How Corporate Governance Influence on Firms Performance: An Evidence of Oil and Gas Sector Listed in KSE-100

Mansoor Ahmed
M.S Scholar in Mohammad Ali Jinnah University, Karachi

Abstract
The purpose of this paper to examines the impact of corporate governance on firm’s performance for listed companies of KSE regarding Oil and Gas Sector. In this paper we analyzed the corporate governance such as board size, board independence and block holders on firm performance (ROE, ROA, Tobin’s Q, Firm Size, leverage, growth and dividend per share). It covers the study for the period of 2010-2014 with 09 listed companies of Oil and Gas in KSE using linear regression analysis. The empirical findings shows a ROA, ROE, FS and DPR are significant effect with corporate governance and also positive association between board size and firm’s performance. The research has been limited to some selected oil and gas sector companies focus on the comparison of corporate governance 2002 and 2012. This paper suggests the reforms of corporate governance in Pakistan companies or firms especially in board independence and block holders should be promoted to the other sectors.

Keywords: Corporate Governance, Oil and Gas Sectors, Karachi Stock Exchange

1.0    Introduction
Corporate governance is playing a vital role in the Pakistan where the entire sector gives the fair results to the SECP. Corporate sector includes public limited, private limited and SME firms in Pakistan they specially focus on the corporate governance. Central bank monitored and controls the monetary policy in Pakistan because they maintain the rules and regulation and guided the information to the commercial banks. Securities Exchange of Pakistan and State bank of Pakistan are the main institution where they regulate or implement the policies which are given by the government of Pakistan. The government of Pakistan gave the guidelines through SECP to the companies or firms whether public or private limited in which they give the good results through good governance.

In corporate governance 2002 establishing for the reason of all companies such as public or private firms managed the compliances of good practices and managed the powers through the SECP and after that some modification in the ordinance revised in 2012.Good governance always give the tremendous results to the investors through the good policies by the block holders (Goergen, Manjon and Renneboog, 2005). All investors whether international or national they want only protections of their own lives especially in Pakistan where they invest in the different sectors.

According to (Randal K, Mork and Lloydsteir, 2005) that the goods governance always motivates to the investors to invest in stock prices of the companies. In Pakistan good governance is very strictly needed in the different sectors because of the protection of the interest of the block holders and also this code is mentioned in corporate governance ordinance 2002 and 2012. Investor want to invest their public or private companies in which they only want to get the good returns. Corporate Governance ameliorates with the initiation Corporate Governance Ordinance in 2002. There is very short task to analyze the relationship between corporate governance and their stake holder depiction in the Pakistan. Cheema (2003) establish only the essence of corporate possession fabric in Pakistan necessitate delve into influence on corporate performance.

The oil and gas sectors are an important part of the financial economy of the country like Pakistan because of its financial purposes. They give to the protection of the financial policy any their interest whereas they also connected to the other part of the countries. Their contribution is much important in the financial decision and also the development of the country.

According to (Shaheen and Nishat, 2005) that firms who’s their do not fair governance they cannot generate the good output. In Pakistan if different firms want to get good profit they need to be create good governance if they can’t they get loss of the firms or can’t participate in the economy of the country. In generally, different parts of the country they focus in the good governance because they know if governance is good then investor is invest in the different sector but it creates the employment this directly focus on the economy of the country. In Pakistan oil and gas sector is participate in the part of the economy they want to work with the government as well as the different part of the investors because they know about the limit.

2.0    Research Problem
The study problem is to examine the impact of Corporate Governance on Firm’s Performance. The main research question is how firm performance is affected by corporate governance especially in oil and gas sector in the Pakistan.
2.1 Research Objective:
The research objective is to determine / identify the impact of Corporate Governance on firm’s performance in Oil and Gas Sector.

2.2 Research Scope:
This research will focus particularly on Oil and Gas Sector which is listed in KSE-100 through 2010-2014 and they focus on the previous researches with the verification of corporate governance on firm’s performance.

3.0 Literature Review:
A literature review of the following characteristics covered to corporate governance such as board size, board independence and block holders.

1) Board Size and Firm Performance:
Large numbers of researchers detect a pessimistic relationship between board size and performance of firms( Yermack, 1996; Eisenberg et al., 1998). In additional, this researchers are focus on the board size of different firms how they generate the performance of firms with different thinkers in the board of directors, they actually responsible for the running business of the firms but they are managed and supervised as well.

According to (Lipton and Lorsch (1992) assert that at least eight or nine directors should be at optimum level in a board size. This argument supports in our research report because pessimistic association on firms performance. Our research consist of 45 observations over the period of 2010–2014 and find out the impact of Board Size in Oil and gas sector that board size is significant effect on firms performance but the negative sign shows that the size of the board is much higher than the research point of view.

2) Board Independence and Firm Performance:
Directors of the firm whether in the firm or outside the firm they are the part of the board composition, these are changing from different firms to another. According to (Ghosh, 2006; Adams & Mehran, 2003) that outside director always improve the efficiency of the firm. Outside director is always better than the inside director because they can’t follow the policies of the organization they always betterment of the firm of the employees.

According to (Agrawal & Chadha, 2005; Abor and Biekpe, 2007) that firms performance and non-executive directors has a positive relationship to each other. This relationship is mainly depending upon the board independence and effectiveness of the productivity whereas in which independence is there that should be effectiveness should be exist.

Our research consist of 45 observations over the period of 2010–2014 and find out the impact of Board independence in Oil and gas sector that board independence is significant effect on firms performance and as well as positive sign shows that the board independence is exist in this sector because of the research point of view.

3) Block holders and Firm Performance:
Block holders are the shareholders who participate in every managerial decisions in the firm whether these decisions are correct or not but they are part of the every decisions. According to (Mak and Kusnadi 2005) assert that firms performance and block holders have positive association to each other, however these relationship is very strong from the firms productivity point of view.

Moreover, firms are getting the profit and this influence on performance through block holders (Haniffa and Hudaib 2006) however this positive impact on both such as block holders and firms performance. In additional, if productivity increases of the firm that directly impact on the equity holders i.e. are the main owners of the firm, and also they are accountable for everything in which when link to the firm.

According to (Omran, Bolbol and Fatheidin 2008) that the optimistic association among the firms influence and block holders. Our research consist of 45 observations over the period of 2010–2014 and find out the impact of Block holders in Oil and gas sector that block holder is significant effect on firms performance and also positive sign shows that the block holders are true decision maker of any firm from the research point of view.

4.0 METHODOLOGY:
1) Hypothesis
The following hypothesis have been developed on the basis of above discussion
H1: Corporate governance significant influence on ROE
H2: Corporate governance significant influence on ROA
H3: Corporate governance insignificant influence on TQ
H4: Corporate governance insignificant influence on GRTH
H5: Corporate governance significant influence on FS
H6: Corporate governance significant influence on DPR
H7: Corporate governance insignificant influence on LEV
2) Data Collection Method:
Secondary data is gathered from the Balance Sheet Analysis, Report of SBP of Joint stock companies listed of Oil and Gas on Karachi Stock Exchange, and annual reports of the listed companies of Oil and Gas sector.

3) Model Specification:
The models used to test the hypothesis To test the research hypotheses the following five models will be used:

ROE = β0 + β1 (BI) + β2 (BS) + β3 (BH) + ε ...............................................(1).
ROA = β0 + β1 (BI) + β2 (BS) + β3 (BH) + ε ...............................................(2).
TQ = β0 + β1 (BI) + β2 (BS) + β3 (BH) + ε ...............................................(3).
GRTH = β0 + β1 (BI) + β2 (BS) + β3 (BH) + ε ...............................................(4).
FS = β0 + β1 (BI) + β2 (BS) + β3 (BH) + ε ...............................................(5).
DPR = β0 + β1 (BI) + β2 (BS) + β3 (BH) + ε ...............................................(6).
LEV = β0 + β1 (BI) + β2 (BS) + β3 (BH) + ε ...............................................(7).

4) Research Variables
Dependent Variables
ROE: Return on Equity of the Oil and Gas Sectors
ROA: Return on Assets of the Oil and Gas Sectors
TQ: Tobin’s Q of the Oil and Gas Sectors
FS: Firm Size of the Oil and Gas Sectors
LEV: Leverage of the Oil and Gas Sectors
GRTH: Growth of Oil and Gas Sector
DPR: Dividend Payout Ratio of Oil and Gas Sector

Independent Variable
BI: Board Independence of the Oil and Gas Sectors
BS: Board Size of the Oil and Gas Sectors
BH: Block Holder of the Oil and Gas Sectors
ε: The error term.
β0: Cons

5.0) Results and Discussion with Analysis:
Table-01. Multiple Regressions.

<table>
<thead>
<tr>
<th>V</th>
<th>C</th>
<th>S. Er</th>
<th>t-St</th>
<th>Pr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>29.49456</td>
<td>4.900125</td>
<td>6.019143</td>
<td>0.0000</td>
</tr>
<tr>
<td>BI</td>
<td>11.24285</td>
<td>9.374508</td>
<td>1.199301</td>
<td>0.2373</td>
</tr>
<tr>
<td>BS</td>
<td>-21.49319</td>
<td>6.840955</td>
<td>-3.141840</td>
<td>0.0031</td>
</tr>
<tr>
<td>BH</td>
<td>261.9655</td>
<td>97.83256</td>
<td>2.677693</td>
<td>0.0106</td>
</tr>
</tbody>
</table>

R²  | 0.242626 | M.D.V   | 21.43622 |
Adj. R² | 0.187208 | S.D.D.V  | 14.61297 |
S.E.O.R | 13.17432 | A.I.C    | 8.079103 |
S²-res | 7116.068 | S.C      | 8.239695 |
Log lik-li | -177.7798 | H-Q.C   | 8.138970 |
F-stat. | 4.378130 | D-W.S   | 1.208515 |
Prob(F-stat.) | 0.009187 |         |          |

Analysis:
ROE dependents on BI, BS and BH or other 24.26% fluctuation of ROE can be explained by three variables such as BI, BS and BH. These independent variables can influence 24.26% only on ROE and rest of percentage fluctuation on ROE can be explained by other variables which are included in this regression model. Therefore, the coefficients of the research model will be as the following equation:

ROE = 29.494 +11.242*BI-21.493*BS+261.965*BH + ε
Table-02. Multiple Regressions

<table>
<thead>
<tr>
<th>V</th>
<th>C</th>
<th>S. Er</th>
<th>t-St</th>
<th>Pr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>9.024364</td>
<td>2.868868</td>
<td>3.145619</td>
<td>0.0031</td>
</tr>
<tr>
<td>BI</td>
<td>26.30818</td>
<td>5.488476</td>
<td>4.793348</td>
<td>0.0000</td>
</tr>
<tr>
<td>BS</td>
<td>-8.65428</td>
<td>4.005162</td>
<td>-2.160819</td>
<td>0.0366</td>
</tr>
<tr>
<td>BH</td>
<td>86.11588</td>
<td>57.27785</td>
<td>1.503476</td>
<td>0.1404</td>
</tr>
</tbody>
</table>

R²    | 0.384042 | M.D.V     | 10.99422 |
Adj. R² | 0.338972 | S.D.D.V   | 9.486835 |
S.E.O.R | 7.713144 | A.I.C     | 7.088416 |
S²-res | 2439.196  | S.C       | 7.169008 |
Log lik-li | -153.6894 | H-Q.C    | 7.068283 |
F-stat. | 8.520981 | D-W.S     | 0.577728 |
Prob(F-stat.) | 0.000162 |

Analysis:
ROA dependents on BI, BS and BH or other 38.40% fluctuation of ROA can be explained by three variables such as BI, BS and BH. These independent variables can influence 38.40% only on ROA and rest of percentage fluctuation on ROA can be explained by other variables which are included in this regression model. Therefore, the coefficients of the research model will be as the following equation:

\[ \text{ROA} = 9.024 + 26.308 \times \text{BI} - 8.654 \times \text{BS} + 86.115 \times \text{BH} + \varepsilon \]

Table-03. Multiple Regressions

<table>
<thead>
<tr>
<th>V</th>
<th>C</th>
<th>S. Er</th>
<th>t-St</th>
<th>Pr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-0.019626</td>
<td>1.980443</td>
<td>-0.009910</td>
<td>0.9921</td>
</tr>
<tr>
<td>BI</td>
<td>2.363522</td>
<td>3.788818</td>
<td>0.623815</td>
<td>0.5362</td>
</tr>
<tr>
<td>BS</td>
<td>2.934440</td>
<td>2.764853</td>
<td>1.061337</td>
<td>0.2947</td>
</tr>
<tr>
<td>BH</td>
<td>-5.089664</td>
<td>39.54018</td>
<td>-0.128721</td>
<td>0.8982</td>
</tr>
</tbody>
</table>

R²    | 0.039868  | M.D.V     | 2.324984 |
Adj. R² | -0.030385 | S.D.D.V   | 5.245459 |
S.E.O.R | 5.324556  | A.I.C     | 6.267223 |
S²-res | 1162.387  | S.C       | 6.427815 |
Log lik-li | -137.0125 | H-Q.C    | 6.327090 |
F-stat. | 0.567489  | D-W.S     | 0.061194 |
Prob(F-stat.) | 0.639574 |

Analysis:
TQ dependents on BI, BS and BH or other 3.98% fluctuation of TQ can be explained by three variables such as BI, BS and BH. These independent variables can influence 3.98% only on TQ and rest of percentage fluctuation on TQ can be explained by other variables which are included in this regression model. Therefore, the coefficients of the research model will be as the following equation:

\[ \text{TQ} = -0.019 + 2.363 \times \text{BI} + 2.934 \times \text{BS} - 5.089 \times \text{BH} + \varepsilon \]

Table-04. Multiple Regressions

<table>
<thead>
<tr>
<th>V</th>
<th>C</th>
<th>S. Er</th>
<th>t-St</th>
<th>Pr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>20.29506</td>
<td>5.207761</td>
<td>3.897079</td>
<td>0.0004</td>
</tr>
<tr>
<td>BI</td>
<td>-5.804394</td>
<td>9.963051</td>
<td>-0.582592</td>
<td>0.5634</td>
</tr>
<tr>
<td>BS</td>
<td>-4.271813</td>
<td>7.270439</td>
<td>-0.587559</td>
<td>0.5601</td>
</tr>
<tr>
<td>BH</td>
<td>157.0966</td>
<td>103.9746</td>
<td>1.510913</td>
<td>0.1385</td>
</tr>
</tbody>
</table>

R²    | 0.074250  | M.D.V     | 17.66067 |
Adj. R² | 0.006512  | S.D.D.V   | 14.04723 |
S.E.O.R | 14.00142  | A.I.C     | 8.200882 |
S²-res | 8037.627  | S.C       | 8.361474 |
Log lik-li | -180.5198 | H-Q.C    | 8.260749 |
F-stat. | 1.096142  | D-W.S     | 2.251166 |
Prob(F-stat.) | 0.361640 |

Analysis:
GRTH dependents on BI, BS and BH or other 7.42% fluctuation of GRTH can be explained by three variables such as BI, BS and BH. These independent variables can influence 7.42% only on GRTH and rest of percentage fluctuation on GRTH can be explained by other variables which are included in this regression model. Therefore, the coefficients of the research model will be as the following equation:

\[ \text{GRTH} = 20.295 - 5.804 \times \text{BI} - 4.271 \times \text{BS} + 157.096 \times \text{BH} + \varepsilon \]
Table-05. Multiple Regressions

<table>
<thead>
<tr>
<th>V</th>
<th>C</th>
<th>S. Er</th>
<th>t-St</th>
<th>Pr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>8.224941</td>
<td>0.118680</td>
<td>69.30371</td>
<td>0.0000</td>
</tr>
<tr>
<td>BI</td>
<td>0.480286</td>
<td>0.227048</td>
<td>2.115350</td>
<td>0.0405</td>
</tr>
<tr>
<td>BS</td>
<td>-0.539326</td>
<td>0.165686</td>
<td>-3.255111</td>
<td>0.0023</td>
</tr>
<tr>
<td>BH</td>
<td>-5.841770</td>
<td>2.369477</td>
<td>-2.465426</td>
<td>0.0180</td>
</tr>
</tbody>
</table>

R² 0.434362 M.D.V. 7.958667
Adj. R² 0.392974 S.D.D.V. 0.409537
S.E.O.R 0.310978 S.C 0.637927
S²-res 4.174248 -10.53335 0.697794
Log lik-li -10.53335 0.749757
F-stat. 10.49845 0.739757
Prob(F-stat.) 0.000030

Analysis:
FS dependents on BI, BS and BH or other 43.43% fluctuation of FS can be explained by three variables such as BI, BS and BH. These independent variables can influence 43.43% only on FS and rest of percentage fluctuation on FS can be explained by other variables which are included in this regression model.
Therefore, the coefficients of the research model will be as the following equation:
FS = 8.224 + 0.480*BI - 0.539*BS + 5.841*BH + ε

Table-06. Multiple Regressions

<table>
<thead>
<tr>
<th>V</th>
<th>C</th>
<th>S. Er</th>
<th>t-St</th>
<th>Pr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>33.12698</td>
<td>9.266956</td>
<td>3.574742</td>
<td>0.0009</td>
</tr>
<tr>
<td>BI</td>
<td>36.62618</td>
<td>17.72876</td>
<td>2.069519</td>
<td>0.0452</td>
</tr>
<tr>
<td>BS</td>
<td>-19.83903</td>
<td>12.93739</td>
<td>-1.533465</td>
<td>0.1328</td>
</tr>
<tr>
<td>BH</td>
<td>611.2333</td>
<td>185.0177</td>
<td>3.303648</td>
<td>0.0200</td>
</tr>
</tbody>
</table>

R² 0.237030 M.D.V. 35.55156
Adj. R² 0.181203 S.D.D.V. 27.53404
S.E.O.R 24.91484 S.C 9.353491
S²-res 2545.71 -206.4536 9.413358
Log lik-li -206.4536 D-W.S 0.872034
F-stat. 4.245797 0.872034
Prob(F-stat.) 0.001050

Analysis:
DPR dependents on BI, BS and BH or other 23.70% fluctuation of DPR can be explained by three variables such as BI, BS and BH. These independent variables can influence 23.70% only on DPR and rest of percentage fluctuation on DPR can be explained by other variables which are included in this regression model.
Therefore, the coefficients of the research model will be as the following equation:
DPR = 33.126 + 36.626*BI - 19.839*BS + 611.233*BH + ε

Table-07. Multiple Regressions

<table>
<thead>
<tr>
<th>V</th>
<th>C</th>
<th>S. Er</th>
<th>t-St</th>
<th>Pr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>8.551691</td>
<td>3.262952</td>
<td>2.620845</td>
<td>0.0122</td>
</tr>
<tr>
<td>BI</td>
<td>1.834784</td>
<td>6.242404</td>
<td>0.293923</td>
<td>0.7703</td>
</tr>
<tr>
<td>BS</td>
<td>-0.525289</td>
<td>4.555334</td>
<td>-0.115313</td>
<td>0.9088</td>
</tr>
<tr>
<td>BH</td>
<td>-105.3514</td>
<td>65.14586</td>
<td>-1.617161</td>
<td>0.1135</td>
</tr>
</tbody>
</table>

R² 0.079832 M.D.V. 7.722667
Adj. R² 0.012503 S.D.D.V. 8.828026
S.E.O.R 8.772665 S.C 7.265846
S²-res 3155.346 -159.4815 7.426438
Log lik-li -159.4815 D-W.S 0.7325713
F-stat. 1.185696 0.206803
Prob(F-stat.) 0.327033

Analysis:
LEV dependents on BI, BS and BH or other 7.98% fluctuation of LEV can be explained by three variables such as BI, BS and BH. These independent variables can influence 7.98% only on LEV and rest of percentage fluctuation on LEV can be explained by other variables which are included in this regression model.
Therefore, the coefficients of the research model will be as the following equation:
Now day corporate governance is play a significant role in the corporate sectors because good governance is the heart of the economy if it goes than good result achieved in the future. We using the normal sample of oil and gas sector which is listed in KSE-100 from the year of 2010-2014 for five years i.e. in above results that ROA, ROE, DPR and FS is significant impact on corporate governance but other variables such as TQ, GRTH and LEV is insignificant impact on corporate governance above mentioned relating on hypothesis made however this regression model is good fitted on oil and gas sector.

LEV = 8.551 +1.834*BI-0.525*BS-105.351*BH + ε

Descriptive Statistics:

<table>
<thead>
<tr>
<th></th>
<th>ROE</th>
<th>ROA</th>
<th>TQ</th>
<th>GRTH</th>
<th>FS</th>
<th>DPR</th>
<th>LEV</th>
<th>BI</th>
<th>BS</th>
<th>BH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>2021</td>
<td>21.43</td>
<td>10.994</td>
<td>2.3249</td>
<td>17.660</td>
<td>7.9586</td>
<td>35.551</td>
<td>7.7226</td>
<td>0.2475</td>
<td>0.6154</td>
</tr>
<tr>
<td>Median</td>
<td>2012</td>
<td>26.69</td>
<td>6.63</td>
<td>0.5013</td>
<td>17.05</td>
<td>7.8</td>
<td>38.24</td>
<td>1.4</td>
<td>0.25</td>
<td>0.7</td>
</tr>
<tr>
<td>Max</td>
<td>2014</td>
<td>38.91</td>
<td>29.29</td>
<td>20.52</td>
<td>55.87</td>
<td>8.7</td>
<td>73.88</td>
<td>26.18</td>
<td>0.8</td>
<td>0.94</td>
</tr>
<tr>
<td>Min</td>
<td>2010</td>
<td>-33.72</td>
<td>-4.64</td>
<td>0.1438</td>
<td>-9.48</td>
<td>7.31</td>
<td>-80.22</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SD</td>
<td>1.430</td>
<td>14.612</td>
<td>9.4868</td>
<td>5.2454</td>
<td>14.047</td>
<td>0.4095</td>
<td>27.534</td>
<td>8.8280</td>
<td>0.2190</td>
<td>0.3073</td>
</tr>
<tr>
<td>Skewness</td>
<td>2.060</td>
<td>-1.6058</td>
<td>0.5042</td>
<td>2.55728</td>
<td>0.2028</td>
<td>0.3660</td>
<td>-1.3938</td>
<td>0.8877</td>
<td>-0.8823</td>
<td></td>
</tr>
<tr>
<td>Kurtosis</td>
<td>1.7</td>
<td>6.4260</td>
<td>1.9469</td>
<td>7.8626</td>
<td>2.8121</td>
<td>1.7297</td>
<td>8.0424</td>
<td>2.3238</td>
<td>3.0647</td>
<td>2.4154</td>
</tr>
<tr>
<td>Jarque-Bera</td>
<td>3.168</td>
<td>41.3492</td>
<td>3.98579</td>
<td>93.9798</td>
<td>0.37466</td>
<td>4.03002</td>
<td>62.2459</td>
<td>6.12056</td>
<td>5.66652</td>
<td>6.4791</td>
</tr>
<tr>
<td>Prob.</td>
<td>0.205</td>
<td>0</td>
<td>0.1362</td>
<td>0</td>
<td>0.8291</td>
<td>0.1333</td>
<td>0</td>
<td>0.0468</td>
<td>0.0588</td>
<td>0.039</td>
</tr>
<tr>
<td>Sum</td>
<td>9054</td>
<td>964.63</td>
<td>494.74</td>
<td>104.62</td>
<td>794.73</td>
<td>358.14</td>
<td>1599.8</td>
<td>347.52</td>
<td>11.138</td>
<td>27.695</td>
</tr>
<tr>
<td>S. Sq. Dev.</td>
<td>90</td>
<td>3905.7</td>
<td>3960.0</td>
<td>1210.6</td>
<td>8682.2</td>
<td>73797</td>
<td>33357</td>
<td>3429.0</td>
<td>21107.0</td>
<td>41552</td>
</tr>
<tr>
<td>Obs</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
</tr>
</tbody>
</table>

Analysis:
These samples are taken for 5 years from 2010-2014 for descriptive statistics to know about the position of the variables exist. In ROE average mean is 2012 but minimum is 2010 and maximum is 2014 so that increases whereas all variables are increases from lowest value to maximum value.

In standard deviation LEV is deviate 27.53 is compare to other variables that means leverage is increased is compare to rest of all variables. In Jarque-Bera ROE is 3.16, ROA is 41.34, TQ is 3.98 and LEV is 62.24.

Correlation Results:

<table>
<thead>
<tr>
<th></th>
<th>ROE</th>
<th>ROA</th>
<th>TQ</th>
<th>GRTH</th>
<th>FS</th>
<th>DPR</th>
<th>LEV</th>
<th>BI</th>
<th>BS</th>
<th>BH</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>1</td>
<td>-0.13063</td>
<td>0.02986</td>
<td>-0.03018</td>
<td>-0.10408</td>
<td>-0.0485</td>
<td>-0.16821</td>
<td>-0.04421</td>
<td>0.06870</td>
<td>-0.03956</td>
</tr>
<tr>
<td>TQ</td>
<td>0.02986</td>
<td>1</td>
<td>-0.35204</td>
<td>0.111132</td>
<td>0.39952</td>
<td>0.55382</td>
<td>0.61442</td>
<td>0.55057</td>
<td>-0.19336</td>
<td></td>
</tr>
<tr>
<td>GRTH</td>
<td>-0.03018</td>
<td>-0.35204</td>
<td>1</td>
<td>-0.1462</td>
<td>-0.28373</td>
<td>-0.26117</td>
<td>-0.267</td>
<td>0.110725</td>
<td>0.169491</td>
<td></td>
</tr>
<tr>
<td>FS</td>
<td>-0.10408</td>
<td>0.31301</td>
<td>0.111132</td>
<td>1</td>
<td>-0.22012</td>
<td>0.19736</td>
<td>0.001813</td>
<td>-0.14991</td>
<td>-0.02152</td>
<td></td>
</tr>
<tr>
<td>DPR</td>
<td>-0.0485</td>
<td>0.278022</td>
<td>0.39952</td>
<td>-0.28373</td>
<td>1</td>
<td>-0.22012</td>
<td>0.19736</td>
<td>0.001813</td>
<td>-0.14991</td>
<td></td>
</tr>
<tr>
<td>LEV</td>
<td>-0.16821</td>
<td>0.605134</td>
<td>0.55382</td>
<td>-0.28373</td>
<td>-0.22012</td>
<td>1</td>
<td>-0.11808</td>
<td>0.272861</td>
<td>0.31627</td>
<td>-0.49051</td>
</tr>
<tr>
<td>BI</td>
<td>-0.04421</td>
<td>0.344853</td>
<td>0.614426</td>
<td>-0.267</td>
<td>0.001813</td>
<td>0.272861</td>
<td>1</td>
<td>0.103956</td>
<td>0.09719</td>
<td></td>
</tr>
<tr>
<td>BS</td>
<td>0.068708</td>
<td>0.06059</td>
<td>0.550575</td>
<td>0.110725</td>
<td>-0.14991</td>
<td>0.310627</td>
<td>0.17192</td>
<td>1</td>
<td>0.042008</td>
<td></td>
</tr>
</tbody>
</table>

Analysis:
In ROE is weakly correlated with changes in the BS and TQ whereas negative correlation with rest of all variables and vice versa.
In ROA is strongly correlated with changes in LEV and TQ whereas negative correlation with ROE, GRTH and BH and vice versa.
In TQ is strongly correlated with changes in ROA, LEV, BI and BS whereas negative correlation with GRTH and BH and vice versa.
In GRTH is weakly correlated with changes in BS and BH whereas negative correlation with rest of all variables and vice versa.
In FS is weakly correlated with changes in TQ, LEV and BI whereas negative correlation with rest of all variables and vice versa.
In DPR is weakly correlated with changes in ROA, BI and BS whereas negative correlation with other variables and vice versa.
In BI is strongly correlated with changes in TQ whereas negative correlation with ROE, GRTH and BH and vice versa.
In BS is strongly correlated with changes in TQ whereas negative correlation with FS and vice versa.
In BH is weakly correlated with changes in the BS and GRTH whereas negative correlation with rest of all variables and vice versa.

6) Conclusion
Now day corporate governance is play a significant role in the corporate sectors because good governance is the heart of the economy if it goes than good result achieved in the future. We using the normal sample of oil and gas sector which is listed in KSE-100 from the year of 2010-2014 for five years i.e. in above results that ROA, ROE, DPR and FS is significant impact on corporate governance but other variables such as TQ, GRTH and LEV is insignificant impact on corporate governance above mentioned relating on hypothesis made however this regression model is good fitted on oil and gas sector.
References