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Abstract:

This study investigates the role of corporate governance regulations on the financial performance within listed companies in Saudi Arabia. 120 organisations were selected from Saudi Stock Exchange, Tadawul, over a period of four years between 2016 to 2019 for 565 observations. The data were gathered about the intended variable of board independence, board size, board meeting, board interlocking, in addition to firm size and leverage as moderators. The independent variable was Tobin's q. The result of this study shows that there is a negative relationship between board size and board interlocking on one hand and financial performance of the listed companies on the other hand. Other independent variables of independent directorships and frequency of board meeting were shown to have a positive effect on financial performance. The outcome of this study supports the theoretical foundations of stakeholder theory about the importance of reducing the monopoly of the agents (directors on board) over the decisions of the company. Such reduction of the effect of directors can be done through maximising the number of meetings accompanied by maximising the number of independent directors on board. Also, by reducing board interlocking, the influence of directors will shrink while increasing board size will slow down the process of taking decisions which affect companies' performance.

Keywords: Governance; Finance; Listed Companies; KSA.

المخلص:

تهدف هذه الدراسة لفحص دور نظم حوكمة الشركات في الأداء المالي للشركات، حيث طبقت الدراسة على 120 شركة مدرجة في البورصة السعودية، تداول، للفترة الممتدة ما بين 2016 و2019. تم جمع كل البيانات الخاصة باستقلالية أعضاء مجلس الإدارة، حجم المجلس، اجتماعات المجلس، تداخل المجلس بالإضافة إلى حجم الشركة والرافعة المالية وتم استخدام مقياس Tobin's q كمتغير مستقل. تشير نتائج الدراسة إلى وجود علاقة سلبية بين حجم المجلس وتداخل المجلس من جهة والأداء المالي للشركات المدرجة من جهة أخرى. في حين أن المتغيرات المستقلة الأخرى، أعضاء مجلس الإدارة المستقلين وتكرار اجتماعات مجلس الإدارة لها تأثير إيجابي على الأداء المالي. تدعم نتائج هذه الدراسة الأسس النظرية لنظرية أصحاب المصلحة حول أهمية تقليل احتكار الوكلاء (أعضاء مجلس الإدارة) لقرارات الشركة. حيث يمكن إجراء هذا التخفيض في تأثير أعضاء مجلس الإدارة من خلال زيادة عدد الاجتماعات مصحوبًا بزيادة عدد أعضاء مجلس الإدارة المستقلين إلى أقصى حد ممكن. كذلك من خلال تقليل تداخل مجلس الإدارة، سيتقلص تأثير أعضاء مجلس الإدارة، بينما سيؤدي زيادة حجم المجلس إلى إبطاء عملية اتخاذ القرارات التي تؤثر على أداء الشركات.

الكلمات المفتاحية: الحوكمة؛ تمويل؛ الشركات المدرجة؛ السعودية.

1. Introduction

The process of applying corporate governance roles in Saudi Arabia has been started with the decision from Capital Market Authority of Saudi Arabia which demanded all companies with joint venture to maximise their compliance with corporate governance regulations (Al-Bassam et al., 2018; Jolly Sahni and Al-Assaf, 2017). It aims to increase accountability, transparency, responsibility, and fairness to assure that stockholders' rights get protected irrespective of the portion of their shares in their companies (Al Matari and Mgammal, 2019; Hamdan et al., 2017). As such, companies have been demanded to submit an annual report by the board of directors and to provide information regarding the board member details and balancing between all non-executive and executive members. Furthermore, the regulations have descriptions related to committee members founded by the remuneration committee. In addition, corporate governance regulations have underlined issues related to compensation and remuneration provided to the individuals on board, executives and the chairman (Ali, 2019). An executive from a judicial Enterprise will look after the evolution of the firm's internal audit. It is essential to follow the rules to form boards whose members consist of two-thirds of the total Board members. It is essential to form an audit committee with less than 3 independent directors. Directors should have the financial knowledge needed as mentioned in Article 15 from corporate governance roles.

The effect of starting such roles on the Tadawul, Saudi Stock market, on foreign investors aims to attract substantial foreign investment to invest within Saudi Arabian companies. Saudi Stock Exchange Compliance issues for the firms and investors (Alnori, 2020). Starting of the Saudi stock exchange is responsible for having scope and issues for the Enterprise. There is another change in a regulation made in Saudi Arabia under the new companies' law 2015. It caused the Capital Market Authority of Saudi Arabia to allow financial firms to start trading on the shares. Changes made in company law will help cover specific problems related to ownership and development. Another problem is related to governance where there is no need for the chairperson of the board to have a supervisory role. It is essential to find audit companies to check all the activities and elections of members of the firm (Barzanji & Faleel, 2021). New developed company's law claims shareholders in any limited liability firm will not have liability for the debt of the firm if it suffers losses of more than 50% of the overall capital. All the changes can be said to be responsible for scoping and also raising problems for the organisation. It is essential for the organisation to implement changes to guarantee corporate governance (Alabdullah et al., 2016). Corporate governance monitors and regulates the relationship between managers and owners. Leaving ownership control can cause many agency-related problems. Corporate governance offers the framework that makes it possible to set objectives. When a manager's interest does not align with the interests of the owner, a conflict of interest will occur. Corporate governance provides a framework that makes it possible to set the objectives and pursue them.

Mixed results (e.g., Al-ahdal et al., 2020; Alnori, 2020; Bommaraju et al., 2019; Hakimah et al., 2019) have been obtained from various studies when analysing the effectiveness of corporate governance on the financial performance of companies. The organisations that have implemented adequate corporate governance procedures are seeing sustainable growth in comparison to those with an inadequate structure of governance. Corporate governance can be linked to the measures along with the protection of stakeholders' interests which are present in the minority group (Al-Habshan, 2017). Thus, the changes that took place in Saudi Arabia can influence the practices and organisation of corporate governance regulations. It specifically includes the changes that can be linked to the performance of the organisation. The proposed research will analyse the changes made to the corporate governance regulations in lieu of the Enterprise performance for perceived relations (Montagu, 2015). Different studies (e.g., Alshareef et al., 2015; Alfalah et al., 2022) have been done to investigate the bond between corporate governance and company's performance in emerging and developing countries. Nevertheless, few have considered the literature on Saudi Arabia. It happens despite the inadequate independence of directors and interlocking roles of the board of directors. For instance, studies analyse the board structure, Company's performance and interlocking. Relations between the board size, the board meetings and composition got studied. It found the probable effect of the change of corporate governance about financial performance. This study fills the gap between accounting literature and corporate governance to analyse the significance of corporate governance on the state of the Saudi companies' financial performance.

2. Literature Review

Agency theory states that the relationship between executives and shareholders is termed as agents.

It is also stated by the theory that the stakeholders are the primary interest of the agent in an organizational setting. The connection between both is important for the conflict management and development of the firm. Agents are liable for the Growth of stakeholders and get labelled as principles. They make sure that the concepts and beliefs of the principles get aligned toward the financial development of the firm. It also articulates that shareholders are the rule benefits of the specialist in an organizational situation. The link among the two ensures the peace promotion of the association. The specialist may use their basic capacities and administrative principles to address the objectives of the standards and investors (Glinkowska & Kaczmarek, 2015). The specialist will have a massive part concerning the development of responses for many circumstances where the criteria get set and principles get

formed by specialists to achieve the shareholder's aims. The agents will utilise their decision-making capabilities and self-regard, and governance actions to achieve the necessities of the principles of the shareholders. The rules get set as per the principles and followed by the agents to meet the goals of the shareholders. The theory gets associated with the exploration of the difference between agents and values. The part of the agent is to support the goal and sustain mutualistic belief among the principles and Agents. It gathers in the roles of supervisors and leaders to develop the responsibility of the personnel. It monitors the formation and development of corporate governance regulations (Abid et al., 2015).

Stewardship theory

David et al. (2018) coined the term stewardship theory which stated that every organisation has one or more stewards which are the managerial personalities. The primary aim of the managers and the leaders is to improve the performance of the organisation which is in line with the organisational objectives. This theory is very different from the agency theory in which the aim is to meet the goals of the stockholders; however, stewards have much more independence to take any actions and also the leadership to achieve the aims and objectives of the supervisors (Glinkowska & Kaczmarek, 2015).

It does not just achieve personal goals. However, it also meets the objectives of the stockholders. A portion of the concept of the corporate governance regulations in this case plays a vital part where the supervisors can utilise approaches to meet the organization and personal objectives. It contains personal performance utilising leadership skills, ethical monitoring and also decision-making. It also includes employee engagement and allocation of responsibility to others. It states that their employees are determined and engaged by supervisors to develop their performance and ethical duties so that the managers fulfil their goals. As a part of the corporate governance regulations, the steward or managers are accountable for developing performance reports and also annual reports to aid the stockholders to evaluate the responsibilities and performance accomplishments. It improves the transparency and trust of the supervisors, which aids in the development of the financial pointers of the organisation. Each organization at least has one or more stewards, specifically the chief personalities from the organization with the essential job of execution. As a feature of the corporate governance regulations, the viewpoint assumes a significant part where the pioneers use more techniques to meet the individual objectives. Therefore, the steward is accountable for the development in the report and implementation report that helped the steward with serving the commitment and accomplishment of the association. It increases the belief and simplicity of the innovators and associations that help in the improvement of the monetary performance of the organization (Keay, 2017).

Stakeholder theory

The stakeholder theory which was developed by Freeman can be said to be one of the most theories that are connected to corporate governance regulations. Stakeholders are the people that can have a connection to the development and growth of an organisation. It includes any individual that can be affected by the decisions and development based on the combination of the organization and sociological responsibility. Stakeholders may include suppliers, employees, government, shareholders, and many other members associated with the organisation. This theory also includes the economic and social development of the individuals with the development and growth of the organisation. Every stakeholder of the organisation relates to each other and also the business decision-making significantly gets affected by them which will in turn affect the organisation's performance. The stakeholders are accountable for the growth of the organization, and governance is accountable for constructing connections with the stakeholder. Freeman implied that the stakeholder could have multiple roles and responsibilities when it comes to organizational development and each one of them could have different aims and objectives (Hörisch et al., 2014). However, it is the duty of the Governance of the organisation to guarantee that the aims of the stakeholders are in line with the organizational objectives. Utilizing the stakeholder theory, it is easy to specify that not only one party is linked with the organization. The parties are the stakeholders that will have a duty concerning the accomplishment of the organizational aims. When it develops mutualistic aims and objectives, the risk of conflict and hazard management gets maintained. It also gets influenced by the business crisis and consolidates the social logical and hierarchical part of corporate duty. The theory includes a multitude of financial and social aspects related to development and organizational improvement. The objective of the stakeholder is to meet the financial performance of the organization which indicates that the stakeholders should get prioritized based on the level of impact. Hence, there should be an interrelation between the stakeholder groups.

The board gets some power to provide control and regulations at each meeting. While there are incompatible discoveries, in the theoretical research, examinations showed that the bond among the rate of board meetings and the financial accomplishment of the organisation is not even.

Some research shows that there is a link amongst the amount of meetings and emerging Nation business financial performance even though it does not get fully recognised, as per Siebels et al. (2012). Frequent board meetings are detrimental at an organisation's expense. It was discovered that board meetings are related to the company's success. It's so that 170 Malaysian Enterprises were studied in three years. But he did not notice a

noteworthy impression of the rate of board meetings on the financial state of the Tunisian organizations. Some state that there is no connection amongst board meetings and organisational performance (Yusof, 2016). When agency theory is taken into consideration, one of the crucial factors of corporate governance is board independence which permits businesses to adhere to proper decision-making in order to meet their needs and also the demands of principles.

The following hypothesis is formulated.

- **H1:** There is a significant impact of board meetings acting as an aspect of corporate governance on the financial state of an organisation.

In regard to the relationship between board dependence as part of the corporate governance, agency theory states that board independence is among the most vital aspects of corporate governance that permits businesses to make choices in line with the requirements and demands of principles. It also indicated that agency theory states the higher the level of independence for agents, the more efficiency in decision making. Hence, it helps to improve organizational performance.

The final decision is always carried out by the board of directors' plans for the organizational change and growth plans. Their choices affect the company's stockholders and the market. For example, some organizations have no independent or executive directors. It forms an additional resource for the organization to make decisions. Built on the theoretical traits, the level of board members' autonomy rises. The governing body is the ultimate choice leader and organizer for any commanding change or formal plan and decisions that affect organisations and their partners. The aspect helps organisations to come up with decisions so that the objectives and goals of stakeholders as per agency theory get in line with the organizational objectives.

In the case of Saudi Arabia, as per Ibrahim et al. (2019)'s view, a very small number of listed organisations are considered. However, all the existing samples also prove that there isn't any known link between the two elements. It also proves that there is a relationship that is positive among the two, corporate governance and organizational performance. This is evident, as a very small sample has given proof in the case of the listed organisations of Saudi Arabia, that the lack of exchange of stock can also be a limiting factor of performance (Othman & Albuainain, 2022). It gets updated to uncover general phenomena. It is obvious that independent management will clearly impact the performance of organisations as it enables an advanced level of transparency in the case of decision-making. Besides, it will allow the firm to consider approaches that are for the mutual benefits of the shareholders rather than only the big holders within the organisation.

Hence, it gets stated that the stock exchange has a connection with the positives and negatives of financial relationships in Saudi Arabian firms. The board of directors also play a vital role in the process. The following hypotheses were developed and proven using parametric and nonparametric methods.

- **H2:** There is a significant impact of board independence acting as an aspect of corporate governance on the financial state of an organisation.

Regarding the relationship between board sizes and financial performance of the firm. The board size can be another factor that gets linked to the stakeholder and agency theory. It has been observed that a large board size can increase the efficiency and diversity in the decision-making process which ultimately increases organisational efficiency. An increase in the board size and the number of board members from various departments of the organisation along with representatives from a share in the board aids in the mutualistic decision-making process and also increases the competitive advantage of the organisation. In the past, it also has been stated from various types of research that a large number of board members can increase the efficiency of mitigation of risk, project scheduling, decision making and more (Abdelbadie & Salama, 2019).

In the context of Saudi Arabia, Hussainey utilised a small sample of constructive relations between 37 Saudi Arabian organisations. The results claimed that there is a constructive connection amid financial performance and food size. It will again reflect in better performance in the company. There is a lack of reliability due to the low sample size when generalizing the results of the research to the entire populace (Tukur & Balkisu, 2014). The finding will be in contradiction with multifarious studies.

Hence, the following hypotheses is:

- **H3:** There is a significant impact of board size acting as an aspect of corporate governance on the financial state of an organisation.

Regarding the relationship between multiple directorships and financial performance, Shi et al. (2017) examines whether many business operations under supervision will affect the company's performance or not. Directorship gets interlocked when a director obliges on the board of an organisation and in another capability at the same time. The board's interlocking decision is ongoing. The external resource dependency hypothesis is a theory that states that substantial bonds exist amid the nation's access to funds. Directorship provides a direct link to the principal vision of the company.

The fact that information supports the evidence that governance benefits c-level executives is disputed. Some believe that information favours the notion that external governance will increase the opportunity of well deserving

respect and CEO stature (Shi et al., 2017). A variety of board members provides employees with the benefit of being able to get a better identity and a plan for work-life balance. Organisations usually take a long-term tactic to promote diversity in the place of work by aiding their managers to understand their roles faster. The organisational hypothesis states that having a director with multiple duties can reduce the performance of the organisation due to there being less managerial supervision. If the directors are overburdened with multiple board meetings, there will be a risk of lack of commitment and agency conflict. Having too many directors can also carry adverse effects on the organisation.

It follows the very first study that connects organisational performance to the number of directorate positions, the fifth stated that many directors are working for a similar organisation and can have an adverse impression on the organisation's growth (Al-Faryan & Dockery, 2021).

Hypothesis:

- **H4:** There is a significant impact of directorship interlocking acting as an aspect of corporate governance on the financial state of an organisation.

3. Research Methodology

The non-financial organisations in Tadawul will be utilising the sample of the research. There can be a heavy influence on the choice of non-financial organisations as they are influenced by financial firms. This ensures uniformity between all organisations. The analysis will be conducted on reliable data which will also consist of 113 organisations which results in 565 observations. It had a span of 5 years from 2015 to 2019. The reason for excluding 2020 and 2021 was due to the issue of Covid 19 pandemic which has impacted the financial performance of Saudi listed companies. Furthermore, data will also be collected from various secondary sources like the Refinitiv Eikon platform, financial reports of the organisation and various other online sources (Mazhar et al., 2021). Along with that, a cross-sectional survey research design will be followed.

Operationalisation can be said to be the process of defining variables with the help of measurable factors which are quantitatively and empirically measurable and is done in order to perform the research. As appear in figure 1, independent variables of this research are bored interlock (ratio of directors who are directors in more than one company to the whole number of directors), the board size (number of directors on board), the number of board meetings per year and the independence of the board (ratio of independent directors to the whole number of directors on board). On the contrary, dependable variables are the Tobin q measure along with the control being organisation leverage and size (Cosco et al., 2017). Board meetings refer to the number of meetings held in a year while board interlock is the ratio of the number of directors that serve on company's boards. As mentioned earlier, the control variables include leverage and firm size.

Panel data is utilised when there is a need to analyse data that has time series components and cross-sectional components. It is also known as the longitudinal analysis framework. As the data collection of this research is collected over many years, this framework is fitting for analysis. Additionally, a study that has been conducted recently offers various data points that can increase the degree of freedom while also decreasing the collinearity that can be present between the variables (Bell & Jones, 2015).

Independent variables are utilised which is under the fixed effect model. For the assumptions made by the unobserved variables, random effects model can be a valid methodology in the case of a large population (Barili et al., 2018). The assumptions can also have utilisable impacts on the research which can also make the analysis easier. In the cases when the analysis is extremely sensitive to the correlation, it will not fit as a fixed effect model.

In order to achieve the objectives, it is necessary to conduct a regression model within the panel data framework for the purpose of identifying the connection between the variables and also performing analysis aligned with the research. Panel data framework is a commonly utilised framework along with that, the regression equation also gets utilised in the framework. It makes sure to compare the research to the studies in the literature. There are two controlled and four independent variables. One dependent variable is also present that follows regression equation specification (Haryadi, 2017). The evaluation is performed through STATA software and will run within the panel data regression specification which is aligned with the regression specifications.

Correlation analysis is also being conducted to observe the presence of any multicollinearity issues that can occur between the control and independent variables. When variables can get correlated to the extent of affecting the regression analysis, that event is known as multicollinearity. This event can come into existence when there is a correlation of approximately 0.7.

It should be noticed that endogeneity problem cannot be solved in this paper due to the multifarious factors in addition to leverage and size which could effect the correlation between independent and dependent variables.

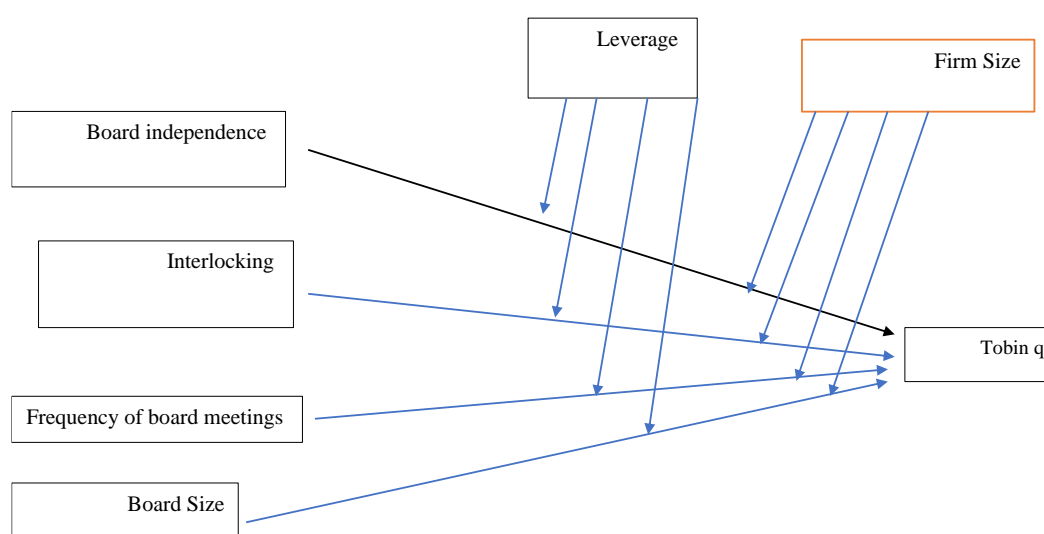


Figure (1): Research Framework of this study

4. Analysis and Discussion

In the visualisation of the data, descriptive statistics is an integral part to make it meaningful and drawing conclusions concerning the population. Inferences of this research are standard deviation, means, maximum and minimum. All of these will permit the researcher to identify the data's properties and locate the data point if present. That makes it integral in the analysis process. The study will look at the non-financial firms in Saudi Arabia exchange for about five years. These are the firms with missing data during the period. The organisations that have their data missing will not be considered for the analysis. The researcher found it prudent to not include the firms to remove the bias introduced by the fact. The data got collected from many authenticated sources including definitive intervals, the company website and financial statements.

The standard mean and minimum value of Tobin's q are 1.9269, 1.388 and 0.4772 respectively.

4.1. Descriptive statistics for the study variables

Table (1): Summary descriptive statistics for the study variables

Variable	Mean	Std.dev	Minimum	Maximum
Tobin's Q	1.9269	1.3188	0.4772	9.0042
Board Independence	0.3918	0.1944	0	1
Board Size	8.3628	1.4295	5	12
Board Meeting	5.5752	2.3812	0	17
Board Interlock	0.5576	0.2879	0	1
Firm Size	9.4489	2.6920	4	70.7
Leverage	0.4021	0.2661	0.01246	2.5099

Based on table (1), the main value of Tobin's q, a dependent variable of the firm's performance, was 1.9269 which showed that the organisation's market value is significantly greater than the intrinsic value.

It can also be observed that the standard deviation is high, however, the independence of the board was observed to be 39%, which can be said to be very low when it is compared to other states such as the UK with a ratio of over 80%. The board interlock has been careful because of the transference of skills; however, it can be considered to be detrimental as the directors have underperformed and introduced moral hazard. The average market log was about 9 which shows most of the continents are sizable and don't fall on organisations that can be said to be medium or small scale.

The leverage was about 0.4021. This indicates a good financial state of the organisations as they are not overleveraging their components in debt.

4.2. Frequency distribution of independent and dependent variables

The following table (2) shows the way in which each independent variable was grouped into different categories.

Table (2): Frequency distribution of company performance

Board Independence	Frequency	Tobin's Q Band	Frequency	Board Size	Frequency	Board Meeting	Frequency	Board Interlock	Frequency
0 - 0.2	110	<1	59	<10	464	0-5	330	0 - 0.2	79
0.2 - 0.4	142	1-2	347	>=10	101	5-10	206	0.2 - 0.4	71
0.4 - 0.6	253	2-3	85	Total	565	>10	29	0.4 - 0.6	148
0.6 - 0.8	58	3-4	34			Total	565	0.6 - 0.8	157
0.8 - 1.0	2	4-5	23					0.8 - 1.0	110
Total	565	>5	17					Total	565
		Total	565						

4.3. Pearson correlations for variables of the 565 observations

This study conducted correlation of the independent variables to establish the factors that are related to the issues with multicollinearity. Multicollinearity is considered a phenomenon that supports the model of regression That is utilised through the support of the independent variable. However, all these factors help to generate the accurate outcome of the research (Homocianu & Airinei, 2022). The concerning factor is mainly pointed out by the values that lie between -1 and 1 and r. All these factors initially display the negative interrelationship then it shows the positive interrelationship that can be denoted by different numerical factors. According to the opinion of Woolridge (2010), it can be said that the values of the correlation which are above 0.7 and lies between different independent variables are utilised through the support of the model of regression that can arise different obstacles and might require the prime components of the analysis that helps to combine two different factors. Therefore, according to the analysis, it can be said that a perfect analysis of regression must not be greater than 0.7. The following table will help to display the interrelation between the variables.

Based to the table mentioned above 4.3., it can be said that there is no existence of any kind of issues that are aligned with multicollinearity; all the values of the correlation are lower than 0.7. The involvement of some specific relationships and the numerical significance can be noticed in the concerning table. However, it is another essential factor to investigate the relationship that is aligned with the theory. The interrelationship between independence and large size is positive and the factors that are related to significant implying might be enhanced in the size of the board (Makowski et al., 2020). It can be expected that the size of board independence can be increased. Therefore, it can be stated that the board independence has a numerical significance (Imai & Kim, 2021). On the other hand, other variables do not have any positive interrelation. The interlocking factors that are associated with the board generate a negative relation with the attendance of the meeting that is showing about the information of the board members unable to attend the meeting. This will help to indicate the character of overwhelming the detrimental aspects of the meeting attendance. The powerful relationship between the board size and the factor that is related to board independence through the support of the less powerful numeric significance relation, and it was relying on leverages and the size of the business association. Moreover, this study considered Pearson correlation coefficient to identify the linear correlation coefficient (table 3). The findings indicate that.

Table (3): Pearson correlations for variables

Variable	N	1	2	3	4	5	6	7
1 TQ	565	1						
2 Independent directors	565	-0.1624***	1					
3 Board size	565	-0.2146***	0.2055***	1				
4 Frequency of board meeting	565	0.0209	0.0101	-0.0146	1			
5 Interlocking directorship	565	-0.2019***	0.0854**	0.1351***	-0.0771*	1		
6 Firm Size	565	-0.406***	0.2578***	0.4104***	0.119***	0.2797***	1	
7 Leverage	565	-0.2351***	0.2126***	0.0864**	-0.0963**	0.0165	0.2655***	1

correlation coefficients at the ***: 1%, **: 5%, and *:10% levels are significant.

4.4. Regression Equation

Regression equation will be as follows: "Tobin's $Q = \alpha + \beta_1$ Board Independence + β_2 Board Size + β_3 Board interlock + β_4 board meeting + β_5 firm size + β_6 leverage + ε ".

Table (4): Summary of the coefficients for the random effects regression

Variables				
	Coefficients	Std. Err.	T-statistic	P-value
Constant	5.6742	1.6956	3.5420	0.000***
Independent directors	0.5614	0.3195	1.8610	0.063*
Board size	-1.0629	0.7632	1.4120	0.1620
Frequency of board meeting	0.0549	0.0355	1.7890	0.063*
Interlocking directorship	-0.3696	0.2270	-1.6710	0.087*
Firm Size	-0.5492	0.1768	-3.2620	0.001***
Leverage	-0.4434	0.2867	-1.4740	0.1430
Wald Test	171.140			0.0000***
Breusch and Pagan Test	120.25			0.0000***
R-squared	0.4586			
Observations No:	565			
Companies No:	113			

***p<0.01; **p<0.05; *p<0.10

Factors that are related to regression data of the panel were utilised in the study to investigate the correlation among the variables of the paper. The findings indicate positive relationship between independent directorship and board meeting frequency on one hand and Tobin's q on the other hand. However, negative impact from interlocking and board size on Tobin's q has been reported.

The effect of the random model helps with the factors that are related to data analysis, the involvement of the chi square test and the value of 0.4586.

5. Discussion of findings

According to the study it has come to be known that the relationship between being independent and financial performance is considered an essential factor. The concerning factors or not lined with the theoretical aspects of underpinnings are associated with the theory of agency that is stated to serve the directors. That can serve the interests of the stakeholders and reduce the problems that are associated with the business associate. The concerning paper also finds out the negative correlation that exists between the size of the board and the financial performance of the company (Karim, Manab and Ismail, 2020). The concerning examination has been done in Saudi Arabia that also helps to analyse the existing correlation between board size and organisational performance. According to the study conducted by Ciftci et al. (2019), it can be said that the effect of board independence and the factors related to family ownership in Turkey also made better performance. The lower board independence also generates negative relations and also develops different issues that are related to negative correlations in different companies. The suggestion of Gerged and Agwili (2019) stated that the companies get different advantages to the support of independence; this is developing aspects and the support of the foreign investment. Therefore, it is required to implement the factors that are associated with the independence board.

The relationship between the performance of the company and the factors that are associated with corporate governance are the most important factors (Jaidi et al., 2022). However, any numerical essential correlation between the size of the board and the financial performance was not figured out. According to the study conducted by Hasan and Rahman (2020), it can be stated that developing a negative relationship between the interlock of the board and financial performance impacts the profitability date of the company. On the other hand, as for the study of Helmers et al. (2017), the interlock of boards generates a progressive impact on the innovative aspects of the company while making improvements in the knowledge and experiences. According to Hasan and Rahman (2020), the existence of negative relationships in the board interlock and financial performance are classified in two different classifications: interlocks as per the members and the number of interlocks.

6. Conclusion Limitations and future recommendations

The study has examined Some problems that are associated with the factors of modernising the aspects of corporate governance. The problem might arise while increasing the size of the board.

As per the study, it is come to know that the inappropriate consideration of ordinating the variables might arise different issues. The problem might arise due to the issues that are associated with the distribution of the gathered data that maintains the relationship between different existing factors. The utilisation of the Tobin's q can be considered as financial performance indicator; however, there are other financial indicators such as return on assets and return on equity that can be considered as well.

According to another investigation, it has come to be known that the involvement of the different issues balances the factors that are associated with multicultural societies that are associated with humanities. Maintaining the balance between financial performance and board relations can help to make improvements in the business. The involvement of different regulations and business theories will also help to improve.

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