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Do Pakistani Corporate Governance Reforms restore the relationship of Trust on Banking sector through Good Governance and Disclosure Practices

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Do Pakistani Corporate Governance Reforms restore the relationship of Trust on Banking sector through Good Governance and Disclosure Practices

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PROFILE

I am an Associate Lecturer and Doctoral Research at London South Bank University. I did my BSc Business Studies from Ulster University and MSc International Accounting and Finance from London South Bank University. I am currently working on my doctoral research thesis about **"*Evaluation of Corporate Governance Codes and Best Practices*"** from London South Bank University. I thoroughly evaluated the UK and other countries' Corporate Governance Code to find out whether corporate governance practices have improved or not. My research interests include: Corporate Governance Code, Governance disclosure quality, Trust, Banking Sector, Regulatory and legislative compliance and Best practices.

Do Pakistani Corporate Governance Reforms restore the relationship of Trust on Banking sector through Good Governance and Disclosure Practices

ABSTRACT

Trust is the focal point of this thesis. Trust is an integral part of capitalist economics and, therefore, corporate governance. The relationship of trust serves as a bond and brings together different individuals of diverse interests to work along to fulfil their objectives**.** But in the last two decades, this relationship of trust badly shaken due to various reasons. In order to resort the bond of trust, policymakers in different jurisdictions have developed and introduced various policies and procedures. The same effort has been made by the Security and Exchange Commission of Pakistan (SECP), as it developed and implemented the country first Corporate Governance Code in 2002 and revised them twice in 2012 and 2017. But making rules, regulations, procedures and policies are only one aspect of restoring the relationship of trust. The rules can be made very strong and as fancy as possible, but only the implementation, compliance, and actions make them effective. Therefore, this paper empirically examines and evaluates the SECP Corporate Governance Code and tries to find out to what degree the SECP has succeeded in restoring the relationship of trust. The study has developed a Governance Disclosure Quality Index (GQI) using guidelines identified in the United Nations Conference on Trade and Development (UNCTAD, 2006). In contrast with the previous studies in Corporate Governance domains, which mainly examined and compared the Corporate Governance practices between developing and developed countries, this study examines and compares the Corporate Governance practices within a single country, but in three different time periods. The research's main findings show that the Governance Disclosure Quality of the Pakistani listed banks in their annual reports enhanced (and so trust) after each revision of the SECP Corporate Governance Code.

Keywords – Corporate Governance Code, Governance disclosure quality, Trust, Banking Sector, Regulatory and legislative compliance, Best practices.

INTRODUCTION

While the paper is grounded within the overall domain of Corporate Governance (CG), its focal point is trust. Trust is an integral part of capitalist economics and, therefore, corporate governance. The relationship of trust serves as a bond and brings together different individuals of diverse interests to work along to fulfil their objectives **(**Balgobin, 2008 and King report, 2016**).** But in the last two decades, this relationship of trust badly shaken due to various reasons. In order to resort to the bond of trust, policymakers in different jurisdictions have developed and introduced various policies and procedures (Balgobin, 2008). The same effort has been made by the Security and Exchange Commission of Pakistan (SECP), as it developed and implemented the country first Corporate Governance Code in 2002 and revised them twice in 2012 and 2017.

But making rules, regulations, procedures and policies are only one aspect of restoring the relationship of trust. The rules can be made very strong and as detailed as possible, but only the implementation, compliance, and actions make them effective (Sanan and Yadav, 2011)**.**

Moreover, organisations that complain and implement regulations without any sense might not get paybacks from them. It should be a practical approach to keep in mind the organisation's circumstances, which produce positive results (King report, 2016).

Equally, stakeholders' awareness is also an essential aspect in order to bring good practices to organisations. The lack of trust in the existing Corporate Governance mechanism demands greater transparency – Signalling Theory perspective – and stakeholder involvement – Stakeholder Trust Theory perspective. Because, for regulators alone, it is very challenging to ensure implementation and compliance with relevant procedures and policies. Hence, this load must be shared by regulatory bodies, firms, and key stakeholders because when the stakeholders are aware of the importance of good Corporate Governance, they demand it.

Therefore, this paper empirically examines and evaluates the SECP Corporate Governance Code and tries to find out that at what degree the SECP has succeeded to restore the relationship of trust.

Professionally, the research domain is that of Corporate Governance and particularly governance disclosure quality. It is located across the listed Pakistani banking sector in empirical and geographic terms, during years prior to and post the introduction of the SECP revised Corporate Governance Codes, 2012 and 2017. Against the above settings, the research aims to examine and evaluate the quality of governance disclosure made by the identified sector over relevant years in order to determine changes in such quality – particularly those possibly provoked by the identified revised codes.

Over the last decades in the business world, the importance of corporate governance and corporate disclosures (voluntary & mandatory) have increased expressively. But corporate disclosure of an organisation is a wider term covering various types of disclosures (Akhtaruddin et al., 2009 and Chakroun, 2013). The prior researcher did their research on various aspects of corporate disclosure. For instance, Corporate Social Responsibility (CSR) disclosure (Khan et al., 2013 and Chan et al., 2014), environmental disclosure (Da Silva Monteiro and Aibar-Guzman, 2010 and Salama et al., 2012), and corporate risk related disclosure (Salem et al., 2019).

However, this paper emphasises on examination of governance disclosure quality. Moreover, previous studies investigate voluntary governance disclosure, while others examine voluntary and mandatory governance disclosure.

This paper examines the relationship between Corporate Governance and voluntary and mandatory governance disclosure quality of qualitative and quantitative information through one of the most important formal disclosure methods, i.e., the audited annual reports of all

Pakistani consistently listed banks over the relevant years between the relevant years 2009 and 2018.

LITERATURE REVIEW

It can be seen in the literature that most of the crises in the corporate world are due to a lack of implementation of governance standards with their true spirit (Johnson et al., 2000). The case of Enron, Worldcom, BCCI (Bank of Credit and Commerce International) and the recent case of Volkswagen, Tesco, BHS (British Home Stores) and Thomas Cook are all due to the weak Corporate Governance structure of these companies. It is evident that the company cannot survive without implementing good Corporate Governance practices (Gisbert and Navallas, 2013). Lack of sound Corporate Governance and honest executives is one of the main reasons for the world financial crisis (Apostolou and Nanopoulos, 2009). In Asian markets, the financial crises were also due to the lack of effective Corporate Governance (Ho and Wong, 2001). Prior literature offers various definitions for Corporate Governance, but the Organization for Economic Co-Operation and Development (OECD) (2004) provided a comprehensive definition of Corporate Governance, which is

"Procedures and processes, according to which an organisation is directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organisation – such as board, managers, shareholders and other stakeholders – and lays down the rules and procedures for decision-making".

Equally, stakeholders' awareness is also an important aspect of bringing good corporate governance practices to organisations. The lack of trust in the existing Corporate Governance mechanism demands greater transparency – Signalling Theory perspective – and stakeholder involvement – Stakeholder Theory perspective.

Role of information disclosure in Corporate Governance

Disclosure is a significant element of the transparency and openness that is integral to good Corporate Governance. In other words, one of the most important aspects of Corporate Governance is information disclosure because it places information in the hands of the capital markets and makes corporate insiders accountable (Htay et al., 2012). The Basel Committee on Banking Supervision (2005) and Lu and Chen (2009) attach so much importance to information disclosure that they describe it as the “heart” of Corporate Governance. Indeed, information disclosure is an essential part of Corporate Governance because it partly determines the degree of good Corporate Governance. One could regard such disclosure as the “face” of Corporate Governance. Leong (2005) describes disclosure and transparency as partners of good Corporate Governance. Perhaps, governances’ failures can often be related to the failure of disclosure and not show the whole picture (OECD, 2015).

Gibbins et al. (1990) define disclosure as the intentional release of qualitative or quantitative, voluntary or mandatory information through formal or informal methods. As per Healy and Palepu (2001), information disclosure is crucial for the proficient capital market. Today's informed investors want more information about the firm, and more importantly, they want to know how and who is managing it.

The **c**apital market performs efficiently when it has access to adequate information to evaluate firms’ governance (Marston and Polei, 2004). Further, good disclosure assists the capital market to determine the point to which corporations react to shareholders/investors’ needs (Fung, 2014). Accordingly, information disclosure helps investors make informed investment decisions (Oluwagbemiga, 2014: Mutiva et al., 2015). Furthermore, disclosure can enhance transparency, signal the corporation's performance, clarify the conflict of interest between the stakeholders and the management and reduce opportunistic behaviour and information asymmetry (Verrecchia, 2001).

Quality of information disclosure

In the modern era, the benchmark of information disclosure has transformed. Shareholders and other stakeholders not only expect companies to disclose their financial and non-financial information as much as possible, but they also urge for clear, transparent and quality information, which they need for their investment decisions (Fung, 2014). Nowadays, all stakeholders, particularly shareholders, investors and creditors, probe a firm's management to assess whether their business model and information disclosures meet the expectations of disclosure quality, and so helps better decision-making (Fung, 2014). Concurrently, they want a “full picture” of the firm’s financial health to assess corporate performance and make more informed and better decisions (Bobitan and Petru, 2017).

Provocations behind this increased attention are financial crises, accounting scandals and intensive demands of business information from investors, creditors, shareholders and other stakeholders. This exhaustive desire for information makes corporate reporting more challenging (Bobitan and Petru, 2017).

In this context, corporations are expected to disclose their financial and non-financial information as clear, transparent and as much as possible. Also, in governance disclosure, the quality of information is very important in order to provide stakeholders and potential investors with the information they need for their investment decisions. In the contemporary era, the use of annual reports has been increased as these show the company's image (Shehata, 2014). These are easily available and accessible to employees, investors, suppliers, creditors and customers. The quality of disclosing the information is necessary since investors mainly rely on the information disclosed in the annual reports.

The rationale of selecting Pakistan for study

The main objective of this paper is to examine and compare the Corporate Governance practices within a single developing country but in different time periods to bring awareness among stakeholders about good Corporate Governance. In this regard, Pakistan is a tailor-made country for this research due to the following four reasons.

Firstly, Pakistan launched its Corporate Governance Code back in 2002 and revised it twice in 2012 and 2017, intending to improve the governance system in the country. This fact is critical to the research being undertaken because these two revisions provided three time periods of different Corporate Governance practices to examine and compare Corporate Governance and governance disclosure quality within a single country.

The rationale for selecting the single sector

Most of the previous studies in the field of Corporate Governance and governance disclosure quality used samples from multi sectors like manufacture, service and food sector. Furthermore, even within the sector, firms have different characteristics. But prior researchers examined and compared Corporate Governance practices within these diverse nature and characteristics of firms and tried to bring awareness through empirical results. Perhaps this approach may not be the best approach in terms of stakeholder's awareness due to the different nature of the sample firms.

In contrast, the main objective of this research is to use a single sector in order to produce empirical results. In this regard, it is vital to select the most important sector within the economy. After careful confederation, discussion and thoughts, the banking sector is selected for this research as the financial sector is the backbone of any economy and act as financial lubrication and the whole economy fuelled by this sector.

Corporate Governance structure in Pakistan

The Corporate Governance structure in Pakistan is primarily steered by the shareholding model of Corporate Governance, where the interests of shareholders are dominant (Javid and Iqbal, 2008: Tariq and Abbas, 2013). It is because of the following three reasons. Firstly, like other Anglo-American countries, Pakistan also has a common-law origin. Secondly, Pakistan was under the British regime until 1947; therefore, its corporate law was based on British India Act 1913. Finally, Pakistani Corporate law is heavily influenced by the United Kingdom and South African Corporate Governance reforms (Ibrahim, 2006).

The Corporate Governance framework in Pakistan can be divided into two categories: the external and internal frameworks. External Corporate Governance framework refers to controls implemented on organisations from outside, while internal Corporate Governance refers to mechanisms by which organisations are controlled and governed from inside.

Pakistan has a multi-layered legal and financial system. It possesses a unique and exciting corporate governance structure. On one side, Pakistan was second after India in South Asia to bring and implement corporate governance reform to promote good Corporate Governance practices. On the other hand, the founding families of many firms still control the governance structure of these firms. Therefore, this study looks deeper and examines corporate governance reforms and their effect on governance and disclosure in a unique Pakistani context.

As for as researcher knows through prior literature, this is the first study that thoroughly evaluates and examines the impact of the revisions of the SECP CG Code on governance disclosure quality in Pakistani listed banks.

HYPOTHESES DEVELOPMENT

Revisions of SECP CG Code and Governance Disclosure Quality

The Security and Exchange Commission of Pakistan (SECP) took the initiative in 2012 and 2017 to revise the current Pakistani Corporate Governance Code to improve the Pakistani listed firms' corporate governance and disclosure practices. Therefore, **the A priori expectation** of the research is that the revisions of the SECP Corporate Governance Code, 2012 and Aprioriught good Corporate Governance practice in the Pakistani listed banking sector with the help of enhancing guidelines of the SECP Code. As a result, Pakistani listed banks' governance disclosure quality is enhanced after each revision of the SECP code.

Prior empirical literature

In the prior empirical literature, many researchers have investigated the impact of corporate governance reforms on corporate governance practices and disclosure. For instance, Han et al. (2014) found that the overall information environment could improve through good Corporate Governance and eventually reduce the information asymmetry problem. Sana and Yadav (2001) found empirical evidence that the financial disclosure of Indian firms have moderately improved after the Security and Exchange Board of India (SEBI) Corporate Governance reforms. On the same Vince, the South African firms' corporate governance standards and voluntary corporate governance disclosure have improved after the King II report (Ntim et al., 2013).

Moreover, Goel (2018) explores India's corporate governance reforms' effectiveness by investigating corporate governance practices in two different time periods (FY 2012-13 and 2015-16). The author has developed a corporate governance performance (CGP) index to measure the corporate governance score of Indian companies. The study's findings show significant progress in corporate governance practices and disclosure after India's corporate governance reforms.

Thus, there are adequate pieces of evidence that governance disclosure quality of Pakistani listed banks improved in consequence of revisions of the SECP CG Code 2012 and 2017. Hence, the research hypotheses generated for testing are:

H1a: *That Total Governance Disclosure Quality of Pakistani listed banks improved after the 2012 revision of the SECP CG Code*

H1b*: That Total Governance Disclosure Quality of Pakistani listed banks further enhanced after 2017 revision of the SECP CG Code*

H2a*: That Mandatory Governance Disclosure Quality of Pakistani listed banks improved after the 2012 revision of the SECP CG Code*

H2b*: That Mandatory Governance Disclosure Quality of Pakistani listed banks further enhanced after 2017 revision of the SECP CG Code*

H3a*: That Voluntary Governance Disclosure Quality of Pakistani listed banks improved after the 2012 revision of the SECP CG Code*

H3b*: That Voluntary Governance Disclosure Quality of Pakistani listed banks further enhanced after 2017 revision of the SECP CG Code*

METHODOLOGY

Identification – Cases

The actual research set of banks represents 100% population of the listed Pakistani banks. There are 20 constantly listed banks from 2009 - 2018 on Pakistan Stock Exchange, respectively. Initially, there were 21 cases for this research, but on July 07, 2017, the State bank of Pakistan withdrew the NIB Bank licence and revoked its operational licence. Latterly, the NIB Bank has merged with MCB Bank.

Developing Governance disclosure Quality Index (GQI)

Over the last two decades, academics and practitioners have made several attempts to develop Corporate Governance (CG) indices with limited success (Institute of Directors, 2017). A common criticism of these existing indices is that the researchers used a 'Kitchen-sink approach' where a massive number of items were compiled to produce CG indices with limited fundamental theoretical and/or empirical underpinning. Hence, these CG indices have often not been extremely useful to measure governance disclosure quality as companies could easily use a 'tick-box approach' to manipulate their Index (Institute of Directors, 2017). Therefore, it was a challenge for this research to determine how to evaluate governance disclosure quality. However, we took on this challenge, and after much reading, thinking and discussion, we concluded that it is helpful to do so against the backdrop or reference of an appropriate document published by a reasonably authoritative source.

In the context of Corporate Governance disclosure, one such authoritative document was published by the United Nations Conference on Trade and Development (UNCTAD) in 2006. This body has issued a beneficial document entitled *"Guidance on Good Practices in Corporate Governance Disclosure"*. The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) developed the Corporate Governance Disclosure Quality Index by using this guidance. The benchmark index developed through this guidance contains 52 (financial and non-financial) disclosure items covering the five following subject categories:

1. Ownership structure and exercise of control rights (9 disclosure items)
2. Financial transparency and information disclosure (8 disclosure items)
3. Audit (8 disclosure items)
4. Corporate responsibility and compliance (7 disclosure items)
5. Board and management structure and process (18 disclosure items)

As this benchmark index has been developed to facilitate several forms of enterprise, it embraces a wide range of potentially applicable governance disclosure items. However, one must recognise that particular sectors will very likely have some industry-specific disclosure requirements (UNCTAD, 2006). Thus, our research uses this benchmark index as a baseline and, together with a few extra items, employs an additional subject area – *'Bank's Risk Governance'.* This action and the thinking behind it have a basis in the following two reasons:

Firstly, the focus of this paper is specifically on the banking sector, hence in addition to the five identified categories, and extra subject category - *'Bank's Risk Governance'* - has been included into the Governance Disclosure Quality Index (GQI). It gives recognition to the particular banking feature of this research.

Secondly, this benchmark index was developed a decade ago, and since then, many developments have taken place in the field of Corporate Governance. In order to recognise these developments and make this disclosure index more comprehensive and rational when evaluating governance disclosure quality, other International Standards relating to Corporate Governance and the banking sector have been reviewed, and items from these standards included in GQI.

A wide range of relevant International Standards have been reviewed, and items from only the following standards (reference is given against each item in GQI) are included in the GQI.

1. UK Corporate Governance Code (2018)
2. Global Reporting Initiative (GRI) standards (2018)
3. Mauritius Code of Corporate Governance (2016)
4. King Report IV (2016)
5. OECD Principle of Corporate Governance (2015)
6. Basel requirements for Corporate Governance (2015)

7. Basel guidelines for external audits of banks (2014)

8. Selected other previous related literature.

Figure 1 below identifies the six categories of GQI and the composition of items from UNCTAD guidance and other standards under each category.

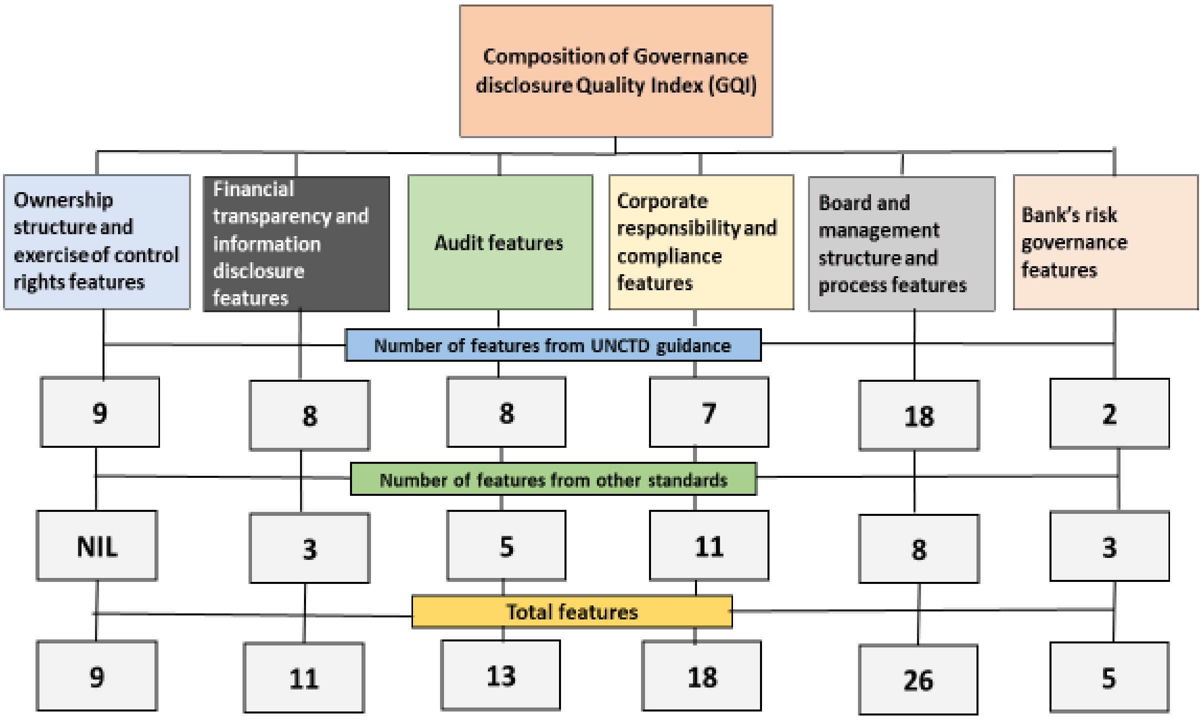

Figure 1: - Composition of items from UNCTAD guidance and other standards under each category

Selection of GQI items

It was imperative to keep ourselves (as a researcher) unbiased and neutral as much as possible during the item selection process from other standards relating to Corporate Governance and Governance Disclosure Quality. So, keep in mind the above-mentioned fact, the item selection process from other standards was based on only one point to make the UNCTD Index (2006) more comprehensive. Additionally, fill the gaps in the UNCTAD Index and make it fit for this research.

For instance, the Corporate Responsibility and Compliance category of the UNCTAD Index has the least number of features compared to other categories in the Index. But as we know, a significant amount of work has been done in the field of Corporate Social responsibility (CSR) in recent times. Therefore, it was required to upgrade this Index category and make it up to date with today's requirements. So, the highest number of items (11) has been included under this category from other standards.

Furthermore, after the financial crisis of 2008, much work has been done regarding the Board and Management Structure. Thus, the Index's second-highest number of items (8) has been included under this category from other standards. So, the items selected from other standards was based on requirements rather than the researcher discretion.

Initially, there were 148 voluntary and mandatory items in the GQI under different categories. However, after the data collection process, voluntary items (other than those identified in UNCTAD 2006 benchmark Index) were removed from GQI if they were not disclosed at least once by any of the 20 researched banks.

The final version of our developed GQI has 82 items in total across six subject areas. Details of GQI is provided in Appendix 2.

Composition of mandatory and voluntary items in the GQI

The final version of our developed GQI has 82 items in total across six subject areas. In period one (2009-2011) - as per the 2002 Corporate Governance Code, there is an equal number of mandatory and voluntary items in the GQI, which are 41 items, respectively.

However, in period two (2014 – 2016), as per the 2012 Corporate Governance Code, five voluntary items in the GQI became mandatory. Therefore, the composition between mandatory and voluntary items changed to 46 and 36, respectively.

Additionally, in the period, three – as per the 2017 Corporate Governance Code, one more voluntary item from the GQI changed to the mandatory item due to provision of the Code. Thus, as per the modified composition of the GQI, 47 mandatory items are required by the Pakistani corporate legal framework, and 35 are voluntary items.

To overcome the difference between mandatory and voluntary items in each time period. The study calculated mandatory or voluntary disclosure scores as a percentage of total disclosure scores divided by the maximum mandatory or voluntary score, which applies to each bank in a particular period. Below Table 1 provides further details:

Period one (2009 – 2011) Corporate Governance Code 2002	Period one (2014 – 2016) Corporate Governance Code 2012	Period one (2018) Corporate Governance Code 2017
Mandatory Items		
41	46	47
Voluntary Items		
41	36	35

Table 1: - Comparison of mandatory and voluntary items in the GQI

Measuring Governance Disclosure Quality

In previous literature, both weighted and un-weighted disclosure indices are widely used to determine disclosure levels. Under the un-weighted approach, also called the binary coded approach, an item scores "1" if disclosed or "0" if not. A common criticism of the binary coding approach is that (unlike the weighted scoring), it does not require assessing the quality of disclosed information. However, in the weighted approach, an item's score depends on its overall importance in terms of disclosure. The weighting of an item relies on surveys and expert analysis. Nevertheless, there is a possibility that an evaluator may exercise bias in the weighting process.

Therefore, after developing a comprehensive identification of items to be included in our Governance Disclosure Quality Index, the next challenge was how to measure each item. As the GQI has a variety of qualitative and quantitative nature of disclosure items. For quantitative items, it was a straightforward measurement process (Binary coded) to determine that an item was disclosed or not. But for the qualitative nature of items, the researcher's judgment was required in order to establish that an item is disclosed. So, there was a possibility of the researcher biases during the process. Therefore, to overcome this obstacle and ensure the un-biases of the researcher during the process, a reference document published by a reasonably authoritative source for measuring each item in the GQI was required and sought. In the context of Corporate Governance disclosure, one such authoritative document is that published by the Organization for Economic Co-operation and Development (OECD) with the participation of the World Bank (OECD, 2017). This body has issued a beneficial document entitled *"Methodology for Assessing the Implementation of the G20/OECD Principles of Corporate Governance"*. By using the guidance within this document, our research adopts a principally qualitative (word-based) assessment approach, although in some cases quantitative approach (numbers based) has also been used. The qualitative assessment approach employs an ***"essential judgment criteria"*** to evaluate whether an item has been fully disclosed, partially disclosed or not disclosed at all. **Table 2** below provides details of the evaluation criteria.

Criteria	Judgment	Score
Fully disclosed	The item is fully disclosed as per *"essential judgment criteria"*, and required information is provided by the bank, which is essential for stakeholders' decision-making process.	If the item is fully disclosed as per *"essential judgment criteria"*, does get a "1" mark in the Index.
Partially disclosed	The item is partially disclosed as per *"essential judgment criteria"*, and the	If the item is disclosed but does not provide detailed information

	bank provides some of the required information, which is essential for stakeholders' decision-making process.	(Partially disclosed), it does get 0.5 marks in the Index.
Not disclosed	Not disclosed assessment is likely appropriate when no information is provided as per *"essential judgment criteria."*	If the item is not disclosed at all, it does get 0 marks in the Index.
Not applicable	Not applicable assessment is likely appropriate where *"essential judgment criteria"* does not apply.	

Table 2: - Evaluation criteria for assessment

The disclosure scores are calculated as a percentage of total disclosure scores divided by the maximum overall score, which applies to each bank.

Evaluating Governance Disclosure Quality

The GQI contains an extensive list of essential disclosure items (as per UNCTAD, Guidance on Good Practices in Corporate Governance Disclosure and other International Corporate Governance standards) in investors or creditors decision-making process. In order to address the tick-box approach used by some banks and evaluate the quality of governance information disclosure, a few qualitative natures of items are included in the Index. For example, a bank gets 1 point if it fully discloses *"Determination and composition of directors' remuneration"* and a further 1 point if it fully discloses "*Explanation statement to stakeholders that why the remuneration is appropriate and rational"*.

DATA COLLECTION

Governance disclosure data is not available through the database. Thus, Governance disclosure data – the dependent variable – was collected through individual annual reports and Corporate Responsibility reports. We had used annual reports to manually extract Corporate Governance and GQI data for the following reasons. Firstly, the Companies Act 2017, the Pakistan Stock Exchange (PSX) Listed Regulations, and the State Bank of Pakistan instruct listed banks to publish required data in their annual reports. Secondly, previous researchers highly rated the audited annual reports as a reliable source of Corporate Governance data due to their mandatory nature (Botosan, 1997). Thirdly, the UNCTAD conducted studies in various countries, including Pakistan, to *"Review implementation status of Corporate Governance disclosure"*. These studies used annual reports to evaluate the disclosure practices compared to other reports, for instance, quarterly or other published information.

Additionally, most of the previous studies in the field of Corporate Governance and governance disclosure used annual reports for data collection, which helps in direct comparisons with the prior results (Cheung et al., 2007). Finally, these are available on the internet through individual bank's websites and can easily download. To check the reliability of the data, this study conducted Cronbach's Alpha Coefficient test. The value of Cronbach's Alpha Coefficient test for GDQ and its six categories is 0.859, which means that scales are consistently applied throughout the data collection process, and the data is highly reliable.

RESULTS AND ANALYSES

The GQI Index is used to examine and compare the governance disclosure quality of the Pakistani listed banks among three different time periods. The governance disclosure quality score is calculated as a percentage of the obtained score to the total applicable score for each bank. Table 3 presents the descriptive statistics of the TGDQ and its categories.

	SECP CG Code	TGDQ	OWN	FTD	AUD	CSR	BMS	RSK
Mean	2002	41.92	45.59	66.77	53.71	25.96	30.87	64.83
	2012	49.73	45.93	70.91	58.59	34.72	45.03	65.33
	2017	53.37	46.20	74.16	67.00	44.88	43.62	66.32
	Overall time-period (2009 ~ 2018)	46.92	45.82	69.61	57.69	32.42	38.84	65.26
Median	2002	39.63	44.44	63.64	53.85	22.22	28.85	60.00
	2012	46.34	44.44	63.64	53.85	29.17	43.27	60.00
	2017	49.39	44.44	72.73	61.54	36.11	40.38	60.00
	Overall time-period (2009 ~ 2018)	44.51	44.44	63.64	53.85	27.78	38.46	60.00
Std. Deviation	2002	7.82	4.51	12.34	11.30	12.46	8.60	9.41
	2012	9.25	3.81	13.68	11.86	16.87	8.88	8.92
	2017	11.31	4.16	13.30	14.35	18.94	11.14	9.55
	Overall time-period (2009 ~ 2018)	9.98	4.14	13.25	12.69	16.67	11.35	9.16
Minimum	2002	31.10	33.33	45.45	38.46	11.11	21.15	40.00
	2012	37.20	44.44	45.45	38.46	16.67	32.69	60.00
	2017	41.46	44.44	54.55	46.15	25.00	26.92	60.00
	Overall time-period (2009 ~ 2018)	31.10	33.33	45.45	38.46	11.11	21.15	40.00
Maximum	2002	60.98	55.56	100.00	76.92	61.11	57.69	80.00
	2012	73.78	55.56	100.00	84.62	86.11	65.38	80.00
	2017	75.61	55.56	100.00	92.31	86.11	69.23	80.00
	Overall time-period (2009 ~ 2018)	75.61	55.56	100.00	92.31	86.11	69.23	80.00

Table 3: - Descriptive statistics of TGDQ and its categories

SECP CG Code = Security and Exchange Commission Pakistan Corporate Governance Code
TGDQ = Total Governance Disclosure Quality
OWN = Ownership Structure and Exercise of Control Rights Features
FTD = Financial Transparency and Information Disclosure Features
AUD = Audit Features
CSR = Corporate Responsibility and Compliance Features
BMS = Board and Management Structure and Process Features

RSK = Bank's Risk Governance Features

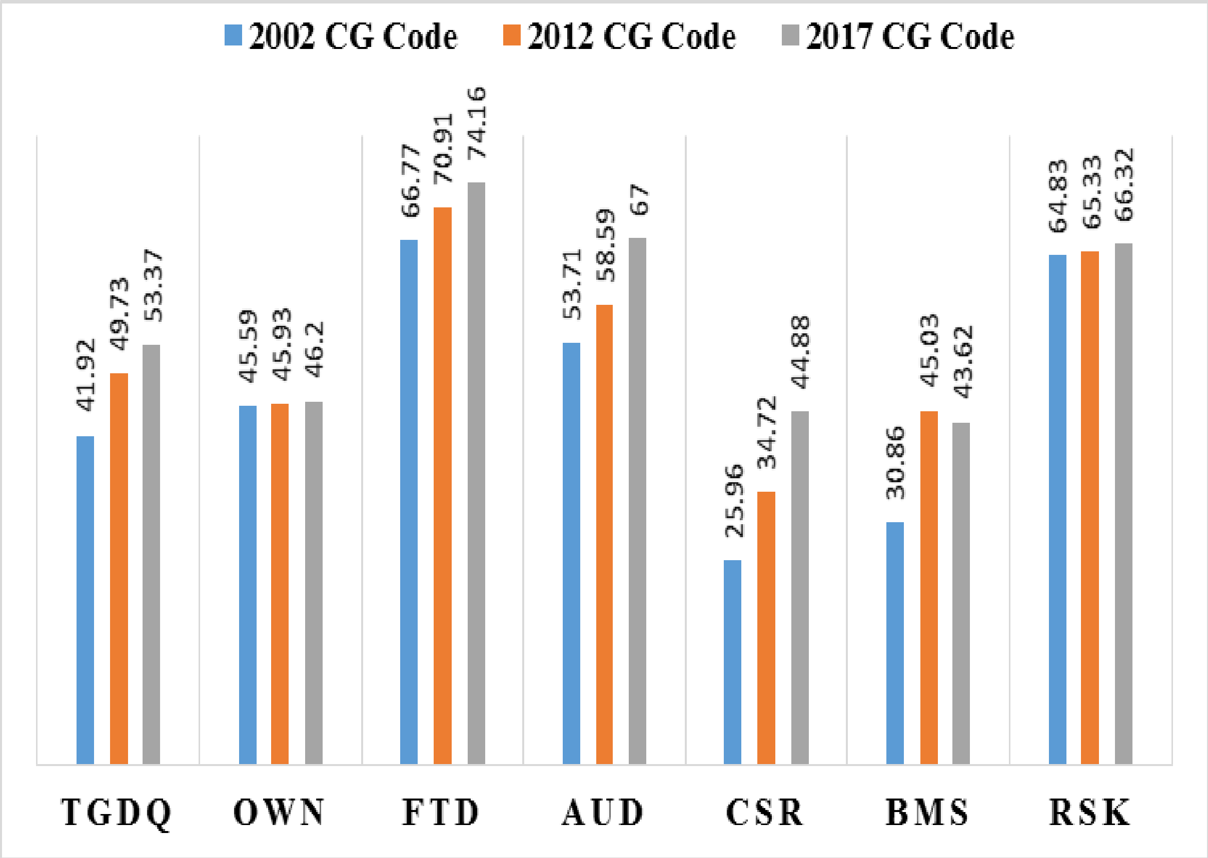

Figure 2: - Comparison of six categories of TGQI among the SECP CG Code 2002, 2012 and 2017

As shown in Table 3 that we started with Total Governance Disclosure Quality (TGDQ). The TGDQ in this research refers to the combination of voluntary and mandatory governance disclosure quality. The separate descriptive statistics of Mandatory (MGDQ) and Voluntary Governance Disclosure Quality (VGDQ) are presented in Tables 6 and 7, respectively. The results show that TGDQ enhanced after each revision of the SECP CG Code. The mean value of the TGDQ was 41.92% in the 2002 SECP CG Code era, which increased to 49.73% after the 2012 revision and further improved to 53.37% in the 2017 revision of the SECP CG Code. The overall mean value of the TGDQ was 46.92% in all these years, starting from 2009 ~ 2018. The minimum TGDQ score was 31.10% which was achieved during the 2002 SECP CG Code, while the maximum score of 75.61% was obtained after implementing the

2017 revision of the SECP CG Code. Referring back to Table 3 and Figure 2 about the subject categories of the Governance Disclosure Quality Index (GQI). If we look at the different categories of the GQI, the disclosure related to "ownership structure and exercise of control rights" (OWN) has slightly increased among the periods. The mean value of OWN disclosure was 45.59% during the 2002 SECP CG Code, 45.93% after the 2012 revision, and 46.20% in the 2017 SECP CG Code era. The overall OWN disclosure in all periods was 45.82%.

The results for "financial transparency and information disclosure" (FTD) range from 45.45% to 100%, with the average value being 69.61% for the overall time period from 2009 ~ 2018. The numbers also indicate an upward trend in the FTD disclosure after the revisions of the SECP CG Code. The figures reveal that the mean value of the FTD disclosure after the 2017 revision of the SECP CG Code was 74.16% compared to 70.91% in the era of 2012 revision and 66.77% during the 2002 SECP CG Code. The FTD disclosure means value for the overall time period was 69.61%. It illustrates a clear advancement in the level of FTD disclosure made by the Pakistani listed banks in their annual reports after the revisions of the SECP CG Code.

The audit-related disclosure (AUD) has a mean value of 57.69% for the overall time period from 2009 ~ 2018. The statistics also reveal that the average AUD disclosure raised to 67% in the era of 2017 revision of the SECP CG Code from 58.59% and 53.71% during 2012 and 2002 SECP CG Code, respectively. It shows a sufficient tweak in the AUD disclosure of the Pakistani listed banks after the revisions of the SECP CG Code 2012 and 2017. A possible logical reason for improving the AUD disclosure as per the Signalling and Stakeholders theory perspectives is that a lot of focus has been given to audit-related disclosure in recent years. The stakeholders want more information about the audit-related activities of the firms. As recently, many scandals have come out relating to misleading audited related details. So, in order to satisfy the stakeholders, need, firms want to disclose more information about audit-related activities in the contemporary era.

Stats in Table 3 show that the "corporate responsibility and compliance disclosure" (CSR) of the Pakistani listed banks has adequately boosted within the time-period of this research, ranging from 11.11% to 86.11%, and par score was 32.42%. The CSR disclosure augmented from 25.96% to 34.72% in the post-2012 revision and its further trend upward to 44.88% in the period of 2017 revision of the SECP CG Code. It shows the tendency of progress in the CSR disclosure made by the Pakistan listed banking sector in their annual report after the 2012 and 2017 revisions of the SECP CG Code. A possible logical reason for improved CSR disclosure as per the Signalling and Stakeholders theory perspectives is that in recent years firms have changed their approach in terms of disclosure from shareholder-oriented to stakeholder-oriented. Therefore, firms disclosed additional CSR information to satisfy the need of wider stakeholders. Because in modern society, corporations are not only economic entities but also social entities as well.

The mean value of the "board and management structure and process disclosure" (BMS) for the overall time period from 2009 ~ 2018 was 38.84%. The average BMS disclosure value for the time-period of the 2002 SECP CG Code was 30.03%, while the BMS disclosure considerably amplified to 45.03% after the 2012 revision of the SECP CG Code. But the overall BMS disclosure slightly dropped to 43.62% after the revision of the SECP CG Code 2017. One possible logical explanation for this decline is that some of the voluntary items under the BMS categories became mandatory requirements after the 2017 revision, and the Security and Exchange Commission of Pakistan (SECP) gave relaxation of three years transitional period to fully comply with these requirements. As only the first-year data (2018) is available after the 2017 revision, it is possible that some of the banks are still in the process to comply with the SECP CG Code 2017.

The mean value for the “Bank’s Risk Governance disclosure” (RSK) was 65.26% in the overall time period (2009 ~ 2018). As per Table 7.1, the average value of the RSK disclosure slightly improved from 64.83% to 65.33% after the first revision of the SECP CG Code, while it’s also marginally raised to 66.32% in the era of post-2017 revision of the SECP CG Code. These results unfold that there is a definite improvement in the different subject categories of the Total Governance Disclosure Quality Index of the Pakistani listed banks after the 2012 and 2017 revisions of the SECP Corporate Governance Code. Apart from the board and management structure and process disclosure (BMS), which has been slightly collapsed after the latest revision of the SECP CG Code 2017. Disclosure related to all other categories of the GQI is a significant improvement after each revision of the SECP CG Code. Based on the results presented above, hypotheses 1a and 1b are accepted, and it can be concluded that TGDQ of Pakistani listed banks made in their annual reports improved after 2012 and 2017 revisions of the SECP CG Code. In order to support the descriptive results, the One-way repeated-measures ANOVA was conducted in the below section. The statistical results also provide the backing of descriptive findings.

One-way repeated-measures ANOVA

In order to find out that whether the governance disclosure quality of the Pakistani listed banks in their annual reports statistically improved after the two revisions of the SECP CG Code, this doctoral research performs One-way repeated-measures ANOVA. As per Pallant (2016), One-way repeated-measures ANOVA is used to determine whether three or more group means are different where the participants are the same in each group.

In Table 7.2, all the multivariate tests produce the same results, but the Wilks’ Lambda is the most commonly used statistic (Pallant, 2016). The value of Wilks’ Lambda is .367, $F(2, 17) = 14.66$, $p<.005$, multivariate partial eta squared = .633. These results suggest that there is a statistically significant effect of both revisions of the SECP CG Code on Total Governance Disclosure Quality. Although we established that there is an overall statistical difference in the mean value of TGDQ between three time periods of the SECP CG Code, we did not know which period statistically differs from one another. This information is provided in Table 7.5, which compares each pair of the time-period and shows whether the difference between them is significant. According to the results in Table 7.5, the mean value of the TGDQ in the 2002 SECP CG Code period was statistically significantly different from the 2012 SECP CG Code (MD = -8.002, p<.000) and 2017 SECP CG Code (MD = -11.38, p<.000). Equally, the mean value of the TGDQ in the 2012 SECP CG Code period is also statistically significantly different from the 2017 SECP CG Code (MD = -3.380, p<.000).

While there was a statistically significant difference in the mean value of the TGDQ between three time-period of the SECP CG code, but we did not know the actual effect size. The partial Eta Squared value in Table 7. indicates the effect size. The value is .633, and as per the Cohen (1988) guidelines, this result suggests a very large effect size. As per Cohen's guidance's, .01 = small effect size, .06 = moderate effect size, .14 = large effect size.

Multivariate Tests						
	Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Pillai's trace	.633	14.664	2.000	17.000	.000	.633
Wilks' lambda	.367	14.664	2.000	17.000	.000	.633
Hotelling's trace	1.725	14.664	2.000	17.000	.000	.633
Roy's largest root	1.725	14.664[a]	2.000	17.000	.000	.633

Table 4: - Multivariate Tests

Dependent variable: Total Governance Disclosure Quality

(I) SECPCODE	(J) SECPCODE	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval for Difference	
					Lower Bound	Upper Bound
2002 SECP CG Code	2012 SECP CG Code	-8.002*	1.54	.000	-12.1	-3.94
	2017 SECP CG Code	-11.38*	2.06	.000	-16.8	-5.94
2012 SECP CG Code	2002 SECP CG Code	8.002*	1.54	.000	3.94	12.1
	2017 SECP CG Code	-3.380*	1.03	.012	-6.10	-.662
2017 SECP CG Code	2002 SECP CG Code	11.38*	2.06	.000	5.94	16.8
	2012 SECP CG Code	3.380*	1.03	.012	.662	6.10

Table 5: - One-way repeated measures ANOVA (The SECP CG Code 2002, 2012 and 2017)

Descriptive Statistics – MGDQ and its categories

In order to get a more in-depth understanding of the governance disclosure quality made by the Pakistani listed banks in their annual reports, this research divided the Governance Disclosure Quality Index (GQI) into two categories, which are: Mandatory Governance Disclosure Quality (MGDQ) and Voluntary Governance Disclosure Quality (VGDQ). In period one from 2009 - 2011 – as per the 2002 SECP CG Code requirements – there were 41 mandatory items out of 82 total items in the GQI. In comparison, this composition of mandatory items changed to 46 and 47 after the revisions of the SECP CG Code 2012 and 2017, respectively. The data in Table 6 and Figure 3 shows that the MGDQ of the Pakistani listed banks sufficiently amplified after the first revision of the SECP CG Code 2012. The mean value of the MGDQ increased from 66.80% in the period of the 2002 SECP CG Code to 73.35% after the 2012 revision of the SECP CG Code period. But the average value of the MGDQ slightly shrunk to 72.40 % after the second revision of the SECP CG Code 2017.

These results show that some of the Pakistani listed banks are still in the transitional period of three years to fully implement requirements of the revised SECP CG Code 2017. The maximum score of the MGDQ was 89.36% which was achieved during the period of the SECP CG Code 2017 and Std. Deviation from the mean during that period was 9.10, higher than in 2002 (8.26) and 2012 SECP CG Code period (7.69), respectively. It shows that some banks are quicker than others in compliance with the requirements of the revision of the SECP CG Code 2017. The overall mean value of the MGDQ was 70.45% for all three periods from 2009 ~ 2018.

Stating to Table 6 below about the categories of the MGDQ Index. The overall mean value of the Mandatory OWM disclosure was 51.55% in the total time period of this research – 2009 ~ 2018. The OWN disclosure has marginally improved after each revision of the SECP CG Code. The mean value of Mandatory OWN disclosure was 51.29% during 2009 – 2011 – the time-period of 2002 SECP CG Code, which increased to 51.67% and 51.97% after 2012 and 2017 revisions of the SECP CG Code, respectively.

The figures in Table 6 indicate that the average level of Mandatory FTD disclosure of the Pakistani listed banks in all periods was 85.51%. It progressed from 83.50% to 87.14% after the first revision of the SECP CG Code 2012, but after the second revision, the average Mandatory FTD disclosure slightly slumped to 86.47%. Although the mean value of the Mandatory FTD disclosure fractionally decreased after the 2017 revision, none of the bank's disclosure went below 71.43% in any time-periods. Conversely, some banks disclosed 100% items in Mandatory FTD categories during 2008 ~ 2019.

The results show that the Mandatory AUD disclosure of the Pakistani listed banks significantly grew after each revision of the SECP CG Code. In the era of the pre-2012 revision of the SECP CG Code, the mean value of the Mandatory AUD disclosure was 76.63%, which was enhanced to 80.93% in the post-2012 revision. A further improvement has been noticed in the Mandatory AUD disclosure in the post-2017 revision of the SECP CG Code, and the mean value reached 84.80%. The average value of the Mandatory AUD disclosure was 79.64% across all three time periods, with a range from 55.56% to 100%.

On average, the Mandatory CSR disclosure of the Pakistani listed banks in their annual reports was 78.47% from 2009 ~ 2018. The figures indicate that from period one – 2002 SECP CG Code – to period two – 2012 SECP CG Code – the mean value of the Mandatory CSR disclosure went down from 84.48% to 72.08%. Although it revamped in the third period – 2017 SECP CG Code – to 80.26%, it was still lower compared to period one. The minimum value of the CSR disclosure was 50%, and the maximum was 100%. The main reason for this decline in Mandatory CSR disclosure in the later periods is that more CSR related items moved from voluntary to mandatory requirements in the 2012 and 2017 revisions of the SECP CG Code. And the banks required more time to fully comply with these strengthened requirements related to Mandatory CSR disclosure.

During the period of the 2002 SECP CG Code (2009 – 2011), the mean value of the Mandatory BMS disclosure was 50.22%, which adequately increased to 70.99% after the first revision of the SECP CG Code 2012. But in the post-second revision era of the SECP CG Code, the mean value of Mandatory BMS disclosure deteriorated to 64.55 %. However, the Mandatory BMS disclosure slumped after the second revision of the SECP CG Code 2017, but still, the highest value of 94.12% was recorded during this period. The overall mean value of the Mandatory BMS disclosure was 61.30% during this study time-period – 2009 ~ 2018.

Concerning the Mandatory RSK disclosure, marginal progress has occurred after each revision of the SECP CG Code. The mean value of the Mandatory RSK disclosure was 99.14% in period one, which fractional increased to 99.17% in the second time period (2014 – 2016). The noticeable point is that after the second revision of the SECP CG Code, all the Pakistani Listed banks complied 100% with the Mandatory “Risk” related requirements of the SECP CG Code. A high disclosure in the Mandatory RSK category was expected as the risky nature of the banking sector is required to disclose maximum information relating to risk management to satisfy various stakeholders and send a positive signal to the market. On average, the Mandatory RSK disclosure of the Pakistani listed banks in their annual reports was 99.27% throughout the sample period (2009 ~ 2018), from ranging 50% to 100%.

As per the results, there is a definite improvement in all categories of MGQI after the first revision of the SECP CG Code.2012. But after the second revision of the SECP CG Code 2017, the disclosure related to some of its categories of MGQI fractionally dropped. These results show that some of the Pakistani listed banks are still in the transitional period of three years to fully implement requirements of the revised SECP CG Code 2017. Based on the results presented, hypothesis 2a is accepted, but hypothesis 2b is rejected.

	SECP CG Code	MGDQ	OWN	FTD	AUD	CSR	BMS	RSK
Mean	2002	66.80	51.29	83.50	76.63	84.48	50.22	99.14
	2012	73.35	51.67	87.14	80.93	72.08	70.99	99.17
	2017	72.40	51.97	86.47	84.80	80.26	64.55	100.00
	Overall time-period (2009 ~ 2018)	70.45	51.55	85.51	79.64	78.47	61.30	99.27
Median	2002	64.63	50.00	85.71	77.78	100.00	47.92	100.00
	2012	70.65	50.00	85.71	77.78	75.00	70.31	100.00
	2017	71.28	50.00	85.71	88.89	75.00	61.76	100.00
	Overall time-period (2009 ~ 2018)	68.48	50.00	85.71	77.78	75.00	61.76	100.00
Std. Deviation	2002	8.26	5.07	6.98	15.25	16.77	14.84	6.57
	2012	7.69	4.29	6.81	13.11	16.65	11.79	6.45
	2017	9.10	4.68	5.78	12.40	15.77	14.62	0.00
	Overall time-period (2009 ~ 2018)	8.67	4.66	6.93	14.17	17.46	16.62	6.02
Minimum	2002	53.66	37.50	71.43	55.56	66.67	33.33	50.00
	2012	61.96	50.00	71.43	55.56	50.00	53.13	50.00
	2017	59.57	50.00	71.43	66.67	50.00	41.18	100.00
	Overall time-period (2009 ~ 2018)	53.66	37.50	71.43	55.56	50.00	33.33	50.00
Maximum	2002	85.37	62.50	100.00	100.00	100.00	83.33	100.00
	2012	89.13	62.50	100.00	100.00	100.00	93.75	100.00
	2017	89.36	62.50	100.00	100.00	100.00	94.12	100.00
	Overall time-period (2009 ~ 2018)	89.36	62.50	100.00	100.00	100.00	94.12	100.00

Table 6: - Descriptive statistics of MGDQ and its categories

SECP CG Code = Security and Exchange Commission Pakistan Corporate Governance Code
MGDQ = Mandatory Governance Disclosure Quality
OWN = Ownership Structure and Exercise of Control Rights Features
FTD = Financial Transparency and Information Disclosure Features
AUD = Audit Features
CSR = Corporate Responsibility and Compliance Features
BMS = Board and Management Structure and Process Features
RSK = Bank’s Risk Governance Features

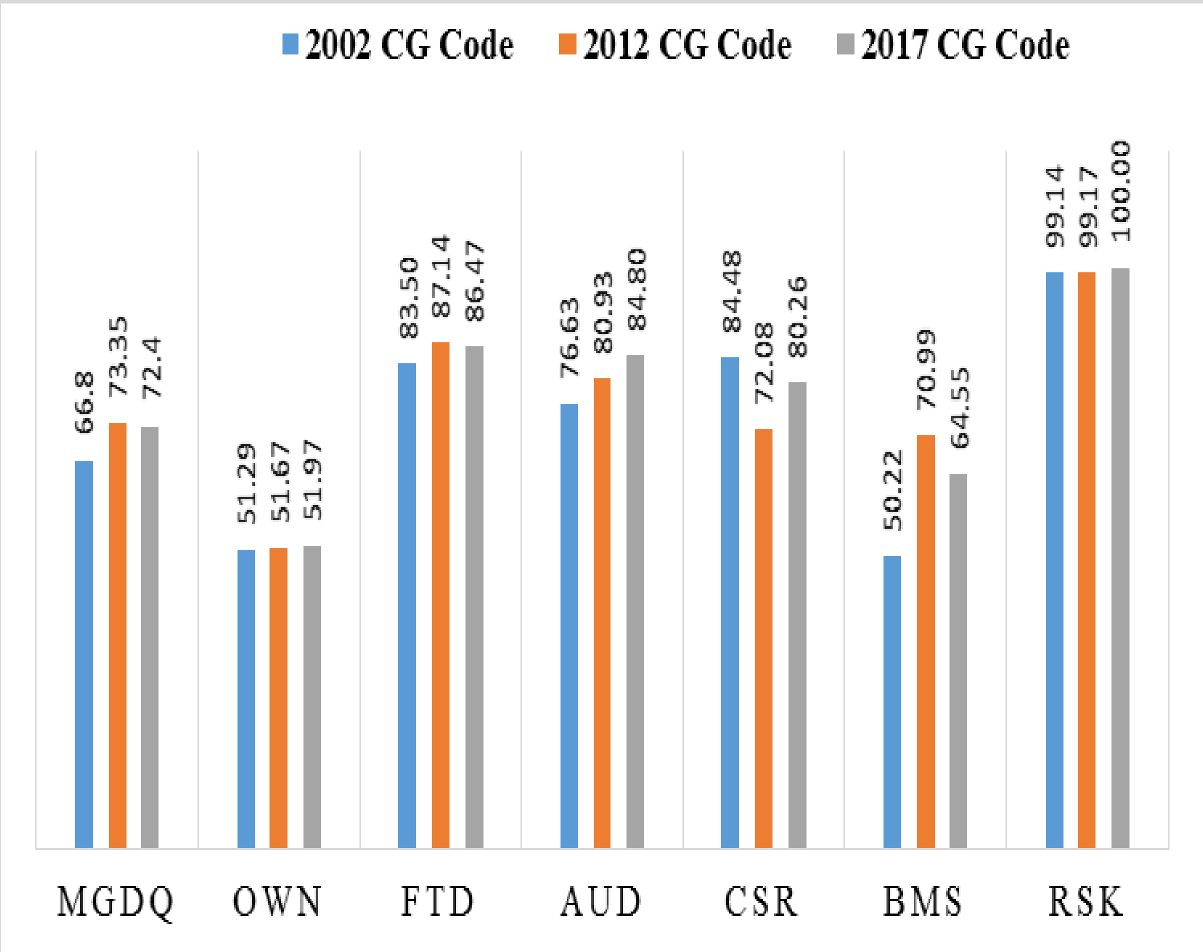

Figure 4: - Comparison of six categories of MGQI among the SECP CG Code 2002, 2012 and 2017

Descriptive Statistics – VGDQ and its categories

The GQI had 41 voluntary items out of 82 total items in the 2002 SECP CG Code period, which reduced to 36 and 35 voluntary items after the revisions of the SECP CG Code 2012 and 2017, respectively as the SECP changed some of the voluntary items to the mandatory requirement in these revisions. The results in Table 7 below indicates that the level of Voluntary Governance Disclosure Quality of the Pakistani banks in their annual reports has improved after each revision of the SECP CG Code. As the mean value of the VGDQ was 17.03% from 2009 to 2011, which enhanced to 19.54% after the 2012 revision. It had further boosted to 27.82% in 2008 - the era of the 2017 revision. The overall VGDQ was 19.62% from 2009 ~ 2018, ranging from 6.10% to 60%. The minimum value of 6.10% was recorded in the 2002 SECP CG Code, while the maximum value of 60% was reported in the 2017 SECP CG Code period.

Mentioning to Table 7 and Figure 4 below the results of Voluntary OWN disclosure was very weird, as none of the banks disclosed in this category throughout the time-period of this research – 2009 ~ 2018. If we look into the details of this non-disclosure practice, there is only one item under this category: “Anti-Takeover measures”. Regarding the disclosure of anti-takeover measures, procedures in current Pakistani law stated that public disclosure is only made on the occasion of an acquisition attempt. Conversely, UNCTAD's CG Guidelines recommends that firms disclose anti-takeover measures regardless of whether or not the firm faces a takeover attempt.

The stats of Voluntary FTD disclosure demonstrate the growing trend after each revision of the SECP CG Code. The statistics reveal that the mean value of the Voluntary FTD disclosure in post-2017 revision was 52.63% compared to 42.50% in the 2012 SECP CG Code era and 37.50% during the 2002 SECP CG Code time-period. The average Voluntary FTD disclosure during 2009 ~ 2018 was 41.79% ranges from 0 to 100%. A possible logical reason for this progress is that under the category of Voluntary FTD, there are 3 out of 4 voluntary items which require graphical analyses of the financial information. So, enhancement in the Voluntary FTD disclosure after each revision shows that the Pakistani listed banks disclosed quality financial information in order to satisfy the need of different stakeholders and send a positive signal to the financial market. There were nine banks in the 2002 SECP CG Code and 8 in the 2012 SECP CG Code period, which has not disclosed any Voluntary FTD item in their one or more annual reports. On the other hand, three different banks in each time period made 100% Voluntary FTD disclosure at least in 1 annual report.

The level of the Voluntary AUD disclosure shows a visible improvement after the revisions of the SECP CG Code. In period one, the mean value of the Voluntary AUD disclosure was

2.16%, but after the 2012 revision, it enlarged to 8.33% and further enhanced to 26.97% after the 2017 revision of the SECP CG Code. In comparison, the overall Voluntary AUD disclosure was 8.30% during 2009 ~ 2018. The minimum value was 0, and the maximum was 75%. There is four explanatory nature of voluntary items in the AUD category. A higher Voluntary AUD disclosure after each revision of the SECP CG Code indicates that the Pakistani listed banks want to improve the relationship of Stakeholders trust and show that they are accountable to their stakeholders. There were 15, 9 and 6 banks respectively in the 2002, 2012 and 2017 SECP CG Code that has not disclosed any AUD items in their one or more annual reports.

The Voluntary CSR disclosure has a mean value of 21.39% for the overall time period from 2009 ~ 2018, ranging from 0 to 82.14%. The figures in Table 7.5 illustrate that Voluntary CSR disclosure increased to 24.05% in period two – 2012 SECP CG Code – from 14.25% in the era of the 2002 Code and also showed an adequate growth to 34.77% after the 2017 revision of the SECP CG Code. In the period of the 2002 SECP CG Code, there were eight banks, and after the 2012 revision, there was one bank that has not been disclosed any Voluntary CSR item in their one or more annual reports. This improvement in voluntary CSR disclosure after each revision of the SECP CG Code shows that Pakistani listed banks want to disclose additional information related to their CSR activities in order to send a positive signal to various stakeholders.

The Voluntary BMS disclosure dramatically plummets from 14.25% in period one to 3.50% in period two. Although it has slightly improved to 4.09% in period three compared to period two, it is still very low as related to period one – 2002 SECP CG Code. The average voluntary BMS disclosure was 8.15% during the time period of this research – 2009 ~ 2018 ranges from 0 to 60.71%. The reason for this radical decline of the Voluntary BMS disclosure is that some of the voluntary items under the BMS category moved to the mandatory Index after the revisions of the SECP CG Code 2012 and 2017. Thus, the level of voluntary BMS disclosure plummeted. In the 2012 and 2017 SECP CG Code era, there were 15 and 13 banks that have not disclosed any voluntary BMS item in at least one annual report.

The Voluntary RSK disclosure has fractionally improved after each revision of the SECP CG Code. The mean value of the Voluntary RSK disclosure was 41.95% in the 2002 SECP CG Code compared to 42.78% after the first revision and 43.86% after the second revision. The overall average from 2009 ~ 2018 was 42.58%, with a minimum value of 33.33% and a maximum of 66.67%. As per the results, there is a noticeable enhancement in all categories of VGQI after each revision of the SECP CG Code, except in the voluntary BMS disclosure, which declined after the 2012 and 2017 revisions. The possible logical explanation of this decline is explained earlier in this Chapter. Based on the results presented, hypotheses 3a and 3b is accepted.

		VGDQ	OWN	FTD	AUD	CSR	BMS	RSK
Mean	2002	17.03	0.00	37.50	2.16	14.25	14.29	41.95
	2012	19.54	0.00	42.50	8.33	24.05	3.50	42.78
	2017	27.82	0.00	52.63	26.97	34.77	4.09	43.86
	Overall time-period (2009 ~ 2018)	19.62	0.00	41.79	8.30	21.39	8.15	42.58
Median	2002	13.41	0.00	25.00	0.00	13.33	10.71	33.33
	2012	15.97	0.00	25.00	0.00	16.07	0.00	33.33
	2017	21.43	0.00	50.00	25.00	25.00	0.00	33.33
	Overall time-period (2009 ~ 2018)	15.71	0.00	25.00	0.00	14.29	10.71	33.33
Std. Deviation	2002	8.39	0.00	29.34	7.08	12.64	7.83	14.72
	2012	12.36	0.00	30.29	15.03	18.37	7.32	15.15
	2017	15.11	0.00	29.92	24.39	21.16	7.37	15.92
	Overall time-period (2009 ~ 2018)	11.76	0.00	30.03	16.20	17.96	9.17	14.98
Minimum	2002	6.10	0.00	0.00	0.00	0.00	10.71	33.33
	2012	5.56	0.00	0.00	0.00	0.00	0.00	33.33
	2017	12.86	0.00	25.00	0.00	10.71	0.00	33.33
	Overall time-period (2009 ~ 2018)	5.56	0.00	0.00	0.00	0.00	0.00	33.33
Maximum	2002	36.59	0.00	100.00	25.00	53.33	60.71	66.67
	2012	54.17	0.00	100.00	50.00	82.14	20.00	66.67
	2017	60.00	0.00	100.00	75.00	82.14	22.22	66.67
	Overall time-period (2009 ~ 2018)	60.00	0.00	100.00	75.00	82.14	60.71	66.67

Table Error! No text of specified style in document.:- Descriptive statistics of VGDQ and its categories

SECP CG Code = Security and Exchange Commission Pakistan Corporate Governance Code
VGDQ = Voluntary Governance Disclosure Quality
OWN = Ownership Structure and Exercise of Control Rights Features
FTD = Financial Transparency and Information Disclosure Features
AUD = Audit Features
CSR = Corporate Responsibility and Compliance Features
BMS = Board and Management Structure and Process Features
RSK = Bank's Risk Governance Features

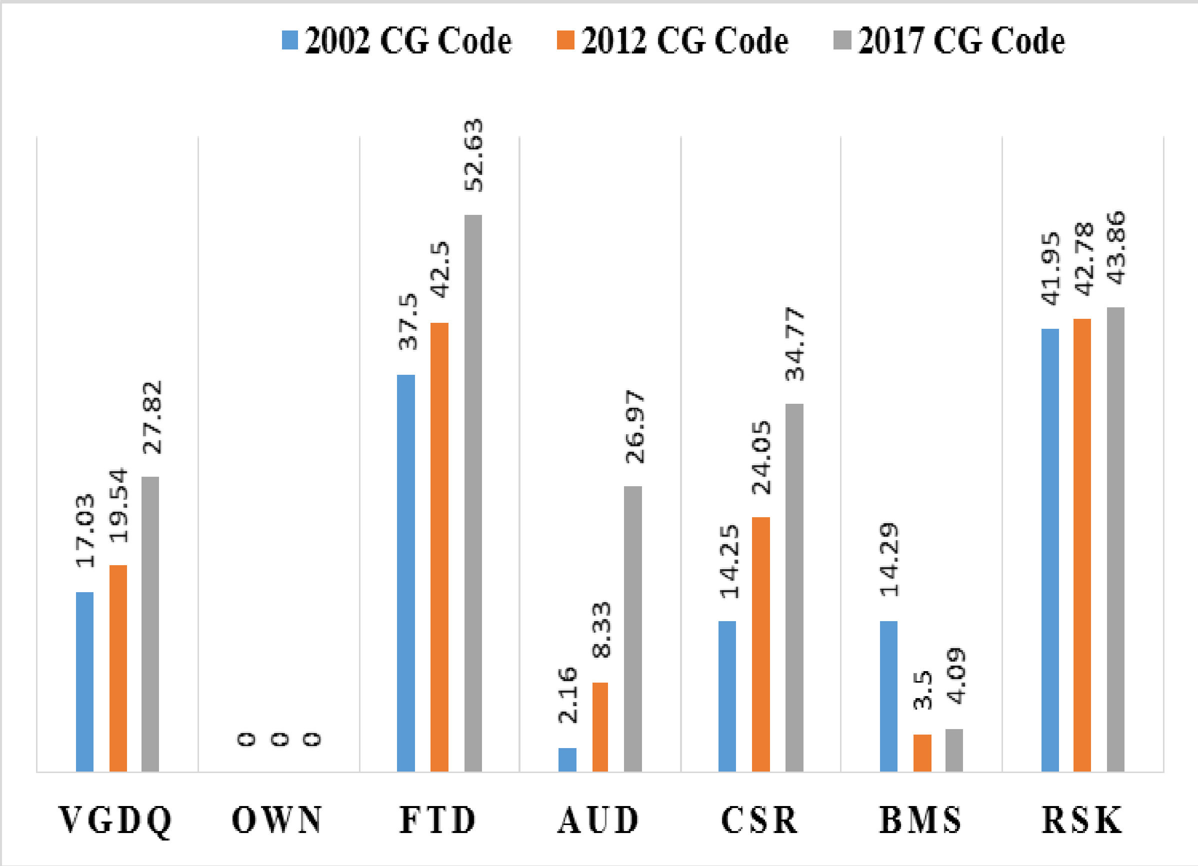

Figure 4: - Comparison of all categories of VGQI among the SECP CG Code 2002, 2012 and 2017.

Frequency and relevant frequency of the TGDQ and its six categories

Table 8 below describes the Total Governance Disclosure Quality frequencies and its categories of the Pakistani listed banks. Table 8 shows that this doctoral research used unbalanced data among three different time periods due to the unavailability of the data for various reasons. As per Table 8, the total observations for the 2002 SECP CG Code (2009 – 2011) were 58, while in the 2012 SECP CG Code (2014 – 2016), the number of observations was 60. In the 2017 SECP CG Code (2018) era, the 19 annual reports in total were used for data collection. So, in order to get an accurate understanding, this research also calculated relevant frequencies of the TGDQ and its categories and presented them in Table 9.

According to Tables 8 and 9, in the 2002 SECP CG Code period, 57 annual reports of the Pakistani listed banks representing 96.9% of the total population disclosed between 30% and 60% of the TGDQ and only 1% published between 60% and 70%. But none of the banks has revealed more than 70% of the TGDQ in their annual reports during the 2002 SECP CG Code period. After the first revision of the SECP CG Code, the frequency of the TGDQ of the Pakistani listed banks improved, as only 3 (5%) of annual reports made less than 40% of the total disclosure. The big chunk of the disclosure was between 40% and 70%, as 55 (91.6%) out of 60 annual reports have disclosed TGDQ between 40% and 70% during the 2012 SECP CG Code era. In this period, two annual reports, which is 3.3% of the total population, have disclosed between 70-80%, but still, none of the banks has released more than 80% of the TGDQ in their annual reports. Referring to Tables 8 and 9 again, the frequency of the TGDQ was further enhanced after the second revision of the SECP CG Code 2017, as all the banks have published at least 40% of the TGDQ in their annual reports. Correspondingly, 15.8% of the total population has unveiled more than 70% of the TGDQ, which is much higher than the first revision (3.3%). In the overall time-period between 2009 ~ 2018, the 120 (87.6%) annual reports have reported between 30% to 60% of the TGDQ, while 27% of annual reports released between 30 – 40% and only 3.6% were disclosed in the range of 70% to 80%.

Regarding the sub-categories of the GQI, the statistics show that the disclosure related to ownership structure and exercise of control rights (OWN) made by Pakistani listed banks in their annual reports is very concentrated as most of the annual reports in all three periods published OWN related information in between 40% to 60%. As per Tables 8 and 9, the frequency of the OWN disclosure slightly raised after the revisions of the SECP CG Code 2012 and 2017. As, in the era of 2002 SECP CG Code, there were 3.5% annual reports of the total population which made less than 40% of the entire OWN disclosure but after the first and second revision of the SECP CG Code, even not a single bank has reported less the 40% of the OWN disclosure in their annual reports. On the upper side, in the post-2017 revision era, 15.8% of the total population have published OWN disclosure between 50% and 60%, as compared to 2002 and 2012, this ratio was 13.3% in each period. The overall frequency of the OWN disclosure was very low as none of the banks has made more than 60% of the disclosure in their annual reports throughout the research period (2009 ~ 2018).

As per Tables 8 and 9, the frequency of financial transparency and information disclosure was widely spread from 40% to 100%. It is the only category of the TGDQ where the Pakistani listed banks achieved 100% disclosure in their annual reports. In the 2002 SECP CG Code, only 1 (1.7%) annual report was released less than 50% of the FTD disclosure, whereas 96.5 % of the annual reports have disclosed 50% to 99% of the total FTD disclosure. One annual report (1.7%) has made 100% FTD disclosure during 2009 – 2011. After the 2012 revision of the SECP CG Code, the frequency of the FTD related information in the annual reports of the Pakistani listed banks visibly improved, as 3 (5%) of the total annual reports published all the items under the FTD category. The frequency of the FTD disclosure was further enhanced after the second revision of the SECP CG Code, as 10.5% of the all-annual reports unveiled 100% of the FTD items.

The overall frequency of the Audit related information of the Pakistani listed bank in their annual reports was between 30% to 99% in the period from 2009 ~ 2018. None of the banks has made AUD disclosure in their annual reports less than 30% and more than 99% of the total disclosure. If we compare the era of 2002, 2012 and 2017 SECP CG Code. Tables 8 and 9 show that 20.7% of the total annual reports released AUD related information between 30% – 40%. At the same time, only 1.7% of the total annual reports disclosed this range after the first revision of the SECP CG Code, and in the post-second revision, none of the banks has published AUD information less than 40% in their annual reports. Conversely, in the higher category, there were 3.4% of the total annual reports, which disclosed 90% to 99% during the period of the SECP CG Code 2002, but none of the banks has published in this category during the era of 2012 SECP CG Code.

The frequency of the AUD disclosure improved after the 2017 revision of the SECP CG Code, and 10.5% of the total annual reports released AUD disclosure from the range of 90% to 99%.

The frequency of the CSR disclosure of the Pakistani listed banks in their annual reports was the lowest among all other categories of the GQI. It is the only category of the GQI in which the disclosure level went below 20% of the total CSR disclosure. In the 2002 SECP CG Code era, 20 (34.5%) annual reports released only 10% to 20% items relating to CSR. In contrast, only one annual report in this period reported CSR items in between 60% to 70%, but none of the banks disclosed more than 70% of the CSR disclosure in their annual reports. The frequency of the CSR disclosure adequately improved after the first revision of the SECP CG Code as only 8 (13.3%) annual reports published CSR items less than 20%. There were 2 (3.3%) annual reports on the upper side, which made CSR disclosure in the range of 80% to 90%. The frequency of the CSR disclosure further enhanced after the second revision of the SECP CG Code as none of the banks disclosed CSR information in their annual reports less than 20%, and there were 5.3% of the total population reported CSR items in the range of 80% to 90%.

In the 2002 SECP CG Code period, more than half of the total annual reports (58.6%) of the Pakistani listed banks made the board and management structure and process disclosure between 20% to 30% of the entire BMS disclosure. In contrast, none of the banks has released more than 60% of the BMS information in this period. After the first revision of the SECP CG Code (2012), the frequency of the BMS disclosure sufficiently improved. None of the banks has published the BMS information less than 30% in this period, and 91.7% of annual reports made BMS disclosure ranging from 30% to 60%. Also, there were 8.3% of the annual reports disclosed between 60% and 70%. But after the second revision, the frequency of the BMS disclosure of the Pakistani listed banks in their annual reports fell. As in this period, 26.3% of the annual reports made less than 30% BMS disclosure. Also, only 2 (5.1%) of the annual reports made BMS disclosure between 60 to 70%. This decline in the BMS disclosure of the Pakistani listed banks is due to the transitional period of the SECP CG Code 2017, which has been explained in detail in Chapter 8 of this doctoral research thesis. In the overall time period from 2009 ~ 2018, the BMS disclosure of the Pakistani listed banks in their annual reports was in the range of 20 to 70%, with the majority of the annual reports (36.8%) disclosing BMS information between 40 - 50%. As per the results in Tables 8 and 9, the frequency of the bank risk governance discloser is very highly congested. In the 2002 SECP CG Code era, only 1 (1.7%) annual report has released RSK information below 40% of the total applicable disclosure. In comparison, 72.4% and 25.9% of the total annual reports have disclosed RSK information between 50 – 60% and 80 – 90%, respectively. The RSK disclosure visibly improved after the first revision of the SECP CG Code, as 73.3% of the annual reports disclosed RSK information between 60 to 70% and 26.7% made disclosure between 80 to 90%. After the second revision, the RSK disclosure further increased as compared to the last two periods. In this period, 31.6% of the total annual reports released RSK information between 80 to 90%, which is a reasonably higher number of annual reports than the 2002 period (25.9%) and 2012 SECP CG Code period (26.7%), respectively. In summary, as per the results, the frequency of the CSR disclosure was the lowest, while the frequency of the FTD disclosure was highest among all other categories. There were around 28 (20.4%) annual reports out of 137 in total, which have released less than 20% of the total CSR related information. Conversely, there were 6 (4.4%) annual reports that have disclosed all items in the FTD category.

	SECP CG Code	<10	10-19.9	20-29.9	30-39.9	40-49.9	50-59.9	60-69.9	70-79.9	80-89.9	90-99.9	100	Total
TGDQ	2002				34	14	09	1					58
	2012				03	35	11	09	02				60
	2017					11	03	02	03				19
	Overall time-period (2009 ~ 2018)				37	60	23	12	05				137
OWN	2002				02	48	08						58
	2012					52	08						60
	2017					16	03						19
	Overall time-period (2009 ~ 2018)				02	116	19						137
FTD	2002					01	19	14	13	06	04	01	58
	2012					01	11	20	07	12	06	3	60
	2017						01	08	02	05	01	02	19
	Overall time-period (2009 ~ 2018)					02	31	42	22	23	11	06	137
AUD	2002				12	11	14	19	02				58
	2012				01	19	11	21	06	02			60
	2017					02	04	05	05	01	02		19
	Overall time-period (2009 ~ 2018)				13	32	29	45	13	03	02		137
CSR	2002		20	18	14	03	02	01					58
	2012		08	22	17	02	03	06		02			60
	2017			03	08	01	03	01	02	01			19
	Overall time-period (2009 ~ 2018)		28	43	39	06	08	08	02	03			137
BMS	2002			34	16	05	03						58
	2012				18	25	12	05					60
	2017			02	05	07	03	02					19
	Overall time-period (2009 ~ 2018)			36	39	37	18	07					137
RSK	2002					01	42			15			58
	2012							44		16			60
	2017							13		06			19
	Overall time-period (2009 ~ 2018)					01		99	37				137

Table 8: - Frequency of TGDQ and its categories

SECP CG Code = Security and Exchange Commission Pakistan Corporate Governance Code
TGDQ = Total Governance Disclosure Quality

OWN = Ownership Structure and Exercise of Control Rights Features
FTD = Financial Transparency and Information Disclosure Features
AUD = Audit Features
CSR = Corporate Responsibility and Compliance Features
BMS = Board and Management Structure and Process Features
RSK = Bank's Risk Governance Features

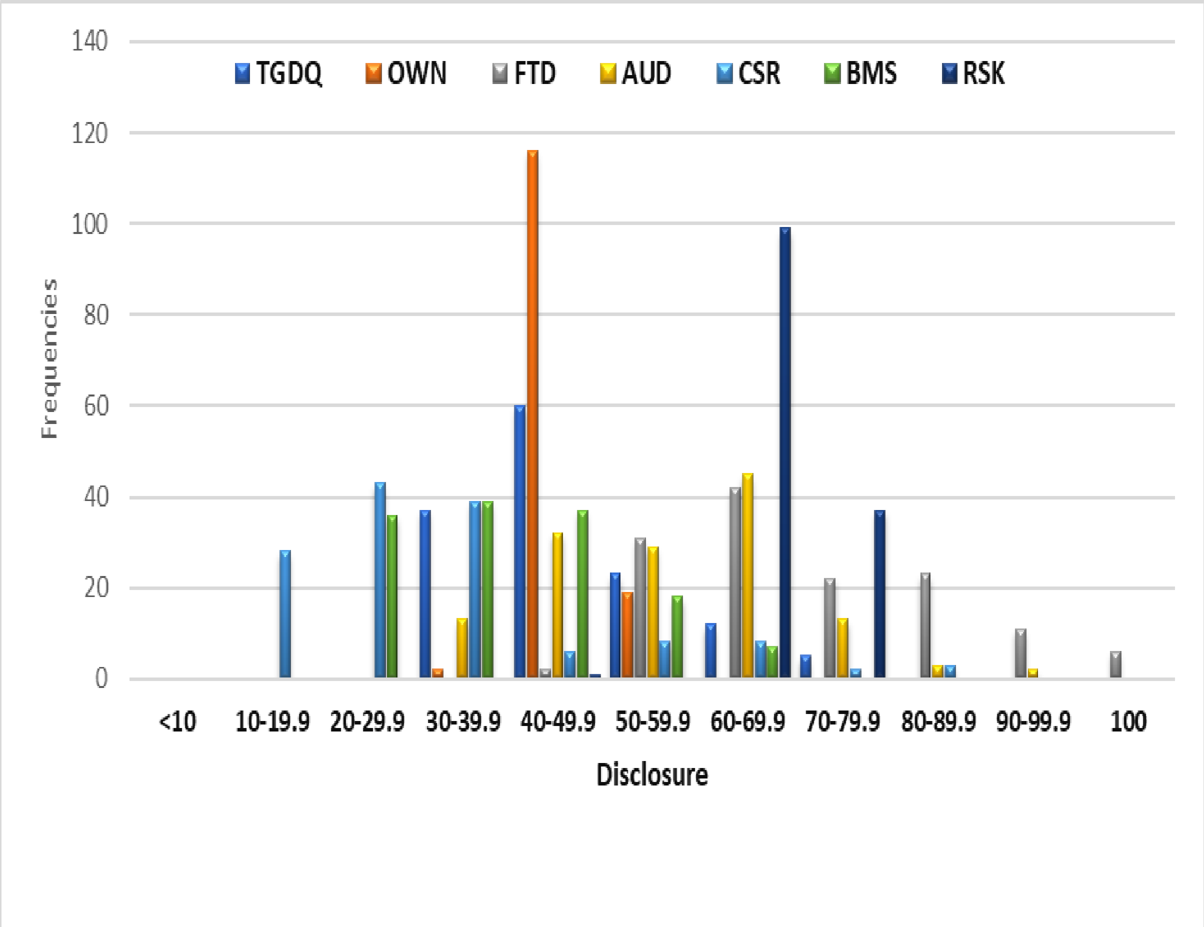

Figure 5: - Frequency of TGDQ and its categories (2009~2018)

	SECP CG Code	<10	10-19.9	20-29.9	30-39.9	40-49.9	50-59.9	60-69.9	70-79.9	80-89.9	90-99.9	100	Total
TGDQ	2002				58.6	23.3	15.0	1					58
	2012				05	58.3	18.3	15	3.3				60
	2017					57.9	15.8	10.5	15.8				19
	Overall time-period (2009 ~ 2018)				27	43.8	16.8	8.8	3.6				137
OWN	2002				3.4	80.0	13.3						58
	2012					86.7	13.3						60
	2017					84.2	15.8						19
	Overall time-period (2009 ~ 2018)				1.5	84.7	13.9						137
FTD	2002					1.7	32.8	24.1	22.4	10.3	6.9	1.7	58
	2012					1.7	18.3	33.3	11.7	20	10	5	60
	2017						5.3	42.1	10.5	26.3	5.3	10.5	19
	Overall time-period (2009 ~ 2018)					1.5	22.6	30.7	16.1	16.8	8.0	4.4	137
AUD	2002				20.7	19.0	24.1	19	24.1	32.8	3.4		58
	2012				1.7	31.7	18.3	35	10	3.3			60
	2017					10.5	21.1	26.3	26.3	5.3	10.5		19
	Overall time-period (2009 ~ 2018)				9.5	23.4	21.2	32.8	9.5	2.2	1.5		137
CSR	2002		34.5	31	24.1	5.2	3.4	1.7					58
	2012		13.3	36.7	28.3	3.3	5	10		3.3			60
	2017			15.8	42.1	5.3	15.8	5.3	10.5	5.3			19
	Overall time-period (2009 ~ 2018)		20.4	31.4	28.5	4.4	5.8	5.8	1.5	2.2			137
BMS	2002			58.6	27.6	8.6	5.2						58
	2012				30	41.7	20	8.3					60
	2017			26.3	28.5	27	13.1	5.1					19
	Overall time-period (2009 ~ 2018)			10.5	26.3	36.8	15.8	10.5					137
RSK	2002					1.7	72.4			25.9			58
	2012							73.3		26.7			60
	2017							68.4		31.6			19
	Overall time-period (2009 ~ 2018)						0.7		72.3	27			137

Table 9: - Relevant Frequencies of TGDQ and its categories

SECP CG Code = Security and Exchange Commission Pakistan Corporate Governance Code
TGDQ = Total Governance Disclosure Quality
OWN = Ownership Structure and Exercise of Control Rights Features
FTD = Financial Transparency and Information Disclosure Features
AUD = Audit Features
CSR = Corporate Responsibility and Compliance Features
BMS = Board and Management Structure and Process Features
RSK = Bank's Risk Governance Features

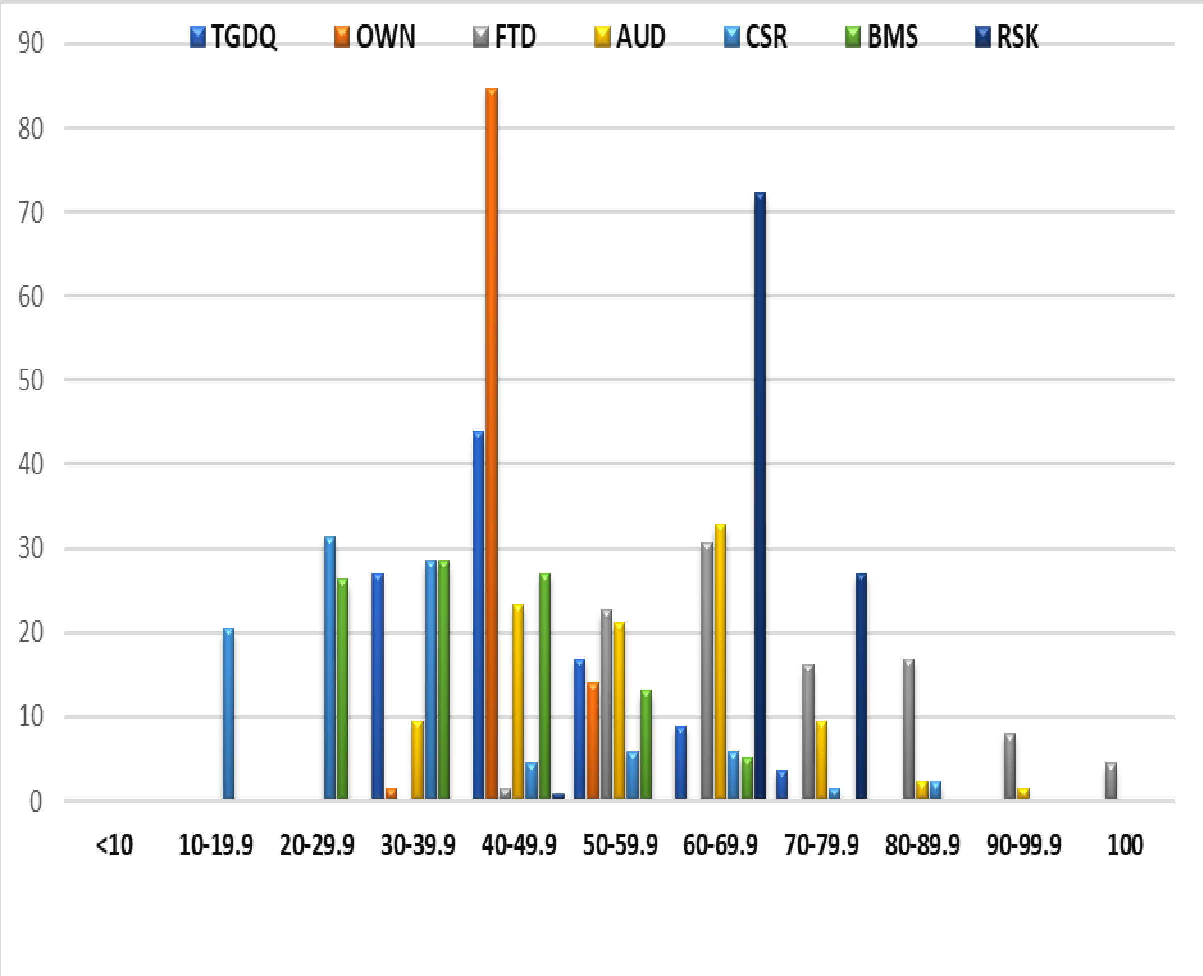

Figure 6: - Relevant frequency of TGDQ and its categories (2009~2018)

Relevant Frequency comparison of TGDQ among the period of SECP CG Code 2002, revisited SECP CG Code 2012 & 2017 and overall time-period.

This section provides a bar chart comparison of the relevance frequency of the TGDQ among the era of 2002, 2012 and 2017 SECP CG Code. As mentioned above, this research has used unbalanced data among three different time periods; therefore, the frequency comparison of the TGDQ among three time periods is irrelevant.

As per Figure 6, the relevant frequency of the TGDQ made by the Pakistani listed banks in their annual reports was enhanced after the revisions of the SECP CG Code 2012 and 2017. There were only 5% of the annual reports in the post-2012 revision era, which have released less than 40% of the total items identified in the Index, as compared to 58.6% annual reports in the era of 2002 SECP CG Code while there was no annual report after the second revision of the SECP CG Code which has reported less than 40% of the total information.

In terms of higher disclosure, after the second revision of the SECP CG Code, 15.8% of the total annual reports made the TGDQ in the range between 70 to 80%, in contrast with the 2012 SECP CG Code, there were only 3.3% of annual reports which made TGDQ in this range. While in 2002, none of the banks has made TGDQ more than 70%.

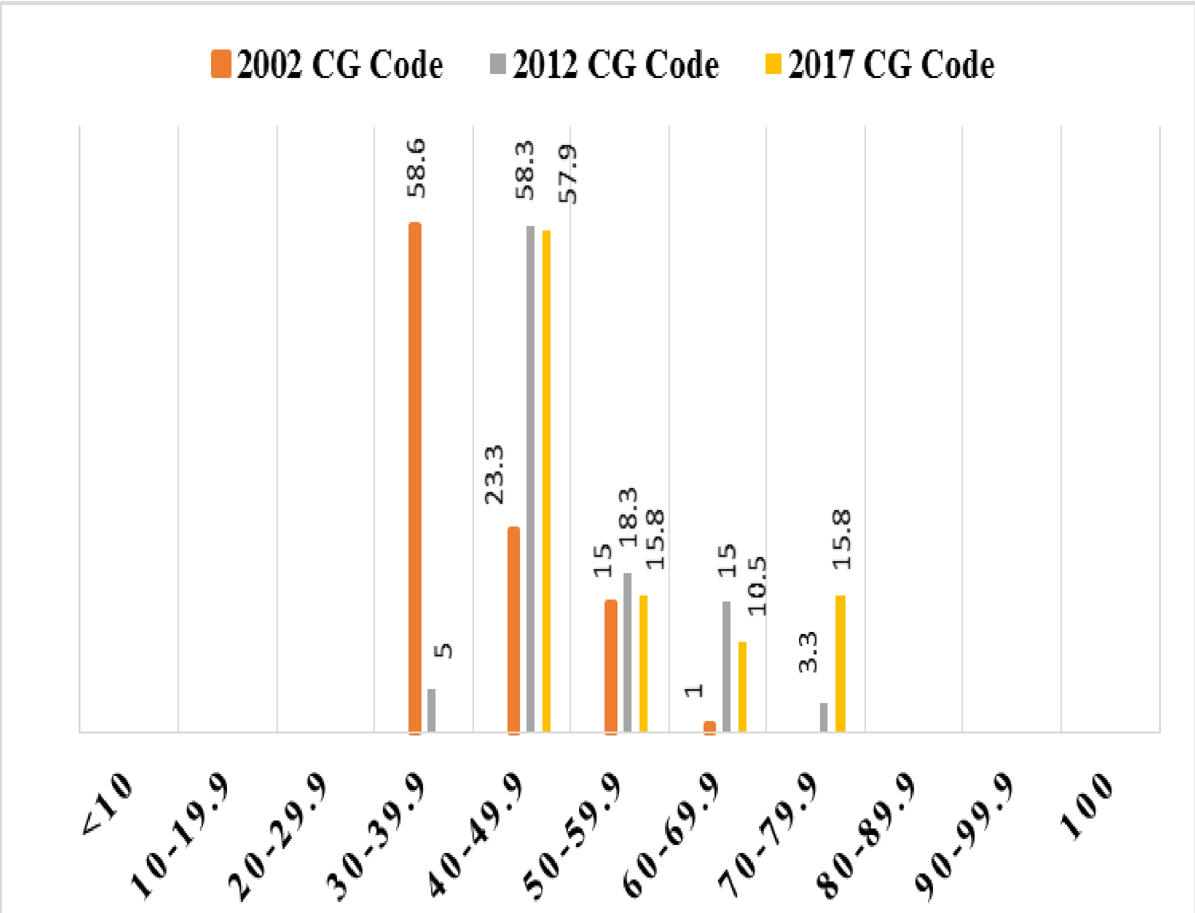

Figure 6: - Relevant Frequency comparison of TGDQ among the period of the SECP CG Code 2002, revised SECP CG Code 2012 & 2017 and Overall)

DISCUSSION

This research examines and evaluates whether the revisions of the SECP CG Code 2012 and 2017 have helped to improve governance disclosure quality of the Pakistani listed banks. The model was tested through an exclusive data set of 20 banks listed on the Pakistan Stock Exchange in Pakistan from 2009 ~ 2018 by comparing three different time-period results. The period of 2009 – 2011 is the time period before the first revision of the SECP CG Code 2012, and 2014 – 2016 is the time period after the first revision of the SECP CG Code 2012, while 2018 considered the time-period after the second revision of the SECP CG Code 2017.

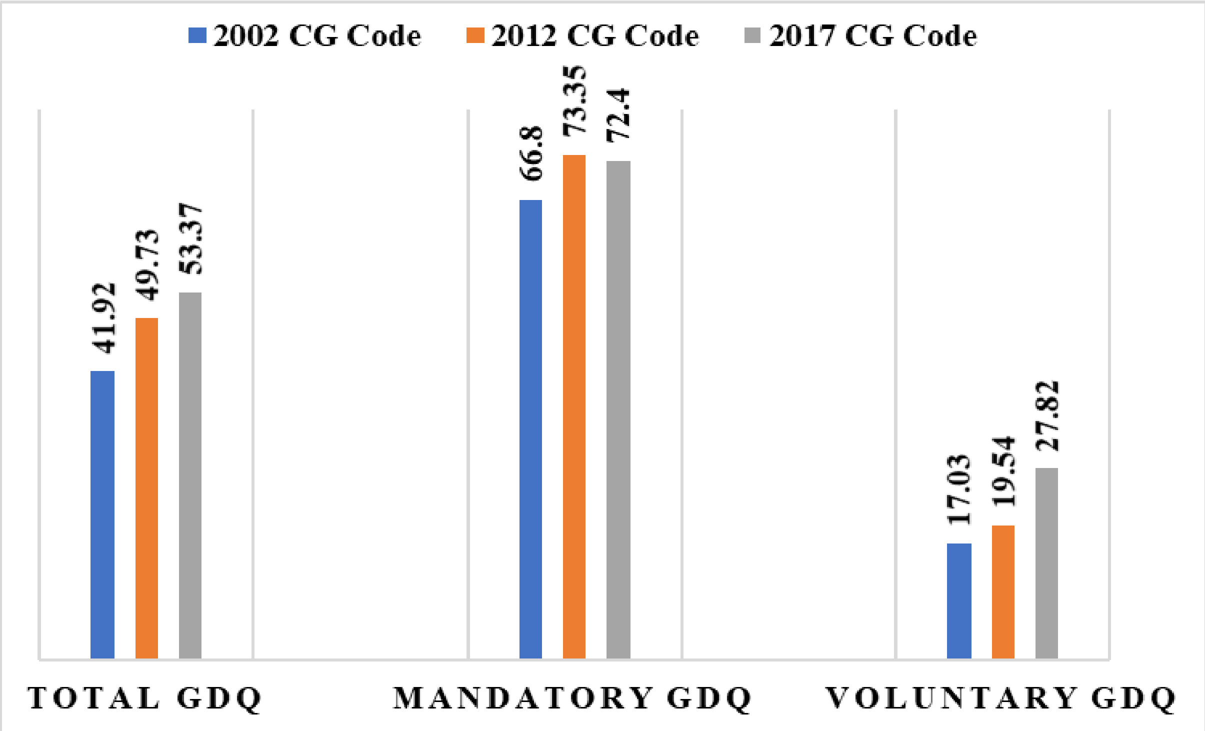

Figure 7: - Comparison of TGDQ, MGDQ and VGDQ among the SECP CG Code 2002, 2012 and 2017

Hypotheses 1a and 1b were accepted as results in Figure 7 show that the Total Governance Disclosure Quality of the Pakistani listed banks made in the annual reports improved after each revision of the SECP CG Code. To support the descriptive finding, the One-way repeated-measures ANOVA was also performed. The results show that TGDQ of Pakistani listed banks in their annual reports statistically significant enhanced after both revisions of the SECP CG Code.

Hypothesis 2a was accepted, but 2b was rejected as there is a definite improvement in the level of MGDQ after the first revision of the SECP CG Code. However, the average value of the MGDQ slightly shrunk after the second revision of the SECP CG Code 2017. It is possibly due to the transitional period of three years provided by the SECP to comply with some of its mandatory requirements. This research uses only the 2018 data for the 2017 SECP CG Code, the most recent available data after revising the SECP CG Code 2017. These results are pretty expected as some banks require more time than others to comply fully with the CG codes' requirements.

Hypotheses 3a and 3b were accepted as results in Figure 7 also confirmed that the VGDQ made by Pakistani listed banks in their annual reports has substantially improved after each revision of the SECP CG Code.

These results are similar to that of Barako et al. (2006), who reported a continuous increase in voluntary corporate governance disclosure during their research time period in the Kenyan listed companies. Additionally, Sanan and Yadav (2011) have evaluated the impact of Corporate Governance reforms [which were brought by the Security and Exchange Board of India (SEBI)] on the financial disclosure of Indian firms. Their study indicates that impressive Corporate Governance reforms brought moderated and continuous improvement in financial disclosure of Indian’s firms. Similarly, Ntim et al. (2013) found that the South African listed firms' corporate governance standards and voluntary corporate governance disclosure have enhanced after the King II report. In line with our results, Kabara et al. (2019) reported that corporate governance regulatory compliance positively and significantly impacts the Nigerian listed firms to increase voluntary disclosure levels in their annual reports.

Similar to this research, Goel (2018) developed a corporate governance performance (CGP) index to examine the effectiveness of the Indian corporate governance reforms in two different reforms periods (2012-13 and 2015-16). The results confirm that corporate governance practices and disclosure of the Indian companies have significantly improved after the corporate governance reforms. Moreover, Balouch et al. (2019) reported that French listed companies' environmental disclosure quality gradually improved after the Grenelle Act 2012.

In contrast, Harun et al. (2020) found that the issuance of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) governance standards guidelines on CSR disclosure could not improve the CSR disclosure practices among Islamic banks in GCC countries. However, it should be noted that the results of this study may not be accurately compared with other previous studies, as each research is different in terms of research methodology, approach and data collection.

CONCLUSION

Based on the data analyses, the results of this research indicated that the Total Governance Disclosure Quality (TGDQ) and Voluntary Governance Disclosure Quality (VGDQ) of Pakistani listed banks made in their annual reports significantly increased after each revision of the SECP CG Code, 2012 and 2017. Although the Mandatory Governance Disclosure Quality (MGDQ) slightly decreases after the second revision of the SECP CG Code, banks are still in three years transitional period to comply with the new regulations of the SECP CG Code 2017.

In conclusion, this research represents an exciting first and important step in understanding the outcomes of the SECP CG Code revisions in the Pakistani listed banking sector. This research demonstrates how the results in the Pakistani context diverge significantly from the findings elsewhere. The most important and interesting aspect is that these diverging results offer new insights. In summary, this research responds to the call to examine the impact of the SECP CG Code revisions on governance disclosure quality of the Pakistani listed banking context.

CONTRIBUTION TO KNOWLEDGE

Research methodological and theoretical contribution

This research has a significant methodological and theoretical contribution, which can be mainly divided into five areas. Firstly, when a firm collapse due to weak Corporate Governance practices. We mostly found that its annual reports were fully audited, and it fully complies with Corporate Governance requirements. So is that mean firms can easily manipulate the CG Code. Indeed, it is true that firms can easily manage the CG Code by using the tick-box approach and show compliance. So, it has been a real challenge for the researcher to determine whether firms comply with the true spirit or just use the tick box approach. Most of the researchers use the CG index to find the compliance level. However, these indices serve as a checklist that firms can easily manipulate (IOD, 2017).

Therefore, this research contributes to the literature by using a realistic way to examine compliance levels through the comprehensive Governance Disclosure Quality Index (GQI). The study has developed a Governance Disclosure Quality Index by using guidelines identified in the United Nation Conference on Trade and Development (UNCTAD, 2006), OECD principle, 2015, Basel requirements for Corporate Governance of banks, 2015, Global Reporting Initiative (GRI) standards, 2018 and provisions of the SECP Corporate Governance Code and previous literature. This Governance Disclosure Quality Index provides a rational method for measuring the overall governance disclosure quality. The researchers can employ this comprehensive and up to date governance disclosure quality index in their studies.

Secondly, by reviewing the prior empirical work relating to corporate governance disclosure in different jurisdictions. The study concludes that most of the previous studies in Corporate Governance domains mainly examined and compared the Corporate Governance practices between developing and developed countries (Isukul et al., 2017). In order to highlight the importance and bring awareness among stakeholders about good Corporate Governance.

However, arguably, it may not be the best approach, as results of one jurisdiction could not adequately compare and associate with another jurisdiction. Therefore, these studies are perhaps less effective in terms of stakeholders' awareness of good Corporate Governance practices in developing countries. Thus, there is a literature gap. In order to fill this literature gap, the study examines and compares the Corporate Governance practices within the same country, which is Pakistan, but in three different time periods (each time period had different corporate governance practices in Pakistani listed banks due to revisions of the SECP Corporate Governance Code, 2012 and 2017) to bring awareness of good Corporate Governance practices (proxies of governance disclosure quality) among stakeholders.

Research practical contribution

This research has significant policy and awareness implications. The practical contribution and value of this research can be mainly divided into three areas. Firstly, this study focuses on the banking sector in emerging markets. Many of the studies in this area have been done on industrial firms in developed countries. This research takes a different view and provides empirical evidence within the Pakistani environment.

Secondly, this is the first study that thoroughly evaluates and examines the impact of the revisions of the SECP code on governance disclosure quality in Pakistani listed banks.

POLICY CONTRIBUTION

The following policy contributions make for the further improvement of corporate governance in the Pakistani corporate sector.

Straighten the implementation and enforcement of the regulations.

Although the SECP has responded to the global challenge of corporate governance adequately by reviewing and strengthening its Corporate Governance Code, the SECP also needs to improve the implementation and enforcement of the Corporate Governance Code with true spirit. Because an effective enforcement system complements the best practices, all efforts will be wasted without this. Pakistan has laws and regulations, but we need to implement them by effective enforcement agencies and engagement of companies and key stakeholders. Additionally, the hunt for good corporate governance should not be merely compliance "inform" but "in substance" (Wong, 2009) because the desire for good corporate governance and best practices should come from each stakeholder. For that, the SECP need to bring awareness among them about the importance of good corporate governance. Because as per Claessens (2006), lack of understanding could be a factor in the proper implementation of corporate governance reforms. Bosakova et al. (2019) concluded in a recent study that the "comply or explain" approach is inadequate in the emerging countries context and recommended a stricter approach to ensure compliance with the national Corporate Governance Code.

Sustainable Corporate Governance through stakeholders' awareness

As we saw the recent collapse of the Carillion, BHS and Thomas Cook raised questions about the sustainability and effectiveness of "Corporate Governance Models" at the national and international level. Sustainable corporate governance cannot be achieved unless the participation of key stakeholders. Therefore, the Pakistani listed banks need to understand the importance of good governance practices that help in improving bank financial position. Banks' good governance and best practices should be an endogenous function rather than imposed by regulatory bodies (Shao, 2019). Therefore, the SECP needs to bring awareness among the management of companies relating to the benefits of good corporate governance practices and governance disclosure quality.

LIMITATION OF THE RESEARCH

Although the models and results of this research are robust, our research has some limitations. The current study has examined factors driving governance disclosure quality from a quantitative perspective; any further research can advance our understanding by conducting qualitative analysis, for instance, in-depth interviews, to gain further insights relating to corporate governance and governance disclosure quality. Since this research merely focused on the Pakistani context, the study's findings may not be apposite to be used in other jurisdictions due to legislative and cultural differences. Although the annual reports have been reviewed at least twice for validity and consistency purposes, still the subjectivity remains a limitation. Lastly, there is a possibility that we have overlooked a few elements that may affect the disclosure quality of Pakistani listed banks.

SUGGESTIONS FOR FUTURE RESEARCH

The evidence of this research suggests potential theoretical and empirical insights for future research. In terms of empirical settings, this research focused on the Pakistani listed banking sector. Further research can extend our study by examining the impact of corporate governance characteristics and firm financial position on governance disclosure quality in different sectors and countries (developing and/or developed countries).

Secondly, this research used un-balance data due to the non-availability of the latest data in period three after the second revision of the SECP CG Code 2017. Therefore, the future study can use balance data in all time periods in order to get a precise comparison.

Conflict of interest statement

The author declares that there is no conflict of interest.

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APPENDICES

Appendix 1: - Independent, Mediator, Control and Moderator Variables

Nature of variables	No.	Variables	Labels	Basis of measurement or determination
Independent variables	1	Independent Non-Executive directors	IND	Number of independent non-executive directors on the board to total number of BOD members
	2	Independent Non-Executive directors in Audit Committee	IAC	Number of independent non-executive directors in audit committee to total number of directors in audit committee
	3	Chief Executive Officer (CEO) duality	CED	1 if the role of CEO and Chairman separate and 0 otherwise
	4	Board size	SIZ	Number of boards of director members
	5	Director's gender	GEN	Percentage of female directors
	6	Board meetings	NBM	Number of meetings of the board the year
	7	Audit committee meetings	NAM	Number of meetings of the audit committee in the year
Mediating variable	8	Bank Financial	BFP	Computed as the ratio of net income before tax to total stockholders' equity
	9	Position		
Control variables	11	Gearing	GEA	Computed as the ratio of total debt to total equity
	12	Firm size	FSZ	Computed as the total asset at end of financial year to gross turnover.
Moderating variable	13	The individual and particular revisions of the SECP code, 2012 and 2017		

Appendix2: - Governance disclosure Quality Index (GQI)

#	OWNERSHIP STRUCTURE AND EXERCISE OF CONTROL RIGHTS FEATURES	SOURCE
1.	Ownership Structure	1,2,3
2.	Change in shareholdings	1,2
3.	Control and corresponding equity stake	1,2
4.	Process for holding annual general meetings	1,2
5.	Availability and accessibility of meeting agenda	1,2
6.	Control structure	1,2
7.	Control rights	1,2,3
8.	Rules and procedures governing the acquisition of corporate control in capital markets	1,2
9.	Anti-Takeover measures	1,2
	FINANCIAL TRANSPARENCY AND INFORMATION DISCLOSURE FEATURES	
10.	Financial and operating results	1,2
11.	Critical accounting estimates	1,2,3
12.	Nature, type and elements of related – party transactions	1,2,3
13.	Board’s responsibilities regarding financial communications	1,3
14.	Company objectives	1,2,
15.	The decision-making process for approving transactions with related parties	1,2,3
16.	Rules and procedures governing extraordinary transactions	1,2

17.	Impact of alternative accounting decisions	1
18.	Graphical analysis of financial position (Assets, liabilities, and owner equity)	4,7
19.	Graphical analysis of share price trend – highest or lowest – Last 12 months or more	4,7
20.	Graphical analysis of "value-added to various stakeholders" (To shareholders, employees, society and govt.)	
	AUDIT FEATURES	
21.	Duration of current auditors	1
22.	Auditors' involvement in non-audit work and fee paid to the auditors	1,2,8,9
23.	Process for the appointment of external auditors	1,2,5,8
24.	Board confidence in independence and integrity of external auditors	1,8
25.	An explanation of how the independence and effectiveness of the external audit process assured	8
26.	Process for interaction with internal auditors	1,2, 3,
27.	Process for the appointment of internal auditors/Scope of work and responsibilities	1
28.	Process for interaction with external auditors	1,2,3,5,8
29.	Rotation of audit partners	1,2
30.	Audit Committee Terms of reference	5,8
31.	Audit committee performance evaluation	
32.	Overview of Audit committee performance evaluation results and remedial actions	

33.	Disclosure of Audit committee performance and achievements report	7
	CORPORATE RESPONSIBILITY AND COMPLIANCE FEATURES	
34.	A code of ethics (code of conduct) for the board and waivers to the ethics code	1,2,3,9
35.	A code of ethics (code of conduct) for all company employees	1,2,3,9
36.	Policy and performance in connection with the environment and social responsibility	1
37.	Impact of environmental and social responsibility policies on the firm's sustainability	1
38.	The role of employees in corporate governance (Having rights to elect one or two directors/voice in decision making)	1,2,4,8
39.	Mechanisms protecting the rights of other stakeholders in the business	1,2,3,8
40.	Policy on "whistleblower" protection for all employees	1,3,9
41.	Number of whistleblowing incidences	3
42.	Bank disclosed social contribution like public health, sporting events, entertaining projects and charity organizations.	2
43.	A policy statement about equal opportunity	6
44.	Identification of the amount spends on employees training.	3
45.	Total days/hours spent on employees training	3,4
46.	Programs for upgrading employee's skills and transition assistance programs	2,3,4
47.	Number of staffs trained in service	3
48.	Disclosure about employee's retention ratio	2,4

49.	Percentage of customers complaint resolutions	6
50.	Tabular presentation of customers complaint turnaround time	
51.	Male to female ratio of employees	4
	BOARD AND MANAGEMENT STRUCTURE AND PROCESS FEATURES	
52.	Determination and composition of directors’ remuneration	1,2, 3,4,8,9
53.	Explanation statement to stakeholders that why the remuneration is appropriate and rational	8,9
54.	Directors are classified as independent, NED and executive.	1,2,4,8,9
55.	Duration of director’s contracts (length of contract, service termination notice requirement, compensation payable due to cancellation of service contract)	1,2,8,9
56.	Independence of the board of directors	1,2,4,8,9
57.	Materials interests of members of the board and management	1,2,9
58.	Role and functions of the board of directors	1,3,8,9
59.	Qualification and biographical information of board members (experience, personal characteristics, availability, diversity and special skills)	1,2,3,9
60.	Types and duties of outside board and management positions	1,2,9
61.	Number of outside board and management position directorships held by the directors	1,2,4,9
62.	Professional development and training activates.	1,2,3,9
63.	Existence of plan of succession for executives and other board members	1,2,3,9
64.	Governance structure, such as committees and other mechanisms to prevent conflict of	1,2, 3,4,8,9

	interest	
65.	Composition and function of governance committee structures	1,2, 3,4,8,9
66.	Check and balance mechanisms.	1
67.	Compensation policy for senior executives departing the firm as a result of merger or acquisition	1,3
68.	Existence of procedure(s) for addressing conflicts of interest among board members	1,4,8,9
69.	Availability and use of advisorship facility during the reporting period	1,9
70.	Performance evaluation process	1,2,4,8,9
71.	Overview of evaluation results and remedial actions	9
72.	Evaluation process of board size and composition	3,8
73.	Number of board meetings each director attended	3,8,9
74.	Number of sub-committees meetings their each member attended	3,8,9
75.	Date of each board meeting	6
76.	Date of each sub-committees meeting	6
77.	Disclosure of issues that board considered during the financial year	
	BANK’S RISK GOVERNANCE FEATURES	
78.	Existence of the Board's Risk Committee (BRC)	3
79.	Term of reference for Board’s Risk Committee	3
80.	Risk management objectives, system and activities	1,2, 3,4,8

81.	Internal control systems	1,2,3,8
82.	Existence of the Corporate Governance Committee	3

1. UNCTAD, Guidelines on good practise in Corporate1, Governance Disclosure, 2006

2. OECD Principle of Corporate Governance

3. Basel requirements for Corporate Governance

4. GRI standards

5. Basel guidelines for external audits of banks

6. Previous literature

7. Mauritius Code of Corporate Governance

8. UK Corporate Governance Code, 2018

9. King Report IV

Appendix 3 – List of Cases

#	Bank Name
1.	Allied Bank Limited
2.	Askari Bank Limited
3.	Bank Al-Falah Limited
4.	Bank Al-Habib Limited
5.	Bank of Khyber Limited
6.	Bank of Punjab Limited
7.	Bank Islami Pakistan Limited
8.	Faysal Bank Limited
9.	Habib Bank Limited
10.	Habib Metropolitan Bank Limited
11.	JS Bank Limited
12.	MCB Bank Limited
13.	Meezan Bank Limited
14.	National Bank of Pakistan
15.	Samba Bank Limited
16.	Silk Bank Limited
17.	Soneri Bank Limited
18.	Standard Chartered Bank Limited
19.	Summit Bank Limited
20.	United Bank Limited