CHAPTER-6

CONCLUSION

6.1 Introduction

This chapter culminates the thesis by synthesising the findings from the preceding chapters. It delves into a comprehensive discussion of the overall results, elucidating the study's unique contribution to the AQ-FP and BD-FP relationship in the select SAARC nations. By employing the methodologies outlined in chapter three, the chapter documents a concise summary of the key findings gleaned from the analysis. Additionally, it acknowledges the limitations inherent to this study in specific areas and proposes potential avenues for future research endeavours, outlining areas for potential improvement.

6.2 Summary

This study endeavoured to analyse the impact of internal (BD) and external (AQ) CG idiosyncrasies on FP within the milieu of four SAARC countries: Bangladesh, India, Pakistan and Sri Lanka. To achieve robust generalisability, a sample of 200 firms was meticulously chosen. Based on their market capitalisation, the top 50 listed non-financial firms listed from each of the select nations were chosen. The chosen time frame spanned across a period of 10 years (2011–2021), effectively capturing the influence of one economic cycle to address the gap in longitudinal cross-country studies (Ozili, 2017). The SGMM model was used as the primary statistical model to test the hypothesised relationships empirically. The GEE Population-average Model was used to bolster the robustness. Table 6.1 outlines the results of the tested hypotheses.

Table 6.1: Results of Hypotheses

Hypotheses	Result for ROA	Result for TQ
H_1: There exists a significant association between AQ and FP.	Rejected when BIG4 is the proxy of AQ	Rejected when BIG4 is the proxy of AQ
	Accepted when AF is the proxy of AQ	Rejected when AF is the proxy of AQ
H_2: There exists a significant association between BD and FP.	Rejected	Rejected

H_{2a}: There exists a significant association between CEO duality and FP.	Rejected	Rejected
H_{2b}: There exists a significant association between board independence and FP	Accepted	Accepted
H_{2c}: There exists a significant association between board gender diversity and FP	Accepted	Accepted
H_{2d}: There exists a significant association between board nationality and FP.	Rejected	Rejected
H_{2e}: There exists a significant association between board education and FP.	Accepted	Accepted
H_{2f}: There exists a significant association between board age and FP.	Accepted	Accepted

Source: Author's Composition

A detailed breakdown of the findings from the study are presented in the following subsections:

6.2.1 AQ and FP

The foundation of transparency and confidence of stakeholders in management hinges on a high-quality audit. The skyrocketing accounting scandals in the last few decades have eroded stakeholders' trust in management and auditors. The member states of the SAARC region have also witnessed their fair share of accounting scandals mushrooming over the years. These scandals have exposed the vulnerabilities in the existent CG regimes. In order to safeguard investors and promote confidence in the capital markets, high-quality audits are essential to ensure the accuracy of financial reporting for publicly listed firms. This study explored the impact of AQ on the FP in the context of the SAARC region. The two most widely accepted proxies of AQ, namely, AF and BIG 4, were employed for the investigation.

The findings reveal that while auditor size may be positively associated with FP, this association lacks statistical significance across both accounting (ROA) and market-based (TQ) measures of FP. This suggests the existence of a non-linear association between auditor size and FP. Empirical evidence attests that benefits accrued to BIG 4 may lead to only moderate or negligible performance improvements, especially in the case of larger firms (DeFond & Zhang, 2014). Furthermore, in developing economies, this positive effect is weakened due to lax regulations, wherein auditor size has less impact on deterring misconduct or improving AQ (Ho et al., 2013; Elewa et al., 2019; Tanko et al., 2019; Monametsi & Agasha, 2020). However, a significant positive association is observed between AF and ROA when using AF as a proxy for AQ. This indicates that higher AF leads to enhanced accounting profitability. The finding aligns with the notion that higher fees allow for more thorough audits, potentially mitigating fraudulent behaviour and enhancing financial reporting quality. Intriguingly, the study documents an insignificant association between AF and TQ. Evidence from the literature supports this notion, stating that initial increases in AF may signal quality and boost investor confidence, but this effect plateaus or weakens at higher fee levels.

Furthermore, no significant impact was detected when exploring the moderating impact of GA and national culture diversity on the AQ-FP relationship. This lack of moderating influence of GA reflects internal issues in the analysed economies. Weaknesses in internal controls and administrative supervision may be impeding the potential advantages of robust GA. Similarly, the presence of family-owned enterprises in these nations may obscure the impact of ID on the AQ-FP connection. Family-owned firms prioritise different aims than publicly listed firms, and the emphasis on shareholder interests commonly associated with ID may be considered trivial. Finally, the insignificant but negative PD within the cultures may pose an issue. Employee fraud may go undetected in an atmosphere of power concentration and an obedience culture. This might result in poor AQ and eventually affect FP. The findings thus reiterate the need for more efficient internal control and managerial monitoring.

6.2.2 BD and FP

The growing diversity of the workforce across the globe has placed BD in the spotlight in recent years. The board of directors serves as the foundation of CG, giving strategic direction and supervising managerial decisions. Several scholarly investigations have been conducted to understand the impact of the various diversity attributes of the board of directors on the FP. This study investigated the impact of demographic and cognitive or structural BD attributes on FP. CEO duality and the board's independence made up the structural diversity variables. The board's demographic diversity was tapped by the gender, nationality, education and age diversity of directors.

CEO duality attested to a positive but insignificant association with FP. This contradicts conventional agency theory, which foresees unfavourable outcomes due to weak control. Nonetheless, contingency theory argues that some business attributes, like strong CEO and family ownership, can lessen the adverse consequences. Strong board committees and independent directors can mitigate agency issues by enhancing decision-making and minimising management opportunism. Contradictorily, this study documented that firms with more independent directors performed poorly financially. This contradicts the notion that independent boards enhance performance. Researchers speculate that this might be because emerging economies are still adjusting to the new practice of board independence and have yet to reach the position of fully reaping the benefits of it (Garg, 2007). Furthermore, the efficacy of these economies may be hampered by the absence of training for independent directors. Lastly, directors with "cross-directorships" may erode supervision and lead to conflicts of interest.

Turning to the demographic variables, a negative association was found between FP in emerging nations and gender diversity on boards. This is consistent with studies on social networks and social identity and is supported by research from other developing nations (Mohsni et al., 2021). The plausible explanations for this association are the need for a "critical mass" of women for positive impact (Joecks et al., 2023) and family-owned businesses prioritising family over qualifications. Consistent with several other studies, the study discovered a positive but insignificant association between nationality diversity and FP. This might result from conservative perceptions in the market regarding foreign directors or difficulties in managing varied boards, such as subgroup formation and communication obstacles. Evidence suggests that an ideal degree of nationality diversity may bolster the benefits accrued to it (Jansen et al., 2020). Contradictorily, the board's educational diversity was inversely associated with FP. According to social identity theory, in-group formation among directors with comparable educational backgrounds may inhibit collaboration, hindering the firm's financial success (Miguel et al., 2020).

Furthermore, investors regard such variety as a conflict risk, reducing market performance (Kagzi & Guha, 2018). Effective management techniques are therefore imperative to fully realise the potential benefits of educational diversity on boards. The study, however, discovered a favourable relationship between board age diversity and FP. This implies that firms gain from the diverse backgrounds and increased risk tolerance of younger and older directors. While elder directors provide stability, historical perspective, and industry knowledge, younger directors can provide new ideas and a risk-taking attitude (Miguel et al., 2020). This enables firms to balance growth and risk in their decisions better. The findings reinforce the notion that BD might be a double-edged sword. While certain forms of diversity, such as age diversity, are associated with improved FP, others, such as educational diversity, can have a detrimental influence. This intricacy emphasises the importance of carefully considering how to form a board to maximise the benefits of diversity.

Despite linkages between certain BD attributes and FP, the overall BD index was not substantially related to FP. This is consistent with previous studies (Berkman et al., 2021; Garg et al., 2023). Individual diversity variables may need a more synergistic combination for considerable impact. Furthermore, the relatively nascent stage of CG in the investigated region may restrict the effectiveness of diversity. Established governance processes are critical for theories such as management networking to perform well, maximising the potential benefits of a diverse board.

While accounting for the moderating influence of contextual variables, the study found a significant negative moderating influence of GA on the BD-FP relationship. GA already provide advantages such as strong networks, which diversity often delivers, particularly in weaker institutional systems (Aggarwal et al., 2019). However, when institutions in emerging countries strengthen, the advantages of GA decline (Gaur, 2007). Thus, the financial benefits of diversity become less obvious in economies with more pronounced GA. Regarding national cultural diversity, ID and PD demonstrate a significant negative moderating influence on the BD-FP relationship. In the case of ID, this result is consistent with cultural contingency theory, which indicates that board variety might have a detrimental influence in individualistic societies (Li et al., 2013). Prioritising personal accomplishment and independence may cause directors to focus on individual goals or areas of competence, limiting collaboration and potential synergy from multiple perspectives. Firms with individualistic cultures should prioritise inclusive leadership techniques and encourage cooperation to offset this detrimental effect. Again, in the case of PD, hierarchical cultures can reduce the efficacy of BD. Fear of upsetting the power structure prevents directors from expressing opposing viewpoints, resulting in groupthink (Mohsni et al., 2021). This confirmation bias, in which people focus on confirming their previous opinions, undermines the potential benefits of various viewpoints on the board (Jensen et al., 2020). Thus, this study supports the notion that there is no one-size-fits-all approach to BD. Firms may optimise BD for improved performance and competitive advantage by thoughtfully evaluating the many forms of diversity, how they interact with CG processes, and the cultural milieu.

6.2.3 Country-wise Summary of CG Idiosyncrasies and FP Relationship

This section provides a summary of the country-wise findings in light of the existent regulations governing CG in the respective countries examined:

6.2.3.1 Bangladesh

The findings revealed that AQ, as proxied by auditor size and AF, had a beneficial effect on FP. However, internal audit control variables, namely the audit committee's size and independence, were shown to be adversely related to FP, indicating the need for stronger monitoring. In terms of BD attributes, interestingly, unlike in other sampled nations, CEO duality had a negative, though not significant, impact on performance in Bangladesh, showing the potential benefits of following an independent leadership structure. However, legislation mandating independent directors on boards was linked to reduced profitability, probably due to concentrated ownership and difficulty in hiring independent directors in true spirit. It is recommended that authorities should pay close attention to these independent directors' credentials and expertise. Similarly, board gender diversity was associated inversely with profitability, possibly due to nepotism in nominations. The finding emphasises the necessity of appointing female directors based on their abilities and knowledge rather than their gender. In contrast, having directors from diverse countries was connected to improved performance in Bangladesh, most likely due to the increased presence of multinational corporations necessitating international directors with global competence. Again, board education diversity was inversely associated with market-based measures of FP. Given the restricted pool of highly talented individuals, concentrating simply on educational background may not be beneficial. A transition to developing boards based on the firm’s particular competencies is therefore advocated.

6.2.3.2 India

In the Indian context, while auditor size positively impacted market performance (TQ), audit committee characteristics displayed mixed effects. Interestingly, CEO duality yielded a positive market response but did not significantly impact accounting profitability (ROA). Furthermore, the negative association between board independence and ROA suggests a critical need for qualified, independent directors rather than merely fulfilling quotas. The findings related to BD again presented a complex picture. While board gender diversity had a negative effect, strategically including well-equipped women may prove beneficial. Similarly, the negative impact of nationality diversity emphasises the importance of cultural understanding and industry expertise for foreign directors. Board educational background showed no significant association with FP, whereas age diversity displayed a positive association. These findings underscore the need for a more nuanced approach to board composition in India. The country's progress in BD is commendable, but effectiveness hinges on stricter monitoring and ensuring directors possess the necessary qualifications. By strategically designing their boards, Indian firms can harness the strengths of diverse perspectives to achieve optimal profitability.

6.2.3.3 Pakistan

Both the internal and external CG attributes exhibited a complex relationship with FP in the Pakistani context. AF and BIG4 positively impact FP, plausibly owing to increased investor confidence. While ACS improve accounting profitability (ROA), its impact on market valuation (TQ) is delayed or insignificant. ACM and ACI, however, show no significant association with FP, possibly due to management dominance.

Turning to the BD attributes, CEO duality has an insignificant impact on FP with the negative impact being potentially mitigated by concentrated ownership structures. Board independence is negatively linked to both FP measures, suggesting a need for truly independent directors and a cultural shift towards agency-based governance. Board gender diversity is negatively associated with ROA, likely due to tokenistic appointments. Enforcing quotas and appointing qualified women is crucial to reap the benefits of having a diversified board. Board nationality diversity is negatively linked to FP, highlighting the importance of cultural compatibility for foreign directors.

Furthermore, board education diversity has a negative impact on FP, suggesting a need for complementary skills. Conversely, board age diversity is positively linked to FP, with the market favouring age-diverse boards. Overall, stricter enforcement, qualified directors, and a focus on board composition are essential for maximising the benefits of board diversity in Pakistan.

6.2.3.4 Sri Lanka

Sri Lankan CG idiosyncrasies and FP present a complex picture. While BIG4 and AF have an insignificant impact on ROA, market value (TQ) benefits from higher AF, possibly due to signalling effects. ACS and ACI are negatively linked to accounting profitability (ROA), suggesting a need for improvement in committee effectiveness. Turning to the diversity variables, CEO duality is positively linked to FP, likely due to concentrated ownership structures. While positively impacting market profitability, board independence does not significantly affect ROA, highlighting the need for qualified, independent directors. In the case of the demographic variables, gender diversity is negatively linked to FP, calling for initiatives to empower women directors. Board nationality and education diversity show insignificant negative associations, possibly due to limited market exposure and potential conflicts arising from diverse backgrounds. A more strategic approach to these aspects is therefore recommended. Age diversity has an insignificant positive association, suggesting a need for directors with complementary skills and balanced age ranges to leverage the benefits of experience and fresh perspectives. Sri Lanka's BD framework requires stricter regulations, quotas for gender diversity, and a focus on director expertise to unlock its full potential for significantly enhancing the FP.

6.3 Contribution Of The Study

This study contributes to the ongoing discussion on CG by presenting regionally relevant facts and proposing opportunities for further research. The research bridges the information gap across SAARC states, paving the path for more effective CG practices and enhanced regional FP. This study investigates the relationship between FP and CG in the understudied SAARC area, shedding light on a significant blind spot in CG research. In contrast to earlier research that frequently concentrated on developed economies, this study recognises the distinctive qualities of SAARC countries, including their principal-principal dynamics, ownership structures, and audit market characteristics. The study explores how well CG approaches in this setting transfer into better FP by considering the regional specificities. By examining the impact of AQ on FP, this study adds to the current understanding of the AQ-FP nexus in emerging countries. By considering the particular constraints of principal-principal dynamics and possible market dysfunctions, the research provides useful insights for policymakers seeking to enhance AQ and FP in the SAARC area. Furthermore, the study goes beyond the conventional focus on demographic BD. It also investigates the influence of structural BD on FP. This comprehensive approach leads to a better understanding of how board composition affects FP. Moreover, the study does not preclude a single-country analysis. The study uses a cross-country methodology within SAARC to reveal possible variances in the CG-FP connection between states. This information is critical for developing regionally tailored policy recommendations.

In conclusion, the findings provide beneficial perspectives for policymakers working to enhance CG frameworks and foster regional integration within SAARC. Furthermore, the study provides the groundwork for future research into CG practices. This study thus bridges the knowledge gap and provides regionally relevant evidence, paving the path for more effective CG practices and enhanced FP in the SAARC member nations.

6.4 Recommendations

Compared to other regions, CG procedures in South Asian firms are often weaker. To begin with, empirical evidences underscore that a sizable fraction of firms in the region are under the ownership of family members. Due to the possibility of controlling interests and prioritising their interests over those of smaller shareholders, this concentrated ownership structure may result in a decreased emphasis on transparency and accountability (Masud et al., 2018; Majeed et al., 2015). Additionally, a strong regulatory framework is necessary for CG to be effective. Unfortunately, according to Mahmood et al. (2018), several countries in the region suffer from a high reliance on foreign money, corruption, lax laws, and little transparency.

Furthermore, extant literature indicates that countries in the South Asian region face relatively less pressure from external stakeholders such as NGOs, environmental activist groups, or the international community for compliance with effective CG regimes (Ganapathy & Kabra, 2017). It is posited that this lack of external inspection further diminishes the motivation of South Asian firms to follow robust CG standards. Enforcing effective CG principles may thus be difficult in an environment where these characteristics exist. The findings contribute to the ongoing discourse on CG by shedding light on the efficacy of both internal and external CG mechanisms. The results advance significant insights for policymakers navigating the complex CG landscape and implementation.

i. To begin with, while examining the AQ-FP nexus, the positive link between AF and accounting profitability suggests auditors maintain objectivity. Policymakers in the sampled countries can thus view AF as an indicator of AQ, not economic ties. Moreover, the contemporaneous development of strong policies that encourage auditor independence, ethical behaviour, and adherence to auditing standards is recommended as further AQ improvements.

ii. Second, the unfavourable linkage of audit committee characteristics highlights poor monitoring and advisory duties performance. This reckons the need for the appointment of qualified, experienced directors 'independent' in the true sense to the audit committees. At present, apart from Sri Lanka, all the other three countries under study have mandated the presence of an audit committee with independent directors. However, it is recommended that policymakers take measures to strengthen the composition of audit committees. This can entail requiring each committee to have a minimum of one member with financial competence, putting protective measures in place such as restrictions on previous executives or those connected to management, and setting minimum experience standards and required meeting quotas to guarantee participation. These steps can promote better FP, enhanced investor trust, more efficient management oversight, and ultimately, a stronger CG environment by providing audit committees with the requisite training, expertise, and independence.

iii. Third, the results of this study emphasize that a balanced strategy is crucial to creating a gender-diverse board with the potential for increased performance. This encompasses advocating for meritocratic selection procedures with diverse applicant pools, plausibly through unconscious bias training and mandates to recruit qualified female directors. While quotas for women's representation on board can help expedite progress, they should be applied flexibly to prioritise suitable candidates. The emphasis should remain on skills and experience, with gender diversity being an important but not the sole aspect. Mentorship programmes, sponsorship possibilities, and work-life balance policies can make the workplace more welcoming for women directors. By encouraging a balanced approach emphasising merit and inclusion, regulators and policymakers may help firms reap the advantages of gender diversity on boards, resulting in better decision-making, greater CG, and a more competitive business environment.

iv. Fourth, as documented in the present study, the negative impact of education diversity on FP highlights the necessity of a paradigm shift towards skill-based board composition from an education-diverse board. The study recommends emphasising complementary skills relevant to the firm's business and risk profile, such as finance and accounting, coupled with specific industry knowledge. While a strictly skills-based approach raises concerns about groupthink, balancing core skills with open discussion can help mitigate the same. Accomplishing this balance can improve the firm's performance and result in a more resilient business environment.

v. Fifth, the composite BD index illustrates potential benefits but insignificant impact on FP. Evidence suggests that focusing simply on attaining a diverse board using a single metric may be inadequate. Policymakers may promote the formation of "synergistic boards" that leverage the strengths of varied perspectives, backgrounds and experiences. This, however, shall necessitate the creation of psychological safety for voicing diverse opinions, open discussion, maximising directors' unique abilities, and focusing on board dynamics rather than on mere demographics. It is recommended that policymakers assist firms in unlocking the true potential of diversity for enhanced decision-making, risk management, and, ultimately, superior FP by pushing board composition reviews, diversity training, and a shift away from quotas towards cooperation.

vi. Furthermore, given the region's variation in institutional frameworks, legal frameworks, and economic growth, the results imply that a "one-size-fits-all" strategy may be ineffectual in certain contexts. Therefore, reforms about CG in the sampled region must consider the institutional framework, which includes legislative enforcement protocols, regulatory supervision, and the strength of civil society. The use of CG is also influenced by cultural norms and societal expectations, as has been witnessed in the study. Policymakers should thus give context-specific CG frameworks top priority. This may entail stakeholder engagement to identify urgent concerns, a phased implementation strategy to secure stakeholder buy-in, and a comparative review of effective techniques in comparable developing nations. By tailoring CG reforms to suit their particular conditions, SAARC nations may cultivate a stronger governance framework that encourages sustainable economic expansion, draws in foreign capital, and safeguards stakeholders' interests.

Building upon the premise of the last recommendation, the following section provides implications for policymakers recommended based on evidence obtained from each studied nation. A granular approach makes it feasible to comprehend the challenges in more detail and identify viable solutions specific to each nation's conditions. It acknowledges the limitations of a universal policy recommendation and leverages the specific findings from each nation. The following section outlines the policy recommendations for each nation based on the present study's findings.

6.4.1 Bangladesh

i. The present study documents a favourable relationship between FP and AQ in the context of Bangladesh. Based on these results, it is recommended that policymakers pursue a three-pronged approach to encourage high-quality audits: reviewing AF regulations to ensure they reflect engagement complexity while preventing excessive costs; working with accounting bodies to invest in ongoing auditor training programmes for a more skilled and effective audit profession overall; and encouraging firms, especially large-sized ones, to use Big 4 audit firms due to their positive impact on financial metrics.
ii. Unlike other nations, Bangladesh demonstrated a negative direction in the CEO duality and FP relationship. This highlights possible downsides consistent with agency theory's worries about concentrated power. Policymakers may address this by supporting best practices in board structure and separation of CEO/chairman duties and reviewing rules to implement stronger limits on CEO duality in Bangladesh potentially. This suggestion bolsters the relevance of No. 1(4)(a) of the CG Code, 2018, which separates the role of chair of BOD and CEO, ensuring that different individuals must hold the posts.

iii. Despite the absence of mandatory quotas, Bangladesh has attained a female director representation percentage of 18 per cent, equivalent to that of India. However, owing to the negative association of gender diversity with FP, it is recommended that policymakers formulate a policy that does not solely mandate female participation on the board but integrates provisions that facilitate merit-based appointments.

iv. Bangladesh demonstrated a positive association between board nationality diversity and FP, unlike the other nations investigated. This is consistent with the growing presence of multinational firms in Bangladesh, where foreign directors contribute considerable global experience. To capitalise on this, policymakers are recommended to explore promoting the benefits of board nationality diversity, particularly in areas that attract international investment. Furthermore, updating regulations governing foreign directorships to shorten procedures or give incentives might be advantageous. However, the emphasis should be on hiring skilled foreign directors with suitable abilities to supplement current boards.

6.4.2 India

i. Although there was no statistically significant overall association between AQ and FP, a major result of the Indian study was that BIG 4 had a favourable effect on TQ. This implies that a firm's market impression in India might be especially enhanced by BIG 4 employment. Therefore, It is recommended that policy makers explore ways to reduce costs or streamline regulatory procedures for Indian firms to access BIG 4 audits easily.

ii. In February 2022, India introduced a regulation based on the 2017 Kotak Committee report, making it voluntary for the top 500 publicly traded firms to divide the CEO and chairman positions. The goal was strengthening CG by establishing a more balanced firm and eliminating concentrated control. However, the results of the study indicate an atypical situation. While CEO duality is positively associated with a market-based FP (TQ) measure, it had an insignificant influence on accounting profitability (ROA). Understanding this requires more investigation in light of the recent regulatory shift to reconsider and formulate a policy that would serve the best interest of the firm and stakeholders.

iii. Despite a mandatory requirement for having at least one woman director on the board in India, gender diversity had a surprise negative association with FP. This might be attributed to a shortage of competent female candidates with significant social capital, as proposed by feminist theory (Jadiyappa et al., 2019), or to the U-shaped connection between gender diversity and performance, where initial inclusion may have downsides (Dupati et al., 2020). To address this, policymakers should consider shifting towards appointments of competent women with suitable abilities, investigating specific rules for equal representation, and tracking the long-term impact of these efforts on financial reporting. India can harness the full potential of board gender diversity for greater financial governance by concentrating on credentials and maybe instituting quotas while preserving merit.

6.4.3 Pakistan

i. The results depict that AQ is associated with improved FP in Pakistan. However, this relationship is insignificant in the case of AF and TQ. Policymakers may, therefore, take two approaches to combat this: first, they may advocate for measures like auditor training or more stringent monitoring to improve overall AQ. Secondly, further investigation is required to identify the precise causes of the weak AF-TQ relationship. Policymakers can attempt to increase the relationship between favourable market perception for Pakistani firms and AF by looking into this and possibly creating specific regulations.

ii. Regulation 9 of the CG Code 2019 requires that the chair of BOD and CEO shall be different from one another. However, this study documented that CEO duality has a negligible relationship with FP. This might be owing to Pakistan's concentrated ownership arrangements, where controlling shareholders already wield huge influence (Yasser et al., 2014), or to insufficient board independence, which limits supervision regardless of duality (Ali & Bhutta, 2011). To address this, policymakers should consider undertaking further research on how ownership concentration interacts with CEO duality, launching measures to improve board performance, and tracking the long-term effects of the new CG legislation in Pakistan. This will enable policymakers to take a more informed approach to CEO duality.

iii. While Pakistan has stipulated regulations governing the presence of independent directors on board, this study finds a substantial negative relationship with market-based measures of profitability. To address this, policymakers should focus on strengthening director independence through stricter regulations, promoting a balanced CG approach that considers both oversight and long-term interests, and conducting additional research on the cultural aspects of board independence in Pakistan. This will contribute to a more effective model of board monitoring and improved financial reporting standards.

iv. Furthermore, similar to the Indian context, despite having legislation mandating women directors on board, gender diversity has a detrimental impact on profitability in the Pakistani context. To address this, policymakers are recommended to prioritise appointing qualified women directors through training programmes and bridge the market perception gap by emphasising the benefits of diversity. Moreover, stricter enforcement of existing regulations is suggested to ensure compliance and encourage firms to appoint more than the minimum required woman directors.

6.4.4 Sri Lanka

i. In the Sri Lankan context, BIG 4 had no discernible effect on FP, while AF indicated a favourable association with TQ. This shows that greater fees are linked to a better market impression. Policymakers should take a two-pronged approach to addressing this: First, they should look into the reasons for the lack of a clearer impact on profitability from increasing fees. Secondly, they should reconsider the function of BIG 4 audits by looking at their particular services or investigating different ways to raise the standard of audits in Sri Lanka. This emphasis on comprehending the fee-profitability gap and reassessing the efficacy of the BIG 4 can assist policymakers in creating focused regulations that relate superior audits to enhanced FP and better market perception for Sri Lankan firms.

ii. Sri Lanka currently lacks a mandate for firms to form audit committees. It is recommended that policymakers in Sri Lanka should make it necessary for firms to establish audit committees. To guarantee committee effectiveness, best practices must be considered while forming them. Evidence from the other examined countries suggests that inefficient creation processes impede audit committees' beneficial influence on FP.

iii. No express quotas exist for women's representation on the boards of Sri Lankan firms. To reap the benefits of gender-diverse boards, it is therefore recommended that considering evidence from India, Pakistan and countries with similar socio-economic backgrounds, policymakers should draft policies mandating express quotas for women directors and strengthen women leadership development using targeted training programs and mentorship initiatives.

6.5 Limitations and Future Research Avenues:

Each research endeavour has constraints, and this study is no exception. It is critical to identify these limitations to offer an objective and unbiased interpretation of the findings. The following is an account of some considerations that may affect the generalisability or interpretation of the results of the present study. Future researchers may build upon this study by addressing the following limitations:

i. First, this cross-country study only sampled the top 50 publicly listed corporations, each from the four select countries. This may reduce the generalisability of the findings since they may not adequately represent all publicly traded firms. Future researchers may employ a larger sample to provide more in-depth results.
ii. Second, this study was restricted to non-financial firms. This restricts the implications of the results to the financial sector since financial institutions could be subject to distinct laws and governance frameworks. Subsequent research may investigate if these findings hold for financial institutions by gathering information from various sectors.
iii. Third, the present study did not test for reverse causality, i.e. the possibility that FP influences CG attributes. Future research could address this limitation by testing the reverse causality in the CG-FP relationship.
iv. Fourth, while this study explored the moderating effects of GA and national culture on the CG-FP relationship, other contextual factors may also have the potential to moderate this relationship. These include industry-specific legislation, firm-level characteristics like size or ownership structure, and the overall economic climate.

Research accounting for these unexplored contextual variables may provide a more comprehensive understanding of the CG-FP relationship to formulate more informed policies.

v. Fifth, yet another possible path for future study may be to employ longitudinal data analysis to look into temporal differences in AQ, BD, and FP. Such an approach would allow for a more nuanced understanding of the long-term effects of CG procedures and their developing impact on FP.

vi. Lastly, future research might also benefit from integrating qualitative approaches, such as case studies or expert interviews alongside the quantitative analysis. This may facilitate a more in-depth investigation of CG dynamics in the SAARC region, providing contextually rich insights that complement quantitative findings while enhancing overall understanding of governance practices.

Thus, diligent efforts were undertaken throughout this study to document a comprehensive understanding of the CG-FP relationship in the SAARC region. However, Albert Einstein reminds us, "*The important thing is not to stop questioning. Curiosity has its own reason for existing*." Therefore, this study ignites the sparks for more nuanced investigations in the future.