



Relationship Between Board Size And Firm Performance: Intervening Role Of Policies

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Abstract

This examination looks at the effect of corporate administration on firm execution of Lahore Stock Exchange Listed Companies. Corporate governance plays an important role in a firm. The study finds the impact of corporate governance on firm performance of LSE by taking the 168 listed companies from Lahore Stock Exchange. In this study board size is used as independent variable, board's policies as mediator's variables whereas firm performance has been taken as dependent variable. To measure the firm performance Return on assets (ROA) is used. The data used in this study has been taken from the Lahore Stock Exchange 168 listed Companies of all the independent and dependent variables. The methodology that is used for this research is to test the impact of board size on firms performance is measured by the model of Regression analysis. Our findings indicate that impact of board size on firm performance of LSE listed companies is significant.

Keywords: Corporate Governance, Board Size, Board Policies, Firm execution and Regression Analysis.

JEL Codes: G34, M12

I. Introduction

I.I. Corporate Governance

Corporate administration is the arrangement of tenets, practices and procedures by which an organization is coordinated and controlled. Corporate administration basically includes adjusting the interests of an organization's numerous partners, for example, shareholders, administration, clients, providers, agents, government and the group. Corporate governance structure and the relationships between board of directors are used to determine corporate direction and performance. Corporate Governance is usually important. Other essential members normally shareholders and administration, the relationship is critical. Extra members, representatives, clients, providers, and are incorporated into the credit. Corporate administration structure of the group, lawful, administrative, institutional and moral condition depends. Corporate administration is essential for the enthusiasm of partner's advantage in an organization, in such partners there are administration, shareholders, clients, government and providers are incorporated.

Corporate governance is very important for the interest of stakeholders benefit in a company. In such stakeholders there are management, shareholders, customers, government and suppliers. Administration of the twentieth century can be viewed as the age of the mid 21st century, concentrating on the governs predicts. The main purpose of the provisions of the institutions of governance and control solutions, but there is always the need for an examination of purposes. For example, extraordinary measurements of corporate administration are Board estimate, review advisory group, CEO pay structure, CEO duality, proprietorship structure and recurrence. This investigation expects to investigate the connection between the board Structure and its effect on firm execution we additionally need to analyze the impact of board's strategies on firm execution. Corporate administration additionally gives a structure to accomplish the organization's objective.

Past investigations asserted that as board estimate increment, contrast of premium will happen, and also correspondence obstacles, which at last deteriorate firm execution. Undoubtedly discover confirm that bigger firms, differentiated firms, and firms that depend more on obligation financing, will get more prominent firm an incentive from having bigger sheets. Along these lines, with the nearness of more board estimate, legitimate administration and control will be accentuated and help enhance the organization's monetary and non-money related execution.

I.II. Firm execution

Firm execution is examined and measured by various analysts utilizing distinctive measures. Firm execution measured by ROA and Return on Equity (ROE). The significance of corporate administration that firm gets more benefit from its assets and company's execution. The consequences of the examination suggested that organizations whose top managerial staff makes great approaches that will upgrade the firm execution. The greater part of the board's approaches Increment Company's execution in light of the fact that these arrangements may emphatically influence the ROA of the firm. A portion of the board's arrangements adversely influence the ROA of the firm so these strategies may diminish the company's execution. On the off chance that the CEO gets great pay and that remuneration is steady with company's objectives than it will prompt more noteworthy firm execution, so definitively this examination made commitment by mirroring a critical part of corporate administration and its linkage to firm execution.

I.II.I. Return on Assets

Profit for resources (ROA) is a budgetary proportion that demonstrates the rate of benefit an organization acquires in connection to its general assets. It is usually characterized as net wage isolated by add up to resources. Net salary is gotten from the pay proclamation of the organization and is the benefit after expenses. The arrival on resources proportion equation is ascertained by separating net salary by normal aggregate resources.

Profit for Assets= Net Income ÷ Average Total Assets

I.III. Research Objectives

There are some exploration goals viewing our examination which are as follow.

1. To discover the connection between sheets of chief's structure (board estimate) of open recorded organizations of Lahore stock trade and firm execution.
2. To look at that how the execution of all segments of recorded organizations of Lahore Stock Exchange is influenced by board size.

3. To research either board's arrangements will reflect higher firm execution in Lahore Stock Exchange recorded organizations.
4. To examination how much a board measure impact on firm execution.

I.III.I. Dependent variable

Firm performance

Note: firm performance is measured by the ROA of the 168 listed companies of Lahore Stock exchange.

I.III.II. Mediators

Determination and Delegation of Financial Power (D-o-P), Corporate Social Responsibility (CSR), Annual Evaluation of Board's Performance (A-E-o-B-P,) Health safety and Environment (HSE) and Human Resource management (HRM)

I.III.III. Independent variables

Board Size

I.III.IV. Research Questions

How board size effect on firm's performance?

II. Literature Review

Uadiale (2010) looks at the effect of board structure on corporate monetary execution in Nigeria. The factors utilized as free are board creation, board estimate, board proprietorship and CEO duality. Firm execution is utilized as needy variable which is measured through ROA and ROE and profit for capital utilized ROE. Four board qualities (board organization, board estimate, board possession and CEO duality) have been distinguished as potentially affecting corporate monetary execution. Test information of recorded organizations of Nigerian stock trade is utilized the Ordinary Least Squares (OLS) relapse was utilized to guess the connection between corporate execution measures and the autonomous factors. The examination demonstrates that there is solid positive connection between board estimate and corporate money related execution. Confirmation likewise exists that there is a positive relationship between outside executives sitting on the board and corporate money related execution.

As per Alnaif (2013) size of board and firms execution relationship is discussed. This ponder expects to look at relationship between a standout amongst the most critical corporate administration instruments, the span of sheets of executives and firm trademark components i.e. association's size, company's age, company's use and association's benefit. The information were gathered from an example of 21 mechanical Jordanian Companies recorded in Amman stock trade for the period 2005 – 2012. The factors that are utilized by specialist board estimate, firm size, firm age and firm execution. This investigation will utilize numerous relapse examination, illustrative insights and frequencies of the factors we utilized for examination. The outcome demonstrates that board estimate is straightforwardly identified with firm size and conversely identified with firm age, firm use proportion and firm execution.

Awan (2012) analyzes that board creation huge affects company's execution. Autonomous factors that are utilized as a part of this examination are board creation, free chiefs and ward executives and association's execution is depended variable. The specialist utilizes 91 recorded organizations at Karachi stock trade for the example. Firm execution is measured through ROA, ROE and Tobin's Q. T-test likewise connected for autonomous specimen. The conclusion demonstrates that the recorded organizations of Pakistan at Karachi stock trade with free board were indicating more noteworthy company's execution. In view of results and investigation it is reasoned that organizations autonomous chiefs in their board arrangement will indicate more noteworthy firm execution.

As indicated by Rehman and Syed (2013) the connection between possession structure, board autonomy and firm execution of 80 eighty recorded firms at KSE for the time of 2005-2009. The factors that are utilized as autonomous, board autonomy, board measure and administrative proprietorship. The needy variable is company's execution. Firm execution is assessed with the assistance of Tobin's Q and Maris proportion while for bookkeeping execution ROA and ROE is utilized. Normal impact show has been helpful as information investigation system to test the significance of these connections. The investigation discovered critical beneficial outcome of board estimate on both market based and bookkeeping based execution measures and noteworthy negative impact of insider possession on

ROA, while board autonomy has huge positive effect on showcase based execution measures.

Guest (2009) inspects the effect of board measure on firm execution for a vast example of 2,746 UK recorded firms more than 1981-2002. The free factors are board measure. Official and non official chiefs and firm execution is needy variable in this research. Tobin Q, share returns and ROA demonstrate is utilized and enlightening insights additionally gives. Finding of a negative effect of board estimate on execution, particularly for vast firms, it doesn't really take after that manage to restrain extensive sheets will enhance execution. Confirmation bolsters the contention that issues of poor correspondence and basic leadership influence the viability of huge sheets.

As indicated by Gill and Neil (2011) the effect of board measure, the CEO duality and corporate liquidity on the benefit of Canadian administration firms. A specimen of 75 Canadian administration firms recorded on Toronto Stock Exchange for a time of 3 years (from 2008-2010) was chosen. Autonomous factors are Board estimate, CEO duality, corporate liquidity and firm size. Subordinate variable is firm execution. The analyst utilized Descriptive Statistics, Pearson Bivariate Correlation Analysis and OLS Regression to think about the exploration. The outcomes demonstrate that bigger board estimate (vast number of executives) adversely affect on the benefit of Canadian administration firms. The aftereffects of this paper likewise demonstrate that the CEO duality and corporate liquidity emphatically affect the gainfulness of Canadian administration firms. What's more, firm size and firm development emphatically affect the benefit of Canadian administration firms.

Shukeri et al, (2012) the point of the investigation is to find that board qualities influence on association's execution? The factors that are utilized as autonomous are administrative possession, board measure, board freedom, CEO duality, sexual orientation differences and ethnic assorted qualities. The needy variable is association's execution. Profit for Equity (ROE) is utilized to quantify the firm money related execution. Test information is utilized from 300 Malaysian open recorded organizations. ROE display utilized as a part of this investigation and Correlation Analysis are utilized to discover the connection between factors. It is discovered that there is a negative connection between board size and CEO duality with the firm execution while board freedom and ethnic assorted qualities are adversely related with the firm execution.

The Al-Swidi et al, (2012) look at the connection between board qualities and the firm execution of non-money related recorded Kuwaiti firms. The information were gathered from a specimen of 136 organizations for the budgetary year 2009. Factors, for example, CEO duality, COE residency, review panel estimate, board size and board arrangement are autonomous Firm execution is utilized as needy variable which is measured through ROA. The numerous straight relapse examinations and the consistency of the factors were analyzed utilizing the sticks and kurtosis. President, review panel and ROA demonstrate positive relationship and CEO residency, board size and board arrangement and ROA indicates negative relationship.

Rashid et al, (2010) look at the influence of the board synthesis on firm execution. As the specimen information 90 non-budgetary firms recorded on the Dhaka Stock Exchange (DSE) amid the period 2005 to 2009. Subordinate factors in this examination are the organizations' exhibitions. Free factor is board organization (autonomous executives, board estimate, CEO duality). For the procedure the distinct insights of all factors utilized as a part of the model and straight relapse examination is utilized and furthermore ROA model and Tobin's Q is utilized.

There is no huge connection between board piece and firm execution and it is additionally found that the board measure affects firm execution. Kao et al, (2009) look at the effect of corporate administration on firm execution. Utilizing the information of Taiwanese recorded organizations from 1997 to 2008. Factors that are utilized are board attributes proprietorship structure and company's execution. The scientist utilized the Ordinary Least Squares (OLS) Regression Model 2SLS and Correlation Analyses. The outcome demonstrates a fundamentally positive connection between arrangement of free chiefs and firm execution; include that the screen estimation of autonomous executives to be more essential in business sectors.

Desoky and Gehan (2012) examine the impact of board possession and attributes on firm execution. The specimen information is utilized from 96 recorded Egyptian organizations on the Egyptian Stock Exchange. The autonomous factors are Chairman Ownership, CEO possession Directors' Ownership Board estimate Non-official chiefs CEO/Chair duality and the reliant variable is association's execution. The system which is utilized OLS and 2SLS relapse investigation to test the relationship between board proprietorship and qualities and firm execution measured by three unique measures in particular profit for resources - ROA, return on value - ROE, and Tobin's Q. The

outcome demonstrates that non-direct relationship may exist between a few factors of board possession and qualities from one side and firm execution from the other.

As indicated by Amba (2011) determine the effect of corporate administration on association's execution. A specimen of 39 organizations was chosen from 49 organizations recorded in Bahrain bourse in the Kingdom of Bahrain for the years 2010, 2011 and 2012. Autonomous factors are CEO duality, Chairman of Audit Committee, Proportion of Non-official Directors, Concentrated Ownership structure, Institutional Investors, Gearing Ratio and ward variable is association's money related execution measured by Return on Assets and corporate administration factors. The strategy utilized is numerous relapse investigations. This examination finds that corporate administration factors have impact on firms' execution. President duality, extent of non-official chiefs and use has negative impact and board part as seat of review council, extent of institutional proprietorship has positive impact on firms' money related execution.

Ness et al, (2010) inspects the impact of corporate sheets on firm money related execution. The autonomous factors are duality, free executives, sexual orientation/differing qualities, board part normal age, board measure, board residency and word related mastery. Firm execution is measured by ROA and Tobin Q. Specialist utilized common Minimum Square (OLS) relapse investigation. The outcome demonstrates that the top managerial staff with high normal term is decidedly identified with ROA. Sheets with different terms were observed to be connected with a positive impact on free income.

Weir et al,(2010) research the effect of corporate administration on firm execution. As an example 312 substantial UK cited organizations are utilized. The variavles are Non official executives, duality, Committee Composition and Director Quality, Internal and outside Shareholdings and firm execution. Clear insights and Ordinary Least Squares (OLS) Regression Model is utilized. The outcomes demonstrate that secret of energy to specifics is adversely associated with execution. This proposes outer control systems are more effective than interior ones.

Taghizadeh and Yalda (2013) inspect the connection between corporate administration and firm execution. The free factors are executive meeting, autonomous non-official chiefs and sex differing qualities and firm execution are utilized as needy variable. Test of this examination comprises of 150 open recorded Malaysian firms which were recorded in the year finishing 2008. There are two models in this exploration ROA and ROE. Consequences of this examination, effect of leading body of chief's qualities and sexual orientation differences on firm execution are helpful for approach creators of corporate administration in Malaysia. At last, the connection between corporate administration factors (leading body of chief's attributes and sexual orientation differing qualities) and firm execution is found for test of Malaysian firms.

As indicated by Haniffa and Mohammad (2006) connection between corporate administration strucutre and firms execution is looks at. The autonomous factors are duality, board measure, non official executives, different directorships, shareholdings and firm size where firm execution is needy factors. Tobin Q, OLS and ROA show is utilized and expressive measurements additionally give. Analysts discovered board size and main five huge shareholdings to be altogether connected with both market and bookkeeping execution measures. Likewise, we found a vital connection between numerous directorships and market execution while part duality and administrative shareholdings are altogether connected with bookkeeping execution.

As indicated by Fauzi and Stuart (2012) explores the part of board structure and the impact of possession structures on firm execution. As an example 79 New Zealand recorded firms. The needy variable is firm execution, which is measured by Tobin's Q and Return on Assets (ROA). Board measure non-official executive Gender Diversity Board panels Managerial proprietorship are autonomous factors. Conventional Least Square (OLS) technique is utilized. Results demonstrate that non-official chiefs, female executives, and impede holder proprietorship, all factors importantly affect firms' budgetary execution from corner to corner two money related measures (Tobin's Q and ROA).

Dinga et al,(2009) indicate connection between proprietorship structure and firm execution in the UK open firms. Duality, proprietor deliver structure, board size and autonomous executives are free factors .The firm execution is measured by ROA and ROE. The specialist utilized OLS. The outcomes demonstrate board structure (extent of non-official chiefs, duality and board measure) has critical impact on firm execution.

Johl et al. (2015) the point of this examination is to look at the effect of board attribute and firm execution. The factors that are utilized as free executive meeting, board autonomy, board size and chiefs bookkeeping mastery. The needy variable is association's execution. The examination utilized 700 open recorded firms in Malaysia for the year 2009. In this investigation graphic rundown and common slightest square is utilized for strategy. The outcome demonstrates that board freedom does not influence firm execution, while board size and board bookkeeping/monetary skill are emphatically connected with firm execution. Board steadiness as far as executive gatherings is found to poorly affect firm execution. These discoveries give some ramifications to future research on the adequacy of board chiefs on firm execution.

Abid et al. (2014) examine that Corporate Governance is generally new territory and its improvement has been influenced by various hypotheses from various space, including law, financial aspects, back and administration. This article gives a hypothetical diagram inside the controls of corporate administration. This examination paper gives a review of primary hypothesis i.e., organization hypothesis and additionally different speculations like stewardship hypothesis, partner hypothesis, asset reliance hypothesis and exchange cost financial matters hypothesis that impacts the improvement of corporate administration. The investigation calls the requirement for the advancement of a general hypothesis of corporate administration with conjunction of lawful framework (custom-based law or common law) and considering different performing artists. It gives new method of considering and new course of research in investigating corporate administration.

Abid and Ahmed (2014) indicate that history of corporate world is full of controls and tricks. These corporate fakes are across the board, expensive, and multifaceted influence all partners. This paper means to arrange conspicuous elements in charge of corporate breakdown and that too of supposedly stable corporate mammoths amid the period 1990-2014. Audit and examinations of 55 cases from 16 nations recognize USA as the nation most elevated in corporate fakes with 53% of the cases heading off amazingly. In 83% of the corporate breakdown, the Chief Official Officers (CEOs) in plot with 77% of the Chief Financial Officers (CFOs) have been considered dependable. In 72 % of the cases, the principle players have confronted criminal punishments and were condemned to imprison, while 69% got fiscal punishments. Be that as it may, all fell a prey to, either finished aspiration or to insatiability of their first class officials, who enjoyed high hazard wanders to extend. In major corporate outrages, partners evidently were misdirected by sound yearly reports, while the certainties later on uncovered nearness of gross administration wrongdoing, false budgetary announcing and reviewing issues.

Abid and Ahmed (2015) inspect that directorate has been perceived as a vital component of the administration system in a firm; especially after the prominent fiascoes like Enron, Andersen, AOL, Parmalat, WorldCom and numerous more around the world; that prompted enormous monetary misfortunes; and eventually bringing about annihilation of budgetary divisions around the world. These misfortunes have raised genuine concerns with respect to administration issues in the corporate area; especially study the ability of the sheets regarding securing investors' riches. Thus, dominant part of the corporate administration changes (codes, rehearses, controls, suggestions, and so forth.) have straightforwardly connected corporate administration practices to expanded working of the board individuals. This investigation goes for motivate the worldwide corporate research plan by gathering new proof from Pakistan. They might be contemplating recorded organizations working under the corporate administration in Pakistan; and will be taking a look at the relationship between board pieces and firms' execution. The point of this examination is to take a look at the effect of board structure on two execution measures (return on resources and profit for value) of the firm. Utilizing straight relapse on genuine example of 100 recorded organizations on the Lahore Stock Exchange, Pakistan.

III. Research methodology

III.I. Theoretical structure

In the hypothetical structure we utilized information to inspect the information by utilizing the relapse investigation with one ward, go between and one autonomous variable. The board estimate is utilized as a free factor board's approaches as go between factors and the firm execution is utilized as a depended variable though ROA of the firm is utilized to gauge the firm execution.

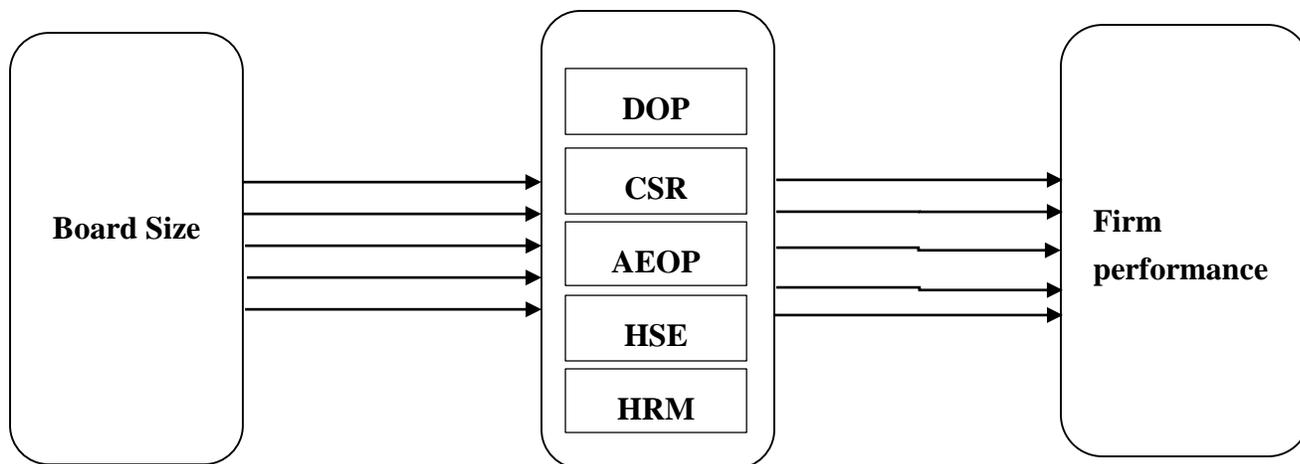


Figure 1: Theoretical Framework

III.II. Description of variables

III.II.I. Dependent variables

Firm execution

Firm execution is considered and measured by various scientists utilizing distinctive measures. Firm execution measured by ROA and ROE. The significance of corporate administration that firm gets more benefit from its assets and association's execution. The consequences of the examination prescribed that organizations whose directorate makes great strategies that will upgrade the firm execution. The greater part of the board's arrangements increment company's execution in light of the fact that these approaches may decidedly influence the ROA of the firm.

A portion of the board's arrangements contrarily influence the ROA of the firm so these strategies may diminish the association's execution. On the off chance that the CEO gets great remuneration and that pay is predictable with company's objectives than it will prompt more prominent firm execution, so decisively this investigation made commitment by mirroring a critical part of corporate administration and its linkage to firm execution.

III.II.II. Independent variables

Board Size

Past examinations guaranteed that as board measure increment, distinction of intrigue will happen, and additionally correspondence deterrents, which at last deteriorate firm execution. In reality discover confirm that bigger firms, differentiated firms, and firms that depend more on obligation financing, will get more noteworthy firm an incentive from having bigger sheets. Along these lines, with the nearness of more board estimate, legitimate administration and control will be underscored and help enhance the organizations budgetary and non-money related execution.

III.III. Schematic Diagram

III.IV. Research design

III.IV.I. Research question

How board size effect on firm's performance?

III.V. Purpose of research

The basic purpose of this research work is to find the relationship between boards of director's characteristics of public listed companies of Lahore stock exchange and firm performance, investigated that how the performance of all sector of listed companies of Lahore stock exchange is affected by board size and effect of board's policies i.e. D-o-P, CSR, HSE, A-E-o-B-P, HRM on firm performance. This research work helps to analyze the impact and relationship of board size and board's policies upon the firm performance of Lahore stock exchange. Also this study shows the importance of board size upon the firm performance of Lahore stock exchange and also examined the

positive and negative impact of board size and board's policies on the firm performance. To think about the effect of board piece and board measure upon the firm execution, unmistakable research is utilized as a part of the setting of Lahore stock trade. As illustrative research gives the information about the populace which is in our investigation while exploratory research is done so as to get some answers concerning the issue which is not plainly characterized and for exploratory research subjective examination is done with a specific end goal to get information, though for spellbinding exploration quantitative information is accessible for the examination reason. The data of year 2014 is not available which limited independent variables have been chosen in order to check the impact of them upon the firm performance of Lahore stock exchange. These are some factors that become hurdle in the research work. The variable that is used this research is limited which cannot provide the evidence of other possible factors that influence on the firm performance.

To study the impact of board size upon the firm performance, the secondary data is use in the context of Lahore stock exchange. For the sample data 168 companies has been taken from Lahore stock exchange and two years data of each listed company is used for the measurement of firm performance (ROA). The data related to board size has been taken from the financial statements of the companies and the data related to performance is measured by ROA. The ROA is used for the listed companies on Lahore stock exchange. The investigation has been inspected and broke down by utilizing relapse examination to break down the effect of effect of board estimate on firm execution. Relapse investigation is essentially a factual procedure for dissecting and evaluating the connection between the factors. It is essentially utilized with the end goal of anticipating and foreseeing. There are different procedures that are utilized as a part of request to perform relapse investigation. There are different methods that are utilized as a part of request to perform relapse examination.

IV. Data Analysis

The principal goal of the examination was to see the effect of board size on board policies, and it was tested by taking the board size as a predictor variable and types of policies develop by board of directors. The results exhibit support to our hypothesized relationship. Table 4.1 exhibits the impact of board size on policies. Step 1, we locate a huge positive effect of the board size on determination and delegation of financial power ($\beta=0.216$, $P<0.01$). The R^2 shows that the model explains 4.7% variance in the determination and delegation of financial power.

Table 4.1 Hierarchical Linear Regression for Policies

	D-o-Power	CSR	A-E-o-B-P	HSE	HRM
Variables	Step 1	Step 2	Step 3	Step 4	Step 5
Independent					
Board Size	0.216***	0.169***	0.322***	0.155***	0.129*
R ²	0.047	0.029	0.104	0.024	0.017
Durbin- Watson	1.417	1.463	1.289	1.551	1.553

* $P<0.10$; ** $P<0.05$; *** $P<0.01$ N 168 Listed Companies

Similarly, In Step-2 we find a significant positive impact of the board size on Corporate social responsibility ($\beta=0.169$, The R^2 shows that the model explains 2.9% variance in the corporate social responsibility. Similarly, In Step 3 we find a significant positive impact of the board size on Annual Evaluation of Board's Performance ($\beta=0.322$, $P>0.01$). The resulting beta value i.e. 0.322 with a significance level less than 0.104 shows that board size increases the Annual Evaluation of Board's Performance of the firm. As like above, In Step 4 we determine a significant positive impact of independent variable i.e. board size on dependent variable i.e. Health, Safety and Environment ($\beta=0.155$, $P<0.01$).The resulting beta value i.e. 0.155 with a significance level less than 0.024 shows that board size enhances the Health, Safety and Environment of the firm. Finally, In Step 5 we determine a significant positive impact of the board size on Human Resource Management ($\beta=0.129$, $P<0.01$).The resulting beta value i.e. 0.129 with a significance level less than 0.017 depicts that board size increases the impact of board police that is HRM on firm performance. This result shows that as board size increases it enhances the firm performance by positively affect the firm's Human Resource Management policy.

IV.I. Linear regression results for return on assets (ROAs)

To see the impact of board size on firm performance via mediating role of policies, taking return on assets (ROAs) as a measure of firm performance, we used linear regression to investigate our objectives. Table 4.2 exhibits the effects of board size on dependent variable (ROA). In Step 6a when we regressed board size on ROA, the result shows insignificant relationship ($\beta=0.075$, $P>0.10$). In Step 6b, when we regressed both the board size and

determination and delegation of financial power, we found that determination and delegation of financial power is significantly impacting the ROA ($\beta=0.272$, $P<0.01$). Moreover, the impact of board size on ROA is reduced to ($\beta=0.016$). Therefore, supporting our hypothesis H2.(The first objective of the study was to see the impact of board size on firm performance, and it was tested by taking the board size as a predictor/independent variable. We find no significant impact of the board size on ROAs ($\beta=0.075$, $P<0.006$). The resulting beta i.e. 0.075 shows a negative impact of board size on Return on Assets.

Table 4.2 Hierarchical Linear Regression for Return on Assets

Variables	Step 6a	Step 6b	Step 7	Step 8	Step 9	Step 10
Independent						
Board Size	0.075	0.016	0.055	0.025	0.057	0.056
Mediators						
Determination and Delegation of Financial Power		0.27***				
CSR			0.117			
Annual Evaluation of Board's Performance				0.058*		
Health, Safety and Environment					0.116	
Human Resource Management						0.149**
R ²	0.006	0.076	0.019	0.027	0.019	0.028
ΔR^2		0.070	0.013	0.021	0.013	0.022
Durbin-Watson	1.729	1.807	1.737	1.717	1.730	1.710

* $P<0.10$; ** $P<0.05$;*** $P<0.01$

N 168 Listed Companies

We determine that the board policy i.e. Determination and Delegation of Financial Power shows a significant positive impact on Return on Assets (ROAs) with ($\beta=0.272$, $P<0.076$). The resulting beta i.e. 0.272 with significant level less than 0.076 shows that determination and delegation of financial power increases the Return on Assets (ROAs).The other objective of the study is to find the impact of corporate social responsibility on firm performance. We find that corporate social responsibility (CSR) shows negative impact on Return on Assets (ROAs) with ($\beta=0.117$, $P<0.019$). Resulting beta value i.e. 0.117 shows that CSR don't directly affect the firm performance. We find that board policy i.e. Annual Evaluation of Board's Performance shows a significant positive impact on Return on Assets with ($\beta=0.058$, $P<0.027$).The result are in accordance with our expectations; and show that firms Annual Evaluation of Board's Performance exhibited better performance and had a significant positive impact on return on assets The resulting beta value i.e. 0.058 with a significant level less than 0.027 shows that Annual Evaluation of Board's Performance enhances the Return on Assets. Similarly, the other purpose of the study was to investigate the impact of Health, Safety and Environment on Return on Assets. The results are contrary to our expectations, since we find no significant association between Health, Safety and Environment and return on assets ($\beta=0.116$, $P<0.019$). Finally, the last goal of the study was to investigate the impact of Human Resource Management on firm performance. We find a significant positive impact of Human Resource Management on Return on Assets ($\beta=0.149$, $P<0.028$).The resulting beta value i.e. 0.149 with significant level less than 0.028 shows that the board policy i.e. Human Resources Management increases the firm performance as it enhances the return on assets.

V. Conclusion and Discussion

The examination clarifies the effect of corporate administration on firm execution of Pakistan's recorded organizations. While ROA is utilized to gauge the firm execution and board estimate is utilized to quantify the corporate administration, board measure is taken as free factors, board's arrangements as go between and then again ROA is taken as needy variable, 168 recorded firms are utilized from Lahore Stock Exchange. The investigation clarifies us the effect of board estimate on firm execution which come to be very noteworthy as the R2 in the examination is shows up as 4.7% around and the essentialness level is 0.216.Which demonstrates the irrelevance effect of autonomous variable (Board measure) on subordinate variable Firm execution (ROA) of Pakistan's recorded organizations. The investigation of research work gives the appropriate response of the inquiry. How board measure impact on company's execution.

As significant results from our research that board size in very influenced on firm performance. But the board size must not be very large for the small organizations because this will affect the firm performance. As we know that board plays a vital role in a firm the decisions that a board take for the beneficial of a firm. In small organization

large board can influence the firm performance, but in the large organizations board size doesn't effect on the firm performance else that if the board members are not making decisions for their personal benefits. In our research we take only 168 listed firms from Lahore stock exchange which is not so enough for the significant results and also we used only board size as an independent variable whereas some other major factors are ignored which has great influence on firm performance.

V.I. Limitations

I was normal that as, I gathered information from Lahore Stock Exchange recorded organizations, that board measure affects firm execution however after the examination the outcomes come to noteworthy. Which indicates Board estimate is exceptionally impacted on firm execution. As I utilized ROA to quantify the firm execution by taking the board measure as a free factor, there are such a large number of different variables that impact on firm execution like the inside controls, firm size and how they deal with their consumptions. The examination in view of cross sectional in which single year comes about can't be so dependable. Additionally that the variable that is utilized this examination is constrained which can't give the proof of other conceivable elements that impact on the firm execution.

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