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Bank Ownership, Performance and Corporate Governance: Evidence from Pakistan

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Abstract: *This research explores how corporate governance influences the connection between bank ownership and corporate output. To achieve this objective, the information for the years 2012 to 2021 of 60 listed non-financial corporations are collected from their yearly financial reports as well as from business record. Bank performance utilized as dependent variables, bank ownership is used as independent variable while corporate governance used as moderating variables. The moderating effect is investigated using regression analysis of corporate governance on the business performance and bank ownership relationship. The results revealed that bank ownership has significantly lower effect on performance, while The corporate governance has significantly favorable effect on company performs. Results also revealed that corporate governance positively moderate the association between bank ownership and business performance, as the indices of bank ownership become more substantial and favorable with the addition of moderating forces.*

Introduction

The success of the purposes and goals of both financial and non-financial entities depends on corporate governance. (Boachie, 2021). Corporate governance is defined by Herbert and Agwor (2021), it is a procedure that consists of rules for running a firm, to increase value, transparency, and disclosure, and to act in all stakeholders' best interests. Corporate governance was created as a result of the agency problem. Due to the failure of certain significant companies like Enron, WorldCom, and Adelphia, corporate governance in the twenty-first century is now a hotly debated topic. The only way the stakeholders are safeguarded globally is by corporate governance in both the public and private sectors. (Alkazali, Eitan, and Aleem, 2021). Corporate governance is very important for all the businesses in the world. Corporate governance offers significant incentives to the markets' competing industries. It improves the financial reporting system. (Ngatno, Apriatni, and Youlianto, 2021).

The internal corporate governance includes institutional investors, minority shareholders, and ownership structure. A major issue in governance and corporate is how corporate governance affects earnings, share prices, and risk. Strong corporate governance results in a strong return on shares. Low investment costs are

associated with strong corporate governance firms. (Haryetti, 2021). Instead of internal company governance, external corporate governance is more prevalent. The market's competition is used to gauge the external corporate governance (Sakawa, and Watanabel, 2020). Market competition and media coverage are two aspects of the external governance process. Social media lessens the information's irregularity, which lowers the hazards. The primary source of external governance is takeovers. (Husni, Rahim, and Aprayuda, 2020). Corporate governance is the only way that bank ownership and shareholder protection are conceivable on a global scale. Corporate governance is used to regulate the cycle of international diversification. (Bezawada, 2020).

Worldwide, the banking industry is facing new risk management problems. Second, recurring instances of banking crises over the past three decades are evident from the banks ' innate tendency to take undue risks. Although limited risk-taking by banks impedes economic growth, banks ' excessive risk-taking poses a threat to economic stability (Warrad and Khaddam, 2020). The Basel Committee for Banking Supervision has recently reexamined the standards of corporate administration in banks, in view of the 2010 report of the Committee "Standards to fortify business administration." once more, the board of trustees underlined that great corporate administration is basic to the best possible working of a bank, the financial area and the economy A board of directors is a group of people or a single person who is chosen to represent the company's shareholders. A board sets rules for organisations, supervises the management, and decides on crucial matters affecting the business. Shares of the corporation may be held by the board of directors. The proportion of shares held by the board of directors is known as board ownership. (Bhagat and Bolton, 2019). The interests of management and shareholders are represented by the board size. Both internal and external personnel make up it. The authority and organisation of a board are decided by the corporation. The size of a board may also be legally determined by a firm. The number of board members is unspecified. The most common board sizes are between three to thirty-one, but seven is the best size (Sakawa, and Watanabel, 2020). The usage of corporate governance is mentioned in various research as having a favourable relationship with board independence (Haris, et al., 2019).

In Pakistan, corporate governance is regarded as a contemporary issue. Corporate governance's (internal and external) consequences vary depending on which perspective it comes from. Pakistan will become a developed nation as a result of the implementation of corporate governance mechanisms (Clarke, 2010) and (Jiang & Kim, 2015). Firms in the money related part are entering players in making market disciplines supporting better gauges in the corporate division all the more for the most part. A large portion of these organizations have critical guardian capacities and go about as inward or outside screens. To some degree because of the assortment of middle people and the expanding combination in the monetary part crosswise over various exercises, irreconcilable situations are various (Mardnly, Mouselli, and Abdulraouf , 2018). Most money related organizations are liable to extraordinary administrative administrations which more often than not perceive the inside administration courses of action of these establishments as a component of their worry as monetary (chiefs Asensio et al., 2018).

Problem Statement

Bank ownership and corporate governance (board size, board ownership and board independence) mechanism should promote transparency in their commercial dealings and align their objectives to benefit all parties. Numerous studies have emphasized how managers' inclination to use corporate assets for personal gain can lead to conflicts of interest between shareholders and agents. In contrast to industrialized nations,

corporate governance studies and bank ownership development are still in their infancy in developing nations like Pakistan. The nature of control, irresponsible directors, a lack of regulations, a partial execution of governance laws, and management's refusal to execute corporate governance principles are some of the causes of poor corporate governance. The primary issue that must be resolved however, is how corporate governance affects non-financial enterprises listed on the Pakistan Stock Exchange in terms of the relationship between bank ownership and organizational performance. Whether corporate governance will define the relationship between bank ownership and performance through its moderating influence is the central question of the study. Controlling the impact of company size, firm age, and leverage allows for the analysis of the aforementioned impact.

Contribution of the Research

This analysis adds in the existing literature in the area of bank ownership and assistance for the business performance in the non-financial organizations with corporate governance. The study contributes another piece to the emerging puzzle by looking at how bank ownership affects company performance on the Pakistani stock market. The study examines how corporate governance influences the relationship between bank ownership and company performance.

Through corporate governance, fresh evidence on the link between bank ownership and organizational growth presented in this study. This research explores the present scope of bank ownership to examine the organizational performance in the presence of corporate governance. The findings of this research are very important for the protection of stakeholders by managing the performance through bank ownership and corporate governance. This study enables the investors to predict the financial performance before constructing the investment.

Literature Review

As an outcome of the workshop inquires about by (Donaldson and Davis 1997), the stewardship idea rose. The standard depends on the presumption that investors ' premiums and the executives' advantages are partnered; along these lines, the executives are persuaded to settle on choices that streamline the organization's presentation and complete worth. It is expected from the rule that aggregate use is more prominent than independence or individualistic action, and hence, while the executive’s exercises would be planned for expanding the assets of speculators, they ought to satisfy their own aspirations or needs simultaneously. For CEOs who are stewards, their expert firm activities are best encouraged by giving them high power and carefulness from the corporate administration structures. Five segments of the stewardship reasoning were recognized by Davis et al. (1997) as trust, open correspondence, strengthening, long haul direction, and execution improvement. A key normal for stewardship hypothesis is that it replaces the absence of trust that the hypothesis of offices alludes to with deference for power and tendency to moral conduct.

The idea of office hypothesis is one of the philosophical ideas that underlines the issue of corporate administration created by Jensen and Meckling (1976) emerging from possession and regulator division. Financial experts have excess resources to make a contribution, but due to specialized restrictions, such as a lack of capital and administrative expertise, they must use the administrations of directors to invest their assets in profitable ventures that will yield high returns. Directors are paid for their administrations. Administrators ' activities and inactions don't generally develop money related premiums and a portion of their activities are unsafe to budgetary fortunes, consequently the issue of organization issue.

Pfeffer and Salancik (1978) built up this idea with the objective of accentuating the significant pretended by the top managerial staff in giving

access to assets that would improve the organization's exhibition and shield it from externalities. Organizations expect assets to work appropriately and accomplish their objectives in the regions of money, human, mechanical, data, correspondence and innovation. Availability to assets improves the working, execution and endurance of the association. Hillman et al., (2003), recommend that; the idea of asset reliance centers on the significant job that chiefs play in providing or protecting the association with basic assets through their relations to the outside world.

The relationship between CG and FP has been studied by Boachie (2021). They employed CG as the independent variable and used FP as the dependent variable, which was assessed using ROA, ROE, and TQ. Regression model and covariate analysis were used to discover the positive relationship between CG and FP. The connection between CG and FP was interpreted by Herbert and Agwor in 2021. This study investigated CG as an independent variable and FP as a dependent one. Using the IRRC's sample of all enterprises for the relevant time period (1990-2001). They highlighted how CG had a favorable impact on the FV. The study's findings indicated that CG improved the FV. Haryetti, (2021) proved the linkage between Financial Performance and Board Ownership. As an FP metric that has been employed as an explanatory variable, they used ROA. Although they mention BO as an explanatory variable and show that it has a direct impact on FP. Sakawa and Watanabel (2020) participated because BO and FP are crucial. For the experiment, they used companies trading on the Taiwan Stock Exchange. The BO was used as an independent component, while the FP was used as a dependent factor. Based on a number of investigations, including regression model and covariate analysis, they came to the conclusion that the BO is closely associated to the form's success. Ardison, Martinez, and Galdi (2012) investigated the relationship between board owners and CP and found that there was a positive correlation between these variables.Similar to this, Ahn and Choi (2009) looked into the relationship between BO and FP and showed how well they work together. Husni, Rahim, and Aprayuda (2020) conducted an experimental analysis of the link between FP and BS using a sample of 91 businesses that were transacted in the EU over a ten-year period.

The two factors were found to be inversely related, indicating that BS reduction is required to boost a firm's performance. In a similar vein, Rodriguez-Pariz (2010) examined the relationship between FP and BS and found that high BS enterprises underperform. In other words, this study shows that there was a polar opposite relationship between FP and board value. Bezawada (2020) investigated the connection between BI and FP. They employed two variables: an endogenous variable (FP) and an external one (BI). They took the 295 Thailand's stock exchange registered non-banking companies for the year (2007). They found that the interdependence of board is negatively associated with the FP. The concept of bank ownership can be defined or analyzed on the basis of two main methods, namely, concentration of ownership and identification of ownership (Warrad and Khaddam, (2020).

Allocation of ownership is related to the distribution of controlling shareholders' ownership shares. On the other hand, ownership identities look at the identity of the shareholders and substitute them into foreign, domestic and Investment firms working with foreign-owned banks, government banks, big private banks, and small private banks. It was argued that identifying property is more important than identifying the property because the identity of the property reflects the actions and interests of the owners. Al-Mansiret al. , (2012). Bank performance relates to the company's economic results and represents the efficiency of the organization. There are various performance indicators that can be classified as financial and operational; or as measurements based on accounting or market. Operational performance measures include both

product-market results and internal system results, whereas financial performance entails the overall health of the company's finances over a specific time period.

Accounting-based indicators are simple representations of the profitability of banks, which can be derived from publicly disclosed data, whereas economic metrics are based on economic benefit. The standard accounting-based metrics include ROA, ROE and NIM, while the economic calculation involves risk-adjusted return on capital and additional economic value, taking into account equity's risks and opportunity costs while calculating productivity (Al-Jafari & Alchami, 2014). As possibly significant determinants of bank effectiveness, various elements are proposed in the writing. We dissect the variables appropriate to this investigation for a brief span. Ongoing banking writing bolsters the case that possession type is related with bank achievement (Sakawa, & Watanabel, 2020). The International Monetary Fund (2000) expressed in a cross-country study over the period 1996–1998 that the ROE for outside banks in Hungary, Poland and the Czech Republic was altogether higher contrasted with household partners. Different reports, for example, Durnev, (2005), have given some proof for the prevalence of outside banks ' execution contrasted with their local partners. Such studies recommend that outside possession brings to the banks condition of - the-workmanship innovation and human capital, which may clarify their better execution over local banks.

Conceptual Framework

Figure 1 shows the conceptual framework for the moderating effect of CG (BS, BI and BOW) on the affiliation between bank ownership and organizational performance (ROA, ROE, TBQ and OCTA) where bank ownership is independent variable influencing dependent variables firm performance (ROA, ROE, TBQ and OCTA).

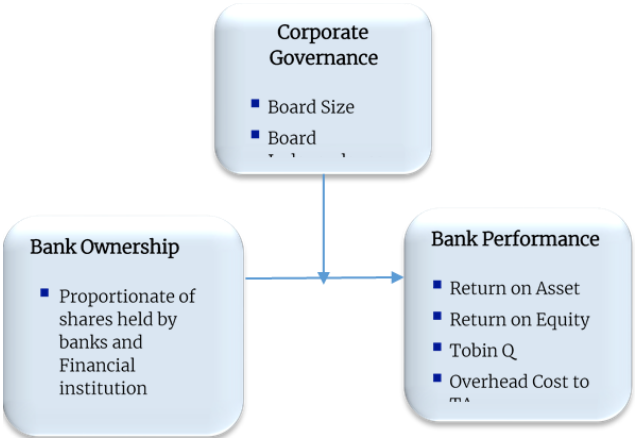

Figure 1: Theoretical Framework

Hypotheses

H_1: The performance of a company and bank ownership are significantly correlated.

H_2: Board size moderates the affiliation between bank ownership and firm performance.

H_3: Board independence moderates the association between bank ownership and business performance.

H_4: Board ownership moderates the connection between bank ownership and business performance.

Research Methodology

Research Methodology: For the duration of the study, 60 non-financial enterprises listed on the Stock Exchange of Pakistan PSX (KSE 100-index), which make up the study's population, were chosen as the study sample (2012 to 2021). Secondary data are employed in this investigation. The information is gleaned from business recorders and the financial statements of a few particular companies listed on the PSX. In this study, Dependent, independent, moderating, and control four different types of variables are employed. These variables are estimated using additional proxies that have been documented previously studies.

The dependent variable in the study is performance of firm(FP), which is gauged using four measures (ROA, ROE, TBQ and OCTA).

Return on Assets (ROA): The return on assets (ROA) gauges the productivity of the total assets. It provides investors, analysts, and managers with information about how effectively resources are used to generate revenue. The calculation is as follows:
"ROA = Net Income / Total Assets"

Return on Equity (ROE): ROE describes how well a business used its equity to produce profits during a certain time. Both investors and managers can use this ratio to determine how well a firm will be able to earn from its equity share investment. ROE is used to gauge a company's accounting performance. It's calculated as:
"ROE = Net Income / Total Equity"

Tobin Q (TBQ): TBQ or the q ratio is explained in short as that the ratio of company's assets value in the market or can be used for the calculation for stock valuation that can be assessed in the market rate its remaining average and debt dividing by the main cost of the assets of the firm. TQ is calculated as:
"TQ = (Number of Shares Outstanding × Stock Price) / Total Assets"

Overhead Cost to Total Assets (OCTA): In this research, OCTA is calculated by dividing the overhead cost by total assets. Overheard cost approaches after assessment overall expenses isolated by normal complete value of a firm. It is calculated as:
"OCTA = Overhead Cost / Total Assets"

Bank Ownership: Bank ownership is the proportion of shares held by the banks and financial institutions. It is an important determinant of FP hand expected to have direct effect on the FP. It is measured as:
"BO = Percentage of Shares Held by Banks and Financial Institutions"

Moderate Variables (Corporate Governance): The study uses corporate governance (measured by BS, BI, BOW and CD) as moderate variable. The following is a description of these variables' definitions and measurements:

Board Size (BS): A board serves the interests of the management and shareholders. Both internal and external personnel make up it. The authority and organization of a board are decided by the corporation. The board's size is determined as following:
"BS = Number of Directors on Board"

Board Independence (BI): A board that is dominated by board independence is more inclined to react to an unsatisfactory presentation by appeasing the CEO, according to Weisbach (1991) and Lee & Lee (2009). Board independence is determined as follows:
"BI = Number of independent directors / Total number of directors"

Board Ownership (BOW): A board is defined as a gathering of people or a single person who is elected to represent the company's stockholders. Board ownership is the percentage of shareholdings by the directorate. The following is how the study determines board ownership:
"BOW = Proportion of Shares Owned by Directors"

Control Variables: As control variables, the study employs firm age (FA), firm size (FS), and leverage (LVR). These variables' definitions and measurements are given below:

Firm Age (FA): FA is not a separate variable; it is a constant. In a significant number of instances, a company's existence has been noted first, and then "one year before or after a breakthrough event that produced major departures in an industry, these enterprises were typical" (Leoncini et al., 2019). Age of firm is determined as follows:
"FA = Number of years since the firm was incorporated"

Firm Size (FS): Economic experts are concerned with the ideal firm size. Total sales, the number of employees, or the total assets could be used to determine the size of the business. In this research, the size of firm is determined by total assets as (Iqbal, Strobal & Vahamma, 2014; Baise & Apolito, 2012):
"FS = Logarithm Natural of Total Assets"

Leverage (LVR): Total debt to total equity is used to calculate it. Leverage has an impact on the financial institutions' systemic risk. The study makes use of this proxy (Apolito, 2012). The following is a list of numbers that represent leverage:
"LVR = Total Debts / Total Assets"

Data Analysis and Results Discussion

Descriptive Analysis:

The focus of descriptive study is to define the minimum and maximum values, moreover mean and standard, value of 60 listed non-financial firms for the period of (2012-2021) deviation of the result

Table 1. Descriptive Statistics

Variables	N	Mean	Minimum	Maximum	Std. Dev.
ROA	600	0.6015	-5.3124	107.0928	6.0616
ROE	600	0.5297	-2.9345	96.3483	7.1589
TBQ	600	15.5190	0.2987	37.8739	27.7706
OCTA	600	0.3486	0.0349	0.6248	1.6479
BO	600	7.6842	0.0964	81.9713	6.3148
BS	600	9.2651	7.0000	15.0000	2.2525
BI	600	0.3163	0.0000	0.9300	0.1844
BOW	600	6.9840	0.0000	88.5500	16.3350
FS	600	7.4013	4.5731	8.8237	0.6564
FA	600	31.5093	16.0000	96.0000	28.8733
LVR	600	0.5568	0.0423	9.3822	0.6020

In the above table the higher value of standard deviation is FA which has value of 28.8733. In this variable the minimum ratio is 16.0000 and maximum ratio reach 96.0000 respectively. This result indicate that FA ratio has greater diversification in sample banks of our study.

Correlation Analysis

To determine the link between a dependent variable and a dependent variable, correlation analysis is utilized. as well as the strength of their relationships (strong, weak, poor, positive, negative etc). Furthermore, relationship among the variables regarding to their direction and nature also motive of correlation analysis. Moreover, there should not be multicollinearity among the independent variables which means the value of correlation coefficient should be less than 0.8. The two variables with the highest correlation (0.5134) are BI and OCTA. It demonstrates that the data are unaffected by multi-collinearity.

Table 2. Correlations Matrix

Variables	ROA	ROE	TBQ	OCTA	BO	BS	BI	BOW	FS	FA	LVR
ROA	1.0000										
ROE	0.2411	1.0000									
TBQ	0.3149	0.4137	1.0000								

OCTA	0.0942	0.0347	0.2334	1.0000							
BO	0.3494	0.3698	0.2742	0.3481	1.0000						
BS	0.1842	0.3496	0.3022	0.0998	0.1874	1.0000					
BI	0.1974	0.2471	0.1643	0.5134	0.3416	0.4137	1.0000				
BOW	0.2841	0.0985	0.1934	0.3495	0.1924	0.3471	0.3471	1.0000			
FS	0.2492	0.3412	0.2037	0.3741	0.2874	0.2371	0.2671	0.3179	1.0000		
FA	0.0647	0.2468	0.3357	0.2413	0.2364	0.3674	0.2662	0.2881	0.3287	1.0000	
LVR	0.3981	0.2247	0.2187	0.3633	0.3671	0.0627	0.0812	0.1574	0.1966	0.3211	1.0000

The above table stated the independent and dependent correlation and the value (1.00) of each variable sloping shows as all the variables are correlated with itself and their there is no multicollinearity with independent variable and moderating variable. All the independent (BO, BS, BOW and control variables (FS, FA, LVR) have positive and weak correlation with firm performance indicator ROA, ROE, TBQ. While BI have positive and moderate correlation with firm performance indicator (OCTA). As the independent variables value increases, the value of firm performance would also increase.

Regression Analysis

Moderation of Corporate Governance (BS, BI and BOW) on BO-ROA Link

Table 3. Moderating Impact of CG on BO-ROA, Relation

	Dependent Variable: ROA							
Variables	ROA (M-1)		ROE (M-2)		TBQ (M-3)		OCTA (M-4)	
	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value
C	0.2647	0.0049[a]	0.0624	0.0067[a]	-0.0541	0.0348[b]	-0.0348	0.0349[b]
BO	-0.0349	0.0249[b]	-0.0647	0.0040[a]	-0.0478	0.1747	-0.0671	0.1943
BS	0.0417	0.0426[b]	0.0614	0.0248[b]	0.0637	0.0147[a]	0.0644	0.0427[b]
BI	0.0716	0.0082[a]	0.0347	0.0781[c]	0.0497	0.1241	0.0374	0.0000[a]
BOW	0.0374	0.0000[b]	0.0412	0.0064[a]	0.0427	0.0634[c]	0.0547	0.0247[b]
BO×BS	0.0671	0.0000[b]	0.0641	0.0000[a]	0.0813	0.0000[a]	0.0364	0.0044[b]
BO×BI	0.0469	0.0000[a]	0.0461	0.0417[b]	0.0674	0.0487[b]	0.0541	0.0000[a]
BO×BOW	0.0512	0.0000[a]	0.0652	0.0000[a]	0.0574	0.0001[a]	0.0608	0.0000[a]
FS	0.0249	0.0156[a]	0.0641	0.0841[c]	0.0647	0.0471[b]	0.0647	0.0503[b]
FA	0.0437	0.4127	0.0512	0.2140	0.4413	0.2413	0.2374	0.1647
LVR	0.1148	0.0049[a]	0.0421	0.0524[c]	0.0768	0.0000[a]	0.0674	0.0317[b]
R^2	0.5893		0.6047		0.5691		0.5864	

Note: a, b and c indicate level of significance at 1%, 5% and 10%, respectively; ROA is Return on Assets, ROE is Return on Equity, TBQ is Tobin Q, OCTA is Overhead Cost to Total Assets, BS is Board Size, BI is Board Independence, BOW is Board Ownership, BO is Bank Ownership, FS is Firm Size, FA is Firm Age, LVR is Leverage and CG is Corporate Governance

Table3 results of the M-1 regression for the moderating effect of CG on the relationship between BO and ROA, ROE, TBQ, and OCTA. At a significance level of 0.05, the M-1 in Table 4.3 demonstrates a negative influence of BO on ROA with a value of -0.0349. It means 1 unit change in BO, there would be -0.0349 units decrease in ROA. On the other side there is positive impact of BS, BI, BOW on ROA with the value of (0.0417, 0.0716, 0.0374) respectively. It means 1 unit change in BS,

BI, BOW, there would be 0.0417, 0.0716, 0.0374 units increase in ROA. The product term (BO×BS, BO×BI, BO×BOW) is also significant with the value of (0.0671, 0.0469, 0.0512). Regarding the control variables, it is discovered that FS and LVR are highly correlated with ROA, however FA has no significant effect on ROA. R2 is the percentage of the dependent variable's variance (rate of change) that can be predicted from moderating & independent variables. In the above table R2 value is 0.5893 which mean 58.93% change in ROA by the independent & moderating variables BO×BS, BO×BI, BO×BOW and remaining variance is due to the other factors.

Moderation of Corporate Governance (BS, BI and BOW) on BO-ROE Link

The M-2 in the Table shows that there is negative impact of BO on ROA at the significance level of 0.05 with value of (-0.0647). It means 1 unit change in BO, there would be -0.0647 units decrease in ROA. On the other side there is positive impact of BS, BI, BOW on ROA with the value of (0.0614, 0.0347, 0.0412) respectively. It means 1 unit change in BS, BI, BOW, there would be 0.0614, 0.0347, 0.0412 units increase in ROA. This result showed as the value of BS, BI, BOW increase the value of ROE would also increase. The product term (BO×BS, BO×BI, BO×BOW) is also significant with the value of (0.0641, 0.0461, 0.0652). Regarding the control variables, FS and LVR are found to be related significantly with ROA while FA has influence non-significantly on ROA. R2 is the proportion of variance (rate of change) in the dependent variable which can be predicted from moderating & independent variables. In the above table R2 value is 0.6047 which mean 60.47% change in ROA by the independent & moderating variables BO×BS, BO×BI, BO×BOW and remaining variance is due to the other factors.

Moderation of Corporate Governance (BS, BI and BOW) on BO-TBQ Link

The M-3 in the Table shows that there is negative affect of BO on ROA at the significance level of 0.05 with value of (-0.0478). It means 1 unit change in BO, there would be -0.0478 units decrease in ROA. On the other side there is positive impact of BS, BI, BOW on ROA with the value of (0.0637, 0.0497, 0.0427) respectively. It means 1 unit change in BS, BI, BOW, there would be 0.0637, 0.0497, 0.0427 units increase in ROA. This result showed as the value of BS, BI, BOW increase the value of TBQ would also be increase. The product term (BO×BS, BO×BI, BO×BOW) is also significant with the value of (0.0813, 0.0674, 0.0574). Regarding the control variables, FS and LVR are found to be linked significantly with ROA while FA has non-significant influence on ROA. R2 is the proportion of variance (rate of change) in the dependent variable which can be predicted from moderating & independent variables. In the above table R2 value is 0.5691 which mean 56.91% change in ROA by the independent & moderating variables BO×BS, BO×BI, BO×BOW and remaining variance is due to the other factors.

Moderation of Corporate Governance (BS, BI and BOW) on BO-OCTA Link

The M-4 in the Table shows that there is negative influence of BO on ROA at the significance level of 0.05 with value of (-0.0671). It means 1 unit change in BO, there would be -0.0671 units decrease in ROA. On the other side there is positive impact of BS, BI, BOW on ROA with the value of (0.0644, 0.0374, 0.0547) respectively. It means 1 unit change in BS, BI, BOW, there would be 0.0644, 0.0374, 0.0547 units increase in ROA. This result showed as the value of BS, BI, BOW increase the value of TBQ would also be increase. The product term (BO×BS, BO×BI, BO×BOW) is also significant with the value of (0.0364, 0.0541, 0.0608). As concern for control variables, FS and LVR are found to be significantly associated with ROA while FA has non-significant impact on ROA. R2 is the proportion of variance (rate of change) in the dependent variable which can be predicted from moderating & independent variables. In the above table R2 value is 0.5864 which mean 58.64% change in ROA by the independent & moderating variables BO×BS, BO×BI, BO×BOW and remaining variance is due to the other factors.

Table 4. Summary of Acceptance and Rejection of Hypotheses

Hypothesis	Statement	Decision
H_1	There is significant relation between bank ownership and business performance (a. ROA, b. ROE, c. TBQ, d. OCTA).	Accepted (H_{1a} and H_{1b})
H_2	Board size moderates the affiliation between bank ownership and business performance (a. ROA, b. ROE, c. TBQ, d. OCTA).	Accepted
H_3	Board independence moderates the association between bank ownership and firm performance (a. ROA, b. ROE, c. TBQ, d. OCTA).	Accepted
H_4	Board ownership moderates the connection between bank ownership and business performance (a. ROA, b. ROE, c. TBQ, d. OCTA).	Accepted

The overview of accepted and rejected hypotheses is shown in table 4.4. The studies above demonstrate that BO significantly harms ROA and ROA (supporting H1) and insignificant impact on TBQ and OCTA (rejecting H_1). The Table shows that all the hypotheses (i.e., H_2, H_3 and H_4) are accepted as BS, BI and BOW moderate the bond between BO and firm output (a. ROA, b. ROE, c. TBQ, d. OCTA).

Conclusion and Recommendations

Conclusion

Corporate governance was created as a result of the agency problem. Due to the failure of certain significant companies like Enron, WorldCom, and Adelphia, corporate governance in the twenty-first century is now a hotly debated topic. (2015) deAlmedia and Delmacio in Pakistan, corporate governance is regarded as a contemporary issue. Corporate governance's (internal and external) consequences vary depending on which perspective it comes from. Pakistan will become a developed nation as a result of the implementation of corporate governance mechanisms (Clarke, 2010) and (Jiang and Kim, 2015). The corporate governance within the businesses or firms reduces agency conflicts. The shareholders have stopped moving and are responding to the corporate governance statements (Gonzalez and Munoz, 2015). Every day, more attention is paid to how politics and business governance interact. The cost of loans is affected by the political influence on businesses (Shen, Lin, and Wang, 2015).

This study analyzes the moderating impact of corporate governance (measured by board size, board independence and board ownership) on the affiliation between bank ownership and business performance (measured by return on assets, return on equity, Tobin q and overhead cost to total assets ratio). The information for 60 firms from the years 2012 to 2021 is obtained for this purpose from the websites of annual reports and business recorders. Tobin q, overhead cost to total assets ratio, return on assets (ROA), return on equity (ROE), and bank ownership (BA) are used as dependent variables. Board size (BS), board independence (BI), and board ownership (BOW) are used as moderating variables, and firm size (FS), firm age (FA), and firm leverage (LVR) are used as control variables. Additionally, regression analysis is used to examine how corporate governance affects the relationship between bank ownership and company performance.

The study's conclusions demonstrate that bank ownership (BO) has a negligible impact on return on assets (ROA) and return on equity (ROE), but a negligible effect on Tobin q (TBQ) and overhead cost to total assets ratio. Board size (BS), board independence (BI) and board ownership (BOW) have positive impact on firm performance measured by return on assets (ROA), return on equity (ROE) and overhead cost to total assets ratio (OCTA). Board size and board ownership

have positive influence on Tobin q while board independence has insignificant effect on Tobin q.

Moreover, all metrics of CG (board size, board independence and board ownership) positively moderate the relation between bank ownership and organizational output as the coefficients of bank ownership become more significant and positive by including moderating forces. All of the study's hypotheses are supported by the aforementioned findings. Additionally, firm leverage and size have a big favorable impact on FP (ROA, ROE, TBQ and OCTA) while firm age shows insignificant impact on FP (ROA, ROE, TBQ and OCTA).

Recommendation

The research recommends reducing bank ownership in publicly traded companies in order to improve financial performance. To strengthen the connection between bank ownership and business performance, the study suggests taking corporate governance (board size, board independence, and board ownership) into consideration. Good corporate governance is also suggested in order to turn the negative impacts of bank ownership into beneficial ones. The study's sample size is quite tiny; nonetheless, subsequent studies may increase the sample size and raise doubts about the results. Research is conducted on a single country; a cross-country analysis is also recommended for future researchers. The study incorporates only three measures of corporate governance as moderators, using more measures such as CEO duality, outside directors, director turnover, busy directors can also be a useful avenue for further studies.

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