International Journal of Accounting & Business Finance
Vol.6.No.2 December 2020 Issue. pp. 83 - 114

CONCEPTUALIZATION BETWEEN CORPORATE GOVERNANCE AND FIRM FINANCIAL PERFORMANCE

Dissanayake DHSW[1], Dissabandara DPBH[2], Ajward AR[2]
[1]Wayamba University, Sri Lanka
[2]University of Sri Jayewardenepura, Sri Lanka

Abstract

The objective of this paper is to systematically review the extant literature, and establish a conceptual relationship between the concept of corporate governance (by using the multi-dimensional index) and corporate performance. Ample research analyses have been presented during the recent years on the relationship between corporate governance and corporate performance in various countries and for number of periods. The present study explores, to be precise, the relationship between the corporate governance measured in terms of an index and the firm performance in the extant literature through a systematic literature review by adopting the PRISMA (Preferred news things for Systematic Reviews and Meta-Analysis) framework. The systematic review is particularly important, as it curtails any biases by adopting a scientific and transparent method that is replicable. Accordingly, a sample of fifty research papers, published from 1980 to 2020, have been utilized that are on corporate governance and corporate performance. The findings of this paper propose that superior governance in companies results in a positive relationship with corporate performance. governance in companies The findings of this paper also highlights the most cited papers that examines this relationship and the most cited journals with observed trends, which enables research scholars for their further studies. Moreover, this study supports practitioners and policymakers to understand a crucial standing point of the existing literature supported by evidence.

Keywords: Corporate Governance, Corporate Governance Indexes, Corporate Performance, Agency theory

1. Introduction

Cororate Success in the business world is important to achieve economic growth of the country. It is important to comply with corporate governance principles to achieve a successful performance. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders, and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs (OECD, 2009). According to Dissabandara (2010) corporate governance defined as the mechanism by which companies are rationalized, directed, controlled, and monitored. Corporate Governance synchronizes various types of stakeholders, such as customers, creditors, employees, directors, shareholders, managers, the global environment as well as the whole society, to enhance corporate performance and wellbeing as a common goal.

In the past decade, empirical research has shown significant relationships between various corporate governance features and corporate performance. Until recently, however, the majority of researchers had their main focus on the specific features of corporate governance, making it difficult to establish an overall relationship between corporate governance and corporate performance (Bauer, Frijns, Oten & Tourani-Rad, 2008). Corporate governance indices have been constructed for Europe and the United Kingdom (Bauer et al., 2008), Germany (Drobetz, Schillhofer, & Zimmermann, 2004), Russia (Black, Love & Rachinsky, 2006), Korea (Black, Kim & Jang, 2004), the United States (Gompers, Ishii, & Metrick, 2003), and several emerging markets (Klapper & Love, 2004). These indices are used to determine the relationship between a firm's overall corporate governance score and its corporate performance.

Corporate governance studies conducted could be classified based on the usage of Equilibrium Variable Model and Compliance Index Model (Ntim., 2009). The compliance-index model involves an examination of the relationship between a composite corporate governance index (CGI) and firm corporate performance (CP). It is important to measure corporate governance using a comprehensive index rather than considering a few characteristics of corporate governance. To obtain an overall picture of corporate governance, it is important to consider the CGI model. But the researchers of this study note that there is a dearth of systematic review papers related to compliance index model and corporate performance.

Furthermore, a cursory observation of the results of past studies on corporate governance and performance are mixed. Moreover, it is also observed that there is a lack of theoretical underpinnings on the relationship between CGI and corporate performance. Therefore, the main objective of this study is to bridge this gap in the literature by synthesizing the relationship between the CGI and CP, through a systematic review.

The remainder of this paper is structured as follows. Section 2 discusses the theoretical perspectives on the measurement of corporate governance, and Section 3 details the methodology used in this work in order to achieve the objective of this study. Section 4 outlines the main findings from the systematic literature review with a discussion, and finally, Section 5 provides the conclusion and future research direction.

2. Theoretical Models on the Measurement of Corporate Governance

Ntim (2009) has explained two types of measurements of corporate governance models including the 'Equilibrium Variable Model' and the 'Compliance Index Model'. The main assumption behind Equilibrium Variable Model is the endogenous relationship between institutional governance mechanisms and firm performance. It is assumed that a firm can determine its optimal level of institutional governance structure without external influence. Accordingly, the firm will decide to implement improvement to their governance structure with increasing cost at the point which equates to the increase in financial performance is at equilibrium (Ntim, 2009). This was the approach used by the various research scholars before the introduction of corporate governance codes since 1990 (Agrawal & Kroeber, 1996; Danielson & Karpoff, 1998). Nevertheless, scholars argue that this assumption of equilibrium is theoretically proven, but practically it is *unrealistic* (Ntim, 2009).

In contrast, Compliance Index Model has adopted by various scholars since the introduction of corporate governance codes since 2000. This approach assumes the corporate governance principles are externally forced on the organizations and organizations have to implement accordingly. Under this approach, the agency problems faced by the company can be prevented by the integrative governance system rather than independent governance mechanisms to achieve corporate performance. Therefore, this model recommends constructing a composite governance index constituting an integrated comprehensive corporate governance mechanism to measure corporate governance, which is considered to be superior in examining the relationship between corporate governance and corporate performance (Ntim, 2009).

2. Methodology

This study adopts the systematic review approach in analyzing the relationship between corporate governance index (CGI) and corporate performance. Cochrane (2019) outlined systematic reviews as "Systematic reviews seek to collate evidence that fits pre-specified eligibility criteria in order to answer a specific research question. They aim to minimize bias by using explicit, systematic methods documented in advance with a protocol.". Statistical methods (meta-analysis) may or may not be used to analyse and summarize the results of the included studies. Cook, Mulrow & Haynes (1997) distinguished systematic reviews from narrative reviews embrace a replicable, scientific, and clear method that intends to curtail bias over comprehensive literature searches of the studies, and by providing an audit trail of the reviewers' choices, procedures, and conclusions. Furthermore, the systematic review does not adopt statistical and econometric techniques for synthesizing the findings and analyzing data. Therefore, it is distinguished from the meta-analysis. Traditionally, systematic reviews have been used in medicine and health care fields, but currently, a significant consideration in other disciplines, such as software engineering, environmental, and management studies is observed (Becheikh, Landry & Amara, 2006). Management research scholars have widely criticized the traditional narrative reviews as against systematic reviews because of the lack of relevance and adoption of subjective and biased methodologies by the authors (Becheikh, Landry & Amara, 2006). Systematic reviews enhance the quality of the review process by forming a systematic, transparent, and reproducible literature review (Tranfield et al., 2003). Further Becheikh et al. (2006) state that systematic reviews are beneficial in limiting bias (systematic errors) and chance effects and enhancing the legitimacy, authority, and reliability.

Even though, various narrative literature reviews related to corporate governance and corporate performance exist, no systematic review on the relationship between CGI and CP is identified. Thus, this study intends to contribute to the existing CG knowledge by conducting a systematic, evidence-based review related to the relationship between Corporate Governance and Performance. This study has modified the basic guidelines proposed by Tranfield, Denyer and Smart (2003) for conducting a systematic review in management as per the requirement of this study. Accordingly, steps of systematic Review include the following:

1. Defining research questions;
2. Identifying keywords and search strategy;
3. Study selection;
4. Defining data extraction;
5. Data synthesis.

To acquire a synopsis of the current research work related to the relationship between Corporate Governance and Firm Performance, this study has considered the following research question to achieve an objective which is synthesizing the relationship between the corporate governance index and corporate performance, through a systematic review:
RQ. What are the empirical findings unveiled in

the literature related to Corporate Governance and Corporate Performance?

To achieve this objective, this study examines the relationship between CGI and CP and sees whether a conceptual relationship can be found. Secondly, this study initiates conducting a search using a simple string "corporate governance AND Performance" in all the potential electronic databases to identify relevant journals and conferences that publish research on CG. As a result, we identified 4 such databases that contain peer-reviewed journals in the field; Emerald, Scopus, ScienceDirect, and Wiley.

The database search yielded 868 results (596 in Scopus, 112 in ScienceDirect, 86 in Wiley in 74 in Emerald). The commencement period of search was 2003, and the first paper that is consistent with the selection criteria had been published in 2003 in the Oxford Journal (Gompers et al., 2003). Similarly, the last paper appeared to have been published in 2020, i.e. the time in which we conducted this research. After the exclusion of duplicates, there were 654 articles eligible for further screening.

This study developed criteria for the inclusion and exclusion and quality assessment to make the studies included, which are based on the guidelines and Tranfield et al. (2003). Besides, this study includes only studies that meet all the specified inclusion, exclusion, and quality criteria. The inclusion and exclusion and criteria are described below. This study includes articles that adopted the following criteria.

1. The study had to be published as an original article.
2. Corporate Governance Index should be explicitly mentioned.
3. The association between the Corporate Governance Index and Performance should constitute the objective of the studies.
4. The study has to be based on empirical data collection (i.e., quantitative process)
5. This study excludes articles that adopt the following criteria.
6. Studies were excluded if they were a review, comment, letter, or conference abstract.
7. If the language of the article was not in English language is excluded.
8. The articles which examine the relationship between Corporate Governance and Performance using Equilibrium Variable Model were excluded.

In this study, apart from the above rigorous inclusion and exclusion criteria, it is also ensure that selected studies were published in peer-reviewed indexed journals only.

The screening of title and abstract according to the inclusion and exclusion of criteria led to the full fifty articles that were examined as full-text papers. Finally, fifty studies were included in the current systematic review. The process of the study selection is depicted in Exhibit 1. The study selection was performed following the PRISMA framework. "PRISMA is an evidence-based minimum set of items for reporting in systematic reviews and meta-analyses" (http://www.prisma-statement.org/). PRISMA emphasizes the reporting systematic reviews of research and evaluating randomized trials and evaluations of interventions.

Exhibit 1 Process of Systematic Review

Identification	Records identified through database searching (n=868)	
	Duplicates removed (n=214)	
Screening	Records Screened (n=654)	Records excluded (n=600)
Eligibility	Full text articles assessed for eligibility (n=54)	Full text excluded with reasons reasons(Not explained about the constructed CGI) (n=4)
Included	Studies included in qualitative synthesis (n=50)	

Source; Based on PRISMA Framework

According to Tranfield et al. (2003) guidelines, the authors of this study has developed first a data extraction form to extract the data from the selected studies. The data extraction sheet, developed in Microsoft Excel, contains minute details of each study including the details of the index, country, and the relationship. The Microsoft Excel sheet is developed so that it facilitates data extraction and data synthesis.

4.0 Analysis & Discussion

According to the systematic review of 50 articles, we observed that the relationship of Corporate Governance Index and Corporate Performance has examined by the research scholars from 2004 to 2020 in different countries and using different techniques. Accordingly, 2016 was the year in which the highest (07) articles published related to the CGI and corporate performance (CP) (see Figure 1). Table 1 exhibits the number of citations in the period is 6,752, which indicates the research scholars have shown quite higher interest in the relationship between CGI and CP. during this period. The most cited article in the extant literature is "Corporate governance and equity prices" by Gompers, Ishii, Metrick. (2007) published in the journal: *Corporate Governance and Corporate Finance: A European Perspective*. The 9 most cited articles which are greater than 100 citations are listed in Table 2. Furthermore, Table 3 exhibits that the articles with the topic of Relationship between CG and CP published in various journals but the highest number of articles published is in the journals titled "Corporate Ownership and Control" and "Corporate Governance (Bingley)".

Table 1 Descriptive Analysis according to the Source of Article

Journal	Sum of Citations	Total Number of Articles Published
Corporate Governance and Corporate Finance: A European Perspective	3,055	1
Review of Financial Studies	1,146	1
Journal of Finance	759	2
European Financial Management	400	2
Journal of Comparative Economics	331	1
Corporate Governance: An International Review	138	2
Review of Quantitative Finance and Accounting	118	1
Emerging Markets Review	110	1
Journal of Corporate Finance	107	1
Corporate Ownership and Control	33	5
Corporate Governance (Bingley)	62	4

Figure 1 Descriptive Anaysis according to annual publications

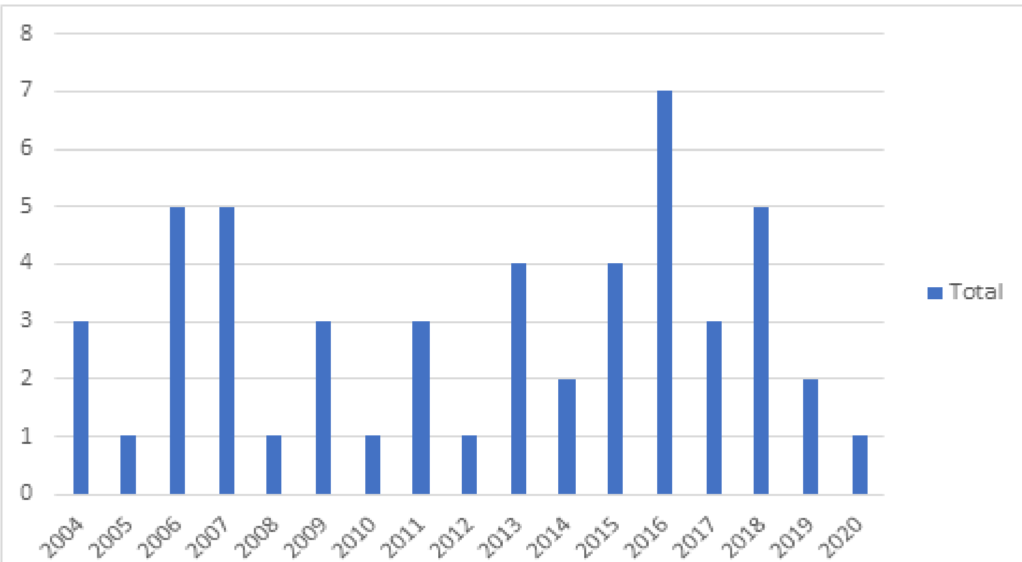

Table 3 Most Cited Journal Articles

Authors	Title of the Paper	Year	Source of the Article	Number of citations	Country
Gompers et al.	Corporate governance and equity prices	2007	Corporate Governance and Corporate Finance: A European Perspective	3055	USA
Bebchuk et al.	What matters in corporate governance	2009	Review of Financial Studies	1146	USA
Cremers & Nair	Governance mechanisms and equity prices	2005	Journal of Finance	496	USA
Bai et al.	Corporate governance and market valuation in China	2004	Journal of Comparative Economics	331	China
Chhaochharia & Grinstein	Corporate governance and firm value: The impact of the 2002 governance rules	2007	Journal of Finance	263	USA
Drobetz et al.	Corporate governance and expected stock returns: Evidence from Germany	2004	European Financial Management	202	Germany

Beiner et al.	An integrated framework of corporate Governance and firm valuation	2006	European Financial Management	198	Switzerland
Brown & Caylor	Corporate governance and firm operating performance	2009	Review of Quantitative Finance and Accounting	118	USA
Black et al.	Corporate governance indices and firms' market values: Time series evidence from Russia	2006	Emerging Markets Review	110	Russia
Black et al.	Predicting firms' corporate governance choices: Evidence from Korea	2006	Journal of Corporate Finance	107	Korea

According to the systematic review, the papers published in Asian Countries were 14 articles from the total publications and the percentage is 27.45% in the 2004-2020 period (Table 3). The research publications related to the CGI and CP by Asian scholars have increased with the period and it is a downward trend in percentages of non-Asian countries compared with Asian countries (See Table 04). In contrast, most of the articles published from 2004 to 2008 period are related to the non-Asian countries but it has comparatively decreased in the period 2014 to 2020.

Table 4 Descriptive Analysis according to the Country Wise

	2004-2008	(%)	2009-2013	(%)	2014-2020	(%)	Total	
Asian	2	13.33	1	8.33	11	45.83	14	27.45
Non-Asian	13	86.67	11	91.67	13	54.17	27	72.55
	15		12		24		51	100.00

Table 4 Descriptive analysis according to theory used

Theories Used	No of Articles	Percentage
Agency Theory	22	43.14
Resource Dependency theory	3	5.88
Stakeholder Theory	2	3.92
Legitimacy Theory	1	1.96
Stewardship Theory	1	1.96
Signalling Theory	1	1.96
No theory Used	26	50.98
Total Publications	51	

Table 5 Articles published in Developed and Developing Economies

	No of Publications	Percentage
Articles published in Developed Economies	15	0.29
Articles published in Emerging Economies	36	0.71
Total Publications	51	

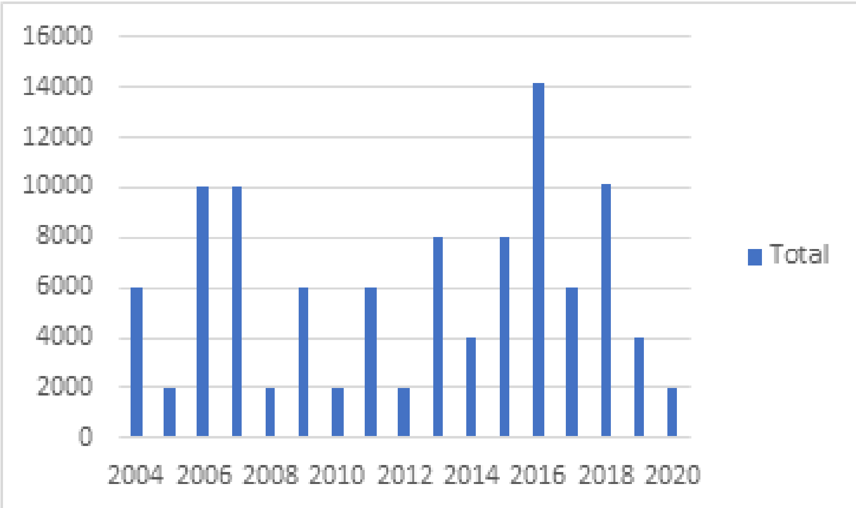

Figure 2 Descriptive Analysis according to the year

Table 5 Descriptive Analysis according to the Source of Articles

Journal	No. of Papers	Citations
Review of Financial Studies	1	1,146
Journal of Finance	2	759
European Financial Management	2	400
Journal of Comparative Economics	1	331
Corporate Governance: An International Review	2	138
Review of Quantitative Finance and Accounting	1	118
Emerging Markets Review	1	110
Journal of Corporate Finance	1	107
Corporate Governance (Bingley)	4	62
Corporate Ownership and Control	5	33
Other Journals	31	493
Total	51	3,697

4.1 Theoretical Underpinnings of the relationship between CG and CP

Concerning the management and operation of modern companies' corporate governance is important, and scholarly debate as to which theoretical models are suitable has been ongoing (Letza, Sun & Kirkbride, 2004). Nedelchev (2018) identified the main ten theories examined Corporate governance as Path Dependence Theory, Theory of the firm, Agency theory, Stakeholder Theory, Game Theory, Institutional Theory, Coase Theorem, Transaction Cost Economics, Legitimacy Theory and Stewardship Theory. It is important Nedelchev (2018) further identified using bibliometric analysis on corporate governance theories have focused mostly on the agency theory. This finding is consistent with the findings of our study which is based on the systematic review where most of the articles have considered the Agency theory to examine the relationship between CG and CP. The agency relationship between two parties is defined as the contract between the owners (principals) and the managers or directors (agents) (Jensen & Meckling, 1976). Based on the agency theory, shareholders expect the managers or directors to act and make decisions in the owners' interests. However, managers or directors may not necessarily always make decisions in the best interests of the shareholders (Padilla, 2002). The separation of ownership and control produces an innate conflict between the shareholders (principals) and the management (agents) (Aguilera et al., 2008).

4.2 The Compliance-Index Model and Firm Financial Performance in Developed Countries

Generally, the evidence in Table 6 suggested that the findings of the majority of previous studies conducted in developed countries show a positive association with the firms' financial performance. The highest number of articles published in the USA related to CGI and CP. Even though only 29% of articles are published in the developed economies, the highest number of citations are of US scholars (See Table 5).

The pioneering and highest cited study by Gompers et al. (2003) investigated the relationship between a composite corporate governance index and firm performance, which was based on an index constructed by these authors consisting of 24 governance provisions extracted from the Investor Responsibility Research Centre (IRRC). Studying a sample of 1,500 large US firms from 1990 to 1999, Gompers et al. (2003) identified that good corporate governance practices improve firm value, profitability, and sales growth. Subsequently, many studies adopted this GIM (Governance Metrics International) index to further investigate the governance-performance relationship among US-listed firms (e.g., Cremers a Nair, 2005; Bebchuk, Cohen & Ferrel, 2009. Similarly, Bauer et al., 2010), who adopted a Corporate Governance Quotient index (CGQ) consisting of 61 provisions to examine its relationship with financial performance using a sample of 210 US firms from 2003 to 2005, who confirmed the existence of a significant and positive relationship between CGQ index and financial performance. Recently, Gordon et al. (2012) revealed that financial performance measured by Q-ratio is positive, based on a constructed corporate governance index in a small sample of Canadian firms. These findings are consistent with the theoretical expectation that a high level of compliance with corporate governance standards can help reduce agency costs and increase shareholders' returns (e.g., Jensen & Meckling, 1976; Shleifer & Vishny, 1997).

In the UK, Clacher, Doriye, Joshua & Hillier (2008) found out a positive relationship between the level of compliance with corporate governance and Tobin's Q/ROA for a sample of 63 firms from 2003 to 2005. To investigate this relationship, they developed a corporate governance index derived from the main recommendations by the UK combined code which regulate London Stock Exchange (2003 UK Combined Code). Their finding is consistent with the agency theory's prediction that high compliance with corporate governance principles enhances shareholders' wealth.

Drobetz, Schillhofer and Zimmermann (2004) constructed a broad corporate governance rating index (CGR) consisting of 30 governance provisions. Through their study of a sample of 91 publicly traded German firms in 2002, they discovered that firms with better corporate governance indicate good financial performance. Beiner et al. (2006) developed an index consisting of 38 governance provisions based on the Swiss code of corporate governance. This study used Tobin's Q and market-to-book ratio as proxies for market-based performance measures. They found out that firms with higher corporate governance standards received higher market valuations.

In contrast to the findings of previous US studies reviewed above, Chhaochharia and Grinstein (2007) observe a negative relationship between corporate governance and firm performance, examining a sample of 312 US firms in 2001 and 2002, based on a constructed governance index of five main provisions. Similarly, Bebchuk et al. (2009) state of a negative relationship between a composite corporate governance index (Entrenchment-Index 'E-Index') and firm value, which can be read as an implication that the costs of implementing good corporate governance practices possibly outweigh the associated benefits.

However, some other studies conducted in the US and Canada suggest no significant relationship between corporate governance indices and firm performance (e.g., Klein, Shapiro & Young, 2005; Lehn, Patro, & Zhao, 2007; Anderson & Gupta, (2009); Epps & Cereola, 2008; Daines, Gow & Larcker, 2010). Lehn et al., (2007) utilized both GIM and Bebchuk, Cohen, and Ferrel's (BCF) 29 indices to examine 1,500 firms in a six-year window from 1990 to 2002, yet identified no significant relationship between corporate governance practices and firm performance, as measured by market-to-book ratio. Similarly, Epps and Cereola (2008) revealed no statistically significant evidence to support the correlation between CGQ index and firms' operating performance, as measured by ROA and ROE among 230 US-listed firms from 2002 to 2004. In Canada, Klein et al., (2005) and Anderson & Gupta, (2009) used the Report on the Business index (ROB), and both found no evidence of overall governance mechanisms contributing to improving firm performance. Interestingly, Daines et al., (2010) used four corporate governance indices, CGQ, GMI, AGR, AGR(accounting practices and governance produced by Audit Integrity), and TCL(The Corporate Library), 30 to study a large sample of 6,827 US-listed firms. They revealed no significant relationship between compliance with good corporate governance practices and firm performance.

The summary of the literature related to CGI and corporate performance in the developed countries are depicted in Table 6. Generally, the evidence in Table 6 suggested that the findings of the majority (76%) of previous studies conducted in developed countries show a positive association with firm financial performance.

4.3 **The Compliance-Index Model and Firm Financial Performance in Emerging Countries**

According to the systematic review, 70% of articles were published in the developing economies but the number of citations is comparatively low in developing economies.

Further analysis found that Asian scholarly articles are only 27 % and other emerging economies account for 36% articles. Several studies have examined the link between governance compliance indices and financial performance in emerging economies (Cheung, Connelly, Jiang, & Limpaphayom, 2007; Garay & Gonzalez, 2008; Price, Richard, Román, & Rountree, 2011; Black et al., 2012; Munisi & Randoy, 2013; Tariq & Abbas, 2013). Table 7 offers a summary of the findings of previous studies conducted in emerging countries on the relationship between composite corporate governance indices and firm financial performance.

Bai, Liu, Lu, Song, & Zhang(2004) report a positive effect of corporate governance on firm value, as measured by Tobin's Q, using 1,051 Chinese listed firms from 1999 to 2001. In the same context, Cheung et al. (2007), who construct a corporate governance index based on the Organization for Economic Co-operation and Development (OECD) principles and the Hong Kong Code, analyzing 168 large Hong Kong firms, have identified a positive governance-performance relationship using the market-to-book ratio.
Garay and Gonzalez (2008) have construc ted a corporate governance index of 17 provisions using 46 Venezuelan listed firms in 2004. They reported a positive effect of governance on perfor mance. Varshney et al. (2012) constructed a corporate governance index of 11 provisions using 105 Indian listed firms in 2012, who reported a positive effect of governance on performance. Halder and Rao (2013) revealed that firm performance is positively affected by good corporate governance practices, based on a sample of Indian

listed firms. Specifically, they studied 500 Indian firms from 2008 to 2011 using firm and market performance measures. In contrast to the evidence of a positive effect of good corporate governance on firm performance reported by studies conducted in developing countries, Price et al. (2011) revealed that firm performance is not affected by good corporate governance practices, based on a sample of Mexican listed firms. Specifically, they studied 107 Mexican firms from 2000 to 2004 using firm and market performance measures.

Varshney et al. (2012) constructed a corporate governance index of 11 provisions using 105 Indian listed firms in 2012, who reported a positive effect of governance on performance. In contrast, the evidence of a positive effect of good corporate governance on firm performance was reported by studies conducted in developing countries, Halder and Rao (2013) revealed that firm performance is positively affected by good corporate governance practices, based on a sample of Indian listed firms. Specifically, they studied 500 Indian firms from 2008 to 2011 using firm and market performance measures.

The findings of the recent studies suggest that the relationship between composite corporate governance indices (compliance-index model) and firm performance is generally mixed. (e.g., Gompers et al., 2003; Cremers & Nair, 2005; Bauer et al., 2010; Munisi & Randoy, 2013, Tariq & Abbas, 2013).

The summary of the literature related to CGI and corporate performance in the emerging countries are depicted in Table 7. Generally, the evidence in Table 7 suggested that the findings of the majority (71%)) of previous studies conducted in emergent countries show a positive association with firm financial performance. (See Table 5)

5.0 Conclusion & Future work

The observation of extant literature indi cated that there is a dearth of studies related to the review studies on the relationship between CGI and corporate performance. Therefore, this article explored the extant literature systematically on the relationship between CGI and firm financial performance in both developed countries and developing countries. Initially this article found that the articles published by the developed countries comparatively low but citations are higher than the emerging economies. Further this study found that 50.98% articles have examined the relationship between CGI and Corporate performance with no specific theoretical underpinnings and 43.14% articles examined based on the agency theory. Notably, the result of this research suggests that most of the articles have found a positive relationship between CG and CP. Some of them, which constitute the minority, have found that there was a negative relationship and no relationship with governance practices and firm financial performance. It identifies that the relationship varies from country to country and from time to time. Further, the findings of this research indicate that there is no standard index to measure corporate governance practices. Different countries build their indexes to measure the level of corporate governance practices. Board of directors, Shareholder rights, Stakeholders, Disclosures, CEO, and management are also observed to be used as variables to measure corporate governance. Performance can be measured by financial performance (use ROA, ROE), market-based performance (use Tobin's Q), and composite measures (EVA). Hence. there is a high need for formulating a Standard Corporate Governance Index which will be helpful to reduce fraud, misappropriation of resources, corruption while increasing financial performance and long-term sustainability.

This paper conducts a substantial Systematic Review with the topic of CGI and CP. This article provides a detailed written review and updated literature studied from 1980 to 2020.This review study examines the relationship between Corporate Governance and Corporate performance offers opportunities to researchers for a detailed examination of the advancement of theory building. The positive relationship between CG and CP helps the regulators more toward concerning the increase in compliance level and increase corporate performance. Furthermore, the firms also must consider the improvement of the corporate governance level of their companies to achieve higher corporate performance.

This article is limited to the selected literature base mainly because of the common feature of database search, such as the choice of number and type of keyword. The literature review only included peer-reviewed articles, excluding items such as books and conference proceedings. All the articles reviewed by this research were international level papers and there is no article published by Sri Lankans related to the CGI and CP in refereed journals.

Future researchers can increase the number of articles for the review process. The country bases of the development can be expanded in future research. Finally, the question as to how corporate governance integrated into organizations in terms of increasing financial performance remains relevant for future research.

Table 6: Summary of Literature on CGI and Performance in Developed Economies

Year	*Author*	*Country*	*Sample*	*Theory used*	*Independent Variables*	*firm performance*	*Relationship*
2003	Gompers et al.	USA	1500 firms	No theory directly explained	GIM Index	Tobin's Q, Net Profit Margin, ROE, Sales Growth	Positive
2004	Drobetz et.al.	Germany	91 public firms	Agency theory, Static trade off theory of capital structure	CG index Constructed	Tobin's Market to Book Value, Historical Returns, Dividend Yield, sales and asset growth	Positive
2004	Beiner et.al.	Switzerland	109 firms	Trade off theory of capital structure, Free Cashflow theory, Pecking Order theory	CG index based on Swiss Code	Tobin's Market to Book Value	Positive
2004	Fernandez-Rodrignez et al.	Spain	57 listed firms	No theory	CG Index based on Spanish Code	Daily Abnormal Returns	Positive
2005	Cremers & Nair	USA	1500 firms	No theory	Adopting GIM Index and Constructing Takeover Protection Index	Tobin's Q, Stock Returns	Positive
2007	Chhaochharia & Grinstein	USA	312 firms	Asymptotic theory,	Self-Constructed CG index	Stock Returns	Negative
2008	Clacher et.al.	UK	63 firms	No theory	CGI based on Combined Code	Tobin's Q, IAROA,	Positive
2009	Brown & Caylor	USA	1868 firms	No theory	Gov. Score	Tobin's Q	Positive
2009	Bebchuk et al.	USA	IRRC firms	No theory	Enrichment Index(E-Index)	Tobin's Stock Returns	Negative

2009	Okike & Turton	UK	four UK bank	Agency theory	Corp-Gov Score	ROE, ROA Tobin's q	Negative with ROA, positive with ROE
2010	Bauer et al.	USA	509 firm year observations	No theory	CGQ Index	Tobin's Q, Net Profit Margin, ROE, Sales Growth	Positive
2010	Toledo	Spain	106 firms	Agency theory	GOV Index based on Spanish Code	Tobin's Q, Market to Book Value	Positive
2012	Gordon	Canada	small listed firms	No theory	CG Index based on Toronto SE	Tobin's Q	Positive
2014	Bernini et al.	Italy	98 firms	Agency theory	gGI	ROI, Tobins Q, CAR	Positive
2015	Rossi et al.	Italy	215 firms	Agency theory	quality index for corporate governance, called CGQI	ROE, ROA Tobin's q	Negative Tobin Q Positive ROE
2015	Kowalewski	Poland	298 non-financial companies	No theory	CGI	Tobin's q	Positive
2016	Rose	Denmark	155 listed Danish firms	Legitimacy theory	CGI	ROA, ROE	Positive

2016	Akbar et al.	UK	435 non-financial listed firms	Managerial Signaling theory, Agency theory	CGI	Tobin's Q (Q) return on assets (ROA)	No relationship with GMM regression but panel regression positive
2018	Guney et al.	USA	1,203 listed US companies	Stakeholder theory, Resource Dependency theory	CG Index	ROA	Negative

Source: Constructed based on the literature

Table 7: Summary of Literature on CGI and Performance in Emerging Companies

Year	*Author*	*Country*	*Sample*		*Independent Variables*	*firm performance*	*Relationship*
2001	Bai et al.	China	1051 firms	No theory	CGI Index	Market to Book Value	Positive
2006	Garay & Gonzalez	Venezuela	46 firms	Agency theory	CG Index	Tobin's Q	Positive
2006	Javed et al.	Pakistan	50 firms	Agency theory, Standard theory of capital structure	CGI	Tobin's Q	Positive
2006	Black et.al.	Korea	515 firms	No theory	KCGI	Tobin's Q Market to Book Value. Market to Sales ratio, Ordinary Income. EBIT, EBITPA	Positive
2006	Nishat & Shaheen	Pakistan	226 firms	No theory	CGI Score	return on equity, net profit margin, sales growth and dividend yield	Positive

2007	Cheung et al.	Hong Kong	168 listed firms	Agency theory	CG Index based on OECD and Hong Kong Code	Market to Book Vale	Positive
2007	Abdo & Fisher	South Africa	97 Firms	No theory directly explained.	G-Score	MPBV	Positive
2007	Wei & Yuejun	China	listed companies in China	Agency theory	Corporate Governance Index (CGINK)	return on assets (ROA), net assets per share (NAPS), earnings per share (EPS), operating cash flow per share (OCFPS), total assets turnover (TAV), rate of total assets growth (ITA) and Z-score.	Positive
2011	Price et.al.	Mexico	107 firms	No theory	CG index based on Mexico Best practice	ROA, Tobin's Q, Sales Growth, Stock Market Returns	No association
2011	Alves et al.	Brazil	all 236 nonfinancial firms listed on the Sao Paulo Stock Exchange	No theory	composite index (NM6)	Tobin's Q,	Positive

2012	Munisi & Randøy	Sub Saharan African countries	Non-financial companies listed on stock markets in various Sub-Saharan African countries	Agency theory	CGI	Tobin's Q (Q) return on assets (ROA)	Mixed
2012	Varshney et.al.	India	105 firms	No theory	CGI	EVA, ROCE, RONW, Tobins Q	Positive
2013	Tariq & Abbas	Pakistan	119 firms	Agency theory	CG Index based on Pakistani CG Code	ROA, ROE, ROCE	Positive
2013	Ntim	South Africa	169 South African (SA)-listed corporations	No theory	CGI	Tobin's Q (Q) Return On Assets (ROA), Total Share Returns (TSR)	POSITIVE
2013	Korent et al.	Croatian	crotian listed firms	No theory	CCGI	Tobin's Q	
2014	Sami et al.	china	91 firms	Agency theory	CGI	ROA/ROE/Tobins'Q	Positive
2014	Love & Rachinsky	Russia & Ukraine	107 banks in Russia and fifty banks in Ukraine	No theory	CGI	ROA Return on assets ROE Return on	positive weak with Ukraine No relationship with Russia
2014	Halder & Rao	India	CNX Nifty 50 companies.	No theory	CG Compliance Index"	ROA	Positive

2014	Thanh Tu et al.,	Vietnam	39 of total 44 Vietnamese Banks for 2010 & 2011 32 banks for 2012	Agency theory	Corporate Governance Index	ROA, ROE	Positive
2015	Shahwan	Egypt	86 non-financial firms listed on the Egyptian Exchange	Agency theory, Stewardship theory	CGI	Tobin's Q	No relationship
2016	Haque & Arun	UAE	140 firms	Agency theory	corporate governance index (CGI)	return on assets (ROA), return on equity (ROE), and net profit margin (NPM	Positive
2016	Hwang & Jung	Korea	278 companies in the manufacturing industry	No theory	CGI	EBIT/SALES, Tobin's Q, and the market-to-book value ratio (MB)	Positive
2016	Wahyudin & Solikhah	Indonesia	88 firms	Agency theory	Corporate Governance Perception Index (CGPI)	ROA, ROE, EPS, PER Company growth EG	Positive
2016	Chauhan, Lakshmi & Kumar Dey	India	84 firms	No theory	Indian corporate governance index (CG index)	ROA, Tobins Q	Positive
2017	Bhatt et al.,	Malaysia`	113 listed companies in Malaysia	Agency and the resource dependency theories.	CGI	return on equity (ROE) return on assets (ROA) return on invested capital (RIC).	Positive

2017	Chong et al.,	REIT	REITs listed in Japan, Singapore, Hong Kong and Malaysia	No theory	CGI	ROA, ROE, Tobin's q, Reit return and excess return	ROA, ROE-positive, Tobin's Q-negative
2018	Orazalin & Mahmood	Kazakhstan	all (38) commercial banks listed in Kazakhstan Stock Exchange	Resource based theory	CGI	Return on Assets (%) Return on Equity (%)	Positive
2018	Ramachandran et al.,	Singapore	27 S-REITs and 15 M-REITs listed on the Singapore Exchange and Bursa Malaysia, respectively, as of December 31, 2015, representing a100percent sample.	Agency and Resource Dependency theory	R-INDEX	Return on Assets (%) Return on Equity (%) ,Net profit margin	Negative

2018	Ajili & Bouri	Bahrain, Kuwait, Qatar, Oman, the United Arab Emirates and the Kingdom of Saudi Arabia	a sample of 44 IBs operating in Bahrain, Kuwait, Qatar, Oman, the United Arab Emirates and the Kingdom of Saudi Arabia	Agency theory	CGI	Return on Assets (%) Return on Equity (%)	Insignificant
2018`	Mardnly, Mouselli & Abdulraouf	Syria	Syrian-listed firms at DSE	Agency theory, Stakeholder theory	corporate governance index is developed following Brown and Caylor (2004)	EPS, ROA	Positive
2016	Outa & Waweru	Kenya	52 companies listed in NSE	Agency theory	CGI	ROA, Tobin's Q	Positive
2018	Arora & Bodhanwala	India	BSE-407 firms	No theory	corporate governance index (CGI)	ROA, EPS and RONW	Positive
2018	Kaur & Vij	India	39 banks listed on the National Stock Exchange in India from 1st April, 2013 to 31st March 2014.	No theory	corporate governance index (CGI)	return on assets, Tobin's Q and economic value added.	Positive
2020	Al-ahdal et al.	India and Gulf Corporation Council (GCC) countries	53non-financial listed companies from India and 53 non-financial listed companies from GCC countries	No theory	CGI under dimensions	Tobin's Q (Q) return on equity (ROE)	Mixed

Source: Constructed based on literature

References

Abdo, A., & Fisher, G. (2007). The impact of reported corporate governance disclosure on the financial performance of companies listed on the JSE. Investment Analysts Journal, 36(66), 43–56. doi: 10.1080/10293523.2007. 11082492.

Agrawal, A. and Knoeber, C. R. (1996). 'Firm Performance and Mechanisms to Control Agency Problems between Managers and Shareholders', *Journal of Financial and Quantitative Analysis,* Vol. 31, Pp.377-389.

Ajili, H., & Bouri, A. (2018). Corporate governance quality of Islamic banks: measurement and effect on financial performance. International Journal of Islamic and Middle Eastern Finance and Management, 11(3), 470–487. doi: 10.1108/imefm-05-2017-0131.

Akbar, S., Poletti-Hughes, J., El-Faitouri, R., & Shah, S. Z. A. (2016). More on the relationship between corporate governance and firm performance in the UK: Evidence from the application of generalized method of moments estimation. Research in International Business and Finance, 38, 417–429. doi: 10.1016/j.ribaf.2016.03.009.

Al-ahdal Waleed M., Alsamhi, M. H., Tabash, M. I., & Farhan, N. H. S. (2019). The impact of corporate governance on financial performance of Indian and GCC listed firms: An empirical investigation. Research in International Business and Finance, 101083. doi: 10.1016/j. ribaf.2019.101083.

Anderson, Anne, & Parveen P. Gupta. (2009). "A Cross-Country Comparison of Corporate Governance and Firm Performance: Do Financial Structure and the Legal System Matter?" *Journal of Contemporary Accounting and Economics* 5(2):61–79.

Arora, A., & Bodhanwala, S. (2018). Relationship between Corporate Governance Index and Firm Performance: Indian Evidence. Global Business Review, 19(3), 675–689. doi:10.1177/0972150917713812.

Bai, C.-E., Liu, Q., Lu, J., Song, F. M., & Zhang, J. (2004). Corporate governance and market valuation in China. Journal of Comparative Economics, 32(4), 599–616.doi: 10.1016/j.jce.2004.07.002.

Bauer, R., Frijns, B., Otten, R., & Tourani-Rad, A. (2008). The impact of corporate governance on corporate performance: Evidence from Japan. Pacific-Basin Finance Journal, 16(3), 236–251.doi: 10.1016/j. pacfin.2007.05.001.

Bebchuk, Lucian, Alma Cohen, and Allen

Ferrell. (2009). "What Matters in Corporate Governance." *Review of Financial Studies* 22(2):783–827.

Becheikh, Nizar, Réjean Landry, and Nabil Amara. (2006). "Lessons from Innovation Empirical Studies in the Manufacturing Sector: A Systematic Review of the Literature from 1993-2003." *Technovation* 26(5–6):644–64.

Beiner, S., Drobetz, W., Schmid, M. M., & Zimmermann, H. (2006). An Integrated Framework of Corporate Governance and Firm Valuation. European Financial Management, 12(2), 249–283.doi:10.1111/j.1354-7798.2006.00318.x.

Bernini, F., Mariani, G., & Panaro, D. (2013). The corporate governance drivers: What relations with performance and risk? Empirical evidence from Italian context. *Corporate Ownership & Control, 10(4-5),* 510-523. doi: 10.22495/cocv10i4c5art7.

Bhatt, P. R., & Bhatt, R. R. (2017). Corporate governance and firm performance in Malaysia. Corporate Governance: The International Journal of Business in Society, 17(5), 896–912. doi:10.1108/cg-03-2016-0054.

Black, B S., Jang., H & Kim., W (2006), Does corporate governance predict firms' market values? Evidence from Korea, *Journal of Law, Economics, and Organization, 22(2),* pp. 366–413.

Black, B. S., Love, I., & Rachinsky, A. (2006). Corporate governance indices and firms' market values: Time series evidence from Russia. Emerging Markets Review, 7(4), 361–379. doi: 10.1016/j.ememar.2006.09.004.

Braga-Alves, M. V., & Shastri, K. (2011). Corporate Governance, Valuation, and Performance: Evidence from a Voluntary Market Reform in Brazil. Financial Management, 40(1), 139–157.doi:10.1111/j.1755-053x.2010.01137.x

Brown, L. D., & Caylor, M. L. (2008). Corporate governance and firm operating performance. Review of Quantitative Finance and Accounting, 32(2), 129–144.doi:10.1007/s11156-007-0082-3.

Chauhan, Yogesh, K. Rajya Lakshmi, and Dipanjan Kumar Dey. (2016). "Corporate Governance Practices, Self-Dealings, and Firm Performance: Evidence from India." *Journal of Contemporary Accounting and Economics* 12(3):274–89.

Cheung, Y.-L., Connelly, J. T., Jiang, P., & Limpaphayom, P. (2011). Does Corporate Governance Predict Future Performance? Evidence from Hong Kong. Financial Management, 40(1), 159–197.doi:10.1111/j.1755-

053x.2010.01138.x.

Chhaochharia, V., & Grinstein, Y. (2007). Corporate Governance and Firm Value: The Impact of the 2002 Governance Rules. The Journal of Finance, 62(4), 1789–1825. doi:10.1111/j.1540-6261.2007.01257.x

Chong, Wei Lan, Kien Hwa Ting, and Fan Fah Cheng. (2017). "Impacts of Corporate Governance on Asian REITs Performance." *Pacific Rim Property Research Journal* 23(1):75–99.

Clacher, Iain, Elirehema Joshua Doriye, and David Hillier. (2011). "Does Corporate Governance Matter? New Evidence from the United Kingdom." *SSRN Electronic Journal* 44(November 2007).

Cochrane Handbook for Systematic Reviews of Interventions version 6.0 (updated August 2019). Cochrane, 2019. Available from www.training.cochrane.org/handbook.

Cook DJ, Mulrow CD, Haynes RB. Systematic reviews: synthesis of best evidence for clinical decisions. *Ann Intern Med*. 1997;126(5):376-380. doi:10.7326/0003-4819-126-5-199703010-00006

Cremers, K. J. M., & Nair, V. B. (2005). Governance Mechanisms and Equity Prices. The Journal of Finance, 60(6), 2859–2894.doi:10.1111/j.1540-6261.2005.00819.x.

Daines, R. M., Gow, I. D., & Larcker, D. F. (2010). Rating the ratings: How good are commercial governance ratings?. *Journal of Financial Economics*, *98*(3), 439-461.

Danielson, M. G. and Karpoff, J. M. (1998). 'On the Uses of Corporate Governance

Dissabandara (2010) " Corporate Governance and Best Practices and Current Views based on evidence from Sri Lankan Corporate Boards" http://www.cmetsec.gov.lk/wp-content/uploads/2012/05/Current-Views-on-Corporate-Governance-in-Sri-Lanka-Evidence-from-Srilankan-Corporate-Bonds.ppt.

Drobetz, W., Schillhofer, A., & Zimmermann, H. (2004). Corporate Governance and Expected Stock Returns: Evidence from Germany. European Financial Management, 10(2), 267–293. doi:10.1111/j.1354-7798.2004.00250.x

Epps, R. W., & Cereola, S. J. (2008). Do institutional shareholder services (ISS) corporate governance ratings reflect a company's operating performance? *Critical Perspectives* *on Accounting*, *19*(8), 1135-1148.

Fernandez-Rodriguez, E., Gomez-Anson, S., & Cuervo-Garcia, A. (2004). The Stock Market Reaction to the Introduction of Best Practices Codes by Spanish Firms. Corporate Governance, 12(1), 29–46.doi:10.1111/j.1467-8683.2004.00341.x.

Garay, U., & González, M. (2008). Corporate Governance and Firm Value: The Case of Venezuela. Corporate Governance: An International Review, 16(3), 194–209.doi:10.1111/j.1467-8683.2008.00680.x.

Gompers, P., Ishii, J., & Metrick, A. (2003). Corporate Governance and Equity Prices. The Quarterly Journal of Economics, 118(1), 107–156. doi:10.1162/00335530360535l6.

Gordon, I. M., Hrazdil, K., & Shapiro, D. (2012). Corporate governance in publicly traded small firms: A study of Canadian venture exchange companies. Business Horizons, 55(6), 583–591. doi: 10.1016/j.bushor.2012.07.005.

Guney, Yilmaz, Elvis Hernandez-Perdomo, and Claudio M. Rocco. (2019). "Does Relative Strength in Corporate Governance Improve Corporate Performance? Empirical Evidence Using MCDA Approach." *Journal of the Operational Research Society* 0(0):1–26.

Haldar, A., & Nageswara Rao, S. V. D. (2015). An empirical examination of the impact of corporate governance disclosure on financial performance. *Corporate Ownership & Control, 12(3-4)*, 468-473. doi: /10.22495/cocv12i3c4p7.

Haque, Faizul, & Thankom G. Arun. (2016). "Corporate Governance and Financial Performance: An Emerging Economy Perspective." *Investment Management and Financial Innovations* 13(3):228–36.

Hwang, S. W., & Jung, Y. R. (2016). The relationship between corporate governance, foreign investors' shareholdings, and corporate performance: the case of South Korea. Afro-Asian J. of Finance and Accounting, 6(4), 318.doi:10.1504/aajfa.2016.080521.

Inessa Love & Andrei Rachinsky (2015) Corporate Governance and Bank Performance in Emerging Markets: Evidence from Russia and Ukraine, Emerging Markets Finance and Trade, 51:sup2, S101-S121. doi: 10.1080/1540496X.2014.998945

Javed, A., Iqbal, R., & Hasan, L. (2006). Corporate Governance and Firm Performance: Evidence from Karachi Stock Exchange [with Comments].

The Pakistan Development Review, 45(4), 947-964. Retrieved January 23, 2020, from www.jstor.org/stable/41260661.

Jensen, Michael C. & William H. Meckling. (1976). Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure. Journal of Financial Economics, V. 3, No. 4: October, pp 305-360. Available at the Social Science Research Network e Library at: http://papers.ssrn.com/Abstract=94043. Reprinted in The Modern Theory of Corporate Finance, Michael C. Jensen & Clifford W. Smith, Jr., Editors, New York: McGraw-Hill, Inc., 1984.

Kaur, M., & Vij, M. (2018). Corporate governance index and firm performance: empirical evidence from Indian banking. Afro-Asian J. of Finance and Accounting, 8(2), 190. doi:10.1504/aajfa.2018.091065

Klapper, L. F., & Love, I. (2004). Corporate governance, investor protection, and performance in emerging markets. Journal of Corporate Finance, 10(5), 703–728.doi:10.1016/s0929-1199(03)00046-4.

Klein, P., Shapiro, D. and Young, J. (2005), Corporate Governance, Family Ownership and Firm Value: the Canadian evidence. Corporate Governance: An International Review, 13: 769-784. doi:10.1111/j.1467-8683.2005.00469.x

Korent, Dina, Ivana Đunđek, and Marina Klačmer Čalopa. (2014). "Corporate Governance Practices and Firm Performance Measured Bycroatian Corporate Governance Index (Ccgi®)." *Economic Research-Ekonomska Istrazivanja* 27(1):221–31.

Kowalewski, O. (2016). Corporate governance and corporate performance: financial crisis (2008). Management Research Review, 39(11), 1494–1515. doi:10.1108/mrr-12-2014-0287.

Lehn, K., Patro, S., & Zhao, M. (2007). *Governance indexes and valuation: Which causes which? Journal of Corporate Finance, 13(5), 907–928.* doi: 10.1016/j.jcorpfin.2007.07.002.

Letza, Steve, and Xiuping Sun. (2004). "Philosophical and Paradoxical Issues in Corporate Governance." *International Journal of Business Governance and Ethics* 1(1):27–44.

Love, Inessa, & Andrei Rachinsky. (2015). "Corporate Governance and Bank Performance in Emerging Markets: Evidence from Russia and Ukraine." *Emerging Markets Finance and Trade* 51(00): S101--S121.

Mardnly, Zukaa, Sulaiman Mouselli, and Riad Abdulraouf. (2018). "Corporate Governance and Firm Performance: An Empirical Evidence from Syria." *International Journal of Islamic and Middle Eastern Finance and Management* 11(4):591–607.

Munisi, G., & Randøy, T. (2013). Corporate governance and company performance across Sub-Saharan African countries. Journal of Economics and Business, 70, 92–110. doi: 10.1016/j.jeconbus.2013.08.003.

Nedelchev, Miroslav. (2018). "Bibliometric Review of Corporate Governance Theories and Methods." *Ikonomicheski Izsledvania* 27(4):126–45.

Nishat, M., & Shaheen, R. (2007). Corporate governance and firm performance in an emerging market - An exploratory analysis of Pakistan. Corporate Ownership & Control, 4(2-1), 216-225. http://dx.doi.org/10.22495/cocv4i2c1p6.

Ntim, C. G. (2013). An Integrated Corporate Governance Framework and Financial Performance in South African-Listed Corporations. South African Journal of Economics, 81(3), 373–392.doi: 10.1111/j.1813-6982.2011.01316. x.

Ntim, C.G., (2009). Internal corporate governance structures and firm financial performance: evidence from South African listed firms (Doctoral dissertation, University of Glasgow).

Okike, E. & Turton, A. (2009). Corporate governance reform within the UK banking industry and its effect on firm performance. *Corporate Ownership & Control, 7(1-4)*, 456-470. doi.10.22495/cocv7i1c4p3

Orazalin, N., & Mahmood, M. (2018). The financial crisis as a wake-up call: corporate governance and bank performance in an emerging economy. Corporate Governance: The International Journal of Business in Society. DOI:10.1108/cg-02-2018-0080

Outa, E. R., & Waweru, N. M. (2016). Corporate governance guidelines compliance and firm financial performance. Managerial Auditing Journal, 31(8/9), 891–914. DOI:10.1108/maj-12-2015-1291

Price, Richard, Francisco J. Román, and Brian Rountree. (2011). "The Impact of Governance Reform on Performance and Transparency." *Journal of Financial Economics* 99(1):76–96.

Provisions', *Journal of Corporate Finance*, Vol. 4, Pp.347-371.

Ramachandran, J., Chen, K. K., Subramanian, R., Yeoh, K. K., & Khong, K. W. (2018). Corporate governance and performance of REITs. Managerial Auditing Journal. DOI:10.1108/maj-09-2016-1445

Rose, C. (2016). Firm performance and comply or explain disclosure in corporate governance. European Management Journal, 34(3), 202–222. doi: 10.1016/j.emj.2016.03.003.

Rossi, M., Nerino, M., and Capasso, A., (2015). Corporate governance and financial performance of Italian listed firms. The results of an empirical research. Corporate Ownership & Control, 12(2), pp.628-643.

Sami, H., Wang, J., & Zhou, H. (2011). Corporate governance and operating performance of Chinese listed firms. Journal of International Accounting, Auditing and Taxation, 20(2), 106–114.doi: 10.1016/j.intaccaudtax.2011.06.005.

Shahwan, T. M. (2015). The effects of corporate governance on financial performance and financial distress: evidence from Egypt. Corporate Governance: The International Journal of Business in Society, 15(5), 641–662 Doi:10.1108/cg-11-2014-0140.

Shleifer, A. & Vishny, R.W. (1997). A Survey of Corporate Governance. *Journal of Finance, 52(2)*, pp. 737-783

Tariq, Y. B., & Abbas, Z. (2013). Compliance and multidimensional firm performance: Evaluating the efficacy of rule-based code of corporate governance. Economic Modelling, 35, 565–575.doi: 10.1016/j.econmod.2013.08.015.

Thi Thanh Tu, T., Hong Son, N., & Bao Khanh, P. (2014). Testing the Relationship between Corporate Governance and Bank Performance-An Empirical Study on Vietnamese Banks. *Asian Social Science*, *10*(9). https://doi.org/10.5539/ass.v10n9p213

Tranfield, David, David Denyer, Palminder Smart, Dale L. Goodhue, and Ronald L. Thompson. (1995). "Tranfield, Denyer, Smart - 2003 - Towards a Methodology for Developing Evidence-Informed Management Knowledge by Means of Systematic". *MIS Quarterly* 14(2):207–22.

Wahyudin, Agus, and Badingatus Solikhah. (2017). "Corporate Governance Implementation Rating in Indonesia and Its Effects on Financial Performance." *Corporate Governance (Bingley)* 17(2):250–65.