Naeem, M. Hunjra, A. I. and Khalid, B. (2012). Measuring the Validity of the Influential Factors for Good Corporate Governance. *Bulletin of Business and Economics*, 1(2), 13-22.

RESEARCH FOUNDATION FOR HUMANITY RFH

Bulletin of Business and Economics

http://rfh.org.pk/rfh/magazine-category/bbe

Measuring the Validity of the Influential Factors for Good Corporate Governance

Muhammad Naeem
Col. MBA Student, Allama Iqbal Open University, Islamabad, Pakistan

Ahmed Imran Hunjra
Lecturer, UIMS-PMAS-University of Arid Agriculture Rawalpindi, and PhD Scholar Iqra University Islamabad, Pakistan
ahmedhunjra@gmail.com

Babar Khalid
MBA Student, UIMS-PMAS-Arid Agriculture University Rawalpindi, Pakistan
babar_changwani@outlook.com

Abstract
This study was conducted and model was planned for measuring the validity of the self-developed instrument of influential factors for good corporate governance. The objective of this study was to measure the determinants (i.e. Agency Problem, Equity Return, Management Holdings and Transparent Audit) of the good corporate governance in Pakistan. The population of this study was professionals of Pakistani corporations and stock brokers of Islamabad Stock Exchange. The sample size was of 50 professionals and stock brokers. A self-developed questionnaire of five variables was constructed and factor analysis has been applied for measuring the validity of the instrument and its items. . Mean score of the items, factor relative importance and percentage of variances of the variables has also been measured. Factor loading of all 20 items has value greater than 0.4 and eigenvalues of every single variable is greater than 1.00 according to Kaiser's criteria.

Keywords: Agency Problem, Equity Return, Management Holdings, Transparent Audit, Good Corporate Governance, Islamabad Stock Exchange.

I Introduction

The vice of mankind, the greed raised the 'Good Governance Root' that was for money, power possession and wealth, control transparency in an organization to create a trust of investor, there was great need to generate company in a lawful manner. Business philosophy in 1980-1990 was greed is good twentieth century replaced it upgrading the same as 'looting is good'. These concepts and scandals drove the regulatory measures taking corporate governance structure to be further good. Adam Smith in Wealth of Nation 1776 A.D. focused self-interest and competition, which guided economic prosperity and wellbeing in the rising commercial development and European Industry due to corporate governance.

Corporate governance got the central point in world's business attention. The main reason of being such is stakeholders' rights and wealth at stake. Stakeholders' increasing awareness and influence has highlighted the corporate governance further. Corporations have enhanced the concept to expanded form of 'social responsibility'. Components of major nature under corporate governance considered are; company policies, CEO Role, stakeholders BOP, creditors, regulator reports and overall transparency maintenance towards operations.

According to Security and Exchange Commission of Pakistan (SECP) a process termed as 'corporate governance' as to run business activities. Corporate Governance means to verify the spirit of standard ethics and norms which are promulgated for assurance about performance and security interests of stakeholders. Meaning of corporate governance is the set of processes and policies by which a company is directed administered and controlled'. It includes the appropriate role of the board of directors and of the company's auditors. The formal definitions of corporate governance from authoritative resources are;

There are renewed interests in the practice of modern corporations, due to collapse of high profile companies in the U.S. such as Enron Corporation & MCI Inc. (World Comm.) in 2002. In response to this collapse U.S. Federal Authority passed Sarbanes-Oxley Act to restore Public Trust and Confidence in corporate governance.

Corporate governance is the way to govern the corporation. It is in the company direction and management technique. This aims to carry on the business as per desire of stakeholders conducted by the Board of Directors and company's concerned committee for the benefit of the aforesaid. This address to the goals, balancing various disciplines pertaining to individual, society, economic and social aspects.

Good corporate governance is not just the name of a single factor, many of the factors and their fruitful effects on the corporations and wealthy contributions to the economy make a good corporate governance. In this study, considered as beneficial and significant factors of the good corporate governance are; i) 'agency problem' from the theoretical perspective, agency problems occur because of irregular and imperfect information from the principal to the agent to make decisions in their best interest (Fama, 1980). ii) 'Equity return' demonstrates the earning of the company to its capital and shareholders return on their equity or stocks (Woolridge et al., 2006). iii) 'Management Holdings' is the factor which guides the portion of the shares promised or hold of the management and high management and equity holders should make decision making actions in the best interest of the shareholders to maximize their wealth (Jensen & Murphy, 1990). iv) 'Transparent Audit' High quality disclosure to shareholders and stakeholders is the very fundamental assurance from directors' side in respect of financial and operational results of the company (Strathern, 2000). Good Governance is to systemize the regulation process to proceed through a set of principle and procedures. Aforesaid approach is to apply overcome the problems such as; i) Deadlocks removal to flourish the economy ii) State's non-protective policies about participants and stakeholders. iii) Provision of healthier environment for investors. iv) To overcome all drawbacks which hinder prosperity and economic growth. v) Substandard living of the common man. vi) Unsustainable country's reputation among nations.

The researchers start with, rising a question that What are the factors which make Corporate Governance dimensions 'Good' and how these uplift the performance, if addressed and applied in the right directions? And the items of the variables used in the question are able to contribute significantly in the further research work.

In context to the defined variables, this study measures the validity and reliability of the self-developed instrument of influential factors for good corporate governance so that it might find out major threats caused to the failure of economy growth and the reasons of system collapse. How corporate sector companies of Pakistan can enhance their performance?

II Literature review

In last decade, corporate governance has evolved through numerous processes and developed lots of understandings. Various countries have issued codes of corporate governance and made recommendations as well. It typifies "good" corporate governance contributing increased transparency as well as disclosure. No matter what the different definitions corporate governance had, all these address common elements like; i) Control systems within the company. ii) Relationship between stakeholders. iii) Company is managed in the stakeholder's interest. iv) Transparency and accountability to determine management appropriateness.

Examination of Good Corporate Governance (GCG) has had positive and negative relationship with Agency problem, Transparent Audit, Management Holdings, Equity Return and Dividend payout which are considered more effective in determining the ranking of corporate governance in organizations. Legal position of a public corporation contains limited liability, transferable shares, and delegated management under a board and ownership structure (Hansmann and Kraakman, 2004). Anatomy of corporate defines basic governance structure.

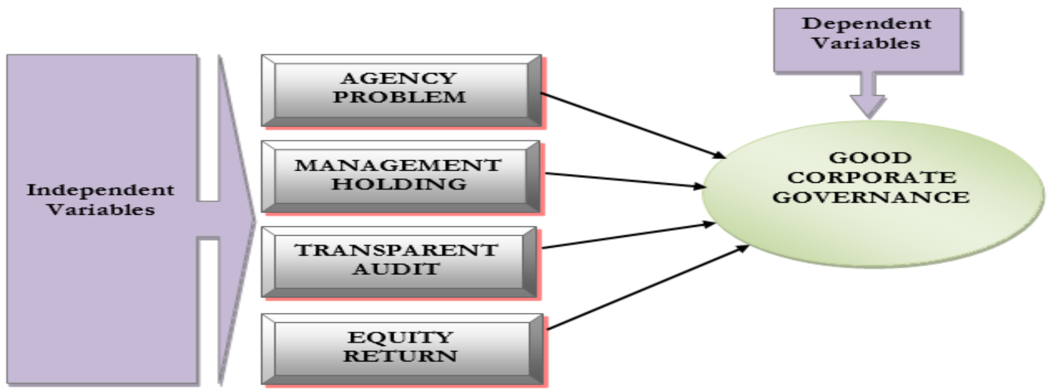
Gjesdal (1982) defined that the agency problem occurred in the result of agent based decision making without concerning that how other stakeholders or principals are affected by their actions or decisions. In The agency problem, shareholders always affected by the agent's decision and this principal – agent problem is being the concerns of manager's interests (Berle and Means, 1932; Jensen and Meckling, 1976). Directors of large company may hold board meeting and vote themselves for hung salary packages, bonus shares even in modest profitability. Contractual terms grants high compensation if sacked. This voting in selfish best interests of their own not in shareholders who own the company; this is in interest of directors who meant for working. These interests are to be aligned; i) Director could be paid small salary and bonuses depending on growth in profits achieved. ii) Could be paid partly in shares to make them shareholders to take interest in share price and level of dividends. Such adoption of procedure would reduce Agency Problem. Directors act agent for themselves rather for shareholders.

Woolridge et al. (2006) defined equity return exhibits the earning of corporates on its capital and earning of shareholders on the equity or investment in the form of purchased shares of the company. Earning of company is distributed to the shareholders called as dividends. Rate of return is recognized by the Board declared periodically. Dividend is the cash mode payment to the investors, a way to share profits with company by formal. In the business years of 2002-2005, listed companies of stock exchanges proved it that the companies has higher dividend payouts just because of stronger and good corporate governance and also it was found that the positive association between firm size and dividend payouts (Adjaoud and Ben-Amar, 2010). Shareholders taken power will make pressure for higher dividends rather to use excess cash for own private benefits (Porta et al., 2000; Mitton, 2004; Jiraporn & Ning, 2006).

Firm's performance depends upon the size of board. Large size of board cause hurdles in communication and decision making. It also spoils monitoring control effectiveness in the consideration of researchers and practitioners. They are of views that unnecessary excessive board members become less effective to their functions. Lipton and Lorsch (1992) suggested reducing the number of directors up to 8-9 as an ideal figure. Yermack (1996) presented Commitment towards smaller board effectiveness. It leads to inverse relationship of board size and firm value. Institutional investors mostly participate and move actively in the decision making of a firm than the non-institutional investors as the former has more equity participation and henceforth fetch the vote power and influential involvement (Brickley, 1988). Finkelstein (1992) is of opinion that ownership makes the executives empowered and give capability to make new business, changing environments responded more effectively with increased innovations. Managerial incentives are increased by the stock ownership to improve and maintain product quality by engagement of R&D (Hansen & Hill, 1991).

Corporate governance has declared the transparency audit and audit committee as the main pillar. It steers complex business environment of the company boards felt strong leadership from audit committee. Vision needs always be expanded, clearly finding the tracker of company, risk radar evaluate its performance are the aspects of audit committee preview. Committee effectiveness is influenced by various important factors which are documented as role, independence and competency power audit. It emphasizes role of board of directors effecting leveraging audit committee in discharge of over-sight responsibility. Audit committee, in overall perspective, has been proved positive and observed among the best contributions to improved corporate governance and internal control (Rutteman, 2001). Being in frame work, committee remit is to see financial aspects and its policy implementation and control. Processes are to control and its performance result to inform shareholders (Cadbury, 1992). Audit committee reporting purpose is to understand current business nature, affairs and future developments (UNCTAD, 2002).

Figure-1 Theoretical Framework



III Methodology

Methodology means the way to make a move toward the problem and find the answer. A research method is a tool to search for new knowledge. Research Methodology can minimize degree of uncertainty by making probability of best choice of course of action. An investigation involves implicit question, explicit answer via collection, analysis, and interpretation of information having guidance from the question.

The population for measuring the validity of the self-developed instrument of influential factors for good corporate governance was brokers and investors of Islamabad Stock exchange and finance managers and experts of Pakistani corporate sector**.**

Selection of information as a portion from group or aggregation with consideration to have with certain characteristic of the population is called sample. In the study non-probability sampling was used and the sample size was of 50 questionnaires which has been surveyed for measuring the validity of the instrument.

Objectives were to achieve through empirical investigation. As per the statement given by Sekeran (2003) that questionnaire survey is well renowned and trustworthy method for data compilation. A self-developed questionnaire, comprising of 20 questions classified under the determined variables titles. Considering the intensity of chosen variables in Pakistan Corporate culture focus was prompted to produce healthier impacts on national economy. Questionnaire comprised of two sections; 1) Demographic 2) Detailed question to the selected variables. There are four independent variables; 1) Agency Problem, 2) Transparent Audit, 3) Management Holdings, and 4) Equity Return. Five points Likert-type scale was taken to support evaluation of instrument items. An understanding was allocated, under numerical tags from 1-5, to represent 1 for strongly disagree, 2 to disagree, 3 as neutral, 4 for agree and last 5 to strongly agree. Dependent factor was the Good Corporate Governance and measured being single one. Having gone through the pretest of questionnaire and data collection, editing process was continued by input preferably single handedly maintain uniformity.

Factor Analysis was used to check and verify the level of validity and reliability of the instrument in regards to the consistency of items to each other's (Bachman, 1990; Brown, 2001), Varimax Rotation Method, a principal component of factor analysis has been applied, Variable loading and Factor Relative Loading has been measured and has factor loading greater than 0.4 (Hair et al. 1987) and factor relative importance and reliability coefficient was also measured. Eigenvalues of every factor predicted by this study must be greater than1.00 (Tabachnick and Fidell, 1996). Also reliability of the instrument's factor was measured through Cronbach.

IV Analysis and Discussion

To determine effects of each factor, questionnaire was utilized to a smaller quantity of (Nos.50) to test Corporate Governance in Pakistan economy. Factor Analysis was used to check and verify the level of validity and reliability of the instrument in regards to the consistency of items to each other's. 50 responses were collected in total from finance managers and finance executives of the different organizations of Pakistani corporate sector and brokers of Islamabad Stock exchange which were performing Corporate Governance practices.

Table-1 Variable loading and Factor Relative Loading (N=50)

	Agency Problem	Equity Return	Management Holding	Transparent Audit	Good Corporate Governance
Agency Problem					
- Agency Problem can have effect on Good Corporate Governance?	.742				
- Can Agency Problem reduces the profitability / worth of Corporations?	.606				
- Does conflict, between Managers and Shareholders affect the performance of Corporations?	.556				
- Is asymmetric distribution of power in Agency theory the bone of contention between share-holder and top management?	.672				
Equity Return					
- Return on equity and dividend payout is useful for growth and profitability comparison of a company with other same industry firms?		.667			
- Return on equity can help investors to distinguish between profit creators and profit burners companies?		.792			
- The benefit(s) of Good corporate governance is considered imperative for the achievement of a Competitive return on equity?		.794			
- Timely return on equity can also increase the market valuation of companies and can attract further investments?		.661			
Management Holding					
- Management Holding should be Minimum?			.786		
- Management Holding is more effective then incentives to the Management of the corporation?			.735		
- Compensating managers with stock can increase the efficiency of the corporation?			.713		
- Shall Limits be fixed to grant maximum stock options to (NED) Non-Executive Directors?			.797		
Transparent Audit					
- Transparent auditing system is the back bone for successful Corporations?				.771	

- External auditors are the representative of shareholder and have the important role in evaluating the company's performance?				.898	
- Corporate governance with bad environments, dependent audit committee, poor Standards and weak enforcement of auditors are barriers to investment for new investors?				.790	
- Transparency, disclosure & timeliness reporting, a significant variable to the performance of corporate governance?				.840	
Good Corporate Governance					
- Good corporate governance attracts shareholders attention?					.771
-Good corporate governance ensuring sustainable performance for achieving better operational results?					.768
- Good governance leads to higher market valuation?					.800
- Good corporate governance results in sustainable economic development?					.573
Eigen Values	3.642	1.981	1.239	1.107	1.048
Percentage of the variance	26.268	14.290	8.934	7.986	7.558
Cumulative Percentage of the variance	26.268	40.558	49.492	57.478	65.036
Factor relative Importance	19.66%	20.07%	18.08%	20.57%	21.63%
Reliability coefficient	0.631	0.639	0.713	0.648	0.788

Table-1 presents the Varimax Rotation Method, a principal component for factor analysis, results of 50 questionnaires included four items to each four variables in this analysis. Five of these variables were Agency Problem, Equity Return, Management Holdings, and Transparent Audit each to measure the performance assessment in context of Good Corporate Governance.

There were five factors in Eigen values extracted more than 1 mentioned in above table according to Kaiser's Criteria. Each factor's variables extracted and described as under. Factor Analysis display that Influential factors for Good Corporate Governance were categorized into five groups and the first one was Agency Problem. Eigen award highest value 3.642 to this factor among others. In addition, total variance 26.27% explained to it. Second important factor remained Equity Return bearing Eigen value of 1.981, which explained 14.29% variables total variances. Management Holdings was third factor. It has an Eigen value of 1.239 and explained 8.934% of variables total variance. The fourth factor was Transparent Audit and has an Eigen value of 1.107 and explained 7.986% variables total variance. The last dependent factor 'Good Corporate Governance' used in this study with Eigen value 1.048 and explained 7.558% of variables total variance.

As shown above in Table-1, five factors explained about 65.036% of research variables total variance. That mean total variance 34.964% was not explained that pertains to other variables. These values discarded as have not come true in analysis.

Above table also explained the factor relative importance of each variable. Agency Problem is one of important factors for the Good Corporate Governance (GCG) (with relative importance of 19.66%), whereas, Equity Return is the second most important factor (20.07%), such as Management Holdings almost 18.08%, and the Transparent

Audit has 20.57% relative importance and at the last factor of the instrument, Good Corporate Governance has approximately 22% relative importance being dependent factor.

The reliability analysis test results and Cronbach alpha for 20-items scale was acceptable being 0.761 above the general limit (Hair et al., 1998). The Cronbach's alpha for the study constructs (Agency Problem, Equity Return, Management Holdings, Transparent Audit and Good Corporate Governance) are 0.651, 0.615, 0.639, 0.705, and 0.765 for each of the five factors, respectively.

Table-2 Determinants of Good Corporate Governance (N=50)

	Total Mean score	Relative Importance	Factor relative Importance
Agency Problem			19.66%
1-Agency Problem can have effect on Good Corporate Governance?	3.76	0.0488	
2-Can Agency Problem reduces the profitability / worth of Corporations?	3.74	0.0485	
3-Does conflict, between Managers and Shareholders affect the performance of Corporations?	4.02	0.0521	
4-Is asymmetric distribution of power in Agency theory the bone of contention between share-holder and top management?	3.64	0.0472	
Equity Return			20.07%
1-Return on equity and dividend payout is useful for growth and profitability comparison of a company with other same industry firms?	3.68	0.0477	
2-Return on equity can help investors to distinguish between profit creators and profit burners companies?	3.84	0.0498	
3-The benefit(s) of Good corporate governance is considered imperative for the achievement of a Competitive return on equity?	3.92	0.0508	
4-Timely return on equity can also increase the market valuation of companies and can attract further investments?	4.04	0.0524	
Management Holding			18.08%
1-Management Holding should be Minimum?	2.84	0.0368	
2-Management Holding is more effective then incentives to the Management of the corporation?	3.54	0.0459	
3-Compensating managers with stock can increase the efficiency of the corporation?	3.78	0.049	
4-Shall Limits be fixed to grant maximum stock options to (NED) Non-Executive Directors?	3.78	0.049	
Transparent Audit			20.57%
1-Transparent auditing system is the back bone for successful Corporations?	4.46	0.0578	
2-External auditors are the representative of shareholder and have the important role in evaluating the company's performance?	3.9	0.0506	
3-Corporate governance with bad environments, dependent audit committee, poor Standards and weak enforcement of auditors are barriers to investment for new investors?	3.7	0.048	
4-Transparency, disclosure & timeliness reporting, a significant variable to the performance of corporate	3.8	0.0493	

governance?

Good Corporate Governance			21.63%
1-Good corporate governance attracts shareholders attention?	4.1	0.0532	
2-Good corporate governance ensuring sustainable performance for achieving better operational results?	4.12	0.0534	
3-Good governance leads to higher market valuation?	4.28	0.0555	
4-Good corporate governance results in sustainable economic development?	4.18	0.0542	

Table-2 shows the mean score and the relative importance of each variable that contributes to measure the 'Influential Factors for Good Corporate Governance'. In this instrument 1 was the highest level of response rate and the 5 was the least level of response rate.

Agency problem was determined by four items and the response rate of forth statements (asymmetric distribution of power in Agency theory is the bone of contention between share-holder and top management), second (Agency Problem reduces the profitability / worth of Corporations), first (Agency Problem can have effect on Good Corporate Governance) were 3.64, 3.74, 3.76 and for statement third (conflict, between Managers and Shareholders affect the performance of Corporations) was 4.02 towards important and highest side agreed level of agreement.

Next factor 'Equity Return' fetched overall factor relative importance emphasis of 20.07% allocating individual statements weight age highest to forth statement, 'Timely return on equity increase market valuation' as 4.04%. Second merit was addressed to third statement 'Benefits are considered imperative for competitive return' scoring total mean 3.92% being a healthier position. Third position is taken by the second statement 'Return helps investor to distinguish companies' by scoring total mean 3.84.

Management Holding grasped overall factor relative importance emphasis of 18.08% allocating individual statements weight highest to first statement, 'Management Holding should be Minimum' as 3.68%. Second merit was addressed to second statement 'Management Holding is more effective then incentives' scoring total mean 3.54% having healthier standing. Third position is taken by the both third & forth statements 'Compensating managers with stock can increase the efficiency of the corporation' and limits be fixed to grant maximum stock options to (NED) Non-Executive Directors by scoring total mean 3.78 % each.

Last one factor 'Transparency audit' was also determined by four items and the response rate of third statements inclusive of (bad environment, dependent audit committee, poor standards & weak enforcement as barriers), forth(transparency i.e. disclosure and timeliness reporting), second (external auditors as representative of shareholders & performance evaluators) were 3.7, 3.8, 3.9 and for the first statement (transparent audit system is back bone for successful corporations) was 4.46 towards important and highest side agreed level of agreement. All the items of good corporate governance has the mean value greater than 4.

V **Major Finding and Discussion**

According to factor analysis, the explanatory variables i.e. Agency Problems, Equity Return, Management Holdings and Transparent Audit have Eigen value of 3.642, 1.981, 1.239 and 1.107 respectively. Similarly, the variances of these variables have found to be 26.27 percent, 14.29 percent, 9.934 percent, and 7.986 respectively. The 'Good Corporate Governance' used in this study as a dependent variable had Eigen value 1.048 percent and explained 7.558 percent of total variances of variables. The five factors collectively explained about 65.036 percent of total variance of research variables.

On the basis of above results all the items of each variable were finalized for survey because the loading of each item was greater than 0.40 and the final instrument had 20 items which were used in final survey. In exploratory studies, Factor loadings above 0.40 can be retained (Hair et al. 1987).

The very powerful component to assess the reliability of the instrument is through coefficient. Least the coefficient values higher the reliability relationship with dependent variable. Agency problem bearing 0.631 being least one among rests strengthen reliability relationship with Good Corporate Governance as vital role to play. Next element

Equity Return shows close affiliation with magnitude of 0.639 and the remaining i.e. Management Holding, Transparent Audit as 0.648 and 0.713 respectively.

Agency Problem gathered factor relative importance of 19.66% in Influential Factors for Good Corporate Governance. The response rate revealed that all of the items were important for the Good Corporate Governance. All the items were responded very importance and the "Return on equity (ROE)" was found to be the most important item. Along with dividend payout it's very useful for comparison of company's growth and profitability with a mean score of 3.68. The mean value depicts that respondents were agreed that Equity Return practice is being performed in Pakistani corporate sector. 'Equity Return' fetched overall factor relative importance emphasis of 20.07%. Transparent Audit proved itself the important factor with highest relative importance 20.57% and 'Management Holding' grasped overall factor relative importance emphasis of 18.08% in Influential Factors for Good Corporate Governance.

VI Conclusion

This study was conducted and the model was constructed for measuring the validity of the self-developed instrument of influential factors for good corporate governance. All of the variables used in the study i.e. Agency Problem, Equity Return, Management Holdings, Transparent Audit and Good Corporate Governance were retained in the study because all of them satisfied the reliability analysis test owing to the high values of Cronbach's alpha. Factor analysis, reveals Agency Problems as an independent variable having highest Eigen value and the variances among all the explanatory variables. Both, Agency problem and Good Corporate Governance have also emerged as significant factors when analysis of variance is conducted. And also others factors i.e. Equity Return, Management Holdings and Transparency Audit are significant factors and also have eigenvalues greater than 1. Thus we can conclude that the instrument validity is satisfactory for further research on the Good Corporate Governance and in future, further research can be conducted by using the model and instrument of this study to find the relationship and impact of independent variables with the Good Corporate Governance through regression analysis. Also results based on relatively large sample size can be used to generalize the findings.

References

Adjaoud, F., & Ben-Amar, W. (2010). Corporate Governance and Dividend Policy: Shareholders' Protection or Expropriation? *Journal of Business Finance & Accounting*, *37*(5-6), 648-667.

Adolf, B., & Means, G. (1932). The Modern Corporation and Private Property. *Cambridge/Mass*.

Bachman, L. F., & Savignon, S. J. (1990). *Fundamental Considerations in Language Testing* (Vol. 107). Oxford: Oxford University Press.

Brickley, J. A., Lease, R. C., & Smith, C. W. (1988). Ownership Structure and Voting On Antitakeover Amendments. *Journal of Financial Economics*, *20*, 267-291.

Brown, J. D. (2001). *Using Surveys in Language Programs*. Cambridge University Press.

Cadbury Report December (1992). (Report with Code of Best Practice) Gee (a division of Professional Publishing Ltd) South Quay Plaza 183 Marsh Wall London El4 9FS. *Great Britain. Burgess Science Press.*

Fama, E. F. 1980. Agency Problems and the Theory of the Firm. Journal of Political Economy 88, 288-307.

Finkelstein, S. (1992). Power in Top Management Teams: Dimensions, Measurement, and Validation. *Academy of Management Journal*, *35*(3), 505-538.

Gjesdal, F. (1982). Information and Incentives: The Agency Information Problem. *The Review of Economic Studies*, *49*(3), 373-390.

Hansen, G. S., & Hill, C. W. (1991). Are Institutional Investors Myopic? A Time-Series Study of Four Technology-Driven Industries. *Strategic Management Journal*, *12*(1), 1-16.

Hansmann, H., & Kraakman, R. (2004). The Basic Governance Structure. *The Anatomy of Corporate Law*, *69*.

Jensen, M. C., & Meckling, W. H. (1979). Theory of the Firm: Managerial Behavior, Agency Costs, And Ownership Structure, *Springer Netherlands,* 163-231.

Jensen, M. C., & Murphy, K. J. (1990). Performance Pay and Top-Management Incentives. *Journal of Political Economy*, 225-264.

Jiraporn, P., & Ning, Y. (2006). Dividend Policy, Shareholder Rights, and Corporate Governance (Digest Summary). *Journal of Applied Finance*, *16*(2), 24-36.

Kaiser, H. F. (1958). The varimax criterion for analytic rotation in factor analysis. *Psychometrika*, *23*(3), 187-200.

La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. W. (2000). Agency Problems and Dividend Policies around the World. *The Journal of Finance*, *55*(1), 1-33.

Naeem, M. Hunjra, A. I. and Khalid, B. (2012). Measuring the Validity of the Influential Factors for Good Corporate Governance. *Bulletin of Business and Economics*, 1(2), 13-22.

Lipton, M., & Lorsch, J. W. (1992). A Modest Proposal for Improved Corporate Governance. *The Business Lawyer*, 59-77.

Mitton, T. (2004). Corporate Governance and Dividend Policy in Emerging Markets. *Emerging Markets Review*, *5*(4), 409-426.

Rutteman, P. (2001). Financial Reporting and Risk Management" in 3R's of Corporate Governance, Responsibilities, Risks and Reform. Malaysian Institute of Corporate Governance: Kuala Lumpur, 28-47.

Sekaran, U. Research Methods for Business: A Skill Building Approach. 2003. *John Willey and Sons, New York*.

Smith, A. (1776). The Wealth of Nations, Book 1. *London, Methuen & Co.*

Strathern, M. (2000). The Tyranny of Transparency. *British Educational Research Journal*, *26*(3), 309-321.

Tabachnick, B. G. (1936). & Fidell, LS (1996). *Using Multivariate Statistics, 3*.

UNCTAD 2002 Report. “Transparency and Disclosure Requirements for Corporate Governance”

Woolridge, J. R., & Gray, G. (2006). *Applied Principles of Finance Workbook*. Kendall/Hunt Publishing Company.

Yermack, D. (1996). Higher Market Valuation of Companies with a Small Board of Directors. *Journal of Financial Economics*, *40*(2), 185-211.