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Impact of Ownership Structure and Board Composition on Firm Performance in Banking Sector of Pakistan

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ABSTRACT

This study investigates the impact of board composition and ownership structure on firm performance. For the present study, a sample of 20 listed financial firms has been taken from Pakistan Stock Exchange (PSX), for which secondary data for the period of 2007 to 2016 was collected from annual reports of each bank and financial statement analysis of State bank of Pakistan. The firm performance is taken as a dependent variable, which is measured by Return on Asset and Net Interest Margin while Board Composition and Ownership Structure is taken as independent variables. Moreover, Firm Size, Liquidity, Age and Growth is taken as control variables. The empirical results indicate that the Board Size, Board Independence, Gender, Insider Ownership, Liquidity, And Age have no significant impact on firm performance while the finding of Managerial Ownership, Firm Size have a significant impact on firm performance and growth result show a negative impact on firm performance. Furthermore, Board Independence, Gender, Managerial Ownership, Insider Ownership, Firm Size, Growth & Liquidity have no significant impact on firm performance despite that Board Size and Age have a significant impact on firm performance as measured by Jackling and Johl (2009), Majumdar (1997).

Keywords: *Board Composition, Ownership Structure, NIM,ROA.*

INTRODUCTION

In the corporate sector, those who have more shares or equity, holding more voting rights than those who have fewer shares, ownership structure have very importance in the corporate world in fact they describe the organization economic productivity in shape of giving different enticement to their managers holding different positions inside that organization said by Jensen and Meckling (1976).

Anyone can purchase an asset, it may be of public or private in nature, tangible or intangible and its ownership or rights of that asset is well defined by the concern authorities and these rights also called bundles of rights which can be separated and held by different parties. Ownership process seems to be complex because anyone can easily buy or sell or lose its ownership in different ways and who has that asset ownership can be benefited until he/she sold it. Kroszner and Sheehan (1999).

Berle and Means (1932) presented their concern for broadly distributed ownership and associated monitoring problems. The resulting absence of effective mechanisms of corporate control (like. free-riding by shareholders) brings a lot of attention in the last two decades. One can observe a growing body of particularly empirical research on corporate governance problems (such as CEO-duality, size and composition of the board, and compensation of board members). While the proof on many of these issues is rather mixed for a survey. Legal protection of shareholders enhances the possibility that financiers get their share of the cash flow (Shleifer and Vishny, 1997). One of the aspects of the legal protection of investors is the shareholder influence on monitoring of management, for instance through a saying on board composition. Especially for those cases where ownership concentration is low, shareowners would have an incentive to control the board composition to some extent, hoping that the control of the board influences firm performance and/or valuation.

La Porta, Lopez-de-Silanes and Shleifer (1998) have added that globally concentrated ownership is set as a standard. The United States and England are giving powerful safety to

investor besides that different country have concentrated ownership moreover in some countries like the Netherlands, is giving anti-investor safety rather than lawfully safety given to shareholders. The rationale for anti-investor safety is in favour of long-run performance than to short term. Sometimes the manager shows impatience due to the pressure imposed by the stock market in the short term and compels them to take that decision which might hurt long term profitability of the firm. In order to tackles this situation anti-investor safety gives managers with incentives to focus on long term profitability rather than short term.

Porter (1992) conclude that Board Composition is an important element and its structure varies to the different organization it's up to the selection of specific organization but various organization tend to keep higher level manager in a combination with external and internal director because internal director have more knowledge about the company internal affairs which help to provide useful information to the board on other hand external directors have extensive knowledge about the market soon and external directors analyzed those decisions taken by the director/managers and play their role in order to minimize the cost of agency further take care of the investors stakes.

Farinha (2003) when external directors are present on board, we call it board independence and it is used to show the usefulness of the board. Those whose is on board may not be the current or previous servant of the company, but he might be Independent Director, whose role is to safeguard the stakes of the investors. Weisbach and Hermalin (1988) they are not related to that organization that is why fairness of the decision is expected from them.

Problem Statement

Board of directors has assigned the task to protect the shareholders of the organization, as they precisely investigate matters by adding values which restrict the chances of decrease in shareholders' wealth and organization failure. So, their main concern is to focus on fraudulent activities at large, as in past organizations like Enron and WorldCom have been badly failed by their managers' decision making powers.

Therefore, this study extends and contributes to the body of research using Pakistan Organizations data to examine the possible impact of board composition and ownership structure on firm performance in the banking sector of Pakistan.

Thesis Objectives

Current investigates the influence of Board Size, Board Independence, Gender, & Liquidity on the firm performance.

Current investigates the influence of Managerial. Ownership, insider ownership, Firm Size, Growth, & Age on the firm performance

Significance of this Study

Managers' decision has a great impact on the values of organizations, as these decisions help to maximize the wealth of the organizations which affect the stakeholders at large but if they don't take decisions in the best interest of organizations then their decisions directly impact the organization performance.

Thus, the aim of this research study is to critically test the impact of board independence with ownership structure by providing useful insights about board size, their independence and ownership structure.

Moreover if regulatory authorities are more concerned about banks profitability then they must inspire concentrated ownership in banks and they should share those benefits which are controlled between controlling and non-controlling shareholder similarly for enhancing firm performance, high concentration ownership will work like backboneand banks should invest rather than its core DNA like advanced technologies will help to minimized frauds as well as will help efficiently use and track its resource.

If commercial banks want to earn more profit then they should increase numbers of the board of directors on board because these directors will have up to date market knowledge, abilities which will play a vital role.

We have observed that financial institutions having a more stable financial position with respect to those whose new in the market but banking sector of Pakistan is not mature enough but still they have the ability to use proactive techniques and adjust themselves according to any situation that is why banks in Pakistan have a healthy life ahead.

Literature Review

The selected topic is a well-discussed area of different researcher all over the world and time to time they have added valuable opinions

andhas shown their outcome on the routing source of acceptable facts and figures. With similar topic discussed earlier have also been presented here and backed by researcher references. Bijalwan and Madan (2013) examine associations between corporate governance and he focused on Indian industrial sectors for which secondary data in nature were collected from each company financial statement and from (Bombay Stock Exchange) and for sample selection Stratified Random Sampling and questionnaires were used and the following tests were applied T-Test, F Test, Levene Statistic tests, and ANOVA Test, Post hoc test. Moreover, the study is based on corporate governance in which Board composition and ownership structure, board size has been taken as Independent variables and their outcomes show that there is a favourable association between Board size, Outsider Director, Board composition, as well as Firm Performance.

Kiel and Nicholson (2003) studied international corporate governance examination and support to illustrate the same environment for the leading Australian companies in order to examine its firm performance and board composition in association amongst them with regard to Australian background. The focus of the investigation was the Australian continent where secondary data has been gathered for analysis and a sample of the top 500 companies has been selected from the Australian stock exchange limited in 1996. In the investigation of the study, they took the firm size and board size as control variables and the result shows that firm value, internal director has a positive relationship with firm performance.

Ganguli and Guha Deb (2016) has conducted an examination and aim of the analysis clearly indicate that both the stock market and accounting performance of Indian corporations are strongly influenced by Ownership Structure and Board Composition. Article focus was Indian non-financial, non-banking as well as public sector undertaking companies of the Indian market and secondary data was collected from Indian stock exchange and companies' annual reports of each company and their final sample shrink to two hundred sixty-five companies. they have used Tobin's Q and ROA as performance proxies. Outcomes of the study indicate that accounting and market performance of the firm has impacted by the ownership focus and board size but in contrast having no impact on board independence.

Veklenko (2016) has investigated the impact of board composition on firm performance in Europe. He focused on the financial sector of ten European countries for five fiscal years data from 2010 to 2014. Italy Netherlands, Spain, Sweden and they have used linear regression, the key finding of this research was that the board having a greater proportion of the independent directors having a higher return on Equity. Investigation establishes a small suggestion that between ROA and board size there is U shaped association while there is a reversed U-shaped association between Tobin's Q and ROE. Nevertheless, both were not economically important to make suppositions.

Bonn, Yoshikawa, and Phan (2004) have conducted a study whose results suggest that Size of the board, Age reverse association with firm performance of Japanese firms and interestingly for Australian firms the proportion of the outsiders and female Director's favorable impact on Firm Performance.

Guest (2009) has studied the relationship of Board Size, particularly for England based firms and secondary data for the period of 1981 to 2002 have been taken from software called DataStream which helps him to derive all the variables, the company board size, and all other financial variables. And the final sample consists of 2746 companies. Moreover, for hypothesis testing, he used Tobin's Q, ROA and its result shows that board size has an adverse influence on firm performance.

Yermack (1996) has inspected that small size of boards of directors in a direction to increase their effectiveness of the firm performance. The focused of the study was American financial sector and he has selected 3438 observations of four hundred and fifty-two firms as his final sample and secondary data for the period of 1984 to 1991 has been gathered moreover he has used regression analysis and Tobin's Q for testing hypothesis. The outcomes of the study show that Board Size has an adverse impact on firm value.

Shivdasani (1993) has steered an inspection whose main purpose was the features BOD & Ownership Structure contributes to the occurrence of aggressive takeovers. The focus of this investigation is Canadian markets where a sample of 1158 firms has been selected from Value Line Investment Survey for the 4th quarter of 1981 and from the wall street journal index and Dow Jones News Retrieval Service was

used to recognize firms which gained hostile bids over the period of 1980 to 1988. Moreover, from the initial sample, 247 firms acknowledged the hostile offer and 258 firms were target friendly takeover and 653 firms get no takeover bid and they have used multivariate regression analysis for testing the hypothesis. The outcome of the study is in favour of showing no important consequence on hostile takeover possibility. Nonetheless, external directors in hostile takeover objectives have lesser ownership stakes and serve on less extra boards than their non-target colleagues. Furthermore, Ownership by block holders was not associated with management advances and that by associated block holders declines the likelihood of a hostile takeover challenge.

Belkhir (2009) has examined the interrelations between corporate control mechanisms with firm performance. This study was conducted in the United States and the focused of the study was the banking sector and final sample limited to 260 companies and for testing the hypothesis they have used simultaneous equations framework and OLS and 2SLS regression analysis. The outcome shows that insider ownership and block holder ownership are positively associated with firm performance.

Mak and Li (2001) have conducted an analysis to examine the interrelationship between corporate ownership and board structure for which related material is selected from Singapore listed firms. The Focus of the study was Singapore financial markets for which the initial sample consisted of 259 firms and they have deducted those firms which do not fulfill criteria given in this study, therefore, the final sample remains 147 firms and secondary data for board characteristics and ownership structure has been taken from SES for the period of 1995 to 1996 as well as from the company's annual reports moreover for other relevant variable data also been gathered for the period of 1991 to 1995 and for testing the hypothesis they have used regression analysis. The outcomes present that corporate ownership and board structure have relationship furthermore significant association were found between Board Structure features as well as the external Directors has an adverse association with managerial ownership board size and government ownership and management hierarchy have an impact on Block Holder & negatively linked with the tenure of Chief Executive Officer and regulation.

Abdelsalam, El-Masry and Elsegini (2008) have analyzed the influence of board of director & Ownership Structure on corporate dividend policies. This study is based on the Egyptian capital markets from which secondary data was collected to analyze its market with the respective area and from Egyptian stock exchange data of 50 listed companies has been gathered by using pooled cross-sectional observations and to adjust later modification 150 collective observation has been acquired for single variable for later fluctuation to the number of the observations on need particularly in a situation when the single sample of the cross section remains small in size that might affect the level of consequences poorly. The authors of the article have found out that there has been a strong association exist amongst Institutional ownership & firm performance with Dividend Decision & Payout ratio. It's outcomes of the journal have strongly agreed that firm with higher ROE and higher institutional ownership gives higher levels of Dividend.

Fauzi and Locke (2012) have analyzed the association between board structure and firm financial performance with the currently available data. Furthermore, this investigation provides non-linearity which helps to construct it further vigorous than previous research. The focus of the study was New Zealand market and from which secondary data of seventy-nine firm's data are gathered from six industries consist of goods, property, and service. Energy, primary and investment sector and initially a sample of 147 were taken for examination but later on due to unavailability of data his sample size shrinks to seventy nine moreover outcomes of this investigation shows that board composition and decision making ownership have an affirmative and important effect on firm performance as well as board commission and greater managerial possession increase firm performance. The furthermore greater ration of the non-executive directors and female directors and a greater ratio of block holder ownership reduce the firm performance.

Adedeji et al. (2019) has examine the opinions of firm directors with respect to the degree of the effect of corporate governance on the nonfinancial Performance of medium-sized firms in Nigeria, they have used structured questionnaires to get related data for the corporate governance, board size, ownership structure , and board audit committee. Their

outcomes shows that favorable impact on firms non-financial performance in Nigeria

Filatotchev and Bishop (2002) have investigated the relationship among administrative and non-administrative features of share possession and small period enactment measured in relations of share agreement "underselling". It also discusses that executive's supremacy and earlier practice straight upset ex-ante choice of non-administrative executives and their possession stakes in the company. He focuses on the London financial market and from which he has selected secondary data for his study and data gathered from London stock exchange for the time of 19-2000. Initially 360 companies were included in the sample for investigation but later on, due to deficiency of data final sample were limited to 251 companies. The key finding specifies that administrators familiarity and share possession are adversely related with board variety and non-administrators share possession moreover outcomes specify that board importance might be endogenous aspects influenced by the administrator's familiarity and ownership.

Jackling and Johl (2009) have examined the association between inside governance and firm performance of Hindustani companies. The Focus of the study was the Indian financial market from which secondary data has been taken from Bombay stock exchange for the year ended March 21, 2006. The outcomes of this study proposed that greater board size affirmative influence on firm performance which in favor that more publicity of the outsider situation increase access to different possessions and having a favorable influence on the performance. Furthermore, investigation unsuccessful to backing the theory of corporate governance, resource dependency theory in the relation among regularity of board meetings and performance. Moreover, the outcomes suggest that external directors who have different engagements referring to have an adverse relationship with performance and telling that this engagement does not enhance any value to networks and resources availabilities.

Farooque, Zijl, Dunstan, and Karim, (2007) have examined the nature of association among ownership as specified by the ownership board and firm performance. This study focused on Bangladesh and in the study 660 listed firms in Bangladesh have been concluded for investigation and from 1995-2001 secondary data for the examination have been collected from the DataStream (performance data) while other data been equally collected form its financial statements and data which were not present in the data Stream were taken from the DSE per month reviews as well as from the Dhaka Stock Exchange and they have use regression of OSL & 2SLS for testing the hypothesis. The outcomes of the study suggest that there is an opposite connection between board ownership and financial performance. Furthermore, having an opposite association among Board Ownership & Institutional Ownership.

Demsetz and Villalonga (2001) have suggested that there is no statistically important association among Ownership Structure and firm performance.

Ali and Saeed (2011) have investigate ownership structure and their association with the firm performance inside Pakistan and finding a way to discover the mystery behind ownership structure and their primary focused on the investors who have straight involvement in the decisions of the board especially those investors who were the part of the BOD's and the agency theory of the corporate governance which consist of three type's administrative, economic as well as official investors have an influence on this study. The focused of the study was Pakistan Financial sector for which they have taken secondary data from the KSX for their examination and initially, for sample selection, they had chosen KSX listed firms for 2005 and later on due to the absence of the firm's data their sample limited to sixty-seven companies. The outcomes suggested that shareholders who have more stakes in the firm, he only take those decisions which purely benefited himself without care of the other shareholders interest so such act of the shareholder has a negative impact on the firm performance on another hand those shareholders who have fewer stakes in the firm take effective decisions and has favourably impacted on firm performances.

Hypothesis of this Study

H_1. Board Size is influenced by Firm performance.

H_2. Board Independence is influenced by Firm performance.

H_3. Gender is influenced by Firm performance.

H_4. Managerial Ownership is influenced by Firm performance.

H_5. Insider Ownership is influenced by Firm performance.

H_6. Firm Size is influenced by Firm performance.

H_7. Growth is influenced by Firm performance.

H_8. Liquidity is influenced by Firm performance.

H_9. Age is influenced by Firm performance

METHODOLOGY

Population and Sample Selection

The population of the study is comprised of all the financial firms that are listed on the Pakistan Stock Exchange and convenience sampling techniques are used for sample selection. Moreover, due to different accounting practices, notes and disclosure methods and unavailability of the firm's data, our final sample limited to 20 listed banks on Pakistan stock exchange.

Data, Variables and Methodology

In current study secondary data is used as it is collected from financial statements of each bank and financial statement analysis of State Bank Pakistan for the period of 2007-2016 and for the current study, the data type will be panel data which will be assessed by regression with fixed effect by using Gretl program. Baltagi (2008) stated that panel data is more reliable for unbiased and useful outcomes.

In this study we choose Board Composition and Ownership Structure as our independent variables. Therefore board composition were calculated through Board size, which refers to the total number of board of directors setting on board and board independence which is find out by dividing independent director by total number of board of directors and gender which is ratio of female directors setting in board. Furthermore, Ownership Structure were calculated with the help of managerial ownership using formula of adding CEO and Executive shareholding dividing total number of shares of the company and insider ownership by taking the percentage of those share holder who has equal to 10% or more shares in the company. In spite that firm performance was computed by using Return on asset and Net interest. Nevertheless, in order to do the robust analysis, we used Growth, Liquidity, Age and firm size as our control variables.

Econometric Model

In the current study, we are using the following regression models.

$$ROA_{it} = \alpha_0 + \beta_1 BS_{it} + \beta_2 BI_{it} + \beta_3 Gender_{it} + \beta_4 MO_{it} + \beta_5 IO_{it} + \beta_6 FS_{it} + \beta_7 Growth_{it} + \beta_8 Liquidity_{it} + \beta_9 Age_{it} + \varepsilon$$

$$NIM_{it} = \alpha_0 + \beta_1 BS_{it} + \beta_2 BI_{it} + \beta_3 Gender_{it} + \beta_4 MO_{it} + \beta_5 IO_{it} + \beta_6 FS_{it} + \beta_7 Growth_{it} + \beta_8 Liquidity_{it} + \beta_9 Age_{it} + \varepsilon$$

Where:

ROA: It means return on Asset.

NIM: It means the net interest margin.

BS: It means board size.

BI: It means board independent.

MO: It means managerial ownership.

IO: It means insider ownership.

FS: It means firm size.

RESULTS AND DISCUSSION

In the beginning, results of descriptive statistics have been shown then correlation matric has been done which is followed by regression analysis and the outcomes are then given and explained to check either outcome met the hypothesis or not.

Descriptive Statistics

Descriptive statistics were computed for all variables. In this study firm performance is used as the dependent variable for which return on asset and net interest margin is used as a proxy and board size, board independence, gender,

managerial ownership, insider ownership is used as independent variables in the current study.

Table4.1. *Descriptive Statistics*

Variable	Std. Dev	Average	Median	Mini	Maxi
NIM	.013	.032	.03	-0.0	0.0
ROA	.01	0.00	.00	-0.09	0.03
B Size	1.64	8.63	8	4	13
B. Ind	0.18	0.27	0.28	0	0.75
Gender	0.21	0.05	0	0	1
Man Own	0.02	0.00	0.00	0	0.12
Ins Own	0.18	0.72	0.74	0.09	0.98
Firm Size	0.61	8.31	8.42	6.75	9.80
Liquidity	0.03	0.08	0.07	0.02	0.27
Age	33.704	30.1	19	0	153
Growth	0.03	0.0016	0.0068	-0.19	0.10

Source: *Gretl output*

Table 4.1 describes the descriptive statistics for the current investigation revealing that on average Net Interest Margin (NIM) shows a positive value of 0.032643 suggesting that financial institutions in Pakistan have efficiently financed its money so that they have earned more than its investments. ROA also shows a similar positive mean value of 0.004099 suggesting that Pakistani banks have efficiently utilized its assets in order to get profit.

Moreover, the board size of Pakistani listed firms shows an average value of 8.63 signifying that Pakistani firms have enough directors on board. Independen.t directors setting in board shows a mean value of 0.27549. Gender is measured in term of female directors sitting in boards consisting a mean value of 0.05 indicating that female' directors are very small in number as compared to male directors, in order to get fairness in decision making the ratio of female directors needs to be increased. Managerial ownership shows a mean value of 0.009509 whereas the insider's ownership shows an average value of 0.72428.

While averages of the Firm Size and liquidity are 8.3183 and 0.085049. Furthermore, age of the firms is measured since the firms were first incorporated in Pakistan with an average of 30.1 suggesting that banking sector of Pakistan is not mature enough but continuous improvement in Pakistani economy attracting foreign investment will strengthen banking sector of Pakistan. Growth shows an average value of 0.00162.

Table4.2. *Correlation Matrix*

Variables	Nim	Roa	Bsize	Bind	Gender	Mown	Inown	Fsize	Liquidity	Age	Growth
NIM	1										
ROA	0.3552	1									
BSIZE	0.0881	0.2729	1								
BIND	-0.059	0.0591	-0.185	1							
GENDER	0.144	0.1381	0.1216	0.0872	1						
MOWN	0.0688	0.0877	0.1085	0.1095	-0.082	1					
INOWN	0.3099	-0.0384	-0.291	0.1165	0.2202	-0.123	1				
FSIZE	0.1677	0.6296	0.3313	0.1962	0.1335	0.1844	-0.219	1			
LIQUIDITY	0.1336	0.2385	-0.109	-0.172	-0.033	0.1194	-0.071	0.186	1		
AGE	0.4793	0.3374	-0.016	0.1726	0.3112	-0.13	0.118	0.432	0.0301	1	
GROWTH	-0.033	-0.0002	0.0517	0.1576	0.0323	0.0203	0.0115	0.21	-0.2183	0.056	1

Source: *Gretl output*

Table 4.2 shows the Pearson correlation between dependent variables and Independen.t variables as well as dependent variables. Apart from board independence and growth all

independent variables show a positive correlation and with NIM and ROA suggesting that if the proportion of board independence (-0.059) and growth (-0.033) increased having an adverse influence on firm performance. Moreover, ROA (0.3552) and Firm Size (0.1677) are high because we have taken Total Asset for its measurement.

Table4.3. *Regression Results*

			BS	B.IND	GENDER	MO	IO	FS	GROWTH	LIQUIDITY	AGE	HAUSMAN
Perf Measure		C	b_1	b_2	b_3	b_4	b_5	b_6	b_7	b_8	b_9	
Panel 1												
ROA	**Coefficient**	−0.101	-0.001	-0.0012	-0.0024	0.1228	0.0154	0.0095	−0.0640	0.0149	0.00076	11.9848
	P-Value	0.0162	0.461	0.886	0.64	0.064 *	0.331	0.090 *	0.040 **	0.739	0.111	0.00 *** Fixed Effects
Number of observations: 200; **R-square (%)**:0.614545 ; **F-statistic:** 9.736848; **P-value:** 0.00000 ***												
ROE = α 0 + β1 BS + β2 B.I + β3 Gender + β4 MO + β5 IO + β6 FS + β7 Growth + β8 Liquidity + β9Age + ε												
Panel 1												
NIM	**Coefficient**	0.0586	0.0023	0.00164	−0.0034	0.0453	−0.0099	−0.0026	0.0239	−0.0199	−0.00053	30.565
	P-Value	0.0159 **	0.0081 ***	0.7336	0.2561	0.2348	0.2762	0.4088	0.1826	0.4443	0.0531 *	0.000 *** Fixed Effects
Number of observations: 200; **R-square (%)**: 0.7228876; **F-statistic:** 16..41812; **P-value:** 0.00000 ***												
NIM = α 0 + β1 BS + β2 B.I + β3 Gender + β4 MO + β5 IO + β6 FS + β7 Growth + β8 Liquidity + β9Age + ε												

Significance at *10, **05, ***01 percent

Source: Author's compilation

The regression results of Table 4.3, Panel 1 present that managerial ownership, firm size (0.064*). (0.090 *) shows importance influence on Firm performance with 10% thus we have accepted alternative hypothesis (H_4) (H_6), similarly, the outcomes of managerial ownership are like one done by Fauzi and Locke (2012).

As well as the results of the firm size, is the same as the study done by Ehikioya (2009) in spite of p-value of growth (0.040 **) shows importance influence on Firm performance with 5% so we have accepted its alternative hypothesis (H_7) and viewing similar outcomes with the study done by Salim and Yadav (2012) but having a coefficient value of (−0.0640) will negatively influence Firm performance despite that regression results of Board Size shows no important influence on Firm performance so we have rejected its alternative hypothesis (H_1).

Board independence alternative hypothesis (H_2) is also rejected because it shows no important influence on the Firm. Performance. Gender outcome also shows no significant influence on firm performance that's why its alternative hypothesis (H_3) is rejected. Insider ownership result indicating no impact on firm performance, therefore, we have not accepted its alternative hypothesis (H_5).

Liquidity alternative hypothesis (H_8) is rejected because of showing no important influence on the Firm performance moreover Age shows no important influence on the Firm. Firm performance hence we have rejected (H_9).

Furthermore, the empirical results of Panel 2 present that board size (0.0081***) shows significant influence on Firm performance with 1% thus we accepted board size alternative hypothesis (H_1) similarly its results are the same as the one done by Jackling and Johl (2009) likewise Age (0.0531*) also shows significant impact on firm performance with the 10% significant level, therefore, we have accepted alternate hypothesis (H_9) and its results are similar with the study of Majumdar (1997).

In contrast regression outcomes of Board independence shows no significant relationship with the firm performance we have rejected the alternative hypothesis (H_2). Gender results do not have a significant association with the firm performance thus its rejected alternative hypothesis (H_3) moreover Managerial ownership results do not present importance influence on Firm performance hence we have rejected the alternative hypothesis (H_4) while empirical outcomes of Insider ownership presents no important influence on the Firm performance that is why we have to reject the alternative hypothesis (H_5). Firm size shows no important influence on Firm performance that is why we rejected its alternative hypothesis (H_6) moreover empirical results of Growth present no impact on firm performance similarly it's rejecting the alternative hypothesis (H_7) so for Liquidity hypothesis (H_8) is a concern, we have rejected

because of it shows no impact on firm performance.

CONCLUSION

Current examination explores the.Hypothesis concerning the effect of Ownership Structure & Board Composition on the firm performance financial institution of Pakistan. For the current study, twenty financial institutions were taken for the time frame of (2007-2016). The regression results of Panel data present that Managerial ownership, Firm size has an important influence on Firm performance moreover Growth have an important influence on Firm performance but showing negative coefficient which impacts negatively on Firm Performance.

Despite that Board, Size shows importance influence on Firm Performance Similarly Age Presents importance influence on Firm performance

In the light of empirical results we have concluded that if regulatory authorities are more concerned about banks profitability then they must inspire concentrated ownership in banks and they should share those benefits which are controlled between controlling and non-controlling shareholder similarly for enhancing firm performance, high concentration ownership will work like backbone while the significant relationship of the firm size with firm performance shows that the majority of the banks in Pakistan financially stable which is a positive sign.

We concluded that banks should invest rather than its core DNA like advanced technologies will help to minimized frauds as well as will help efficiently use and track its resource on hand furthermore will be encouraged to invest in those projects which can guarantee higher profit for that firm. If commercial banks want to earn more profit then they should increase numbers of the board of directors on board because these directors will have up to date market knowledge, abilities which will play its role in a hard time.

We have observed that financial institutions having more stable financial position & developed with respect to those whose new in the market but banking sector of Pakistan is not mature enough but still they have the abilities and capabilities to use proactive techniques and adjust themselves according to any situation that is why banks in Pakistan have healthy life ahead.

Limitations and Future Research

Faced several problems while collecting data for running regression because most of the data were not mentioned in annual reports. Moreover, data were not fully presented according to the researcher needs which might cause biases in our results.

This study is limited to ten years which might impact on empirical results despite that the sample of the firms was not enough to make a comprehensive analysis of the banking sector of Pakistan.

The future researcher needs to add more Independen.t variables like CEO Duality, Audit Committee, and Leverage and use different proxies to calculate firm performance and they need to work on microfinance banking sector moreover use more than ten-year data for the investigation to get quality results for decision making.

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