CORPORATE GOVERNANCE IN PAKISTAN: AN EXPLORATORY STUDY OF THE PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED

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ABSTRACT

Aim of this study is to explore historical trajectory of corporate governance with reference to its introduction in Pakistan International Airlines. The corporation has experienced hard criticism due to its poor performance, corruption and inefficiency. Study is based on secondary data analysis of annual reports, news reports archives, and important documents related to Pakistan International Airlines Corporation Limited (PIACL) for a period from 2002 up to 2016. Findings reveal corporation earned embarrassment to organization for several reasons such as deteriorating performance, mismanagement, conflicts between management and union, overstaffing, inadequate number of aircrafts in fleet, discriminatory human resource policies, staff's involvement in smuggling, unsound practices of transparency and accountability. Though corporation adopted corporate governance in 2002, however, it has consistently sown discouraging performance despite various equity injections and bailout packages.

Keywords: Pakistan International Airlines Company Limited, Corporate Governance, Performance

INTRODUCTION

Corporate Governance (CG) is a term that has echoed around the world because of many scams and misappropriations resulting crash of numerous organizations, who were leading world economy before their downfall such as Enron and WorldCom (Goel *et.al.,* 2017). In order to face challenges that that appeared after the fall of such organizations, CG become need of hour. CG is considered a mechanism to control a company and take care of its stakeholders with defined rules and regulations aimed at transparency and integrity (Mishra, 2012). Stakeholders include board of directors, management, shareholders, customers, employees (Admati, 2017).

Aguilera and Jackson (2003) elaborated that CG is divided into various models such as Anglo Saxon (American), German (Continental European) and Japanese model. Scholars have distinguished these models into two major systems, i.e. Anglo American (the shareholders) and Continental European/Japanese system.

The differences of these systems are viewed through the lenses of difference in ownership, financing, relations with labour, markets, role of control through different capitalism verities, and the possibilities of divergence or convergence in terms of practices of CG (Williams and Conly, 2006). Toms and Wright, 2005; Federowicz and Aguileria, 2003; Aguilera and Jackson, 2008; Clark and Wojcik, 2005 have explored similarities or differences of CG systems.

This study explores historical trajectory, models, and introduction of CG in Pakistan especially in PIACL. This study also identifies reasons of governance issues such as chronic poor performance, bad governance, flight delays, development of technical faults in aircrafts, maintenance of aircrafts, insufficient number of aircrafts in fleet, fuel-inefficient aircrafts, unsound human resource practices, favoritism in promotions, appointments, staff involvement in smuggling, long history of union-management conflicts and so on.

HISTORICAL TRAJECTORY OF CORPORATE GOVERNANCE

United States*:* CG can be traced back in U.S.A with the Wall Street Stock market crash of 1929, mismanagement, market manipulation, reckless trampling of the rights of shareholders and insider trading. This issue provoked Congress to bring in the Securities Act-1933 and Securities and Exchange Act-1934 to deal the wrongdoings (Jongsureyapart, 2006). Various issues and problems were experienced by large companies, which emphasized on quality of governance and independence of boards (Chamlou and Isknadar, 2000). In 2001-02 the crises of Enron, World Com, Tyco International, Adelphia Communications, Global Crossing, Quest Communications, Computer Associates and Arthur Anderson occurred. These crises jolted U.S.A and the entire world. The bankruptcy of Enron, paved way for Sarbanes-Oxley-Act in 2002 where companies were bound to follow the rules relating to independence of boards, appointment of independent audit committee to oversee the responsibilities, disclosures and control the principles relating to conflict of interest, corporate board and white collar choice (Kiel, *et.al.,* 2004).

United Kingdom*:* England experienced the first well documented business failure of South Sea Bubble, during 1970-71 after which practices and laws of business were revolutionized. Likewise the banking crises in 70s, Max Well group of newspapers, the collapse of Bank of Credit and Commerce International, Barings Bank sought focus for good governance in England (Jongsureyapart, 2006). Committee of Sponsoring Organizations (COSO) was constituted in 1992 which was headed by Sir Adrian Cadbury to report on "*Financial Aspects of Corporate Governance"*. Committee investigated accountability of board to shareowners and furnished report by introducing "Codes of Best Practice" wherein 19 recommendations were given by focusing on accountability and powers of board in order to provide a roadmap regarding non-executive directors, and executive directors. Moreover to cope with the corporate scandals and failures another committee which was chaired by Ron Hampel was formed to review the findings of *"Cadbury Committee*". The *"Hampel Committee"* analyzed codes of best practice and reported some mandatory dimensions of board of directors, such as, extension and duties to everyone concerned controlling objectives in the light of risk management as risk of frauds can be diminished.

Later in January 1995 to investigate the practices of British industry Confederation of British Industry (CBI) was formed to set remunerations of directors and design norms to be followed by companies, while concentrating accountability and responsibility for deciding remunerations, reporting to shareowners and to establish fair and transparent mechanism. Policy about disclosures, remunerations, and services compensations were given by the committee as *"Green burry Codes of Best Practices"*. Committee emphasized that given principles should be followed by British corporations and investors should evaluate and monitor whether these codes are being used accordingly or not. In 1999 the Institute of Chartered Accountants England and Wales (ICAEW) formed "*Turnbull Committee"* in order to provide assistance and roadmap to corporations for practicing combined code as an internal mechanism. It was recommended by the committee that directors have to confirm and ensure that corporations have sound internal audit mechanism and it is being practiced by them (Mishra, 2012).

Asia (India and Japan): In 1997-98 pitiable governance practices, less transparency and disclosures, corruption and mismanagement of companies caused Asian financial crises (Wicaksono, 2009). Those crisis demolished currencies, equity and property markets damaging the trust of international investors due to favoritism, poor structures, weak disclosures, auditing, accounting standards mechanisms and weakness of economy. To deal with crises International Monitory Fund (IMF), World Bank (WB) and the Asian Development Bank (ADB) initialized reform process for institutions in Asia (Jongsureyapart, 2006).

Japan's CG structure is unique than developed countries, centuries ago in response to crises and changes in the history such as changes of world war-II (WW-II) and prior to militarization of Japan during 1930 they had different structure in which mostly companies, diversified enterprises networks were hold by family owners and run by *"zaibasu*" (professional management). To re-build economy after WW-II Japan developed a unique structure of CG different from other structures i.e. US and German, which made Japan world's second largest economy in 1980s, but in 1990s Japan went into troubles because of globalization and no longer remained a developing country. Therefore Japan desperately needed a new CG structure keeping in view legal, cultural and political systems, as a result its CG model is under influence of its legal origin, strong political forces who favored financial institutions in the model and its cultural traditions deeply rooted in *'keiretsu'* system.

In India CG gained prominence in 1990, Securities and Exchange Board of India (SEBI) reforms in 1992 provided various CG rules and regulations, which were introduced as voluntary measures by Confederation of Indian Industry (CII) in 1996. On 7th May 1999 *"committees of Naryana Murthy and Kumar Mangalam Birla*" were formed by SEBI to draft the code of CG, on the recommendations of Murthy and Birla committees '*Clause 49'* of Listing Agreement was made as standard of CG in India.

Pakistan: In 2002 Securities Exchange Commission of Pakistan (SECP) in collaboration with Institute of Chartered Accountant of Pakistan (ICAP) designed code of CG, in the light of best practice codes to be followed by companies listed at stock exchange based on Corporate Ordinance 1984 (which was amended in 2002). The code is based on norms according to SECP Act-1969 and 1997 which is the fundamental law of securities relating matters of handling frauds, issues of takeover, transparency, openness rules [disclosure], transfer price, the information regarding dividends by companies, annual general meeting of shareholders, updates concerning any changes in the structure of board of directors or the ups and downs in the capital, rights of minority shareholders, appointment of none-executive directors on board. The amendments, developments and updates in codes are being done whenever necessary, with technical support provided by World Bank (WB) and Asian Development Bank (ADB) in order to help Securities Exchange Commission of Pakistan (SECP) to regulate and implement codes and principles (Javed and Iqbalo, 2007).

TABLE-1

CORPORATE GOVERNANCE COUNTRY WISE PROFILE

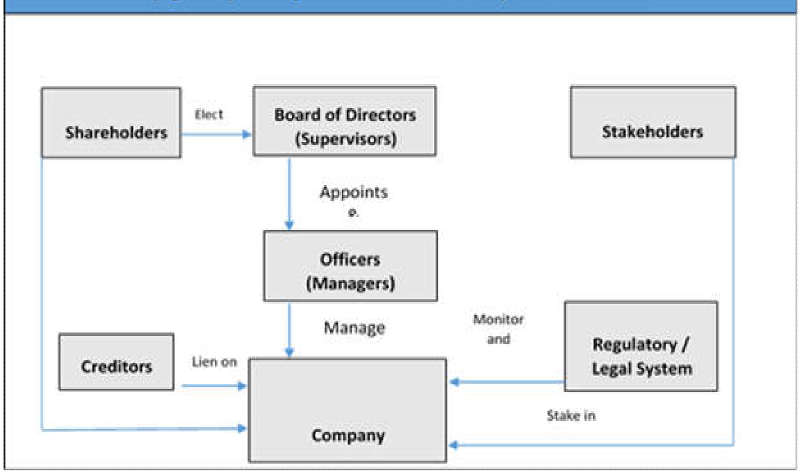
Year	Country wise Profile
1992	United Kingdom
1994	South Africa, Canada
1995	Australia, France, Pan-Europe
1996	Spain
1997	USA, Japan, The Netherlands
1998	Belgium, Germany, India, Italy, Thailand
1999	Brazil, Greece, Hong Kong, Ireland, Mexico, Portugal, South Korea, OECD, ICGN, Commonwealth
2000	Denmark, Indonesia, Kenya, Malaysia, Romania, Philippines
2001	China, Czech Republic, Malta, Peru, Singapore, Sweden
2002	Austria, Cyprus, Hungary, Kenya, Pakistan, Poland, Russia, Slovakia, Switzerland, Taiwan, Oman
2003	Finland, Lithuania, Macedonia, New Zealand, Turkey, Ukraine, Latin America, Nigeria

2004	Argentina, Bangladesh, Iceland, Norway, Slovenia, Colombia, Mauritius
2005	Jamaica, Latvia, Lithuania
2006	Estonia, Lebanon, Luxemburg, Sri Lanka, Bosnia and Herzegovina, Egypt, Saudi Arabia, Israel
2007	Bulgaria, Jordan, Kazakhstan, Moldova, Mongolia, Maldives, Trinidad and Tobago, UAE
2008	Albania, Morocco, Qatar, Serbia, Tunisia,
2009	Algeria, Croatia, Georgia, Montenegro
2010	Armenia, Bahrain, Baltic States, Ghana, Malawi, Yemen
2011	Azerbaijan, Guernsey
2013	Barbados

MODELS OF CORPORATE GOVERNANCE

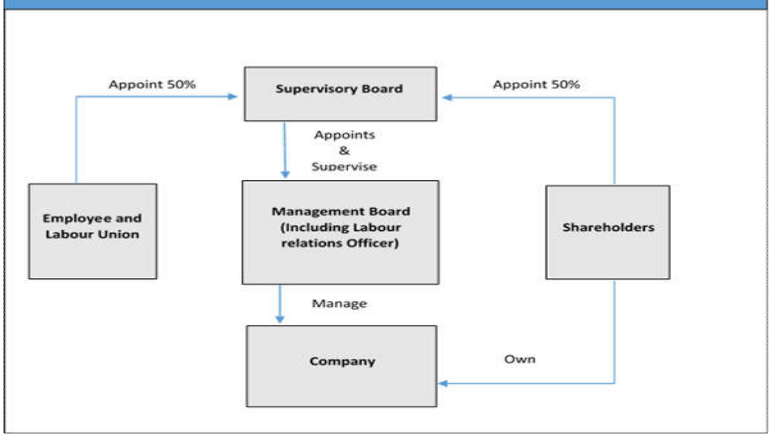
Anglo-Saxon*:* How CG practices should be is derived from the national laws of corporate and securities reflecting the economic and political concerns. The way industries have been operational emphasize the importance of shareowners performance through the lens of legal rules, regulations, and actions of management. The U.S corporate governance protects shareowner rights and maximize return to them while meeting the challenges of active, liquid deep capital market (Detomasi, 2006). According to this model shareholders being actual owners elect Board of Directors as their agents in the company who further appoint mangers, officers to govern company according to the interest of shareowners and at par with prevailing legal systems.

(Figure. 1) The Anglo-American Model of Corporate Governance



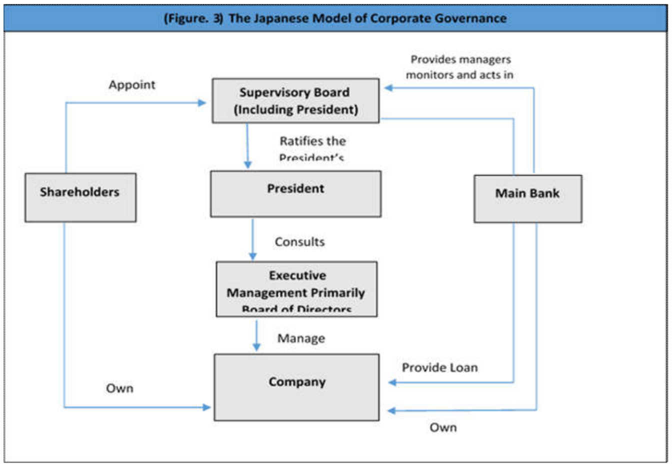
Continental European: The continental European or German Model of CG is based on support by financial institutions, because this model is supported by debt rather than equity financing, to confirm that financial institutions impact over governance. However the effect of corporate governance on society has the focus and most emphasis in German model of CG, the American model emphasis dominance of shareowners is overruled in this model, in order to balance combination of shareowners, labor and the interest of society. The German model of CG labor primacy, those companies which have more than 500 employees must be having two-tier board format, where supervisory board deliver the strategic role and management board has to look after routine managerial activities. While half of the supervisory board must be representatives from labor according to the prevailing laws, Germany has a narrow capital market with only few prominent firms, as three top companies in 1995 only accounted third of the trading volume on major stock exchanges, whereas top six accounted for about 50 percent. The prominence of labor, focused emphasis over debt instead equity and stakeholders are the fundamentals of CG at Germany (Detomasi, 2006).

(Figure. 2) The German Model of Corporate Governance



Japanese Model of Corporate Governance

The Japanese model of CG is based on maintaining relations with industrial groups known as *keiretsu*. The *keiretsu* is combination of interconnected firms, which have combined ownership stake and are depending on debt financing from central financial institutions. Because this feature enables managers for long term planning and motivate them for immediate financial return due to emphasis over continuous security accessing debt financing. Usually there are large corporate boards in Japan along with directorship in other industrial groups (*keiretsu*) being selected on tenure basis and the labor gets lifetime employment in order in order to remain loyal and efficient regarding costs and conflicts. The corporate governance practices of Japan emphasize over group integration and prefer relationships instead contracts (Detomasi, 2006).



The purpose of CG is to balance the interest of individuals, companies and community (society), to attend these goals a war of interest among corporations, society and individuals began, which is called the agency problem. Chata, (2010) talk about agency problem as a situation in which management and shareowners are in conflict of interest, where shareowners focus is to increase wealth as fundamental objective, whereas every decision of management is not aligned to this purpose, because of this the problem of agency differences rise among community (society), authorities who manage business (management) and real owners of the firm, as stockholders (Principal) appoint management (Agent). There is difference into shareowners wealth maximization objective and the objectives actually followed by management.

The basic cause of this difference is due to the separation of ownership and control of corporation, this has allowed persons who manage firm to pursue objectives relating to their own benefits and interest, as for as shareowners are satisfied that management is maintaining corporation accordingly. Managers deliver performance up to some extent, however, they increase their own wealth.

The classical Anglo-American model focus on the value of shareholders, and emphasize on profit only instead quality of governance, however, CG in the light of transparency and accountability is of no use to only work for the profits of majority share owners. The problem of agency occurs when management follows its own interest instead pursuing the interest of shareowners or of real owners in corporations, things get worse when due to personal benefits authorities, who control and govern companies, ignore or pay less attention and focus to over-staffing, poor mechanism of inside control, less efficient work performance and insignificant commitment towards organizational goals and objectives of finance providers, because of this managers get much of their personal gains, due to this companies become unprofitable corporations, henceforth personal interests of management are fulfilled through the expenditures of owner (Chata, 2010).

TABLE-2
DIMENSIONS OF CORPORATE GOVERNANCE MODELS

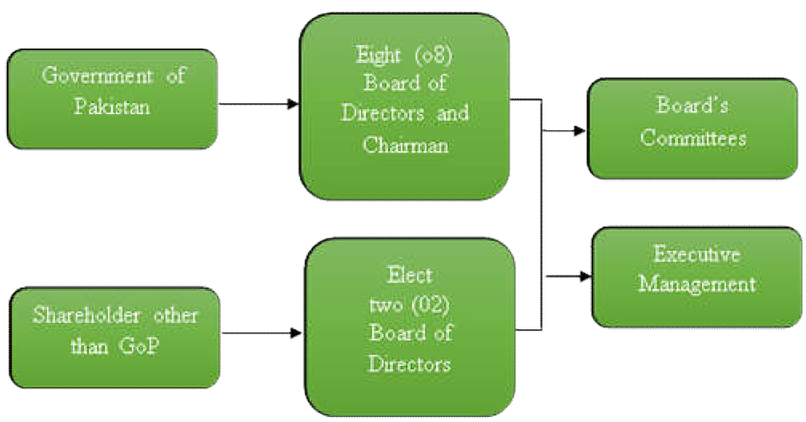
Description	Anglo-Saxon Model	Continental European Model	Japanese Model
Oriented towards	Stock Market	Banking Market	Banking Market
Considers	Shareholder's Property right	Shareholders' property right and company's relationship with its employees	Stakeholders' interests (Keiretsu)
Shareholding Structure	Dispersed	Concentrated	Concentrated (Cross passion of shares
Management	Executive directors, non-executive directors	Supervisor Board, Board of Directors	Board of Directors, Revision Commission
Control System	External	Internal	Internal
Accounting System	GAAP	IFRS	GAAP and IFRS
Strengths and Weaknesses			
Description	**Anglo-Saxon Model**	**Continental European Model**	**Japanese Model**
Strengths	Continuous discipline	Multiple risk carriers	Decreased optimism
	Transparency	Mutual benefit	Direct Influence of owners
Weaknesses	Failure	Slow reaction	Resistance to change
Legal System			
Description	**Anglo-Saxon Model**	**Continental European Model**	**Japanese Model**
Importance of the participants	Individuals	Business network	Banks
	Institutions	Banks	Business network
	Business network	Government	Employees
	Employees	Institutions	Government
	Government	Individuals	Individuals
	Banks	Employees	Institutions
Issues covered by governance	Capital market	Transactions	Corporations network
Evaluating the governance efficiency	Financial Performance	Return on Social Capital	Return on human capital

Corporate Governance in PIAC

Air transportation is an essential element to achieve economic growth, it provides connectivity on regional and international levels. It helps to generate trade, tourism and create employment opportunities. On 10th January 1955 Government of Pakistan decided to establish a state owned airline through PIAC Ordinance 1955 and incorporated Pakistan International Airlines Corporation (PIAC) which is commonly known as "PIA" a commercial air transportation company of Pakistan, which is 87 percent owned by the Government of Pakistan and 13 percent by other shareholders (private).

PIAC provides: (a) airline operations, (b) hotel operations and (c) other services, is head quartered at Jinnah International Airport Karachi, with primary and secondary hubs at Karachi, Islamabad, Rawalpindi, Multan, Faisalabad, Peshawar and Quetta, having 18000 employees, 32 aircrafts in fleet (out of which 26 are operational) flying to 25 domestic and 29 international destinations. Since 1990 different governments have been planning to privatize PIAC, due to its governance issues and poor performance, in order to achieve this goal PIA is converted into a limited Corporation i.e. PIACL initially through Presidential Ordinance No XVII on December, 04, 2015 and later under the PIAC Act, 2016. The Privatization Commission has worked out a restructuring and implementation plan by classifying core and none-core business of Corporation, cabinet has approved PIACL privatization plan of restricting PIACL's corporate and financial structures by selling 49 percent of shares to strategic partners and handing over management of Corporation to them (Dawn, February 21, 2018).

FIGURE-4
CORPORATE GOVERNANCE MODEL IN PIACL



The CG model of PIACL is in line with the principles of Anglo-American model of CG. In PIACL eight Board of Directors and Chairman of the Board are appointed by Government of Pakistan being majority shareholders of Corporation whereas two Board of Directors are elected by private shareholders (the shareholders other than Government of Pakistan) who govern PIACL with the help of Board's Committees and Executive Management.

Corporate Governance and Issues of PIACL

PIACL has always been hot topic in Pakistan news reports about PIACL's bad governance, management issues, conflicts, performance issues, problems with flight operations such as flight delays, HR issues, lack of sound practices of accountability, transparency, practices of corruption, financial irregularities, commissions, kick-backs, violations of procurement rules, The national flag carrier has been suffering chronic issues since very long it has been annoying customers, countryman. Many critics have named PIA as 'Perhaps I will Arrive' and with other such sort of slogans, as the performance of national carrier is a big question mark all the time to its governing authorities and government of country, most of news channels break different news, such as, PIA crew involved in smuggling Iphones, drugs, pilots were not allowed to fly and were fined as they were found drunk at international airports in Europe, PIA in domestic flights didn't operate air conditioners, management and unions are in deadlock due to issues within them, and so on. Once PIACL was pride of country and hallmark because of its quality service and efficiency, it was benchmark for many other airlines. But now same PIACL because of its deteriorated performance is a reason for embarrassment to country (PM Sharif, *Dawn*, April 23, 2014).

Over-staffing, declining service standards, poor quality of manpower, lack of punctuality and reliability, ageing fleet, high interest on barrowed loans, training and job rotation are most of the issues of national flag carrier (*Dawn*, September 13, 2013). Likewise the flights delays and cancellations, shortage of aircrafts, suspension of some international routes, overstaffing and mismanagement are some of the problems affecting the national flag carrier (*Dawn*, February 21, 2015). However, major issue or trouble with PIACL is its poor governance, its management (Board of Directors and top level management) is not delivering quality service and products since decades, so PIACL's problem can never be solved by investing in cosmetic fixes, those can only be resolved when there will be efficient and sound management in PIACL therefore its management needs a comprehensive overhaul till then there are no chances for airline to get rid of bad repute and problems.

Moreover, PIACL with 18000 employees and only a few dozen of aircrafts is worst managed airlines around the globe. Apart from this, it is a public sector organization, so every political party in power has operated it as a personal limo service and every successive government has appointed their workers and favorites in PIACL at key positions. This all has resulted in wasteful use of resources, miss utilization of its resources by staff, poor and inefficient management, no accountability, accumulated losses and so on. These all factors have pushed national carrier close to brink. Over the years mismanagement and structural inefficiencies in the state owned enterprises has marred public sector organizations (*Dawn*, November 19, 2014).

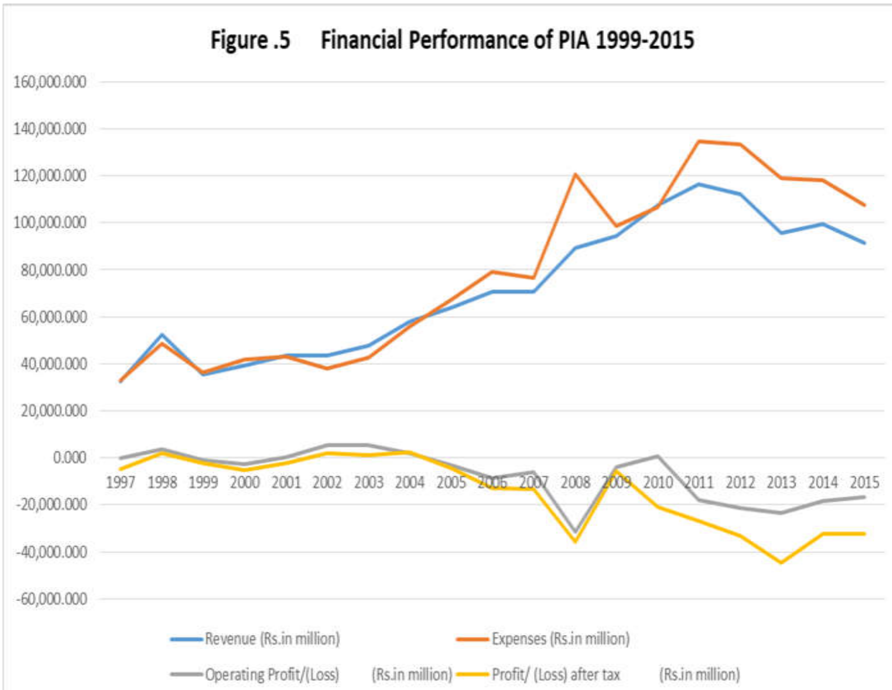
TABLE-3
FINANCIAL PERFORMANCE OF PIA FOR A PERIOD FROM 1999-2015

Year	Revenue (Rs.in million)	Expenses (Rs.in million)	Operating Profit/(Loss) (Rs.in million)	Profit/ (Loss) after tax (Rs.in million)
1997	32,732.160	32,809.050	(76.890)	(4,794.960)
1998	52,308.140	48,453.690	3,854.450	2,159.190
1999	35,491.990	36,394.640	(902.650)	(2,052.110)
2000	39,227.700	42,033.170	(2,805.470)	(5,155.280)
2001	43,608.370	43,242.160	366.210	(2,205.530)
2002	43,673.970	38,097.110	5,576.860	1,873.320
2003	47,951.820	42,574.230	5,377.590	1,298.650
2004	57,788.080	55,872.080	1,916.000	2,306.600
2005	64,074.470	67,075.580	(3,001.110)	(4,411.660)
2006	70,587.150	79,164.370	(8,577.220)	(12,763.420)
2007	70,480.730	76,415.810	(5,935.080)	(13,398.710)
2008	89,201.570	120,579.210	(31,377.640)	(35,880.160)
2009	94,563.770	98,628.760	(4,064.990)	(5,822.430)
2010	107,531.590	106,811.510	720.080	(20,785.120)
2011	116,550.580	134,477.330	(17,926.750)	(26,767.210)
2012	112,130.000	133,472.960	(21,342.960)	(33,181.540)
2013	95,771.130	119,141.100	(23,369.970)	(44,524.420)
2014	99,519.057	118,048.665	(18,529.608)	(32,222.472)
2015	91,268.545	107,704.441	(16,435.896)	(32,529.560)
G.Total	1,364,460.822	1,500,995.866	(136,535.044)	(268,856.822)

Moreover it has been reported that PIACL Board of Directors lack vision and because of them there is mismanagement in PIACL, there is in-efficient management in national flag carrier, there is poor planning by PIACL policy makers and managers. Likewise, there is lack of sound transparency practices in Corporation because of that there are practices of corruption and financial irregularities in PIACL, commissions and kick-backs are received in return of deals. Contracts are given on favoritism to the firms or ex-employees, officials of national flag carrier. Similarly there is lack of accountability and independent audit in PIACL, terms like accountability, transparency exist only in policy papers, whereas in practice there have been violations of Public Procurement Regulatory Authority (PPRA) rules in procurement, purchase of aircrafts and spare parts.

Likewise the financial performance of PIACL is drastic and devastating Corporation is sustaining huge monthly losses, accumulated losses. As reported in Dawn (October 11, 2017), Corporation's accumulated losses have crossed Rs.400 billion, the losses are exceeding Corporation's assets though many claims are being made by management of Corporation and decision makers to make PIACL a profitable entity but the performance of Corporation is vice-versa.

As displayed in Table-3 above, the financial performance of PIACL for last nineteen years i.e. from 1999 up to 2015, where national flag carrier have been in profit for four years, i.e. 1999, 2002, 2003 and 2004. Whereas, for more than one and half decade out of last two decade there is constant increase in PIACL losses.



Moreover, if we look at the trend of revenue and losses of Corporation in Figure-5 it displays the gap between revenue and losses is widening year by year.

TABLE-4
PACL FLEET AS ON JANUARY 2018

S.No	Aircraft type	Total No of Aircrafts
1	BOEING 777-300 ER	4
2	BOEING 777-240 LR	2
3	BOEING 777-200 ER	6
4	AIR BUS A320-200	11
5	ATR 72-500	5
6	ATR 42-500	4
Grand total		**32**

Furthermore, PIACL's fleet management and its flight operations always bring bad name to Corporation as there is very less number of aircrafts in national flag carrier as shown in above Table-4 total number of PIACL fleet is 32 out of which about 26 are operational, therefore, Corporation has shortage of aircraft or inadequate number or airplanes to meet the demand. PIACL's employees to aircraft ratio is industry's highest, it is five hundred plus against the industry standard of one fifty or two hundred. Likewise, PIACL lacks new technology and fuel efficient aircrafts, its fleet is old and aging to the extent that PIACL has been banned by European Union to Europe because of its old aircrafts which didn't meet the safety standards. Besides PIACL's flights are either delayed or cancelled frequently or they make emergency landings due to development of technical faults, many times passengers struck up or stranded at airports due to technical faults, irregularity and none punctuality in flights. Furthermore, aircrafts are grounded due to non-availability of spare parts or due to development of technical faults, engineers have to cannibalize (take parts from one grounded aircraft and install those in other fault developed aircraft) to keep others fly, spare parts are purchased on higher prices which increases the maintenance cost.

Similarly, there is management and HR problems in PIACL, most often employees protest for their rights, staff is involved in drugs smuggling, cell phones and stealing customers' items at cargo services. There is long history of union-management conflicts, discrimination practices, nepotism and favoritism in appointments, harassment issues and over-staffing. Corporation has inadequate financing as it has to pay huge amount on loans and interest on loans borrowed in past, despite government subsidy and equity injections and various bailout package from time to time, thirst for finances does not end, so to coup the situations in PIACL government has been trying to privatize PIACL.

CONCLUSIONS

This study explored historical trajectory of CG with reference to its introduction to PIACL, which once used to be benchmark for Qatar Airways, Emirates, Singapore and Sri Lanka airlines in the region but now is struggling with its own performance and is under hard criticism due to bad governance and poor performance. Due to deteriorating performance of corporation its critics have labeled it as ‘Perhaps I’ll Arrive’ using its abbreviations ‘PIA’. Because of bad governance PIACL has chronic poor financial problems, operational performance, conflicts of union and management, favoritism and nepotism in human resource practices, over-staffing, employees involved in smuggling, having inadequate number of aircrafts in fleet, old age and fuel in-efficient aircrafts, almost swallowed by huge monthly, accumulated losses and liabilities, having industry’s highest ever employees to aircraft ratio, blighted by corruption, inefficiency, unsound practices of transparency, accountability, mismanagement, miserable and unsatisfactory performance.

If we thoroughly look into the issues being faced by PIACL we find those rooted to its bad governance and unsound CG practices. PIACL adopted CG practices in 2002 after their adoption and development within country. However looking at the performance of PIACL it is concluded that the norms of CG do exist in PIACL but are not sound in practices, CG norms are mentioned in policy papers only whereas there are various discrepancies implementing them as a result corporation is experiencing different chrionic issues and not delivering expected performance. Sound CG practices increase performance, encourage managers and provide an environment to maximize operational efficiency productivity and growth of corporations. Moreover, sound CG practices confirm stakeholders’ interest and reduce abuse of power such measure needs to ensure accountability by monitoring managers’ behaviors and cost effectiveness.

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