEO and the managing director or the chairman of the board. Also frequently meetings of the board do not have much impact on the performance of the firm, rather than it is advised to avoid frequent schedules of the meetings. However there is an insignificant positive and negative association between committee and details which includes audit committee and HR and remuneration committee and the performance of the firm, which means the rejection of H_3. The results are consistent with the study conducted by (Darko et al., 2016).

5. CONCLUSION

Beforehand many insightful work has been as of now done on the acts of corporate administration and their effect on the exhibition of the organizations overall including Pakistan. Anyway because of social variety, the outcomes are observed to be blended and can't be summed up. The motivation behind this investigation to check the connection between corporate administration instruments (Board Structure, Board meeting, Audit Committee, HR and compensation council and CEO Duality) and the markers of company's presentation (Return on capital utilized (ROCE), Net overall revenues and Earnings per share (EPS)) in the food and drink area of Pakistan. The outcomes are examined utilizing standard least square relapse technique. Board size and executive gatherings show critical adverse consequence on the presentation of the firm on the organizations' exhibition. Anyway CEO duality shows critical adverse consequence on the presentation of the firm utilizing return on capital utilized ROCE and income per share EPS, however shows huge positive effect on the exhibition of the firm utilizing net benefit as predicator. In this manner, by and large outcomes is the adversely identified with the organizations' exhibition. There is immaterial effect of advisory groups and subtleties on the presentation of the firm. It would be of limitless help and help to partners, investors and the executives of food industry in their decisions regarding the corporate administration and the exhibition of the firm. The general aftereffects of the examination is blended as Pakistan is an agricultural nation where there is missing of the execution of the sound codes of corporate administration.

Limitation

There are few of the limitations in this study. First of all this study was based on only few variables. The results can be more effective and reliable more measures are to be incorporated and further sub variants of each variable can be analysed in detail. Secondly data should be longitudinal data for the evaluation of the consistency and strength of the relationships being studied. It is also important to incorporate different working environment of different companies such as multi-national companies and local companies to analyse the measures corporate governance, that are contributing much towards the performance of the firms.

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