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RESEARCH PAPER

The Board of Directors' Role in Ensuring Effective Corporate Governance in Pakistani Firms

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ABSTRACT

This research aims to explore the connection between board qualities and sustained corporate success, addressing the existing ambiguity in corporate governance studies. While prior research has offered valuable insights, this study delves deeper into the factors influencing a board's success, intending to bridge the existing knowledge gap. Corporate governance literature has extensively examined the link between board qualities and organizational stability. However, the outcomes have been inconclusive. Despite the insightful contributions of previous studies, there remains a lack of comprehensive understanding regarding the elements that significantly impact a board's effectiveness. This study seeks to enhance our knowledge in this area by investigating a broad range of indicators that contribute to the success of boards. To achieve our objective, this study employed quantitative data derived from two written surveys. Participants included managers of unlisted firms and corporate governance experts. Through a meticulous analysis of these surveys, we aimed to gain a better understanding of the factors influencing board effectiveness. By utilizing both managerial and expert perspectives, our research approach provided a comprehensive view of the subject matter. These findings shed light on the complexity of factors influencing board performance. Notably, our study identified a diverse array of interrelated mechanical elements, such as competence and diversity, as well as behavioral factors, including norms, trust, attitude, and conduct. To enhance board performance and, consequently, organizational success, we recommend a holistic approach. This involves fostering competence and diversity within the board, while also nurturing positive norms, trust, attitude, and conduct among board members.

Keywords: Board Composition, Board of Directors, Board Size, CEO, Effective Corporate Governance

Introduction

Effective corporate governance is vital for the long-lasting success and sustainability of the scheme, as it plays an essential role in attracting investment, protecting the rights of stakeholders, and improving overall action. In rising economies like Pakistan, where corporate governance practices are still evolving, the board of administrators holds a unique position of responsibility for maintaining good governance standards (Arain & Bukhari, 2021). This paper seeks to check the part of the board of management in ensuring effective company governance in Pakistani firms, focusing on various aspects of board composition, functions and structure.

Corporate governance is essential to a company's operations and crucial in determining its failure or success. The part of the board of administrators is vital in ensuring effective business governance practices. The board is accountable for providing overseeing the company's management, strategic guidance, and ensuring that the company functions within ethical and legal boundaries (Akhtar & Mirza, 2019).

The Encryption of Corporate Governance in Pakistan requires corporations to have an effective board of administrators that ensures the company operates within ethical and legal boundaries. The board is expected to offer oversight, tactical and guidance of the company's management. The Code also requires that the board is collected of a majority of self-governing administrators with no fiscal or other profits in the company. The independent directors are expected to provide objective and impartial advice to the board (Akhtar, 2019).

The board of administrators is the highest governing body in a firm, and it is in care of confirming that the firm is managed to the maximum profits of its stockholders. The board is responsible for oversight of the company's management and for providing strategic direction. The board is also accountable for ensuring that the firm operates within moral and legal boundaries. The board is expected to establish policies and procedures that ensure compliance with laws and regulations (Abdullah, 2018).

The board of directors in Pakistan is expected to be collected from a common of independent directors. The independent administrators are expected to provide objective and impartial advice to the board. The independent directors are also answerable for ensuring that the corporation operates within ethical and legal boundaries. The independent directors are expected to act for the company's and its stakeholders' most significant profits (Khan & Ahmad, 2018).

The board of management is the leading body of a corporation, accountable for overseeing the company's running and making strategic choices that align with the interests of shareholders and other investors. In Pakistan (SECP), the Safeties and Exchange Commission has recognized a Cypher of Corporate Governance to guide firms on matters related to the board's role in achieving effective corporate governance (SECP, 2017). Research suggests that implementing these guidelines has positively affected corporate governance actions in Pakistan (Arain & Bukhari, 2021). However, challenges remain in ensuring these practices are consistently applied and effectively promote firm performance and accountability.

Pakistan is an emerging economy that is experiencing rapid growth in the corporate sector. Corporate governance has become a vital issue in Pakistan due to the increasing number of corporate scandals and frauds in recent years. In response to these challenges, (SECP) the Safeties and Exchange Commission of Pakistan has introduced several reforms to recover corporate governance in the country. The reforms include establishing the Code of Corporate Domination within the SECP and Corporate Governance Unit (SECP, 2019).

In Pakistan, the board of administrators is critical in ensuring actual corporate governance in firms. The board is in charge of ensuring that the company operates within legal and ethical boundaries. The boarding is also answerable for provided that oversight and strategic guidance of the company's group. The board is expected to confirm that the corporation's management is competent and has the necessary skills and experience to manage the company effectively (Ali, 2017). In Pakistan, the management board is vital in confirming effective corporate governance in firms. This research paper aims to check the part of the board of managements in ensuring effective corporate governance in Pakistani firms.

Literature Review

Corporate Governance and Its Importance

Corporate governance is a critical idea in managing organizations that has attracted significant attention in academic research and practice. It mentions the principles, rules, and practices that guide the relations among a business's shareholders, management, board of directors, and other stakeholders. The objective of company ascendency is to ensure that the organization operates ethically, transparently, and responsibly, creating value for its shareholders and contributing to society's well-being. This literature review aims to discover corporate governance's importance in organizational performance and highlight the key elements that define its effectiveness.

The importance of corporate governance for organizational performance has been widely recognized in academic literature. Scholars have found that good corporate governance performance can enhance firm presentation, decrease the risk of financial fraud and scandals, and increase shareholder value. For instance, in a study by Yermack (1996), the author found that firms with improved corporate governance practices had higher market assessments and lower volatility. Additionally, research by Bhagat and Bolton (2008) showed that strong corporate governance practices lead to higher dividend payouts, lower agency costs, and better accounting quality.

Effective corporate governance is characterized by several key elements that ensure accountability, transparency, and fairness. The first element is the panel of management, which theaters a severe part in supervising the management's actions and decisions. The board's composition, structure, and independence are essential factors that influence its effectiveness. Scholars have emphasized the need for an independent board with diverse skills and expertise to provide strategic guidance, monitor risks, and safeguard shareholders' interests (Adams & Mehran, 2012; Hermalin & Weisbach, 2012).

The second main element of adequate corporate ascendancy is the alignment of the organization's incentives with the shareholders' benefits. This is achieved through executive compensation schemes that tie executives' remuneration to the company's performance. Scholars have suggested that executive compensation should be designed to incentivize long-term value creation and discourage excessive risk-taking (Bebchuk & Fried, 2004; Murphy, 2012).

The third component of effective corporate authority is the establishment of risk management practices and sound internal panels. These include preventing and detecting fraud, ensuring the accuracy of financial reporting, and managing operational and strategic risks. Effective risk management requires a robust governance framework that defines risk appetite, establishes risk management policies and procedures, and provides regular monitoring and reporting (COSO, 2013; ISO 31000, 2018).

Corporate governance is a crucial concept that shapes organizations' behavior and performance. The literature has shown that decent corporate governance practices can enhance firm performance, decrease the risk of financial fraud and scandals, and raise shareholder value. The critical elements of effective corporate governance include an independent and diverse board of directors, alignment of management incentives with shareholders' interests, and sound internal controls and risk management practices. Organizations that adopt good corporate governance practices can build trust with their stakeholders, enhance their reputation, and contribute to sustainable economic growth.

Board of Directors and Its Role in Corporate Governance

The board of management is answerable for making strategic decisions that affect the performance and direction of a company. Its prominent role is to oversee the supervision of the company by guaranteeing that the interests of the stockholders are being threatened. According to Cheng, Courtenay, and Green (2019), the board's primary responsibility is to certify that the corporation operates within the law and that its policies and procedures are ethical and transparent. Additionally, the board is answerable for confirming that the company's financial reports accurately reproduce its financial performance.

One of the main purposes of the board of managements is to appoint and supervise the corporation's management team. This involves setting performance targets and evaluating the presentation of the CEO and other senior managers. According to Talaulicar and Ryan (2020), the board should certify that the management team is competent and has the necessary skills to manage the company effectively.

Another critical role of the board of executives is to accomplish risk. The board should confirm that the company has adequate procedures, policies and risk management in place and that they are being followed. According to Martínez-Ferrero and García-Sánchez (2020), the board must also oversee the company's submission of regulatory supplies and ensure it follows best practices.

The board of directors also plays a critical part in shareholder engagement. According to van der Elst (2019), the board should ensure that shareholders are adequately informed about the company's performance and that their concerns are being addressed. This involves regular communication with shareholders, including holding annual general meetings and providing regular company performance updates.

The Board of Managements is a collection of entities elected by shareholders to supervise a company's management. The Panel of Management theaters a critical part in corporate domination by setting the organization's strategic direction and monitoring the performance of management. According to Kalbers and Fogarty (2019), "The Board of Directors' primary part is to provide oversight, accountability, and direction to the company's management."

Corporate governance is crucial in promoting an organization's transparency, accountability, and ethical conduct. Kiel and Nicholson (2019) state, "Corporate governance is a system of controls, processes, and structures that guide and direct the organization's operations, ensuring that it operates in a transparent and accountable manner." The Board of Managers' part in corporate ascendancy is to ensure that the organization is managed effectively, efficiently, and in compliance with all legal and ethical standards. According to Zahoor (2022), "Board setup plays a significant role in corporate governance. "

The Board of Directors plays a serious role in confirming adequate corporate power. According to DeZoort and Harrison (2019), "The Board of Directors is responsible for overseeing the organization's risk management processes and ensuring that the organization is complying with all relevant laws and regulations." The Board of Boards is also answerable for nursing the performance of the organization's management, ensuring that the group operates efficiently and effectively.

The Board of Management is also accountable for setting the organization's calculated way. According to Saha and Mukherjee (2020), "The Board of Directors is responsible for setting the organization's goals and objectives and developing strategies to achieve them." The Board of Directors should also certify that the organization's objectives are aligned with the interests of the government's stakeholders.

The Board of Managements is critical in promoting ethical conduct in an organization. Mauro and Ferraresso (2020) state, "The Board of Directors should establish an ethical culture that promotes honesty, integrity, and transparency in all aspects of the organization's operations." The Board of Directors must also confirm that the organization's employees and management adhere to all ethical standards.

Corporate Governance Practices in Pakistan

Corporate governance has developed into a gradually significant issue in the business world, as it directly affects the performance and sustainability of companies. In

Pakistan, corporate governance practices have been a topic of discussion for many years, with both the government and private segments actively working towards improving the standards of corporate domination in the country.

Abbas et al. (2019) highlighted the result of the regulatory outline on corporate governance practices in Pakistan. They originate that the regulatory framework has an essential effect on implementing business governance practices in the state. Moreover, they highlighted the importance of regulatory bodies in ensuring compliance with corporate governance standards.

Khan and Shahzad (2020) examined the impression of ownership structure on corporate governance practices in Pakistan. They initiate that family-owned productions have lower compliance with corporate governance standards associated with non-family-owned businesses. Moreover, they highlighted the need for family-owned trades to implement effective governance practices to ensure long-term sustainability.

Aslam et al. (2020) observed the effect of board individuality on corporate governance performance in Pakistan. They found that board individuality is positively connected to implementing corporate governance practices. Moreover, they highlighted the status of having an independent board of directors in ensuring transparency and accountability in the business governance process.

Khan et al. (2021) observed the relationship among corporate power and Pakistan's CSR practices. They found that companies committed to CSR are more likely to implement active corporate governance practices. Moreover, they highlighted the importance of CSR in promoting sustainable development in Pakistan.

Farooq et al. (2022) observed the effect of corporate governance practices on the fiscal presentation of corporations in Pakistan. They found a positive association among corporate power practices and secure production. Furthermore, they highlighted the importance of effective corporate governance in enhancing the financial activities of companies in Pakistan.

Zia et al. (2021) examined the effect of board gender variety on corporate governance practices in Pakistan. They found that companies with a complex proportion of women on their boards tend to instrument better corporate governance practices. This learning highlights the position of gender variety in promoting effective corporate governance practices in Pakistan.

Another learning by ZAFAR et al. (2022) observed the effect of ethical leadership on corporate governance practices in Pakistan. They found that ethical leadership is positively connected to implementing corporate governance. Moreover, they highlighted the importance of promoting ethical leadership in Pakistan to ensure accountability and transparency in the corporate governance procedure.

Moreover, a study by Butt and Khurshid (2020) observed the effect of corporate authority performs on steady risk in Pakistan. They start that effective corporate governance practices can reduce firm risk and enhance firm performance. This study provides valuable insights for companies in Pakistan on implementing effective corporate governance to manage risk and improve their overall performance.

Ali et al. (2020) observed the influence of corporate power performs on secure innovation in Pakistan. They found that active corporate governance practices can enhance firm innovation, leading to better firm presentation. This study highlights the importance of promoting innovation through effective corporate governance practices in Pakistan to ensure businesses' long-term sustainability and competitiveness.

Previous Studies on the Role of Board of Directors in Corporate Governance

Chen et al. (2019) investigated the association among corporate social responsibility (CSR) presentation and board independence. The authors found that boards with higher levels of autonomy tend to have better CSR performance, suggesting that independent directors are essential in promoting ethical behavior and social responsibility.

Kim et al. (2020) observed the connection between corporate performance and board diversity in Korean companies. The authors found that companies with more various boards tend to have improved financial performance, suggesting that board diversity may lead to better executive and more effective oversight.

Agyei-Mensah and Ofori (2021) explored the association between corporate presentation and board size in Ghanaian businesses. The writers found that smaller boards tend to be related with better financial presentation, suggesting that more giant boards may be less effective in their oversight role.

Mokhtar et al. (2021) examined the connotation among board gender financial performance and diversity in Malaysian firms. The authors found that businesses with additional gender-diverse boardings incline to have improved financial performance, signifying that gender diversity may chief to better executive and further effective oversight.

Xu et al. (2022) observed the relationship between corporate novelty and board leadership structure in Chinese firms. The authors found that firms with a dual management structure (i.e., chairman roles and separate CEO) tend to be related to higher levels of innovation, suggesting that such a structure might lead to better strategic direction and more effective oversight.

Lee and Kim (2022) investigated the association among corporate social responsibility and board ownership erection presentation in Korean companies. The authors found that firms with developed levels of board proprietorship tend to have better CSR performance, suggesting that board ownership may incentivize directors to turn in the top benefits of other stakeholders and shareholders.

Theoretical framework

Academic study on board directors has focused chiefly on three board features: control size, composition, and structure. They are frequently recognized by the fundamental theoretic viewpoints on boards of management and, as a result, are thought to be significant proxies for determining the effectiveness of boards (Pearce and Zahra, 1989).

Board composition as a key determinant. Most scholarly investigation of boards of managers looks at the function and ratio of outside, inside, and independent directors. At the core, two main hypotheses clarify why boards with an insider or outsider majority are used. The primary effort of corporate governance learning is agency theory, which concerns potential conflicts of attention among managers and owners (principals) (agents).

Board leadership structure as a key determinant. The board management structure determines whether the chairman of the boarding and CEO are separate individuals. Both stewardship and agency theories are essential in explaining how boards' leadership is organized. To ensure more independent monitoring, the chairman of the boarding and the CEO are recommended to have separate duties. By dividing these responsibilities, management's potential to control the board and the CEO's influence is reduced. A distinct board leadership construction offers the necessary balances and checks, which improves business success (Pearce and Zahra, 1989).

Board size is a key determinant. For two distinct reasons, board size is a trait that has received extensive study. First, it is thought that board size affects company performance. For instance, agency theory holds that the number of directors typically indicates CEO dominance of the boarding. By raising the quantity of members, the board can better oversee management and corporate performance because it is harder for the CEO to control the board (Zahra and Pearce, 1989). Moreover, resource dependency theory acknowledges the significance of board size. This theory's main tenet is that external gatherings possess possessions that a corporate society views as essential to achieving its interior goals (Salancik and Pfeffer 1978).

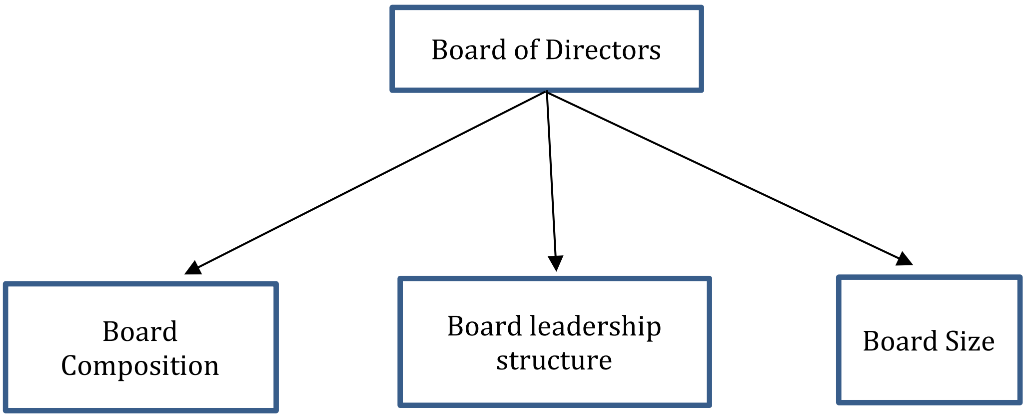

Figure 1: Theoretical Framework

Material and Methods

As previously mentioned, extensive research on boards of directors has trusted methods for acquiring quantitative data (Daily et al., 2003). Large-scale archive data are primarily used in these methodologies, but some board studies have also used surveys. Although these methods benefit from consistent data analysis, they have limited entree to process-oriented facts (Daily et al., 2003). Researchers have used in-depth interviews and direct observation approaches to overcome this constraint (Schoning and Huse, 2004; Gillies and Leblanc, 2003). Their study offers a valuable qualitative counterbalance to the conventional director board questionnaires.

The quantitative approach phase's rating survey was built using the results, and it assisted us in expanding and analyzing the qualitative conclusions. The study design also suggests that the two phases will use distinct sampling and data collection methods.

Sample

Using a convenience sample strategy, we chose purposively for the quantitative research phase (Collins et al., 2006). This signifies that we have selected people willing and able to participate in the learning. We addressed a model of 715 Pakistan Governance Institute followers and invited them to contribute in our survey.

Memberships comprise managers comprising boards of managers of non-listed and listed businesses in various parts (such as independent, chairman, or executive director's non-executive) and (ii) stakeholders in the pitch of company governance (lawyers, advisors, academics, etc.). A total of 166 (response rate = 23%) respondents from the original 715 directors who were contacted participated in the quantitative research stage. Next, we removed the participants who had already participated in the interviews to prevent sample overlap. A total of 150 replies (a response rate of 21%) were received after inadequate responses were also eliminated from the model. There are two groups of responders in the sample. We gave one group the title "director," which represents those who serve on the boards of managers of Pakistani businesses, and extra assembly the title "experts," which means individuals involved in the pitch of corporate governance (see Tables 1 & 2).

Table 1
Model per group of defendants

Respondent	Number
Directors	69
Represent listed companies	12
Represent non-listed companies	37
Experts	32
Total	150

Table 2
Ingredients of a good corporate board - directors' standpoints

Families	Number of respondents who referred to this theme	% of respondents (N=104)	Frequency this theme was reported
"Theme 1: Board composition."	99	95%	N=99
"Theme 2: Board culture."	53	51%	N=53
"Theme 3: Operation of the board."	49	47%	N=49
"Theme 4: Board tasks."	34	33%	N=34
"Theme 5: Debate/decision-making."	28	27%	N=28
"Theme 6: Individual norms."	25	24%	N=25
"Theme 7: Relationships between the board members."	23	22%	N=23
"Theme 8: Board-management relationship."	6	6%	N=6

Data Collection

Using a convenience sample technique, we made purposeful selections for the quantifiable research stage (Collins et al., 2006). This shows that we have selected participants who are able and eager to contribute to the study. We sent an invitation to participate in our survey to 715 members of the Pakistan Governance Organization.

Members include both I stakeholders in the sector of company governance (academics, attorneys, advisors, etc.) and (ii) directors comprising boards of executives of non-listed and listed corporations in various capacities (such as chairman, non-executive, independent, and executive directors). The original 715 directors who were contacted resulted in 166 (answer rate = 23%) respondents taking part in the quantifiable study stage. To circumvent the sample overlay, we eliminated those who had already contributed to the interviews. Once incomplete replies were removed from the example, 150 replies (or a response rate of 21%) were received. The sample has two categories of respondents. To represent people who be seated on the boards of directors of Pakistani firms, we gave one group the title "director," and to describe those who work on the ground of corporate governance, we delivered another group the label "experts" (see table 1 & 2).

Results and Discussion

The previous unit gave an evocative examination of the factors that might affect boards' effectiveness. A list of 10 factors that determine how effective a board is provided to respondents in more detail in the questionnaires. These factors are not equally exclusive because some of them are connected. The first questionnaire meant to gain a deeper understanding of the relative position of a small numeral of identified factors on a more quantifiable basis. Table 3 contains descriptive data for the entire sample, while Appendix 2 contains a detailed frequency table.

Table 3
Evocative statistics of importance rate for sub-samples

Determinants of board effectiveness	DIRECTORS (N=119)			EXPERTS (N=31)		
	in the top 3*		Rank	in the top 3*		Rank
	#	%		#	%	
Trust between the CEO/management and the board of directors	58	48,6	1	18	55,8	1
Members of the board exhibit constructive criticism.	59	49,7	2	12	31,3	5
complementarity in terms of training, knowledge, and experience	50	43,9	3	18	55,8	1
A mixture of executives, independent directors, and non-executives representing the shareholders comprise the board of directors.	46	38,5	4	13	44,2	3
The members of the board are set	45	37,7	5	13	44,2	3
The info is complete and timely.	36	30,1	6	11	39,7	6
Each director actively takes part in the conversations.	26	21,7	7	2	6,5	8
Different viewpoints are accepted	18	13,3	8	5	17,1	7
The chairman looks for agreement.	10	8,5	9	1	3,2	9
The board members get along excellently.	5	4,1	10	1	3,2	9

*Denotes the frequency of the item conventional a ranking score ≤3

According to Table 3, board effectiveness is most significantly influenced by the board's connection with the CEO and management. The panel's makeup in relations of complementing specialties and the members' positive attitudes toward criticism rank as the second-best determinant. In contrast, consensus-seeking board members and chairman who get along well tend to be of slight value for the efficiency of boards.

The results of Table 3 suggest that the board's relationship with the CEO and management has the most significant impact on the efficacy of the board. The second-best factors are the board's configuration in balancing specialties and the members' favorable attitudes toward criticism. In contrast, the performance of boards tends to be little affected by a chairman who pursues agreement and by board memberships who get sideways well.

Table 4
evocative statistics of corrigible rate for the entire sample (N=75)

Determinants of board effectiveness	in the top 3*	rank

	#	%	
The members of the board are prepared	48	64,0	1
The information is complete and timely.	43	57,3	2
Each director actively takes part in the conversations.	32	42,7	3
complementarity in terms of training, knowledge, and experience	31	41,3	4
Members of the board exhibit constructive criticism.	21	28,0	5
A mixture of executives, independent directors, and non-executives representing the shareholders comprise the board of directors.	21	28,0	6
Different viewpoints are accepted	11	14,7	7
Trust between the CEO/management and the board of directors	8	10,7	8
The chairman looks for agreement.	6	8,0	9
The board members get along excellently.	4	5,3	10

* Denotes the frequency the item received a ranking score ≤3

Only three of the ten identified variables (trust among the CEO/management and board, adequate and timely data, and the chairman's pursuit of consensus) are ranked equally by experts and directors, according to the descriptive results in Table 4. Directors' and specialists' opinions disagree, particularly regarding the consequence of board members' constructive criticism. For this determinant, the eccentricity in the ranking score is the highest (graded 2nd for managers while 5th for experts). Our facts set can be used for arithmetical ordinal taxing. However, due to low frequencies per cell, it does not meet the criteria for computing a Pearson Chi-Square correlation coefficient (concerning the replies of the skilled group).

The identified determinants' actual occurrence in practice was investigated using the second questionnaire. In particular, it produced quantifiable data that showed how respondents felt the (identical) stated topics needed to improve. Table 6 contains descriptions of the corrigible amount for the entire model, and Appendix 2 contains a thorough frequency table.

Table 5
Evocative figures of corrigible rate for sub-samples

Determinants of board effectiveness	DIRECTORS (N=56) in the top 3* #	%	rank	EXPERTS (N=19) in the top 3* #	%	rank
The members of the board are prepared	37	66,1	1	11	57,9	1
The information is complete and timely.	33	58,9	2	10	52,6	2
Each director actively takes part in the conversations.	25	44,6	3	7	36,8	3
complementarity in terms of training, knowledge, and experience	25	44,6	4	6	31,6	4
Members of the board exhibit constructive criticism.	16	28,6	5	5	26,3	5
A mixture of executives, independent directors, and non-executives representing the shareholders comprise the board of directors.	16	28,6	5	5	26,3	5
Different viewpoints are accepted	6	10,7	7	5	26,3	5

Trust between the CEO/management and the board of directors	6	10,7	8	2	10,5	9
The chairman looks for agreement.	2	3,6	9	4	21,1	8
The board members get along excellently.	2	3,6	9	2	10,5	9

Table 5's findings show that the three areas most needed improvement are board member preparedness, timely information flow and adequate and active involvement by all managers in meetings. On the other hand, it is believed that consensus-driven discussions led by positive relationships among the board members and chairman are the least susceptible to change.

By splitting our sample into two groups, we can analyze the corrigible rate in greater detail, just like we did with the significance scores. The first group signifies the " directors ", though the "experts" are characterized by the second group. We're curious to discover how different directors and specialists see the need to enhance the recommended determinants. The evocative statistics for both collections are shown in Table 5.

The perspectives of directors and specialists appear only to differ when it comes to the requirement of improvement in the ability to tolerate diverse opinions, the need for trust among the CEO/organization and board of directors, and the chairman's pursuit of an agreement. Though our information usual can be used for statistical ordinal taxing, it does not meet the criteria for computing a Pearson Chi-Square association constant, primarily due to the low frequencies per cell.

The gaps are revealed by comparing the rank rate of the factors affecting a boarding's performance to the rate at which they can be corrected while also highlighting the limitations on the board's skill to achieve its nursing and strategic functions. The relationship between the significance of board efficacy factors and their requirement for development is shown in Figure 2.

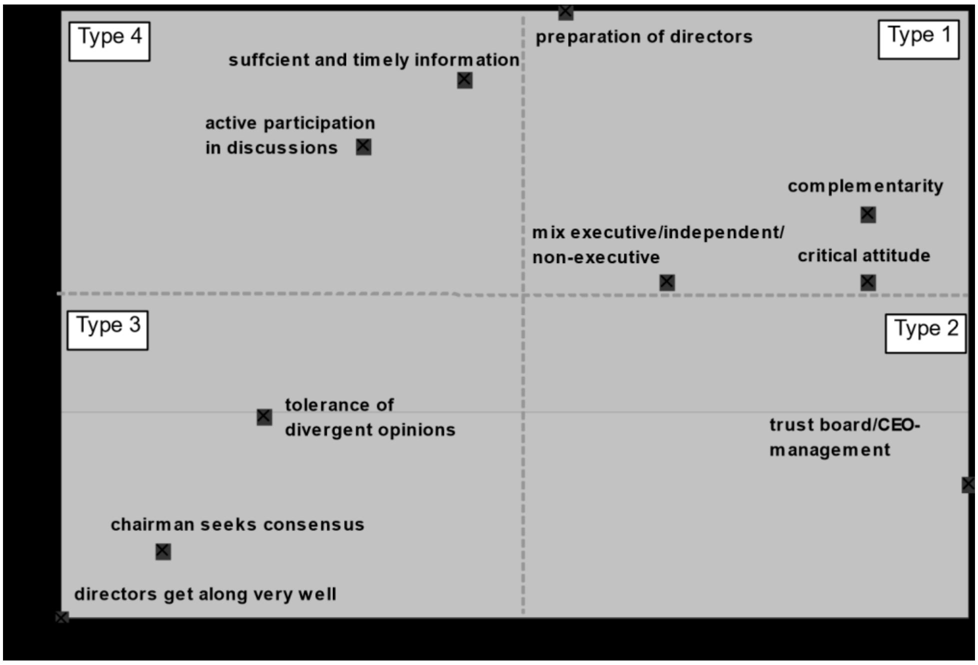

Figure 2: Linking position and corrigible scores of factors of board effectiveness

Factors of board effectiveness are represented by "type 1" in quadrant 1, which we call flashing glows. This quadrant collects characteristics in particular that are seen to be crucial for boards' success while also needing the most practice improvement. In other words, the findings imply that the board's skill to perform its tasks may be hampered by a lack of complementary knowledge, a lack of a critical mindset in talks, a lack of diversity regarding the roles of directors, or unprepared board members.

'Type 2' challengers are represented by the variables of board effectiveness in quadrant 2. This quadrant, in particular, groups standards considered crucial for boards' success and require little to no practice improvement. Only one criterion—the association between the board and management—seems to fit within this quadrant.

Maintaining a poise of trust among the CEO/management and board of managements is inherent in the domination of each organization, even though this relationship appears not to present many challenges in practice. A trusting relationship is easily destroyed at any time, necessitating constant work from both governing organizations.

Quadrant 3 represents "type 3," or subordinates, as factors of board effectiveness. This quadrant, in particular, groups standards that are thought to be less crucial for boards' effectiveness while also requiring little to no practice development. Compared to the other groups, these characteristics are considered inferior. Our research shows that the capability of a board to transfer out its duties is not much improved when different viewpoints are stood in the chairman seeks agreement, board meetings, or managers get lengthways (likened to type 1 and type 2).

Quadrant four represents "type 4," or seducers, as predictors of board effectiveness. This quadrant, in particular, groups factors that are seen to be less critical for boards' success while also being the most flexible in actual use. The results imply that gathering relevant information beforehand and ensuring that all directors actively participate in talks are two standards that would be addressed since repetition demonstrates significant weaknesses. Yet, there is a risk that these requirements will divert focus and effort away from the board effectiveness factors that are more important (type 1 and type 2).

Discussion

The quantitative data gleaned from the surveys further develops this qualitative sign. They emphasize the significance of trust among the board and management and board member conduct regarding their level of preparation, involvement, and critical thinking during boardroom discussions. Our findings imply that traits representing the board's inner workings, rather than only attributes of board structure and membership, should also be considered when attempting to understand the board of managements in general and board effectiveness in precise.

According to a learning by Lawler et al. (2001), boards with directors with access to more pertinent info seem to transmit their duties more successfully than boards with less knowledge. Second, our data imply that the chairman plays a crucial influence on the efficiency of boards. The qualitative results propose that the chairman's management style significantly influences the board's ability to perform its obligations. Yet, the academic governance literature has a history of taking a minimal approach to board leadership by concentrating on the dynamic between the CEO and chairman. Notably, the issue of whether the two purposes should be divided or not has drawn a lot of attention and is still up for debate. Yet, empirical data have not consistently supported the effects of separation of responsibilities. Very few studies have looked at the chairman's function and how it affects the efficiency of boards.

For instance, Roberts (2002) details how the ineffective organization of processes and board relations can readily hinder a board's managerial and effectiveness. He differentiates three dysfunctional boarding dynamics—a personal, captured board—with detrimental effects on the efficacy of the boarding built on the type of chairman executive ties.

A previous study by McNulty and Pettigrew (1995) also highlighted the crucial part a chairman has in influencing boarding subtleties and changing a "minimalist" board into a "maximalist" board, which has a significant influence on a company's way. Nonetheless, a surprising result of our research relates to the chairman's function in board deliberation. The written questionnaire's results indicate that a chairman seeking consensus is unnecessary for the board to function effectively.

As a result, this conclusion contradicts Hill's (1995) research, which concluded that sustaining boardroom agreement was a core value shared by all the management he polled and was unquestionably the norm among the managerial group. Understanding the term "consensus" is one avenue for an explanation. Further remarks by the directors demonstrated that agreement could be mistaken for "unanimity" and hence skew responses. They stated that even when there is personal conflict, a decent board of directors can still come to a decision that is agreed upon by all members.

Conclusion

The analysis uses quantitative data and is primarily meant to be descriptive. In the quantitative study phase, a written questionnaire was used to evaluate further the rank rating of a small amount of probable board efficiency factors. Another questionnaire was also utilized to examine how the proposed factors manifest themselves in repetition, further elaborating the findings. The findings brought up three fundamental difficulties, which were then thoroughly examined. Our study reveals that many components of board efficacy are poorly understood by 'outsiders' because they are hidden from view. Due to access issues, most studies have stayed significantly from actual board practice. As a result, they concentrate on a limited set of structural board properties, which yields conflicting results. Our conclusions indicate that this vagueness in the research sign currently available can, in part, be ascribed to the lack of knowledge regarding an extensive variety of consistent mechanical (such as diversity and competence) and more behavioral (such as trust, attitude, norms, and conduct) factors that shape the efficacy of boards in carrying out their duties.

By examining boards of management in a Pakistani setting and using a qualitative-oriented study strategy, our study helps to close the gap in the board literature that has been noted (mixed methods design). Second, as a further (structural) measure of board composition, our study further stresses the potential significance of board diversity. Instead of merely focusing on insiders versus outsiders when examining the board of directors, academics should consider incorporating various measures that account for variations in experiences, backgrounds, and talents (Kosnik, 1990). Third, this learning also emphasizes examining how boards operate internally. The board of management is frequently treated as a "black box" in mainstream board research (Daily et al., 2003). The study of straight links among board features and performance results produced conflicting results, which casts hesitation on the descriptive strength of these input-output replicas. Development and indirect research methods incorporating more behavioral components of board conduct are two ways to advance board research.

Recommendations

1. Promoting Board Diversity: Organizations should actively promote diversity within their boards, encompassing different backgrounds, skills, and perspectives. A diverse board can bring a wide range of ideas and approaches, fostering innovation and effective decision-making.

2. Continuous Training and Development: Board members should engage in ongoing training programs to enhance their skills and knowledge. Workshops, seminars, and educational initiatives can keep board members updated with the latest industry trends and governance best practices, ensuring their effectiveness in the ever-changing business landscape.
3. Cultivating Positive Board Culture: Building a positive board culture is essential. Encouraging open communication, mutual respect, and a collaborative atmosphere among board members can enhance trust and teamwork. A supportive culture fosters a conducive environment for constructive discussions and robust decision-making processes.
4. Implementing Clear Norms and Ethical Standards: Organizations should establish clear norms and ethical standards for board conduct. Ethical guidelines help in maintaining integrity and accountability among board members, ensuring that decisions are made in the best interest of the organization and its stakeholders.
5. Encouraging Transparent Communication: Transparent communication between the board, management, and stakeholders is crucial. Boards should actively communicate their strategies, decisions, and challenges to stakeholders, ensuring transparency and building trust. Open dialogue can prevent misunderstandings and align all stakeholders towards common goals.
6. Fostering Trust and Collaboration: Building trust among board members and between the board and management is fundamental. Trust encourages collaboration and enables board members to work cohesively towards shared objectives. Trust also facilitates constructive debates, leading to well-informed and balanced decisions.
7. Periodic Board Performance Evaluations: Organizations should conduct regular board performance evaluations. These assessments provide valuable insights into the strengths and weaknesses of the board. Identifying areas for improvement can guide targeted efforts, ensuring continuous enhancement of board effectiveness.
8. Encouraging Innovation and Adaptability: Boards should encourage innovative thinking and adaptability. Embracing new ideas and technologies can position the organization strategically, enabling it to navigate challenges and capitalize on emerging opportunities effectively.
9. Stakeholder Engagement: Actively engaging with stakeholders, including employees, customers, and shareholders, allows boards to understand diverse perspectives. Incorporating stakeholder input in decision-making processes can lead to more informed choices that align with the interests of all parties involved.
10. Encouraging Research and Knowledge Sharing: Encouraging research initiatives on corporate governance and facilitating knowledge sharing platforms can contribute to a deeper understanding of effective board practices. Collaboration with academic institutions and industry experts can foster an environment of continuous learning and improvement in corporate governance standards.

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