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Impact of Corporate Governance on Islamic Banks Performance: An Evidence from Islamic Banking Industry of Pakistan

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ABSTRACT

The objective of our study is to explore the relationship between corporate governance and the performance management of Islamic banks in Pakistan. To fulfill our aim, we used the data of the five central Islamic banks working in Pakistan from 2016–2020. The data was collected from reputable banks' annual reports, and the annual accounts are downloaded from the website of the PSX data portal. For the analysis of the relationship between the variables, we used the OLS methods of research that are useful for panel data analysis. Our results show that EPS is taken for performance management, and then BSIZE (board size) has a significant positive impact on performance management at a 1% level. It means that when we increase the number of board members in the total board composition, then they can make more accurate decisions on a timely basis, and that's why there's an increase in performance. Our results also show that BIND (board independence), or independent directors on the board, has a significant negative impact on performance management at the 10% level of the power. It results in when independent directors are added to the total board composition, performance suffers as a result of the independent director's burden. Independent directors charge a considerable amount for their services.

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1. Introduction

The history of corporate governance can be traced back to the nineteenth century when state corporation laws expanded the powers of corporate boards without requiring undisputed shareholder approval. They fixed it in the conversation for statutory benefits like evaluation rights that would progress corporate authority. After the rise of the agency problem, which arose from the parting of possession and regulator shaped in the case of Salomon v Salomon, the early discussions erupted (1897). The corporate authority has recently developed a hot issue between a broad range of people, as well as the government, industry processes, directors, investors, stockholders, researchers, and global organizations, to designation an insufficient. Organizational transparency, financial exposure, individuality, panel size, board arrangement, panel groups, board multiplicity, CEO duality, auditor individuality, also other features have become the foundation of good authority practices in today's world. The World Bank, the International Monetary Fund (IMF), and the Organization for Economic Cooperation and Development (OECD) all take these variables on their main schedules at consultations and sessions every wherein the world (Abbott, Parker, & Peters, 2004).

Investigators have newly formed an excess of corporate authority explanations. Insiders contain supervision organization and stockholders, and corporate authority is defined as a "set of mechanisms by which external stockholders guard themselves in contradiction of expropriation by insiders" (La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 2000). The principal area of corporate authority is to protect the welfares of creditors and stakeholders. Corporate authority supported a nation's financial and community progress by permitting dealings to function additional professionally. One of the responsibilities of corporate authority is to confirm that monetary writing arrangements are see-through. Though, these organizations, like additional industries, face information irregularity and agency struggle (Mersni & Ben Othman, 2016; Safieddine, 2009; Shamsuddin et al., 2013) which can prime to resourceful behavior that is in the desecration of Islamic guidelines (Mersni & Ben Othman, 2016; Safieddine, 2009; Shamsuddin et al., 2013). The organization that guides and panels industries are recognized as a corporate authority. Their boards of executives are responsible for their establishments' governance. The role of the stakeholders in authority is to assign directors and auditors, as well as to confirm that a suitable authority structure is in place.

Setting the business's strategic goals, as long as that the administration places them keen on achievement, supervision business organization, and writing to stakeholders on their stewardship are all tasks of the panel. Corporate authority, on the further pointer, is concerned with what a business's board of executives does and how it launches the company's standards, as opposed to full-time directors' day-to-day operative organization. A corporate authority structure brings organized controls, guidelines, and strategies to support an organization attain its purposes while also conference the needs of shareholders. A corporate authority structure is frequently an unwanted item of dissimilar mechanisms.

The furthermost significant sets of panels for a firm are internal mechanisms. When possessions go incorrect, these panels screen the administration's development and happenings and take remedial achievement. While keeping the company's larger inner regulator stuff, they assist the corporation's interior purposes and inner shareholders, as well as staff, directors, and possessors. These purposes contain smooth processes, obviously defined writing outlines, and presentation dimension structures. Organization oversight, self-governing inner assessments, the board of executives' structure into stages of accountability, exclusion of regulator, and strategy expansion are all specimens of inner mechanisms.

The most significant feature in the development and presentation of any business, as well as the nation's financial development, is corporate authority. Because economic organizations have a straight influence on a nation's economy, corporate authority is additionally significant in the banking segment. Due to a growth in stated cases of scam, insider exchange, agency struggles, and other corporate accounts, numerous nation leaders from place to place in the world are now anxious about corporate authority (Enobakhare,2010).

Even though many empirical readings on corporate authority have been directed (Adams & Mehran, 2005; Caprio, Laeven, & Levine, 2007; Eisenberg, Sundgren, & Wells, 1998; Levine, 2004; Macey & O'hara, 2003) only a few empirical readings on bank corporate authority have been directed. The efficiency of boards of directors in checking and instructing bank directors was examined in these studies. Better governance is predictable of banks with more operational monitoring boards, and improved governance creates stockholder value. For a range of reasons, bank governance may differ from that of-free-for-all, non-monetary firms. One is that the more the quantity of parties with a stake in a financial organization, the tougher it is to manage it. In adding to stockholders, investors, and controllers (watchdogs have a straight concern in the presentation of banks. Complete, managers are apprehensive about the impact of governance on financial organization presentation because the economy's development is dependent on it. Corporate authority progresses economic competence and development while also collective stockholder trust. It also makes it calmer for businesses to obtain outside sponsoring, pull down their cost of principal investment, and progresses their functioning productivity. It also established that stockholders are enthusiastic to recompense an important finest for corporations with good corporate authority. As a result, it's conceivable to maintain that good corporate authority leads to a developed firm worth and better presentation.

2. Literature Review

The following is a review of the literature on performance management and corporate governance, board size and independence, audit committee size and independence, and CEO duality:

2.1 Relationship between Board Size and Performance Management

A critical issue in corporate control is the association among panel size and corporate presentation (Cheng, 2008). Two contrasting theoretical methods are used to examine the association among panel size (B-SIZE) and corporate performance. Conferring to agency theory, devouring rarer board members progresses monitoring, control, and financial performance (FP) of a corporation(Jensen, 1993).Great boards improve advisory capacity, counseling, deliberation, and external relations, according to Resource Dependence Theory, which is based on a more sociological methodology (Pfeffer, 1972). Readings on B-SIZE and financial pointers, on the other hand, have originated up with varied results (Belkhir, 2009; Dalton, Daily, Johnson, & Ellstrand, 1999; Palaniappan, 2017; Yasser, Al Mamun, & Ahmed, 2017). The firm's worth (Tobin's Q), return on equity (ROE), return on assets (ROA), and net transactions are the most frequently used pointers in the literature, and they characterize a company's capability to use possessions professionally and market segment. These conclusions provision agency theory (Harris & Shimizu, 2004) clarifications for emphasizing the position of insignificant panels incorporate administration monitoring and regulator.

H_1 = Board size has an important Impression on Islamic Banks Performance

2.2 Relationship between Board Independent and Performance Management

Van den Berghe and Baelden (2005)observed the matter of board individuality as an important influence in confirming board efficiency through the observing and planned characters of the executives. Devising a satisfactory number of self-governing managers on the panel is the further most significant feature for panel individuality. The prerogatives that every executive's individuality is prejudiced by their aptitude, enthusiasm, and board situation on-administrative executives' efficiency in China is resolute by their prescribed individuality, access to evidence, encouragement providing, and capability, allowing to Kakabadse, Yang, and Sanders (2010). They exposed, though, that China's non-executive administrator arrangement was unsuccessful owing to unnecessary control stockholder interference and a deficiency of considerate of non-executive administrator purposes.

H_2 = Board Independent has an important impact on Islamic Banks Performance.

2.3 Relationship between Audit Committee Size and Performance Management

The actual presentation of the audit committee is a important topic of cumulative public apprehension due to on the rise community apprehension about the excellence of financial declarations. The compression to maximize corporation value worsens executives' fights for attention, and their welfares have an important impression on turnover organizations (Jensen & Meckling, 2019; Leuz, Nanda, & Wysocki, 2003). In the meantime, external executives are appreciated because they are troubled about reputational impairment and proceedings hazards, as well as the opportunity of bringing up the rear forthcoming panel situations, so they will achieve well as a financial statement administrator (Fama & Jensen, 1983). Parker (2000) exposed that the occurrence of an audit committee that meets operative inceptions and has the lowest level of individuality is associated with the possibility of company deception in their reading (study) of the impression of inspection commission actions and individuality on corporate fraud. Despite this conclusion, it looks as if the cumulative quantity of self-governing audit commission associates and the occurrence of audit commission conferences will outcome in improved financial declarations and advanced inspection fees. Through examination of the association between management presentation and financial declaration excellence among corporations with operative management presentation and financial declaration amendment. Hassan Omer, Salmen Aljaaidi, Md Yusof, and Hisyam Selamat (2020) determine an undesirable association between management presentation and financial statement excellence.

H_3 = Audit Committee size has an important impact on Islamic Banks Performance.

2.4 Relationship between Audit Committee Independence and Performance Management

According to the agency concept, the Cadbury (1995) suggested the development of oversight commissions, together with an audit commission for financial announcement auditing and the selection of executives. Board commissions were understood as a supplementary regulator mechanism that amplified responsibility and thus amplified the declaration that stockholders 'benefits were protected. The audit commission ought to be operated by non-decision-making executives, according to the Cadbury (1995) description, for the reason of their independent viewing platform on significant conclusions.(Weir, Laing, & McKnight, 2001) have faith that external executives confirm that decision-making executives 'conclusions are in the greatest welfares of the first in command (shareholders) (Cotter & Peck, 2001; Weir et al., 2001). An operative audit commission that follows good accountancy performance can also confirm the efficiency of an organization (Joseph, Wintoki, & Zhang, 2011)Good book-keeping is well-defined by a lesser amount of earnings management or the nonappearance of fake financial reportage and endorsements; however, a good audit commission is well-defined by the financial knowledge and individuality of its associates. As a consequence, auditor individuality is a key obligation that adds value to inspect financial declarations, as well as a foundation for assessors and a critical constituent in the corporate reportage procedure (Bao et al., 2011). Mohamed Zain, Mohammad, and Rashidee Alwi (2006) exposed that audit commission participants with financial establishment knowledge are operative monitors. Conferring to the reading, audit commission's play a negligible part in stopping deception in Malaysian publicly operated businesses and has yet to prosper in their monitoring part. The Malaysian Code on Business control shadows the Bursa Malaysia Item Requirement of at least 3executives for an audit commission. It is improbable that the company's inspection commission will be completed by associates with financial knowledge if there is any purpose of operating the financial reports.

H_4 = Audit Committee Independent has an important impact on Islamic Banks Performance.

2.5 Relationship between CEO Duality and Performance Management

An excess of observed learning on CEO duality and its influence on corporate presentation is accessible. The indication is indecisive and inconsistent. Some investigate has originated an important encouraging connection among CEO duality and firm presentation, suggesting that joint headship construction (CEO duality) is related healthier firm presentation than self-governing control structure (CEO non-duality), supportive of the stewardship concept. An additional set of readings found an important undesirable association among CEO duality and firm presentation, suggesting that a joint management construction (CEO duality) is not helpful to presentation, strengthening the agency concept (theory). Additionally, it has been exposed that the scope of the panel of executives, business presentation, and predictable development all has an affirmative impression on the business's worth. Valenti, Sebe, and Gevers (2011) observed the impression of corporate authority on company presentation in 90 businesses in the United States. There is no statistically important link between duality and key presentation pointers for businesses. Founded on information from 1991 to 2008, a study of 122 businesses in Nigeria was directed. Ujunwa, Ikefuna, Nwokocha, and Chinawa (2013) exposed an undesirable association among board size, duality, and gender variety, as well as a business presentation. The impression of CEO duality on joint deposit presentation was examined by (Yildiz & Khanna, 2012).

H_5 = CEO Duality has an important impact on Islamic Banks Performance.

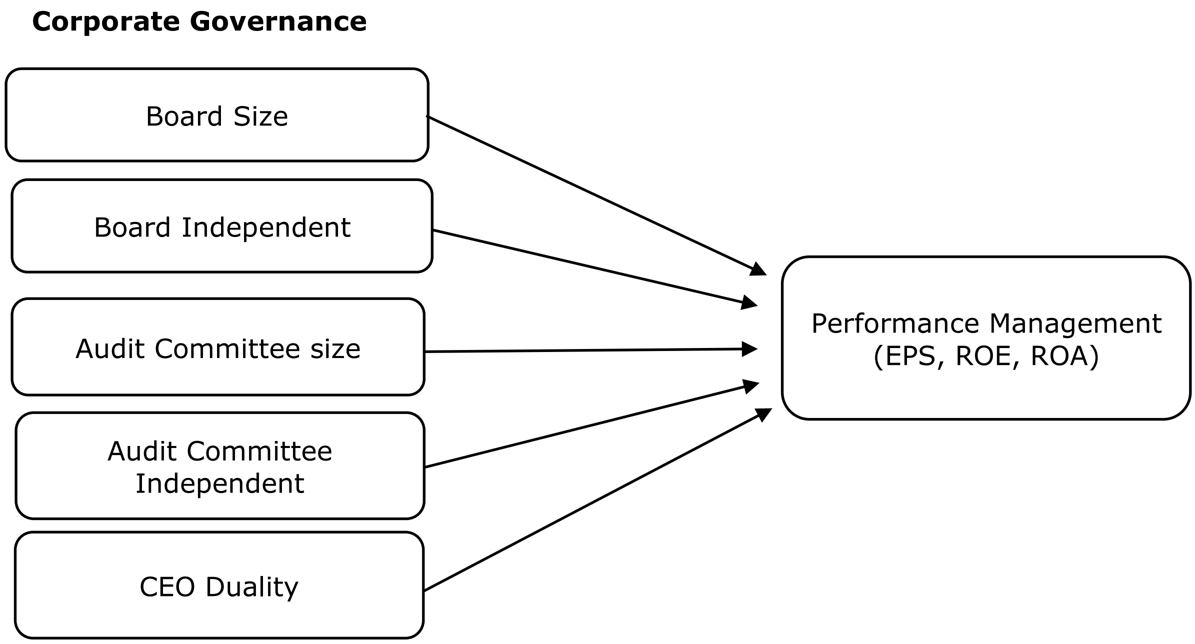
2.6 Agency Theory

The Agency theory goes back to the fourteenth century when it started to highlight in English precedent-based law and the law of torts. However, the utilization of office hypothesis in hierarchical financial matters is a later wonder (Shankman, 1999). At the centre of agency, the theory is the agency relationship. An agency relationship comprises of one member (the principal) designating undertakings to another party (the agent) (Eisenhardt, 1989). An agreement supports the connection between principals and agents (Shankman, 1999). As historical writing has discovered that in the corporate governance structure of firms the board has a key job, we will concentrate on the board's job in the performance list of initial public offerings in this report. There is lack of such studies in the merging economy. In previous studies only 4 windows of the Islamic banks is taken but full fledge Islamic banks networks with huge market capitalization are remains as gap. In current study CEO duality and Board size relationship with Islamic bank performance is a research gap for the current study. To fill this gap, in the present study researcher examines the Impact of Corporate Governance on Islamic Bank Presentation with CEO Duality and also with panel size and how the Islamic bank's Performance increase with CEO Duality as compared to Islamic banks with no CEO Duality and with Board size.

3. Research Methodology

The study employed a quantitative research design. The study uses banking sector as population and data was collected from primary sources present on banks websites and portals. The five banks were selected by using purposive sampling method. We used data from five major Islamic banks operating in Pakistan from 2016 to 2020 to achieve our analysis goal. Data is gathered commencing concern banks' yearly reports, which are downloaded from the PSX's data portal. The study used SPSS and PLS software for statistical analysis. The study checked the non-response bias and common method bias of the questionnaire data and then tests the reliability and validity of each variable. Finally, the study employee structural equation modeling approach and regression analysis to test research hypotheses.

Figure 1: Conceptual framework



4. Results and findings

4.1 Descriptive Statistics

Table below signifies descriptive statistics for our study. The study model includes total of 25 interpretations for every variable. The table demonstrates that board size has a mean assessment of 9.4400 standard deviations of 1.6603. It is our independent variable.

Table 2: Description of Samples

	BSIZE	BIND	ADS	ACIND	CEO	EPS	ROA	ROE
Mean	9.4400	0.2936	3.4000	0.9292	0.6400	2.3685	0.0006	0.1151
Median	9.0000	0.2800	3.0000	1.0000	1.0000	1.0600	0.0005	0.0713
Maximum	12.000	0.4100	4.0000	1.5000	1.0000	15.700	0.0224	0.5340
Minimum	7.0000	0.1400	2.0000	0.3300	0.0000	0.0000	-0.0117	-0.1668
Std. Dev.	1.6603	0.0754	0.5773	0.3805	0.4898	4.0395	0.0009	0.1661
Skewness	0.1072	-0.3735	-0.2651	-0.4233	-0.5833	2.1261	-0.1770	0.8450
Kurtosis	1.6957	2.4752	2.1875	1.8700	1.3402	6.6969	3.0991	3.2239
Jarque-Bera	1.8198	0.8683	0.9806	2.0767	4.2872	33.0725	0.1229	3.0275
Probability	0.4025	0.6477	0.6124	0.3540	0.1172	0.0000	0.9337	0.2200

4.2 Correlation Matrix

In our correlation matrix, BSIZE and BIND has the correlation value of 0.386 which is less than the standard of 0.80. It means that there is not at all correlation between Board size and Board independence. In the same way correlation matrix, BSIZE and ADS has the correlation value of 0.026 which is less than the standard 0.80. It means that there is no correlation between Board size and audit committee size. Similarly, BSIZE and ACIND have a correlation value of -0.537 which is less than our standard 0.80. It means that there is no correlation between Board size and Audit Committee Independent. Now correlation matrix BSIZE and CEO Duality has the correlation value -0.104 which is less than the standard 0.80. It means that there is not at all correlation between BSIZE and CEO Duality. In our Correlation matrix, BSIZE and EPS have a correlation value of 0.501 which is less than the standard of 0.80. It means that there is not at correlation between the Board size and Earnings per share. In the same way in our correlation matrix, BSIZE and ROA have the correlation value of 0.521 which is less than the standard of 0.80. It means that nearby is no correlation between the Board size and Return on Equity. In our correlation matrix, BSIZE and ROE have a correlation value of 0.548 which is less than the standard 0.80. It means that there is no correlation between the Board size and return on Equity.

Table 3: Correlation Matrix of the sample

	BSIZE	BIND	ADS	ACIND	CEO	EPS	ROA	ROE
BSIZE	1							
BIND	0.3860	1						
ADS	0.0260	-0.2162	1					
ACIND	-0.5374	-0.3032	0.2764	1				
CEO	-0.1045	-0.5948	0.5303	0.2352	1			
EPS	0.5018	-0.2101	0.0074	-0.1886	0.2894	1		
ROA	0.5217	0.1857	-0.0905	-0.0742	-0.1258	0.6992	1	
ROE	0.5485	-0.0368	-0.0139	-0.0963	0.0987	0.8855	0.9298	1

Similarly, in our correlation matrix BIND and ADS has the correlation value of -0.216 which is less than the standard of 0.80. It means that there is no correlation matrix among the Board's independent and audit committee size. In our correlation matrix ADS and ADIND has a correlation value of 0.276 which is less than the standard of 0.80. it means that there is no correlation between the Audit Committee size and Audit committee independence. In the same way, in our correlation matrix, ACIND and CEO duality has the correlation value of 0.235 which is less than the standard of 0.80. It is worth that there is no correlation between the Audit Committee Independent and CEO Duality. In our correlation matrix CEO Duality and EPS has the correlation matrix value of 0.289 which is less than the standard of 0.80. It means that there is no correlation between the CEO Duality and earnings per share. Our correlation of matrix EPS and ROA has the correlation value of 0.699 which is less than the standard of 0.80. It means that there is no correlation between the earnings per share and Return on Equity. In the same way, ROE and ROE have the correlation value of 0.929 which is greater than standard but it is the dependent variable and the Scholar runs the reliant on variables EPS, ROA, AND ROE separately so there is no impact on it. In our Correlation matrix, ROE and ROE have the correlation value is 01 in which both variables are the dependent variable.

4.3 Regression Results

The regression results are given below;

Table 4: OLS Results. Model 1.EPS as a Dependent Variable

Variable	Coefficient	Std. Error	T- Statistics	Prob.
Constant	-5.057116	6.658128	-0.759540	0.4569
BSIZE	1.778921	0.510497	3.48681	0.0025***
BIND	-19.22904	11.93734	-1.610831	0.1037*
ADS	-1.809243	1.414577	-1.278999	0.2163
ACIND	1.111294	2.183038	0.509059	0.6166
CEO	2.182979	1.957686	1.115081	0.2787

Results are significant at 1%, 5%, and 10% levels of significance.

The value of the R-Squared value of our model that is estimated is 0.497356 and has the p-value is 0.015525 that talks about the model fit. In our results on the EPS taken as a proxy for the performance management then BSIZE has an important positive impact on the performance managing at 1% level of the significant, it means that when we increase the board member in total board composition then they can make more accurate decisions in a timely basis and that’s why the increase in the performance (Kumar, Kumar, & Shah, 2020; Shin et al., 2020). (Larger Board size more benefits that increase performance)

The size of the panel has an affirmative and important impact on the deployment of the resources such as procurement new consumers (Frooman, 1999), rising provider dealings (Banerji & Sambharya, 1998), receiving the support of depositors (Bert & Gordaninejad, 1983), and other key shareholders (Freeman, 2004). Larger panels help companies in beating economic and non-financial possessions from the outside environment (Korac-Kakabadse, Kakabadse, & Kouzmin, 2001). This occurs to companies because of plenty of information and services that are accessible for larger panels because of their influence in assembling capitals professionally.

Our results show that another aspect of corporate governance that has no impact on the CEO duality is in contradictory view point with agency and stewardship theories(Geiger & Raghunandan, 2002). Agency theory characterizes the parting between ownership and organization. Agency theory contends that CEO duality has destructive perspectives(Hogan & Noga, 2012). whereas stewardship theory backs CEO duality and also contends that CEO duality progresses the presentation of accompany (Hogan & Noga, 2012).The discussion on the double location of the CEO has encouraged the planned issue of power delivery between control, governance, and management of a company.

Table 5: OLS Results. Model 2.ROA as a Dependent Variable

Variable	Coefficient	Std. Error	T- Statistics	Prob.
BSIZE	0.004429	0.01377	3.216533	0.0045***
BIND	-0.010541	0.032197	-0.327404	0.7469
ADS	-0.003164	0.003815	-0.829210	0.4173
ACIND	0.009687	0.005888	1.645189	0.1064*
CEO	-0.001704	0.005280	-0.322800	0.7504
Constant	-0.029171	0.017958	-1.624414	0.1008*

Results are significant at 1%, 5%, and 10% levels of significance.

The value of the R-Squared value of our model that is estimated is 0.376692 and has the p-value is 0.086018 that talks about the model fit. In our results on the ROA taken as a proxy for the performance management then BSIZE has an important encouraging impact on the performance organization at 1% level of the significant, it means that when we increase the board member in total board composition then they can make more accurate decisions in a timely basis and that’s why the increase in the performance(Shin et al., 2020). Our results also show that ACIND (Audit committee independence) and constant value in the board has an affirmative significant influence on the performance management at the 10% level of the significant. It means that when there is

Our results show that other aspect of the corporate governance that has no important influence on the larger audit committee independence would prime to the deprived statement and decrease the superiority of the conclusion-production process (Lin, Xiao, & Tang, 2008). Other researcher specify that an AC size does not distress disclosure(Jizi, Salama, Dixon, & Stratling, 2014) and sustainability writing trustworthiness (Al-Shaer & Zaman, 2018).

Our results show that another aspect of corporate governance that has no important impression on the CEO duality is in contradictory viewpoint with agency and stewardship models(Geiger & Raghunandan, 2002). Agency theory characterizes the parting among the ownership and organization. Agency theory contends that CEO duality has adverse standpoints (Hogan & Noga, 2012) whereas stewardship theory provisions CEO duality and also contends that CEO duality progresses the performance of business(Hogan & Noga, 2012).The debate on the dual situation of the CEO has enthused around the planned issue of power circulation between regulator, governance, and organization of a company.

Table 6: OLS Results. Model 3.ROE as a Dependent Variable

Variable	Coefficient	Std. Error	t-Statistics	Prob.
BSIZE	0.083562	0.022022	3.794426	0.0012***
BIND	-0.599071	0.514965	-1.163325	0.3215
ADS	-0.062119	0.061023	-1.017947	0.3215
ACIND	0.137286	0.094174	1.457796	0.1012*
CEO	0.021957	0.084453	0.259991	0.7977
Constant	-0.428205	0.287225	-1.490838	0.1524

Results are significant at 1%, 5%, and 10% levels of significance.

The assessment of the R-Squared value of our prototypical that is estimated is 0.447173 and has the p-value is 0.033687 which tells about the model fit. In our results on the ROE taken as a proxy for the performance management then BSIZE has an important affirmative impact on the performance management at 1% level of the significant, it means that when we increase the board member in total board composition then they can make more accurate decisions in a timely basis and that's why the increase in the performance(Shukla, Narayanasamy, & Krishnakumar, 2020). Our results also show that ACIND (Audit committee independence) and constant value in the board has a Affirmative significant impression on the presentation management at the 10% level of the significant. It means that when there is the addition of the Audit Committee independent in total board composition than performance.

Our results show that another aspect of the corporate governance has no impact on the performance management cogitate the audit committee and results characterize that audit committee size and firm presentation have an unimportant association among them which is worth that audit committee size did not intensification the worth of the firm.

4.4 Housman Test Durbin- Watson Test for Endogeneity

To check auto association, Durbin Watson test is situated performed, it tests the null hypothesis that residuals from ordinary least square reversion are not auto correlated against substitute that residuals survey an ARI Process. The Durbin Watson statistic sorts in assessment commencing 0 to 4. An assessment near to 2 indicates a non-auto association, an assessment towards 0 indicates affirmative auto correlation a. value towards 4 specifies negative autocorrelation. In our situation Durbin Watson's value was2.0567. This was near to 2. So, there is not at all undesirable or positive autocorrelation happened.

Table 7: Durban Watson Test

Durbin-Watson stat	2.05167

5. Discussion

In our findings, when we use EPS as a proxy for performance management, BSIZE has an important affirmative influence on presentation management at the 1% level of significance. This means that if we increase the number of board members on the total board composition, they will be able to make more accurate decisions on a timely basis, increasing performance (Shukla et al., 2020). We decided that our null hypothesis was forbidden and that the other was accepted at the 1% level of importance based on our conclusions. Our findings are similar to those of Cheng (2008) and contradict those of (Goodstein, Gautam, & Boeker, 1994). These findings also suggest that at the 10% level of significance, BIND (Board independence) or independent executives on the panel has an adverse important influence on performance management. It means that when independent directors are added to the total board composition, performance suffers as a result of the independent director's load. Independent directors demand a hefty fee for their services. This findings resemble those of Rosenstein and Wyatt (1990), but differ from those of (Carter, D'Souza, Simkins, & Simpson, 2010).

Because the size of the audit committee has no bearing on the performance indicator, our findings show that the audit committee has no substantial impact on performance management. Ojeka, Iyoha, and Obigbemi (2014) found that audit committees minimize audit workload while also improving audit quality and consistency with (Chen, Lin, & Yi, 2008). Because audit committee independence does not matter in the performance indicator, our findings show that audit commission independence has no substantial impact on presentation management. The inspection commission not only diminishes the audit burden but also improves audit excellence and audit opinions, which improves the quality of financial and operational work. Our findings are similar to those of (Al-Matari, Al-Swidi, FADZİL, & Al-Matari, 2012). According to the findings of our research, CEO duality has no substantial impact on the performance management of Islamic banks in Pakistan, because when the CEO plays both roles, the performance indicators remain unchanged. In this regard, our findings are comparable to those of (Elsayed, 2010) Investigations but differ from those of (Lam & Lee, 2008).

6. Conclusion

The basic purpose of corporate governance is to safeguard the interests of creditors and shareholders. Corporate governance assisted a country's economic and social development by allowing businesses to operate more efficiently. One of the tasks of corporate governance is to guarantee that financial reporting systems are transparent. However, like other enterprises, these organizations encounter information asymmetry and agency conflicts (Mersni & Ben Othman, 2016; Safieddine, 2009; Shamsuddin et al., 2013), which might lead to opportunistic behavior that violates Islamic law. The structure that directs and controls enterprises is known as corporate governance. Their boards of executives are accountable for their businesses 'authority. The accountability of the stockholders in authority is to select directors and inspections, as well as to assurance that a appropriate authority framework is in place.

Setting the business premeditated purposes, giving the management to put them into effect, overseeing business organization, and reporting to stockholders on their stewardship are all accountabilities of the board. Corporate authority, on the other hand, is anxious with what a corporation’s panel of executives does and how it creates the business’s values, as contrasting to full-time administrators' day-to-day operational management. A corporate authority framework brings together panels, procedures, and values to help an organization achieve its objectives while simultaneously addressing the needs of stakeholders. A corporate governance system is often a jumble of several mechanisms. In this reading, we examined the influence of business authority on Islamic bank performance, and our sample included 05 (five) full-fledged Islamic banks operating in Pakistan. Different aspects of corporate governance are examined concerning performance management indicators, revealing a beneficial influence of board size and independence, but no other component of corporate authority is examined concerning performance organization pointers.

6.1 Implication of the study

The study of Islamic banks in Pakistan is significant since Pakistan's economy is shifting to an Islamic style of financing due to several hurdles to the traditional banking system. The following are some of the advantages of our findings: In Pakistan, certain financial sector investigations are carried out; however, Islamic finance is less interest-based due to the interest-based economy. Researchers can use the outcomes of our study to further their research in the future. Corporate Governance has been a problem. The researchers can use our findings in their research to prove that all aspects of corporate governance have no impact on managerial performance. The goal of corporate authority is to make it easier to supervise and control business operations. Its spirit is established on functioning justice and transparency, as well as improved revelations to defend the interests of many stakeholders (Arora & Bodhanwala, 2018). Corporate governance arrangements are supposed to improve the firm's performance by allowing for better decision-making (Shivani, Jain, & Yadav, 2017). Credit reports for foreign countries are easily obtained and are required by their financial institutions, banks, government Treasury Departments, and development banks around the world.

6.2 Future research suggestion

The research has taken data of Five Full Fledged Islamic banks in Pakistan which includes the Corporate Governance as an independent variable and covering its aspects with performance management with its indicators in detail.

- More Corporate Governance variables can be included e.g, Firm 'sage, Firm Growth, Debt to Equity ratio, Shariah Board, etc.
- Refrains derived concluded quantitative data investigation can be additionally tested to

simplify consequences.
- Corporate Governance and performance management can be considered in the legal framework of a nation. It will be exposed entrances for the upcoming investigation.

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