

Abstract

The impact of corporate governance on performance of banking firms has been extensively found in prior researches. The purpose of this study is to extend the research by studying the impact of internal corporate governance along external corporate governance in Pakistan. This study also examines the role of risk management on performance of Pakistani banking firms.

Based on hand collected data for a sample of 17 banks for the period 2001-2010, using PLS methodology the empirical results obtained shows that both internal and external corporate governance is positively and significantly related to performance of banking firms. Secondly risk management has also impact on bank performance. This study contributes to the research of corporate governance and risk management in several ways. It provides clear evidence that internal corporate governance and external corporate governance enhances performance of banking firms. It also shows that effective risk management system is also essential to cope with this highly competitive and volatile global business environment.

Keywords: corporate governance, risk management and bank performance