

Corporate governance becomes a global issue. Corporate governance techniques are now most important to run a successful business. In Pakistan corporate governance was incorporated by SECP (Securities Exchange Commission of Pakistan) in March 2002. A separate institute was also formed by SECP to take care the rules and regulations regarding corporate governance in Pakistan. The basic purpose of this research study is to check the impact of corporate governance on corporate performance. The corporate performance is generally measures through its profitability analysis.

This research study examines the impact of corporate governance on corporate performance. The corporate performance is selected as a dependent variable and its variables are return on assets (ROA) and return on equity (ROE). The corporate governance variables are board size (BS), board independence (BI), and audit committee size (ACS). The data for this research is collected from the firms of Chemical Sector of Pakistan from 2005 to 2009. The regression models are applied to check the significance of corporate governance on corporate performance.

The result shows that there is an insignificant impact of corporate governance on ROA & ROE. . The researcher has found that the role of corporate governance is not ignorable. As the corporate governance is at its early stages in Pakistan but due to corporate governance the performance of the firms have improved.