International Journal of Human and Society (IJHS)

P-ISSN: 2710-4966	E-ISSN: 2710-4958
Vol. 4. No. 03 (Jul-Sep) 2024	Page 388-397

Corporate Governance in Pakistan: A analysis of Agency Theory in Companies Act, 2017

Afrasiab Ahmed Rana	Partner, Law Office of Afrasiab Ahmed Rana, Islamabad raas_20@yahoo.com
Fiza Zulfiqar	Advocate, Bajwa Law Associates, Islamabad fizazulfiqar67@gmail.com

Abstract: *This research article explores the application of agency theory within the framework of the Companies Act, 2017, and its implications for corporate governance in Pakistan. Agency theory, which addresses the conflicts of interest between principals (shareholders) and agents (managers), is fundamental in understanding the mechanisms that ensure effective corporate governance. The article examines key provisions of the Companies Act, 2017, particularly focusing on sections that mandate transparency, accountability, and the disclosure of interests by directors. Section 184, which requires directors to disclose any interests in contracts or arrangements with the company, is analyzed in detail to demonstrate how it mitigates agency problems by reducing information asymmetry and aligning the interests of directors with those of shareholders. By incorporating both theoretical perspectives and legislative analysis, this research highlights the role of regulatory frameworks in addressing agency costs and promoting ethical managerial behavior. The study concludes that while the Companies Act, 2017, provides a robust legal foundation to mitigate agency issues, continuous monitoring and enforcement are essential to ensure its effectiveness in fostering a transparent and accountable corporate environment.*

Keywords: *Agency Theory, Companies Act 2017, Corporate Governance, Transparency, Accountability, Conflict of Interest, Pakistan*

Introduction

Corporate governance is a cornerstone of modern business practice, providing a framework for effective management, oversight, and accountability within organizations. The Companies Act, 2017, a pivotal piece of legislation in Pakistan, sets out comprehensive provisions to regulate and enhance corporate governance practices in the country's business institutions. Among the various theoretical frameworks that underpin corporate governance, agency theory stands out for its focus on the relationship between shareholders (principals) and company managers (agents). This theory highlights the potential conflicts of interest that arise when agents prioritize personal gains over the welfare of principals, leading to agency costs.

The Companies Act, 2017, addresses these agency concerns through a range of provisions designed to align the interests of directors and management with those of shareholders, promote transparency, and ensure accountability. Key sections of the Act, such as those mandating the fiduciary duties of directors (Section 172), the disclosure of interests (Section 184), financial reporting and auditing requirements (Sections 134 and 145), and regulations concerning executive remuneration (Section 197), are all aimed at mitigating agency problems and enhancing corporate governance standards.

This research article explores the application of agency theory within the Companies Act, 2017, analyzing how specific provisions of the Act serve to address agency conflicts, reduce agency costs, and promote a governance environment where the interests of shareholders and management are effectively aligned. By examining these provisions, the article aims to provide a comprehensive understanding of the Act's impact on corporate governance practices in Pakistan and its effectiveness in safeguarding shareholder interests.

1. Corporate Governance:

Corporate governance refers to the systems, principles, and processes by which companies are directed and controlled. It encompasses the mechanisms through which companies, and those in control, are held accountable to stakeholders, including shareholders, employees, customers, suppliers, and the broader community. The primary objective of corporate governance is to enhance long-term shareholder value while ensuring the interests of other stakeholders are protected.

According to the Organization for Economic Co-operation and Development (OECD), corporate governance involves a set of relationships between a company's management, its board, its shareholders, and other stakeholders. It provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined (OECD, 2004).

1.1. Key Components of Corporate Governance

1.1.1. Board of Directors:

The board of directors plays a pivotal role in corporate governance. It is responsible for overseeing the management of the company and ensuring that the company operates in the best interests of its shareholders. The board sets the strategic direction, makes major decisions, and monitors the performance of the management team (Tricker, 2015).

1.1.2. Management:

Management is responsible for the day-to-day operations of the company. They implement the board's strategies and policies and provide the board with the necessary information to make informed decisions. Effective corporate governance requires a clear distinction between the roles and responsibilities of the board and management (Cadbury, 1992).

1.1.3. Shareholder Rights:

Protecting shareholder rights is a fundamental aspect of corporate governance. Shareholders should have the ability to influence the company through voting rights and by participating in general meetings. They should also receive timely and accurate information about the company’s performance and activities (Shleifer & Vishny, 1997).

1.1.4. Transparency and Disclosure:

Transparency and disclosure are critical to building trust with stakeholders. Companies must provide accurate and comprehensive information regarding their financial performance, governance practices, and any material risks. This allows stakeholders to make informed decisions (Healy & Palepu, 2001).

1.1.5. Stakeholder Interests:

While the primary focus of corporate governance is on shareholders, it also considers the interests of other stakeholders. This includes ensuring fair treatment of employees, ethical dealings with suppliers and customers, and considering the environmental and social impacts of the company’s operations (Freeman, 1984).

1.2. Theoretical Frameworks

Several theories underpin the concept of corporate governance:

1.2.1. Agency Theory:

Agency theory examines the relationship between principals (shareholders) and agents (management). It highlights the potential conflicts of interest that arise when the goals of the principals differ from those of the agents. Mechanisms such as boards of directors, executive compensation, and shareholder activism are designed to align the interests of management with those of shareholders (Jensen & Meckling, 1976).

1.2.2. Stewardship Theory:

Stewardship theory contrasts with agency theory by suggesting that managers are stewards of the company's resources and act in the best interests of shareholders. It emphasizes trust, long-term relationships, and intrinsic motivation, arguing that managers are inherently motivated to act in the company's best interests (Donaldson & Davis, 1991).

1.2.3. Stakeholder Theory:

Stakeholder theory broadens the scope of corporate governance by considering the interests of all stakeholders, not just shareholders. It argues that companies should create value for all stakeholders and that governance mechanisms should ensure the fair treatment and protection of stakeholder interests (Freeman, 1984).

1.3. Global Perspectives and Practices

Corporate governance practices vary across different countries, influenced by legal, economic, and cultural factors. For example:

- In the United States, corporate governance is characterized by strong shareholder rights, active markets for corporate control, and significant regulatory oversight by bodies such as the Securities and Exchange Commission (SEC) (Clarke, 2007).
- In the United Kingdom, the UK Corporate Governance Code sets out principles of good governance, focusing on board composition, accountability, and relations with shareholders (FRC, 2018).
- In Germany, the two-tier board system, comprising a management board and a supervisory board, emphasizes employee representation and stakeholder engagement (Aguilera & Jackson, 2003).

In sum it can be concluded that the Corporate governance is a complex and multifaceted concept that plays a crucial role in the functioning of modern corporations. By providing a framework for accountability, transparency, and ethical behavior, corporate governance helps ensure that companies operate in a manner that is fair and beneficial to all stakeholders.

2. Agency Theory

Agency theory is a fundamental concept in the field of corporate governance and economics, exploring the relationship between principals and agents. Principals are typically the owners or shareholders of a company, while agents are the managers or executives hired to run the company on behalf of the principals. The theory primarily addresses issues arising from the separation of ownership and control in modern corporations (Jensen & Meckling, 1976).

2.1. Core Concepts of Agency Theory

1. **Principal-Agent Relationship:** The principal-agent relationship is the cornerstone of agency theory. Principals delegate authority to agents to act on their behalf, expecting them to make decisions that align with the principals' best interests. However, this relationship is fraught with potential conflicts, as agents may pursue their own interests at the expense of the principals (Ross, 1973).
2. **Agency Problem:** The agency problem arises when there is a conflict of interest between the principals and agents. This conflict can lead to agency costs, which are expenses incurred to ensure that agents act in the best interests of the principals. These costs include monitoring expenditures by the principal, bonding expenditures by the agent, and the residual loss due to divergent interests (Jensen & Meckling, 1976).
3. **Information Asymmetry:** Information asymmetry occurs when agents have more information about the company's operations and prospects than the principals. This asymmetry can lead to adverse selection and moral hazard. Adverse selection refers to the risk of selecting the wrong agents, while moral hazard refers to the risk that agents will not act in the principals' best interests

because they do not bear the full consequences of their actions (Eisenhardt, 1989).

4. **Alignment of Interests:** To mitigate the agency problem, mechanisms must be in place to align the interests of agents with those of the principals. These mechanisms include incentive structures, such as performance-based compensation, and governance structures, such as boards of directors and shareholder activism (Fama & Jensen, 1983).

2.2. Mechanisms to Mitigate Agency Problems

1. **Board of Directors:** The board of directors acts as an intermediary between shareholders and management. Its primary role is to monitor management's activities and ensure that they align with shareholders' interests. An effective board can reduce agency costs by providing oversight and holding management accountable (Fama & Jensen, 1983).

2. **Executive Compensation:** Performance-based compensation, such as stock options and bonuses tied to company performance, aligns the interests of managers with those of shareholders. By tying compensation to the success of the company, managers are incentivized to work towards maximizing shareholder value (Jensen & Murphy, 1990).

3. **Shareholder Activism:** Shareholders can exert influence over management through activism, such as voting on key issues, proposing changes, and even attempting to replace management. Activist shareholders play a crucial role in ensuring that management acts in the best interests of the owners (Gillan & Starks, 2000).

4. **Regulatory Oversight:** Regulatory frameworks and laws, such as financial reporting requirements and disclosure regulations, enhance transparency and reduce information asymmetry. These regulations help ensure that principals have access to the information necessary to monitor and evaluate agents' performance (Shleifer & Vishny, 1997).

2.3. Criticisms of Agency Theory

While agency theory provides valuable insights into corporate governance, it has faced criticism:

1. **Overemphasis on Conflicts:** Critics argue that agency theory overemphasizes conflicts of interest and underestimates the potential for cooperation and trust between principals and agents. Stewardship theory, for instance, posits that managers are often motivated by a sense of duty and responsibility, rather than self-interest alone (Davis, Schoorman, & Donaldson, 1997).

2. **Simplistic Assumptions:** The theory assumes that both principals and agents are rational actors primarily motivated by economic incentives. However, human behavior is complex, and motivations can include ethical considerations, intrinsic satisfaction, and social factors (Donaldson & Davis, 1991).

3. **Neglect of Stakeholders:** Agency theory focuses primarily on the relationship between shareholders and managers, potentially neglecting the interests of other stakeholders, such as employees, customers, and the community. Stakeholder theory argues for a broader perspective that considers the interests of all parties affected by the company's actions (Freeman, 1984).

Agency theory remains a cornerstone of corporate governance, providing a framework for understanding the dynamics between principals and agents. By identifying potential conflicts of interest and suggesting mechanisms to align interests, agency theory helps to address the inherent challenges of modern corporate structures. However, it is essential to complement this perspective with insights from other theories to capture the full complexity of corporate governance

4. Agency Theory of Corporate Governance and the Companies Act, 2017

The Companies Act, 2017, there are several provisions that address agency theory concerns and aim to mitigate agency problems between managers (agents) and shareholders (principals).

Here are some specific provisions:

1. Duties of Directors (Section 172): Section 172 of the Companies Act, 2017 outlines the duties of directors, including their fiduciary duties to act in the best interests of the company. This provision is aligned with agency theory principles by emphasizing the responsibility of directors to prioritize the company's welfare over personal interests.

2. Disclosure of Interest by Directors (Section 184): Section 184 requires directors to disclose any interests they have in contracts or arrangements with the company. This provision helps prevent conflicts of interest and ensures transparency in director transactions, addressing agency concerns related to self-dealing and opportunistic behavior.

3. Financial Reporting and Transparency (Various Sections): The Companies Act, 2017 includes multiple sections related to financial reporting and transparency, such as Sections 134, 145, and 236. These sections mandate companies to prepare and disclose financial statements, maintain accounting records, and undergo external audits. Such requirements provide shareholders with information to assess management's performance and decisions, reducing information asymmetry and agency costs.

4. Shareholder Rights (Various Sections): The Act includes provisions that protect shareholder rights and enhance shareholder participation in company matters. For example, Sections 151 and 152 outline procedures for convening general meetings and voting on resolutions. These provisions empower shareholders to exercise oversight and control over management actions, aligning with agency theory principles of shareholder empowerment.

5. Remuneration and Compensation (Section 197): Section 197 of the Act deals with the remuneration of directors and key managerial personnel. It requires companies to disclose details of remuneration, including salaries, bonuses, and stock options. Transparent disclosure of executive compensation helps align management incentives with shareholder interests and reduces agency conflicts over excessive pay.

These provisions in the Companies Act, 2017 reflect the application of agency theory principles by promoting transparency, accountability, and alignment of interests between directors and shareholders, thereby mitigating agency problems within companies. These provisions are discussed in detailed as under:

4.1. Conflict of Interest:

Agency theory posits that conflicts of interest arise when the goals of the principals (shareholders) diverge from those of the agents (directors and managers). This divergence can lead to agency problems where agents may act in their own interests rather than in the best interests of the shareholders (Jensen & Meckling, 1976). Such conflicts can result in decisions that are suboptimal for the shareholders, including engaging in self-dealing, making investments that benefit the directors personally, or entering into contracts that are not in the best interest of the company.

Section 172 of the Companies Act, 2017 is directly related to agency theory because it outlines the duties of directors, which are crucial in mitigating agency problems within companies. Here's how Section 172 is related to agency theory:

1. **Fiduciary Duties:** Section 172 establishes that directors owe fiduciary duties to the company. These duties include acting in good faith, exercising due care, and promoting the success of the company for the benefit of its shareholders. This aligns with agency theory, which emphasizes the importance of directors (agents) prioritizing the interests of shareholders (principals) and working to maximize shareholder value.

2. **Conflict of Interest Management:** The provision in Section 172 requires directors to avoid conflicts of interest and to declare any interests that might conflict with their duties to the company. This is essential in agency theory because conflicts of interest

can lead to agency problems where directors may prioritize personal gain over the company's interests. By requiring disclosure and management of conflicts, Section 172 helps mitigate these agency risks.

3. **Responsibility for Decision-making:** Section 172 also clarifies that directors must exercise independent judgment and make decisions in the best interests of the company. This is crucial in agency theory as it addresses concerns about managerial discretion and potential self-serving behavior. Directors are expected to act as responsible agents who make decisions that benefit the company as a whole, not just themselves or specific stakeholders.

4. **Accountability and Oversight:** The provision in Section 172 emphasizes the accountability of directors for their actions and decisions. It highlights the role of boards of directors in providing oversight and ensuring that management acts in accordance with the company's objectives and strategies. This accountability mechanism is important in agency theory to prevent agency costs and agency problems arising from managerial actions that are not aligned with shareholder interests.

Overall, Section 172 of the Companies Act, 2017 is closely related to agency theory by establishing the framework for director duties, accountability, and conflict management, all of which are central to addressing agency problems and promoting effective corporate governance.

4.2. Disclosure of Interest by Directors

Section 184 of the Companies Act, 2017 mandates that directors must disclose their interests in any contract or arrangement with the company. This requirement is crucial in addressing agency theory concerns, as it aims to mitigate potential conflicts of interest between the directors (agents) and the shareholders (principals).

4.2.1. Application of Section 184

Section 184 addresses these concerns by requiring directors to disclose any direct or indirect interest in transactions involving the company. Specifically, directors must declare their interest at the board meeting where the contract or arrangement is being discussed. This disclosure must be recorded in the minutes of the meeting (Companies Act, 2017).

By enforcing transparency, Section 184 aims to:

1. **Enhance Accountability:** Directors are held accountable for their actions and decisions. When directors disclose their interests, it allows for greater scrutiny by other board members and shareholders, ensuring that decisions are made with full awareness of potential conflicts.

2. **Reduce Information Asymmetry:** Disclosure requirements reduce information asymmetry between directors and shareholders. Shareholders are better informed about the interests of directors, allowing them to assess the fairness and integrity of transactions.

3. **Mitigate Agency Costs:** By mandating disclosures, Section 184 helps to mitigate agency costs associated with monitoring and controlling managerial behavior. It ensures that directors act transparently and in the best interests of the shareholders, thus aligning the interests of the agents with those of the principals.

4. **Promote Ethical Conduct:** The requirement to disclose interests promotes ethical behavior among directors. Knowing that their interests must be declared, directors are less likely to engage in self-serving actions that could harm the company or its shareholders.

Section 184 of the Companies Act, 2017 is a vital provision for addressing agency problems in corporate governance. By requiring directors to disclose their interests, it enhances transparency, accountability, and ethical conduct, thereby aligning the actions of the agents with the interests of the principals and reducing the potential for conflicts of interest.

4.3. Financial Reports and the Agency

4.3.1. Financial Statements and Reports

Section 134 of the Companies Act, 2017

mandates that companies prepare financial statements and have them audited annually. This section requires directors to ensure that financial statements give a true and fair view of the state of affairs of the company. From an agency theory perspective, this provision addresses information asymmetry between management (agents) and shareholders (principals) by providing transparent and reliable financial information. By mandating regular audits and accurate financial reporting, Section 134 helps mitigate agency problems by holding directors accountable for their financial stewardship and providing shareholders with the information necessary to monitor management's performance (Companies Act, 2017, § 134).

4.3.2. Director's Duty to Prepare a Director's Report

Section 145 requires directors to prepare a comprehensive director's report that includes an analysis of the company's performance, risks, and future prospects. This report must be presented to shareholders at the annual general meeting. In terms of agency theory, Section 145 enhances transparency and accountability by requiring directors to communicate their strategic decisions and the company's performance directly to shareholders. This reduces the information gap and allows shareholders to make informed decisions regarding the company's management and future direction (Companies Act, 2017, § 145).

4.3.3. Audits and Auditors

Section 236 outlines the requirements for the appointment, duties, and responsibilities of auditors. It ensures that auditors are independent and competent, providing an additional layer of oversight over the company's financial reporting. Agency theory emphasizes the role of independent audits in reducing information asymmetry and ensuring that management's actions are aligned with shareholder interests. By enforcing rigorous audit standards, Section 236 helps ensure the integrity of financial reports, thereby reducing the risk of fraudulent activities and enhancing the credibility of financial disclosures (Companies Act, 2017, § 236).

4.4. The Meetings and the Agency Theory:

Sections 151 and 152 of the Companies Act, 2017, are related to the convening of general meetings and voting on resolutions, which are essential for maintaining shareholder control and oversight over management decisions. These sections address the principles of agency theory by empowering shareholders (principals) to exercise their rights and influence the actions of directors (agents).

Convening of General Meetings: Section 151 mandates that companies must convene annual general meetings (AGMs) and provides guidelines for extraordinary general meetings (EGMs) as needed. This provision ensures that shareholders have regular opportunities to review the company's performance, ask questions, and make decisions on critical issues (Companies Act, 2017).

Voting on Resolutions: Section 152 outlines the procedures for voting on resolutions during general meetings, including the rights of shareholders to vote on the appointment and removal of directors, approval of financial statements, and other significant matters. This section ensures that shareholders can exercise their voting rights to influence management decisions and hold directors accountable for their actions (Companies Act, 2017).

4.5. Relevance to Agency Theory:

1. **Shareholder Control:** Sections 151 and 152 enable shareholders to maintain control over significant corporate decisions, reducing the risk of directors acting in their self-interest rather than in the best interests of the company and its shareholders.
2. **Accountability:** Regular AGMs and the ability to vote on key issues ensure that directors are accountable to shareholders, thereby addressing agency problems related to managerial discretion and potential opportunistic behavior.
3. **Transparency:** These provisions promote transparency by requiring directors to report on the company's performance and strategic decisions, allowing shareholders to make informed decisions and exercise their rights

effectively.

4.6. The Remuneration of Directors:

Section 197 of the Companies Act, 2017, pertains to the remuneration of directors and key managerial personnel. This section is highly relevant to agency theory, which addresses the potential conflicts of interest between the principals (shareholders) and agents (directors and managers).

1. **Remuneration Disclosure:** Section 197 requires companies to disclose the remuneration paid to directors and key managerial personnel. This transparency is crucial in addressing agency problems because it allows shareholders to monitor and evaluate whether the compensation aligns with the company's performance and shareholders' interests (Companies Act, 2017).
2. **Approval Mechanism:** The section mandates that remuneration packages must be approved by the board of directors and, in some cases, by the shareholders in a general meeting. This mechanism ensures that there is a check on excessive or unjustified remuneration, which might otherwise arise due to the close relationship between directors and managers (Companies Act, 2017).
3. **Regulatory Compliance:** By setting standards and limits on remuneration, Section 197 ensures that companies comply with regulatory norms, thereby protecting shareholder interests. It aims to prevent scenarios where directors might set their compensation excessively high, reflecting agency theory's concern with self-serving behaviors of agents (Jensen & Meckling, 1976).

4.6.1. Relation to Agency Theory:

Agency theory posits that there is an inherent conflict of interest between shareholders (principals) and company executives (agents). Executives might pursue personal benefits at the expense of shareholder value, leading to agency costs (Jensen & Meckling, 1976). Section 197 addresses these concerns in several ways:

1. **Aligning Interests:** By requiring transparency in remuneration and involving shareholders in the approval process, Section 197 seeks to align the interests of the directors with those of the shareholders. This alignment is achieved through performance-linked remuneration and bonuses that incentivize directors to enhance company performance, thereby benefitting shareholders.
2. **Reducing Information Asymmetry:** Agency theory highlights the problem of information asymmetry, where managers have more information about the company's operations than shareholders. Section 197's disclosure requirements help reduce this asymmetry by providing shareholders with detailed information about the compensation structure, ensuring they are informed about how much and why directors are paid.
3. **Mitigating Agency Costs:** The approval mechanisms and disclosure requirements help mitigate agency costs by ensuring that remuneration is justified, performance-based, and aligned with shareholders' interests. This reduces the likelihood of directors engaging in self-serving behaviors that do not contribute to shareholder value (Eisenhardt, 1989).

Section 197 of the Companies Act, 2017, is a vital provision for addressing the agency problems inherent in corporate governance. By ensuring transparency, accountability, and shareholder involvement in remuneration decisions, this section aligns the interests of directors with those of the shareholders, thereby promoting effective and ethical corporate governance.

5. Conclusion:

In conclusion, the Companies Act, 2017, plays a crucial role in shaping corporate governance practices in Pakistan, particularly through its incorporation of agency theory principles. By recognizing and addressing the inherent conflicts of interest between shareholders and company managers, the Act establishes a robust framework aimed at enhancing transparency, accountability, and shareholder protection.

The Act's provisions, such as those governing directors' fiduciary duties, disclosure requirements, financial reporting standards, and executive remuneration regulations, all contribute to mitigating agency problems and fostering a governance environment conducive to long-term value creation for shareholders. These measures not only help in reducing agency costs but also promote ethical conduct and responsible decision-making within organizations.

Through a thorough analysis of the application of agency theory within the Companies Act, 2017, this research article has shed light on the Act's effectiveness in aligning the interests of stakeholders and management, thus contributing to the overall improvement of corporate governance standards in Pakistan. Moving forward, continued monitoring, evaluation, and potential amendments to the Act in line with evolving best practices will be crucial in sustaining and further enhancing corporate governance practices in the country's business landscape.

References:

Aguilera, R. V., & Jackson, G. (2003). The cross-national diversity of corporate governance: Dimensions and determinants. *Academy of Management Review, 28*(3), 447-465. https://doi.org/10.5465/amr.2003.10196772

Cadbury, A. (1992). *Report of the Committee on the Financial Aspects of Corporate Governance*. Gee and Co. Ltd.

Clarke, T. (2007). *International corporate governance: A comparative approach*. Routledge.

Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management Review, 22*(1), 20-47. https://doi.org/10.5465/amr.1997.9707180258

Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management, 16*(1), 49-64. https://doi.org/10.1177/031289629101600103

Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management Review, 14*(1), 57-74. https://doi.org/10.5465/amr.1989.4279003

Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *Journal of Law and Economics, 26*(2), 301-325. https://doi.org/10.1086/467037

FRC. (2018). *The UK Corporate Governance Code*. Financial Reporting Council. https://www.frc.org.uk/getattachment/40e435d5-a99a-4b7a-9807-568e5d918c83/2018-UK-Corporate-Governance-Code-FINAL.pdf

Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.

Gillan, S. L., & Starks, L. T. (2000). Corporate governance proposals and shareholder activism: The role of institutional investors. *Journal of Financial Economics, 57*(2), 275-305. https://doi.org/10.1016/S0304-405X(00)00058-1

Healy, P. M., & Palepu, K. G. (2001). Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature. *Journal of Accounting and Economics, 31*(1-3), 405-440. https://doi.org/10.1016/S0165-4101(01)00018-0

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics, 3*(4), 305-360.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics, 3*(4), 305-360. https://doi.org/10.1016/0304-405X(76)90026-X

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics, 3*(4), 305-360. https://doi.org/10.1016/0304-405X(76)90026-X

Jensen, M. C., & Murphy, K. J. (1990). Performance pay and top-management incentives. *Journal of Political Economy, 98*(2), 225-264. https://doi.org/10.1086/261677

OECD. (2004). *OECD Principles of Corporate Governance*. Organization for Economic Co-operation and Development. https://www.oecd.org/corporate/ca/corporategovernanceprinciples/31557724.pdf

Ross, S. A. (1973). The economic theory of agency: The principal's problem. *American Economic Review, 63*(2), 134-139.

Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *Journal of Finance, 52*(2), 737-783. https://doi.org/10.1111/j.1540-6261.1997.tb04820.x

Tricker, R. I. (2015). *Corporate governance: Principles, policies, and practices*. Oxford University Press.