Abasyn Journal of Social Sciences
Vol (16), Issue (1), 2023.
Open Access
DOI: 10.34091/AJSS.16.1.02

Corporate Governance in the Power Distribution Companies (DISCOs) of Pakistan, Identifying the Gaps and Recommending Solutions of Improvement

Sajjad Ahmad Jan
WAPDA House Peshawar
Hassan Rashid
WAPDA Administrative Staff College Islamabad
Adil Muhammad
Qurtuba University of Science and Technology Peshawar
Siab Ahmad
WAPDA House Peshawar

Abstract

This research aims to investigate corporate governance effectiveness in the power Distribution Companies (DISCOs) of Pakistan. To achieve this objective, the study has determined the impact of Corporate Governance Structure (CGS), CEO Empowerment, External Factors (EFs) and the Skills/Experience of directors on Corporate Governance Effectiveness (CGE). Data was collected through structured interviews by employing purposive sampling technique from 70 professionals who had served as members of the BoDs of power sector companies of Pakistan. Data was analyzed through SPSS using linear regression. The empirical findings depict a significant impact of CGS, CEO Empowerment and the Skill & Experience of directors on CGE. Whereas, External Factors have significant negative impact on CGE. The study has practical implications for the CGE in Pakistan. The study recommends that adopting a robust corporate governance model consisting of two-tier boards consisting of BoD and BoM is need of the hour. The BoM instead of individuals such as the CFO, CIA and Company Secretary should report to the BoDs. This mechanism and model of governance will strengthen the intuitional framework of companies. The top management will have unity of command under the leadership of the CEOs of DISCOs instead of the presently disintegrated and divided team. The boards' effectiveness will be improved as the BoDs will interact with BoM consisting of the top management of companies.

Keywords: Corporate Governance Effectiveness, Corporate Governance Structure, External Factors, CEO Empowerment

This research has investigated corporate governance in power distribution companies (DISCOs) of Pakistan. The term corporate governance encompasses key stakeholders of the companies. The stakeholders of DISCOs are the Government of Pakistan through the Ministry of Energy (Power Division), their management, employees and consumers. The study is, therefore, aimed at identifying the existing gaps between theory and practice. It further works out solutions and recommendations for effective governance of DISCOs.

The concept of governance came under academic debate with the work of Adam when he coined the concept of managerialism and principal-agent (Adams, 1976). Other researchers namely, (Berle & Means, 1932) had already given the concept of "separation of ownership and control" in business organizations, which originated the theoretical foundation corporate governance. As such, it is generally believed in academic and professional discourses that corporate governance is an off-shoot of agency theory (Kurnia & Astuti, 2023). In today's business environment, investors practically have little participation in the execution of business, they hire managers and professionals to manage the firm's resources, create value and generate revenue from the business on their behalf (Khan et al., 2022). Complications arise when managers neglect their assigned roles and start pursuing their interests (Albayrak & Ertürk, 2021; Goldberg & Albert, 2013). Shleifer and Vishny (1997) have linked this deviation from the fiduciary duties with agency issues. The mechanism of corporate governance necessitates corporate control through monitoring of expenditure, investment ventures, budgetary decisions, corporate control and oversight, compensation system and maintaining a balanced system that benefits the owner of the company (Aziz, 2019; Fama &

Jensen, 1998; Garzón Castrillón, 2021). The firm's value increases through handling agency issues successfully (Hart, 1995).

The research addresses the core issue of corporate governance effectiveness in power sector companies. The mention industry is the center of attention of decision makers due to its inefficiencies, ineffective service delivery and heavy financial losses. The prevailing corporate governance has some common grounds for criticism by experts and professionals in general and also in case of DISCOs of Pakistan in particular. The governance by BoDs can be more efficient and effective if the they work as a driver of the strategic functions, focusing the futuristic approach and limiting the domain of influence to the top level. This research has posed the following questions for a systematic enquiry in the power distribution companies of Pakistan.

Research questions

1. What is the CG model of Pakistan's public sector companies?
2. What are the specific gaps of corporate governance in DISCOs?
3. How to address the gaps to improve the CG of DISCOs?

The paper is aimed at a systematic study of corporate governance effectiveness (CGE) in relationship to its four antecedent constructs. The study investigates the impact four highly prominent constructs, those are, CGS, CEO Empowerment, External Factors and the Skills/Experience of directors on the dependent variable CGE with the objective to put forward technically and economically viable recommendations for improvement of the corporate governance in DISCOs.

The Problem Statement

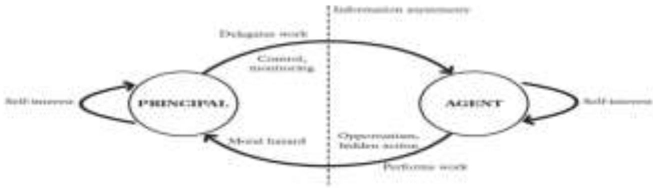
The CGE in the power distribution companies of Pakistan is the center of attention of policy makers. The need for developing of robust CGE model for DISCOs is direly felt due to their inefficiency in service delivery, routine power outages and weak financial performance. The power distribution companies (DISCOs) of Pakistan lack the technical and managerial skills to operate independently. Good governance would have resolved these issues because researchers comment that a sound governance system helps to overcome inefficiencies (Garzón Castrillón, 2021). DISCOs are public sector companies, and researchers have opined that the governance structure of public sector companies in Pakistan has not been appropriately established on corporate governance principles (Khan et al., 2022). Financial performance of companies can be improved by adopting best practices of corporate governance and management (Jia et al., 2019). The governance system prevailing in DISCOs is not specifically tailored according to the requirements of DISCOs. The BoDs of DISCOs fail to systematically investigate the real causes of poor performance. This study has therefore, investigated the impact of CGS, CEO empowerment, External Factors and Skills/ Experience of board members as the four explanatory variables of CGE in DISCOs of Pakistan to determine the level of CG effectiveness and work out practical recommendations for improvement of their governance.

Literature Review and Hypotheses Development

Corporate governance is viewed as the framework of the organizational structure and the relationships which determines direction as well as performance of the corporate entity. The company's BoD is central body to its corporate governance (Aziz, 2019; Kurnia & Astuti, 2023). The relationship of company's board with the other participating agents is critical. Significant contributors in the perspective of DISCOs are the boards, government of Pakistan, management, employees and the consumers of utility services. Whereas the 20th century is considered an era of management, the 21st century is viewed as the age of governance. No doubt, both terms and frameworks focus on control of the corporations but governance is predominant in corporate performance. corporate governance is, therefore, an essentially important aspect of control and oversight of corporate entities across the world.

In terms of the agency theory, researchers have comprehensively expounded the principal-agent relationship in corporations and companies. The agency relationship between owner and managers is described as an agreement that protects both parties under specific well-defined contractual obligations. The principal and agents are both under mutual contractual obligations, where the rights and obligations are defined and protected (Fama & Jensen, 1998). The asymmetry of information also causes differences between the two parties (Chrisman et al., 2004). Figure 1 depicts the agency model.

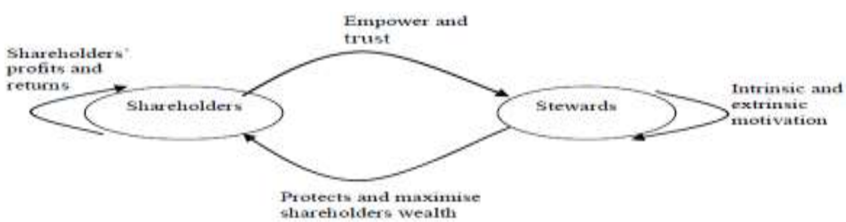
Figure 1
Agency Theory CG Model



Note: Figure 1 illustrates the agency model through an agent- principal dyad.

Agency theory, therefore, believes and emphasizes the opportunistic behaviour of managers. Researchers recommend the governance of companies through BoD to monitor and oversee the executive and functional authorities of the firm (DeZoort et al., 2002; Vargas-Hernández & Teodoro Cruz, 2018). However, the agency theory doesn't undermine the managers as is generally believed, it officers performance-based incentives to maintain their morale (Rhoades & Eisenberger, 2002). Given the extant literature, the framework of corporate governance originates from assumptions laid down by the agency theory (Bebchuk & Fried, 2003). McGregor's theory Y, McGregor (1960) supports the assumptions of stewardship theory. Researchers believe that people perform well when they are trusted, CEO is, therefore, more effective when he is empowered to lead the company by assigning the additional role of the board's chairperson of the same company (Davis et al., 1997). Thus, it supports the empowerment of the executives of the company. Some researchers believe that moral hazards limit the effectiveness of stewardship (Acharya & Viswanathan, 2011). The stewardship model is practically implemented in Japan and delivers high performance in the companies. Figure 2, is a depiction of the stewardship model in corporate governance.

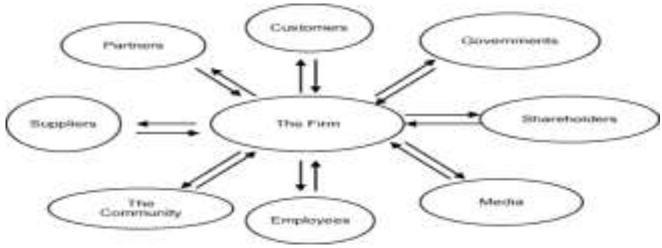
Figure 2
Stewardship Model



Note: figure 2 illustrates the stewardship model, employees as stewards are motivated by intrinsic and extrinsic motivators.

The approach of agency and stewardship theories is somehow narrow and limited. The stakeholder theory professes to maintain a balance in serving the interests of all stakeholders of the company (Okoye, 2009). The approach of stakeholder is wider, it accommodated all bodies and persons that are affected in one or the other way. According to Freeman & Mcvea, (2001), stakeholder is anyone who can affect the firm. Similarly, anyone is affected by the operation of a firm (R. E. Freeman, 2011). Moreover, Sullivan & Picarsic, (2012) add the members of entire society to stakeholder a everyone of them is either affected by the firm or contribute in some manner to the firm. Arnold et al., (2019) added the firm's manpower and vendors in the definition of stakeholders.

Figure 3
Stakeholder Model



Note: Figure 3 illustrates stakeholder model, it considers all stakeholders as significant contributors

Similarly, resource dependency theory focus the resources required for the successful operation of an organization. According to Huang, (2022) resource allocation and securing the organization concerning critical resources is necessary and decisive in determining the future of an organization. Resources dependency theory brings in different resources, like knowledge, skill, information, material, supplies, customer feedback, legal framework, policymakers and legitimacy including social acceptability (Hillman & Dalziel, 2003; Huang, 2022).

Moreover, transaction cost theory sees organizations as conglomerates of various disciplines where people with a variety of objectives and motives co-exist (Hornung & Glaser, 2010). This theory sees the organization as arrangements based on mutually beneficial transactions among the contributing parties (Williams, 2002). Transaction cost theory stresses effective corporate governance to protect through control and business oversight to curb opportunistic behaviour that potentially compromises the owner's interest, although it doesn't specifically discuss the protection of the owner's rights.

The aforementioned theories describe the essence of corporate governance. Understanding the theoretical perspective in wholesomeness develops the researcher's understanding of the understudied phenomenon, its various perspectives and a clear way forward for scholastic advancement for appropriate exploration. Extant research has investigated corporate governance in Pakistan in terms of profitability and companies' growth Khan et al., (2022) non-compliance to CCG, undue government interference Schuler et al., (1977), ownership concentration Aziz, (2019), non-compliance to international standards like accountability and transparency (Sadaf et al., 2019) etc. Likewise, the control exercised by the interplay of ownership structure. In line with extant literature, this article investigates if the current practices in board composition and functioning in power distribution companies (DISCOs) of Pakistan comply with the regulations of CCG and what is required to be done to improve the governance system of DISCOs.

Boards govern the DISCOs, whereas their managements run the companies through discharging functional responsibilities. Since the DISCOs are public sector companies, the controlling ministry, which in the instant case is the Ministry of Energy (Power Division) that controls them through BODs, making a Principal-Agent dyad. The BoD is principally a panel of people, elected by the MoE (Power Division) to safeguard the public interest. Therefore, BoDs act as a fiduciary for stakeholders, which in the case of DISCOs are the people of Pakistan. The integral roles played by effective BoDs to secure a good organizational reputation, attract capital investment and engage a skilled workforce have been acknowledged globally (Vintila & Radu, 2023). The roles played by BoDs can broadly be classified into oversight, advisory and directional and strategic functions. The gaps between standard and internationally accepted instructional governance mechanism are still wide that needs to be addressed to improve the performance and profitability of public sector companies (Khan et al., 2022).

Research in the field of corporate performance and governance has determined that CG structure plays a predominant role in firm performance (Collin, 2023; Joher & Ali, 2011). "CG structure specifies the distribution of rights and responsibilities among different stakeholders such as the board, management and stakeholders and procedures for decision-making in corporate affairs" (Mulili & Wong, 2011). The governance structure has a key role in efficient decision making Jia et al., (2019), utilization of collective wisdom (Okoye, 2009), helps profitability and sustainability McKiernan, (2017), safeguards the stakeholders' interests R. E. Freeman, (2011), assure quality management Jochem, (2009), maintained effective strategic oversight (How, 2019), serves as an enabler for the firm’s management to achieve the firm’s long term goals and objectives (Dominiece-Diasa & Volkova, 2020).

Empowerment of the CEO is necessary for the company’s performance and management effectiveness (Ling et al., 2014). Sizable literature and research have deliberated upon the role of the CEO as a management leader and a firm’s success. Researcher define CEO empowerment as “the genuine empowerment requires CEOs to be involved, to be of service, to coach and mentor, to guide influence and inspire the management team, this definition is in line with the study conducted by researchers” (Li et al., 2021). The CEO of the company has to guide and lead the team to realize the company's goals and objectives (Ehrlinger et al., 2008). Effective CEOs are, therefore, the guarantors of firms' long terms success and competitiveness (Albayrak & Ertürk, 2021). Good governance is marked by the role it plays to enable and empower the CEO to play his leadership role to the best of his potential (Nor et al., 2022). A governance mechanism that hampers and obstructs the role of the CEO as leader of the team and top executive of the company causes tremendous loss to a company in terms of performance McDonald & Puxty, (1979), strategy implementation (Shah, 1998), team effectiveness and achievement of the company’s long term objective (Payne et al., 2009).

The competitive environment, technological, political and societal factors that affect the CGE, this definition is consistent with the study conducted by researchers (Afolabi, 2015). Organizations have to consider the business environment and external factors in decision-making and strategy formulation. External factor influences the organization’s governance and effectiveness. In this perspective, the political forces and economic factors (Liu, 2017; Okike et al., 2015), environmental, technological factors and competitors (Isukul & Chizea, 2015), society as well as social obligations (Khan et al., 2022), regulatory and legal framework and the customer have a major influence on the governance of firms (Liu, 2017).

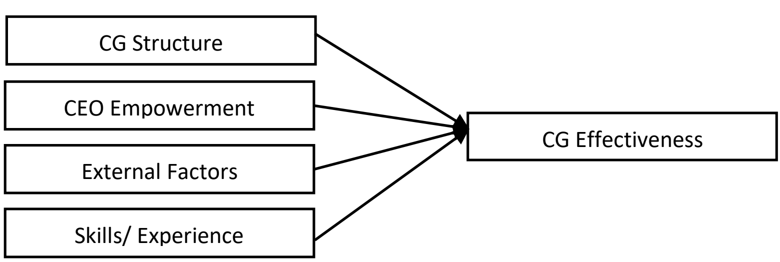
The skill, knowledge and experience of the decision maker of decision-makers cannot be overlooked in the discourse of corporate governance. The governance skills and experience of the directors that positively affect the CGE, the mentioned definition of CGE is consistent with study conducted by researchers (Chen, 2022). The directors as well as the top management have to formulate the corporate and business strategies of the companies (Dominiece-Diasa & Volkova, 2020). They are responsible for achieving the strategic goals of the organization (Venter et al., 2020). Strategic oversight (How, 2019), the corporate performance decision maker (Zhang, 2015). The directors should have the skills to make appropriate choices and foresee the risks and uncertainty (Albayrak & Ertürk, 2021). They have to possess sound knowledge of governance and business (Collis & Hussey, 2009; Ghemawat et al., 1999).

Conceptual model

Given the above theoretical foundation from the extant literature, this research investigates the relationship between CGS, CEO empowerment, External Factors and the skills/ Experience of directors with CG Effectiveness in the context of the power distribution companies (DISCOS) of Pakistan. The following conceptual framework depicts the linkage between the mentioned four IVs and CG effectiveness.

Figure 4.

Conceptual Model



Note: CGS, CEO Empowerment, External Factors and Skill/Experience are explanatory variable of CGE

The study draws four hypotheses to determine the impact of the IVs on the dependent variable of the study and investigate that how governance system if DSICOs can be improved. Here, CG structure, CEO empowerment, External factors, Skill and Experience (S&E) of directors of the boards are the independent variables whereas, Corporate Governance Effectiveness (CGE) the dependent variable of the model. The study posits the following four hypotheses.

Variable	Cronbach's Alpha Value	Factors
CGS	0.948	09
CEO-Empowerment	0.703	06
External Factors (EF)	0.704	04
Skills/Experience (SE)	0.890	10
CG Effectiveness (CGE)	0.779	09

H1: CG Structure has positive impact on CG Effectiveness
H2: CEO Empowerment has positive impact on CG Effectiveness
H3: External Factors have negative impact on CG Effectiveness
H4: Skills/Experience has positive impact on CG Effectiveness

Methodology and Approach

The study follows a cross-sectional research design, which is further supported by a variety of case studies and researches available on CGE. Population of this study consists of the senior professionals who worked as board members or top management executives having experience and first-hand knowledge of the CG. Therefore, purposive sampling technique was employed for data collection. Data was collected through structured interviews from 70 such experts. Alternatively, the respondents of the study a focused group of experts.

The data was collected from respondents through structured interview. Researcher administered questionnaire was used to record responses on a 5 points Likert scale. The CGS construct was measured with a 09 items scale, data for CEO Empowerment construct was collected through 06 items instrument, External Factors construct had 04 items scale, Skills/ Experience construct had 10 items scale and the CGE construct scale had 09 items. The instruments were adapted from past studies. For instance, the SGS construct, External Factors construct and the Skills/ Experience constructs' scales were adapted from (Khanchel, 2007), the CGE construct scale from (Sahay, 2016) and the CEO Empowerment scale from was adapted from (J. Arnold et al., 2000).

Since the instruments were adapted from past studies, a post-hoc instrument reliability analysis was conducted to determine the internal consistency of the constructs' items and CFA was conducted to determine the consistency of factors of each construct with the construct as a whole. Whereas, linear regression was used for hypothesis testing.

The nature of the prevailing corporate governance of DISCOs and the governance standards in the context of Pakistan have been explored. Moreover, linkages between the different globally accepted and practiced standards are explored and discussed. Primary data collected through structure interviews has been analyzed and the empirical findings discussed. Last but not least, the article outlines practical implications and recommendations for improvement of the governance of the DISCOs in Pakistan.

Data Analysis, Results and Discussion

Table 1
Instrument Reliability, internal consistency analysis

Note: Table 1 presents the instrument reliability was tested through internal consistency analysis in SPSS.

Cronbach's Alpha given in table 1 depicts significant as they are all above the acceptable 0.60. the Cronbach's alpha values indicate that how closely the instrument items are associated and correlated with each other. A low Cronbach's value reflect that the instruments are not significantly correlated and they do not explain the composite construct.

Table 2
Confirmatory Factor Analysis (CFA)

Variables	1	2	3	4	5	6	7	8	9	10
CGS	.86	.87	.82	.73	.80	.80	.84	.82	.85	
CEO-E	.62	.75	.72	.64	.63	.25				

EF	.42	.65	.67	.71						
SE	.73	.51	.45	.63	.75	.80	.79	.78	.63	.74
CG-E	.67	.53	.66	.61	.65	.71	.44	.54	.65	

Note: CFA is a statistical analysis that determine consistency of factors of the constructs to the construct as a whole. In case, a CFA value of less that .50 for any factor of the construct does not fit to the construct. And should therefore, be removed from the model to as a measure of data cleaning.

Table 3

Descriptive Statistics

Descriptive Statistics, Components' means and Standard Deviations			
Variable	N	Mean	Std. Deviation
CGS	70	2.16	0.62
CEE-E	70	3.06	0.77
EF	70	2.54	0.69
SE	70	3.66	0.77
CGE	70	2.21	0.64

Note: The descriptive statistics depicted in the table given 3 shows that standard deviations for the understudy constructs are well within the acceptable limit.

The standard deviation values in the table show that 60% observations of CGS, 77% observations for CEO empowerment, 69% observations for External factors, 77% observations for Skills & Experience and 64% observations for corporate governance effective are within 2 standard deviations from the means.

Table 4

Data Analysis and Empirical Findings of the Hypotheses

Results of the Regression tests (H1, H2, H3, H4)				
Model	R	R.Sq.	F	P
H1: GCS-CGE	0.33	0.11	11.56	0.001
H2: CEOEmp-CGE	0.36	0.13	14.64	0.000
H3: Ext.Fac-CGE	-0.44	0.20	24.50	-0.000
H4: Skills/Exp- CGE	0.43	0.19	22.73	0.000

Note: Table 4 presents the regression output of four hypotheses in summarised form.

H1 posits that CGS has a positive impact on CGE. As given in table 4, CGS has a significant positive impact on CGE. The R-value (0.33) of the regression test output shows that there is a 33% correlation in the observed and predicted variability of the dependent variable due to the impact of the IV of the model. The R squared value (0.11) depicts the variable explained by CGS in CGE. Hence, CGS explains an 11% variance in CGE. The p-value (0.001) is the evidence of significance. Hence the empirical findings support the postulated relationship. These findings are consistent with past studies conducted in other cultures (Guluma, 2021; Joher & Ali, 2011).Based on these empirical findings, H1 is accepted.

H2 of posits that CEO Empowerment (CEO-E) positively impact CG Effectiveness (CGE). As given in table 4, CEO-E has a significant positive impact on CGE. The R-value (0.36) of regression test output shows that there is a correlation of 36% in the observed and predicted variability of the dependent variable that is attributed to the impact of the explanatory variable of the study. The R squared value (0.13) depicts that the independent variable explains 13% of the total variance in CGE. The p-value (0.000), in the instant case, is highly significant. Hence the empirical findings support the postulated relationship between CEO-E and CGE. The findings of H2 are consistent with other studies (Carmeli et al., 2011; Wall et al., 2005). Based on these empirical findings and theoretical support, H1 is accepted.

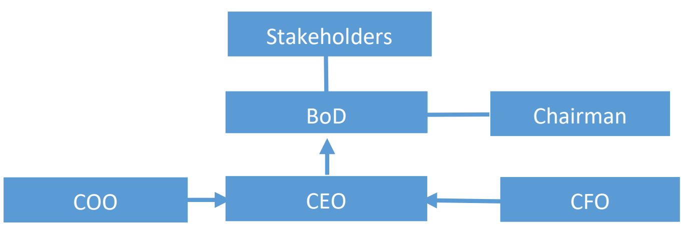
H3 posits that External Factors (EF) harm CG Effectiveness (CGE). As given in table 4, EF has a significant negative impact on CGE. The R-value (-0.44) of the regression test output shows that there is a 44% correlation in the observed and predicted variability of the DV due to the impact of the IV. negative R show the direction of the relationship between the IV and DV. The R squared value (0.20) depicts that EF explains 20% variance in CGE. The p-value (-0.000) is highly significant. Hence the empirical findings support the postulated relationship. The literature supports these findings (Afza & Nazir, 2014; Khan et al., 2022; Okike et al., 2015).Based on these empirical findings, H3 is accepted. Hence, EF is a significant negative impact on CGE.

H4 posits that the Skills & Experience (SE) of directors have a positive impact on CG Effectiveness (CGE). As given in table 4, SE has a significant positive impact on CGE. The R-value (0.43) shows that there is a 43% correlation between the observed and predicted variability of the dependent variable. The Positive R-value shows the direction of the relationship between the IV and DV. The R squared value (0.19) depicts that SE explains 19% variance in CGE. The p-value (0.000) is significant. Hence, SE has a significant positive impact on CGE. H4 is, therefore, accepted.

Discussion

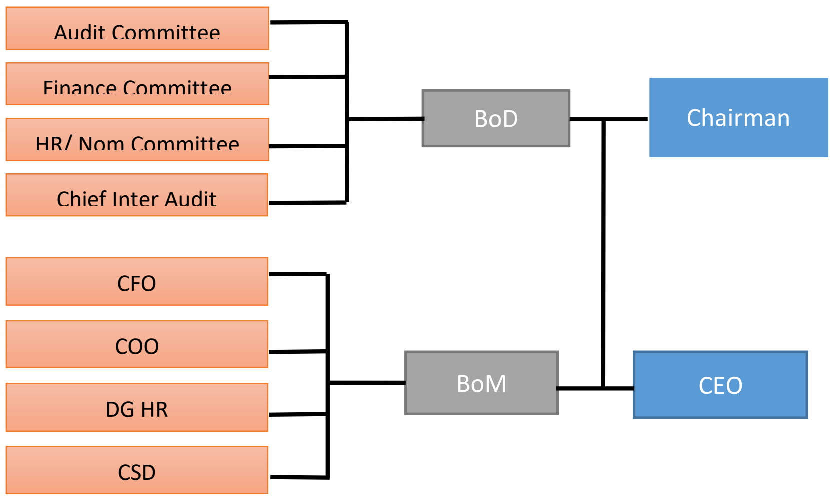
The prevailing corporate governance has some common grounds for criticism by experts and professionals. The existing governance system as a major drawback takes away the authority of the CEO (Subramanian, 2015). BoDs takes decisions, formulates and approves plans, the executives implement those plans. However, complications and complexities still engulf the company and obstructions occur in pursuing the organizational goals and objectives (Carmeli et al., 2011; Okpara, 2010). The governance by BoD is efficient and effective where the board work as a driver of the strategic functions, focusing on the futuristic approach and limiting the domain of influence to the top level (Huang, 2022). In the prevailing system of governance, the CEO, Company Secretary, Chief Financial Officer and Chief Internal Audit directly report to the BoD. As a consequence, thereof, not only is the authority of the CEO compromised but the company suffers because the CEO cannot play his leadership role effectively.

Existing Corporate Governance Model



Chairman BoD leads the board according to the vision, mission and strategic goals. The Board approves policies, makes significant decisions and oversees corporate performance. On the other hand, CEO leads the BoM and exercises executive authority with a high empowerment to deliver effectively. The BoM makes operational decisions and realization of the board objectives, bring well-documented recommendations and information to the board that serves as input for strategic corporate planning and strategic business planning. Given the above, the following governance model in DISCOs is suggested.

The proposed corporate governance model of DISCOs



The governance mechanism of DISCOs is practically ineffective as evidenced by hefty financial losses and little or no advancement toward improvement and stability. The constitution of the boards requires meritocracy at the time of selection of directors (Collin, 2023). Therefore, professionals of good repute, sound knowledge, and aptitude toward resolution of issues through the scientific procedure of research and development (R&D) techniques would better coup with challenges (Dominiece-Diasa & Volkova, 2020). The board would be more effective with a two-tier composition where independent directors with sound knowledge and expertise have dominance and executive directors and stakeholder/ consumers representative directors play contributions specific to functional areas. Researchers opine that professional ability and skill development of the directors are also very important (Hillman & Dalziel, 2003). A robust need-based training program helps to overcome the professional deficiencies of directors (Vintila & Radu, 2023). Therefore, a sizable gap between the existing corporate governance mechanism and required governance has been ascertained. The idea of corporate governance 2.0 and judicious implementation of the corporate governance code would help to improve the performance of DISCOs. The practice of selective implementation of the code of corporate governance and the deviation from standard and internationally accepted best practices obstruct the governance and efficient and effective administration of the DISCOs of Pakistan.

Conclusion and Future Research Directions

Good governance can significantly improve the performance of DISCOs and the stakeholders' satisfaction with these public sector corporate entities. A clearly defined, well-elaborated and customized governance system employed for DISCOs can hold all the stakeholders accountable for their decisions and actions. The selection of directors must be on merit. The boards should serve the purpose of performance and effective governance of DISCOs. The Boards should not be reconstituted or dissolved at once on completion of three years' tenure as per practice in vogue. Instead, a staggered approach should be adopted where half of the directors would retire on completion of the SECP-prescribed three years' tenure (CGC,2017). The boards should remain functional through periodic replacement directors. The directors must be well versed in the code of business ethics and sign the business ethics for compliance during their tenure. The Constitution of two-tier boards, where the top tier is empowered to take decisions regarding corporate planning and strategic management and the second tier consists of executive directors responsible for functional areas. They contribute by providing input for decision-making in their functional areas. Two tier boards consists of BoD and BoM. The BoD lead by chairperson consists of independent and non-executive directors. Whereas, the BoM headed by the CEO is constituted of the top management of the company. in future, researchers should investigate CGE in relationship with environmental factors, competitive factors and change management perspectives. Investigation of larger samples and longitudinal studies would also help in this regard.

References

Acharya, V. V., & Viswanathan, S. (2011). Leverage, Moral Hazard, and Liquidity. *The Journal of Finance*, *66*(1), 99–138. https://doi.org/10.1111/j.1540-6261.2010.01627.x

Adams, S. (1976). *The Wealth of Nations*. Oxford University Press.

Albayrak, M. T., & Ertürk, A. (2021). Strategic Empowerment in Human Resource Management. In M. T. Albayrak & A. Ertürk, *Oxford Research Encyclopaedia of Business and Management*. Oxford University Press. https://doi.org/10.1093/acrefore/9780190224851.013.161

Arnold, D., Beauchamp, T., & Bowie, N. (2019). *Ethical Theory and Business*. https://doi.org/10.1017/9781108386128

Arnold, J., Arad, S., Rhoades, J., & Drasgow, F. (2000). The empowering leadership questionnaire: The construction and validation of a new scale for measuring leader behaviors. *Journal of Organizational Behavior*, *21*(3), 249–269. https://doi.org/10.1002/(SICI)1099-1379(200005)21:33.0.CO;2-#

Aziz, M. (2019). Problem relating to Corporate Governance in Pakistan. *Advances in Social Sciences Research Journal*. https://doi.org/10.14738/assrj.67.6851

Bebchuk, L. A., & Fried, J. M. (2003). Executive Compensation as an Agency Problem. *Journal of Economic Perspectives*, *17*(3), 71–92. https://doi.org/10.1257/089533003769204362

Berle, A., & Means, G. (1932). *The Modern Corporation and Private Property*. Commerce Clearing House.

Carmeli, A., Schaubroeck, J., & Tishler, A. (2011). How CEO empowering leadership shapes top management team processes: Implications for firm performance. *The Leadership Quarterly*, *22*(2), 399–411. https://doi.org/10.1016/j.leaqua.2011.02.013

Chrisman, J. J., Chua, J. H., & Litz, R. A. (2004). Comparing the Agency Costs of Family and Non–Family Firms: Conceptual Issues and Exploratory Evidence. *Entrepreneurship Theory and Practice*, *28*(4), 335–354. https://doi.org/10.1111/j.1540-6520.2004.00049.x

Collin, S.-O. (2023). Towards a Critique of Corporate Governance Research. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.4411637

Collis, J., & Hussey, R. (2009). *Business research: A practical guide for undergraduate & postgraduate students* (4th ed.). Palgrave Macmillan.

Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a Stewardship Theory of Management. *The Academy of Management Review*, *22*(1), 20. https://doi.org/10.2307/259223

DeZoort, T., Hermanson, D., Archambeault, D., & Reed, S. (2002). Audit Committee Effectiveness: A Synthesis of the Empirical Audit Committee Literature. *Journal of Accounting Literature*, *21*, 38–75.

Dominiece-Diasa, B., & Volkova, T. (2020). Strategic foresight capability as an enabler of management innovation. *International Business & Economics Research Journal*, *4*(9).

Ehrlinger, J., Johnson, K., Banner, M., Dunning, D., & Kruger, J. (2008). Why the unskilled are unaware: Further explorations of (absent) self-insight among the incompetent. *Organizational Behavior and Human Decision Processes*, *105*(1), 98–121. https://doi.org/10.1016/j.obhdp.2007.05.002

Fama, E. F., & Jensen, M. C. (1998). Separation of Ownership and Control. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.94034

Freeman, R. E. (2011). *Strategic management: A stakeholder approach* (Nachdr.). Cambridge Univ. Press.

Freeman, R., & Mcvea, J. (2001). A Stakeholder Approach to Strategic Management. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.263511

Garzón Castrillón, M. A. (2021). The concept of corporate governance. *Visión de Futuro*, *25, No 2 (Julio-Dic)*, 178–194. https://doi.org/10.36995/j.visiondefuturo.2021.25.02R.005.en

Ghemawat, P., Collis, D. J., Pisano, G. P., & Rivkin, J. W. (1999). *Strategy and the Business Landscape: Text and cases*.

Goldberg, & Albert, I. (2013). The Human Value of the Enterprise: Valuing People as Assets–Monitoring, Measuring, Managing. *International Journal of Manpower*.

Guluma, T. F. (2021). The impact of corporate governance measures on firm performance: The influences of managerial overconfidence. *Future Business Journal*, *7*(1), 50. https://doi.org/10.1186/s43093-021-00093-6

Hart, S. L. (1995). A Natural-Resource-Based View of the Firm. *The Academy of Management Review*, *20*(4), 986. https://doi.org/10.2307/258963

Hillman, A. J., & Dalziel, T. (2003). Boards of Directors and Firm Performance: Integrating Agency and Resource Dependence Perspectives. *The Academy of Management Review*, *28*(3), 383. https://doi.org/10.2307/30040728

Hornung, S., & Glaser, J. (2010). Employee responses to relational fulfilment and work-life benefits. *International Journal of Manpower*, *31*(1), 73–92. https://doi.org/10.1108/01437721011031702

How. (2019). Future-Ready Strategic Oversight of Multiple Artificial Superintelligence-Enabled Adaptive Learning Systems via Human-Centric Explainable AI-Empowered Predictive Optimizations of Educational Outcomes. *Big Data and Cognitive Computing*, *3*(3), 46. https://doi.org/10.3390/bdcc3030046

Huang, Y. (2022). Intermediary Organization of Administrative Examination and Approval: Development and Alienation. *Open Journal of Business and Management*, *10*(04), 2181–2190. https://doi.org/10.4236/ojbm.2022.104110

Isukul, A. C., & Chizea, J. J. (2015). Environmental Factors Influencing Corporate Governance: The Nigerian Reality. *SAGE Open*, *5*(2), 215824401558138. https://doi.org/10.1177/2158244015581380

Jia, N., Huang, K. G., & Man Zhang, C. (2019). Public Governance, Corporate Governance, and Firm Innovation: An Examination of State-Owned Enterprises. *Academy of Management Journal*, *62*(1), 220–247. https://doi.org/10.5465/amj.2016.0543

Jochem, R. (2009). Quality governance. *Total Quality Management & Business Excellence*, *20*(7), 777–785. https://doi.org/10.1080/14783360903037382

Joher, H., & Ali, M. (2011). Corporate Governance Structure And Firm Performance: Empirical Evidence From Brusa Malaysia, Kuala Lumpur. *International Business & Economics Research Journal (IBER)*, *4*(9). https://doi.org/10.19030/iber.v4i9.3620

Khan, S., Kamal, Y., Hussain, S., & Abbas, M. (2022). Corporate governance looking back to look forward in Pakistan: A review, synthesis and future research agenda. *Future Business Journal*, *8*(1), 24. https://doi.org/10.1186/s43093-022-00137-5

Khanchel, I. (2007). Corporate governance: Measurement and determinant analysis. *Managerial Auditing Journal*, *22*(8), 740–760. https://doi.org/10.1108/02686900710819625

Kurnia, L. D., & Astuti, C. D. (2023). The Effect Of Corporate Governance Mechanisms On Financial Distress. *Journal of Social Science (JoSS)*, *2*(2), 282–291. https://doi.org/10.57185/joss.v2i2.54

Ling, Y., Wei, L.-Q., & Klimoski, R. J. (2014). Profiting from CEOs' Empowerment of TMTs: Does the Social Context Matter? *Academy of Management Proceedings*, *2014*(1), 10308. https://doi.org/10.5465/ambpp.2014.10308abstract

Liu, L. (2017). A Literature Review on the Factors Influencing R & D Investment. *Chinese Studies*, *06*(01), 24–28. https://doi.org/10.4236/chnstd.2017.61003

Maslow, A. H. (1958). A Dynamic Theory of Human Motivation. In C. L. Stacey & M. DeMartino (Eds.), *Understanding human motivation.* (pp. 26–47). Howard Allen Publishers. https://doi.org/10.1037/11305-004

McDonald, D., & Puxty, A. G. (1979). An inducement-contribution approach to corporate financial reporting. *Accounting, Organizations and Society*, *4*(1–2), 53–65. https://doi.org/10.1016/0361-3682(79)90007-2

McGregor, D. (1960). *The Human Side of Enterprise*. Mc Graw-Hill Co.

McKiernan, P. (Ed.). (2017). *Historical Evolution of Strategic Management, Volumes I and II* (0 ed.). Routledge. https://doi.org/10.4324/9781315253336

Nor, R., Gani, A. J. A., Saleh, C., & Amin, F. (2022). Organizational commitment and professionalism to determine public satisfaction through good governance, public service quality, and public empowerment. *International Review on Public and Nonprofit Marketing*, *19*(1), 191–217. https://doi.org/10.1007/s12208-021-00297-0

Okike, E., Adegbite, E., Nakpodia, F., & Adegbite, S. (2015). A review of internal and external influences on corporate governance and financial accountability in Nigeria. *International Journal of Business Governance and Ethics*, *10*(2), 165. https://doi.org/10.1504/IJBGE.2015.070933

Okoye, A. (2009). Theorising Corporate Social Responsibility as an Essentially Contested Concept: Is a Definition Necessary? *Journal of Business Ethics*, *89*(4), 613–627. https://doi.org/10.1007/s10551-008-0021-9

Okpara, J. (2010). Perspectives on Corporate Governance Challenges in a Sub-Saharan African Economy. *Journal of Business & Policy Research Volume*, *5*, 110–122.

Payne, G. T., Benson, G. S., & Finegold, D. L. (2009). Corporate Board Attributes, Team Effectiveness and Financial Performance. *Journal of Management Studies*, *46*(4), 704–731. https://doi.org/10.1111/j.1467-6486.2008.00819.x

Rhoades, L., & Eisenberger, R. (2002). Perceived organizational support: A review of the literature. *Journal of Applied Psychology*, *87*(4), 698–714.

Sadaf, Q., Aziz, M., & Anjum, G. (2019). Role of organizational culture in psychological needs satisfaction and work engagement. *Business Review*, *14*(1), 81–96. https://doi.org/10.54784/1990-6587.1026

Sahay, M. (2016). Effectiveness of corporate governance and measurement challenges. *Corporate Ownership and Control*, *14*(1), 297–303. https://doi.org/10.22495/cocv14i1c2p1

Schuler, R., Aldag, R., & Brief, A. (1977). Role Conflict and Ambiguity: A Scale Analysis. *Organizational Behavior and Human Performance*, *20*, 111–128. https://doi.org/10.1016/0030-5073(77)90047-2

Shah, A. M. (1998). Strategic Management: The Role of the Chief Executive Officer. *Paradigm*, *1*(2), 147–153. https://doi.org/10.1177/0971890719980221

Shleifer, A., & Vishny, R. W. (1997). *A Survey of Corporate Governance*. *52*(2), 737–783.

Sullivan, D. M., & Picarsic, J. (2012). The Subtleties of Social Exclusion: Race, Social Class, and the Exclusion of Blacks in a Racially Mixed Neighborhood. *Sociology Mind*, *02*(02), 153–157. https://doi.org/10.4236/sm.2012.22020

Vargas-Hernández, J. G., & Teodoro Cruz, M. E. (2018). Corporate governance and agency theory: Megacable case. *Corporate Governance and Sustainability Review*, *2*(1), 59–69. https://doi.org/10.22495/cgsrv2i1p5

Venter, B. P., Guo, B., & Chen, Y. (2020). Art and Culture in Chinese Corporate Responsibility: A Qualitative Enquiry. *Sociology Mind*, *10*(02), 70–81. https://doi.org/10.4236/sm.2020.102006

Vintila, G., & Radu, I. (2023). Does Corporate Governance Influence the Performance of Romanian Companies in A Period of Maximum Uncertainty? Empirical Analysis on The Case of Companies Listed on The Bucharest Stock Exchange. *Journal of Economics Studies and Research*, 1–9. https://doi.org/10.5171/2023.871797

Wall, T. D., Wood, S. J., & Leach, D. J. (2005). Empowerment and Performance. In C. L. Cooper & I. T. Robertson (Eds.), *International Review of Industrial and Organizational Psychology 2004* (pp. 1–46). John Wiley & Sons, Ltd. https://doi.org/10.1002/0470013311.ch1

Williams, R. S. (2002). *Managing employee performance: Design and implementation in organizations*. Thomson Learning.

Zhang, Q. (2015). Research of the Corporate Performance Evaluation Indicators Based on the Stakeholder Theory. *Open Journal of Social Sciences*, *03*(07), 111–116. https://doi.org/10.4236/jss.2015.37019