

ABSTRACT

Purpose _ The research sought to investigate empirically the Nexus between Corporate Governance Attributes, Firm Performance and Earnings Management of Pakistani manufacturing companies listed at Pakistan Stock Exchange (PSX) also known as Karachi Stock Exchange (KSX).

Design/methodology/approach _ Using a purposive sampling technique, 100 Manufacturing companies listed on the Pakistan Stock Exchange (PSX) were chosen. From 2013 to 2018, the time period for observations is 6 years. Firm performance is measured through Return on Assets (ROA). Corporate Governance is measured with the Block ownership, the board size, Female Director, tenure of CEO, Duality of CEO, and the non-Executive Directors. Discretionary Accruals, a proxy, are used for earning management calculation using the cross-sectional modified Jones model. The panel data methodology analyses data across time and organizations.

Findings _ Empirical findings have shown positive relationship between most of the coporate governance determinants and financial performance of the firm. Board size, Block Ownership, female directors, and CEO-duality, according to the results, are positively associated with the financial performance of the firms; Independent non-executive directors and CEO-tenure are found to affect financial performance negatively. Percent of block ownership, independent, female directors and CEO-duality found to have positive association with earning management. Board size and length of CEO tenure found to be negatively associated with earning management.

Originality/value _ owing to the ongoing crucial phase of the Pakistan Stock Exchange (PSE), the aforementioned topic is a Lingua Franca among the investors since it is deemed that corporate governance and earning management may hold sway on the financial performance of the firms listed of PSE.

Keywords: Return on Assets, Corporate Governance, Earnings Management, CEO-Duality.