Impact of corporate governance on corporate social responsibility in Nepalese insurances companies

Anjala Dhakal

Abstract

This study examines the impact of corporate governance on corporate social responsibility in Nepalese insurances companies. Corporate social responsibility is the dependent variable and independent variables are board size, CEO duality, CEO tenure, number of independent directors, audit committee and foreign ownership. The study is based on primary and secondary data. The primary data were collected through structural questionnaires and secondary data were gathered from 20 Nepalese insurance companies. The data were collected from annual reports of the respective insurance companies for the period of 2014/15 to 2018/19, leading to a total of 100 observations. The correlation coefficients and regression models are estimated to test the significance and impact of corporate governance on corporate social responsibility in Nepalese insurance companies.

The study shows that board size has a negative impact on corporate social responsibility. It means that larger the size of board, lower would be the corporate social responsibility in Nepalese insurances companies. However, there is positive impact of CEO duality on corporate social responsibility. It indicates that existence of the same person is in the position of both CEO and chairman leads to increase in corporate social responsibility in Nepalese insurances companies. The result also shows that there is negative impact of CEO tenure on corporate social responsibility which indicates that longer the tenure of CEO, lower would be the corporate social responsibility. Similarly, number of independent directors has a positive impact on corporate social responsibility indicating that increase in number of independent directors leads to increase in corporate social responsibility. Likewise, audit committee has a positive impact on corporate social responsibility meaning that larger the size of audit committee, higher would be the corporate social responsibility. The result also shows that foreign ownership has a negative impact on corporate social responsibility which means that if there is existence of foreign ownership, then lower would be the corporate social responsibility in Nepalese insurances companies. The study concludes that better corporate governance has a significant impact on corporate social responsibility in Nepalese insurance companies.

Keywords: *Corporate social responsibility, audit committee, board size, number of independent directors, CEO tenure, CEO duality, and foreign ownership.*

1. Introduction

The concept of Corporate Governance (CG) is increasing the public interest in recent years due to its plausible importance on the economic health of corporation. While financial crisis at culmination, regulators, government and academicians tend to focus on the corporate governance more enthusiastically in order to enhance investors' confidence that would attract more employment of fund in business. Maier (2005) defined corporate governance as a set of relationship between company's management, its board, its shareholders and its stakeholders. It is a process by which directors and auditors manage their responsibilities towards shareholders and wider company stakeholders. Corporate governance has been also defined as a system of law and sound approaches which corporations are directed and controlled focusing on the internal and external corporate structure (Sifuna, 2012).

Corporate governance has become a vital subject through the last two decades (Chapra and Ahmed, 2002). This is due to the recent high incidence of corporate fail, such as Enron, WorldCom, HIH insurance and global crossing together with increased global awareness of need for sound corporate governance based on stakeholder's accountability and financial transparency (McLaren, 2004). There are several performance measures but the most widely used appear to be profitability. The insurance is a key sector of any economy and is an integral part of the financial system responsible for managing both individual and institutional risks.

Insurance companies serve as the cornerstone of risk management in any country. They guarantee financial safety, serve as a vital constituent in the chain of financial intermediation, and create an avenue for long term funds for infrastructural projects (Augustine et al., 2011). In the same vein, an important role is being played by insurance business by helping in bearing risk. Also, helping in creating employment, acting as source of tax revenue to the government, and creating an avenue for investors and financial investment services like bonds and stocks. Every firm is concerned with its performance and good performance does not only increase its market value but aid in the growth of the industry in the long run, thereby leading to general prosperity of the economy (Ahmed et al., 2011). Equity holders (shareholders) who have invested in a company be it an insurance firm or any other type of firm, demand good returns in terms of performance.

In recent times, there have been growing number of studies that seek to ascertain firm specific factors as it relates to the performance of insurance companies. Companies in different fields of business and strategic management have given important attention to financial performance (Almajali et al., 2012). Due to the implications of financial performance on the health of an organization and its survival, it has been the main concern of business practitioners in various organizations. Management efficiency and effectiveness in utilizing the resources of a company is reflected in high performance and helps to contribute to the economy. For decades in the field of corporate finance, organizational performance has drawn the attention of scholars but as it relates to the insurance industry, little attention has been given (Ahmed et al., 2011).

Agency theory suggests that, given certain characteristics of the firm and the organizational environment, firms adopt particular corporate control systems to eliminate agency costs (Bathala & Rao, 1995). However, there is no relationship between the control type and firm performance (Kosnik et al., 1992). A potential explanation for these conflicting and/or weak results may be the failure to consider the effect of the characteristics of the organizational environment on the link between the firm's control system and performance. Because governance controls are a firm-level response to a complex environment, they may not have impact on financial performance, which may be a function of the dynamics of the industry (Gomez et al., 1997). Corporate governance and CSR are two sides of the same coin (Bhimani and Soonawalla, 2005). This is because both CSR and corporate governance emphasizes on companies to discharge duties and responsibilities to stake holders (Jamali and Rabbath, 2007).

Although corporate governance and CSR have established as an important issue for an organization which should be researched, relatively less attention has been paid in link between these two (Ho and Wong, 2001). Since CSR disclosure is influenced by the choices, motives and values of those who are involved in formulating and taking decisions in the organizations. Consideration of corporate governance mechanism, in particular, ownership structure and board composition could be an important determinant (Gibbins et al., 1990; Hanniffa and Cooke 2005). Also, both corporate governance mechanism and CSR are positively related to the market value of the firm (Beltratti, 2005). Chen et al. (2008) indicated that the need to allay concern over threat to organizational legitimacy have largely acted as a potent driving force for such disclosures. Therefore, a strong relationship between CSR and corporate governance mechanisms can be envisaged.

First, Haniffa and Cooke (2002) indicated a significant negative relationship between independent non-executive directors, chairperson and the proportion of the family members on the boards and the social and environmental disclosure. The study found a significant positive correlation between CSR and boards dominated by Malaysian directors, boards dominated by executive directors, Chair with multiple directorships and foreign ownership. Moreover, Said et al. (2009) found a significant positive correlation between government ownership and audit committee and the CSR disclosure level. Furthermore, Siregar and Bachtiar (2010) also found a positive and statistically significant correlation between board size, and company size and CSR disclosure. Moreover, Oh et al. (2011) indicated a significant positive correlation between institutional and foreign ownerships and CSR disclosure. However, the results indicated a significant negative correlation between shareholding by top managers and CSR disclosure. The outside director ownership was found to be not significant. Ali & Atan (2013) examined the relationship between corporate governance and CSR disclosure of Malaysian and global companies. The result indicated the significant differences in the extent and variety of CSR disclosure exist among Malaysian and global companies.

In the context of Nepal, Upadhya and Dhungel (2011) argued that CSR is not mandatory in Nepal and all the disclosure made by the financial institutions was in voluntary basis. Among the disclosed information education and training, welfare of underprivileged groups were most commonly reported CSR activities. The disclosure seemed to be public driven in the sense that their presence would enhance the image. Chapagain (2013) revealed that different variables associated with corporate governance variables namely board meetings, directors' remuneration, audit committee and board committee are positively and significantly correlated with the level of corporate social responsibility. Sharma (2014) showed that there is a significant positive correlation exists between governance disclosures and firm characteristics of size, leverage, and foreign ownership. The study also found no significant relationship exists between governance disclosure and listing age or profitability. Similarly, three regression models for total disclosures, mandatory disclosures, and voluntary disclosures with three predictors of size, leverage, and foreign ownership were significant and explained in total, mandatory, and voluntary corporate governance disclosures in Nepal.

The above discussion reveals that there is no consistency in the findings of various studies concerning the impact of corporate governance on corporate social responsibility of insurances companies.

The major objective of the study is to examine the impact of corporate governance on corporate social responsibility in Nepalese insurances companies. More specifically, it examines the relationship of board size, CEO duality, CEO tenure, number of independent directors, audit committee, and foreign ownership with the corporate social responsibility in Nepalese insurance companies.

The remainder of this study is organized as follows: Section two describes the sample, data, and methodology. Section three presents the empirical results and final section draws the conclusion and discusses the implication of the study findings.

2. Methodological aspect

The study is based on the both primary and secondary data. The primary data required for the study were collected through structural questionnaires. The secondary data were gathered from annual reports of 20 insurance companies for the period of 2014/15 to 2018/19, leading to an observation of 100. Table 1 shows the number of insurance companies selected for the study along with study period and the number of observations.

Table1: List of insurance companies selected for the study along with study period and number of observations

S.N	Name of insurance companies	Study period	Number of observations
1	Prabhu Insurance Company Limited	2014/15-2018/19	5
2	Siddhartha Insurance Company Limited	2014/15-2018/19	5
3	Neco Insurance Company Limited	2014/15-2018/19	5
4	IME General Insurance Company Limited	2014/15-2018/19	5
5	Sagarmatha Insurance Company Limited	2014/15-2018/19	5
6	Everest Insurance Company Limited	2014/15-2018/19	5
7	United Insurance Company Limited	2014/15-2018/19	5
8	Nepal Insurance Company Limited	2014/15-2018/19	5
9	Shikhar Insurance Company Limited	2014/15-2018/19	5
10	Himalayan General Insurance Company Limited	2014/15-2018/19	5
11	Surya Life Insurance Company Limited	2014/15-2018/19	5
12	MetLife- American Life Insurance Company Limited	2014/15-2018/19	5
13	Asian Life Insurance Company Limited	2014/15-2018/19	5
14	Gurash Life Insurance Company Limited	2014/15-2018/19	5
15	Nepal Life Insurance Company Limited	2014/15-2018/19	5
16	Life Insurance Corporation Nepal	2014/15-2018/19	5
17	Prime life Insurance Company Limited	2014/15-2018/19	5
18	National Life Insurance Company Limited	2014/15-2018/19	5
19	Lumbini General Insurance Company Limited	2014/15-2018/19	5
20	Prudential Insurance Company Limited	2014/15-2018/19	5
Total observations for insurance companies			**100**

Thus, the study is based on 100 observations.

The model

The model estimated in this study assumes that the corporate social responsibility depends on several corporate governance variables. The corporate governance variables considered are, audit committee, board size, number of independent directors, CEO tenure, CEO duality and foreign ownership. Therefore, the model takes the following form:

Corporate governance = *f* (board size, CEO duality, CEO tenure, number of independent directors, audit committee, and foreign ownership)

More specifically,

$$CSR = \beta_0 + \beta_1 BS + \beta_2 CD + \beta_3 CT + \beta_4 ID + \beta_5 AC + \beta_6 FO + e$$

Where,

CSR = Corporate social responsibility, in percentage

BS = Board size, number of directors in board

CD= CEO duality, existence of the same person is in the position of both CEO and chairman, measured as a dummy variable

CT = CEO tenure, number of years CEO spend in his/her post

ID = Number of independent directors

AC = Audit committee, number of members in audit committee

FO= Foreign ownership, existence of foreign ownership measured as a dummy variable

The following section describes the independent variables used in this study.

Board size

The board of directors is very important regarding CG practices of any corporation. Sometimes, the board size informs about the level of disclosure and transparency in corporation. In examining the linkage between board size and CSR reporting, Aktaruddin et al. (2009) revealed that a large board size means higher CSR disclosure. Said et al. (2009) found the positive relationship between board size and the CSR disclosure. When a business environment worsens, firms with many board members have higher probability of filing for CSR (Daily et al., 2003). Elloumi and Gueyie (2001) concluded that larger the board size, higher would be the corporate social responsibility. Based on it, the study develops the following hypothesis:

H_1: There is a positive relationship between board size and corporate social responsibility.

CEO duality

CEO duality occurs when the Chief Executive Officer (CEO) also holds the Chairman position at the same time. Role duality could impair the boards' governance role regarding disclosure policies (Li et al., 2008; Elzahar & Hussainey, 2012). Generally, segregation of duties is a principle for several internal control systems. CEO/Chairman segregation is more likely to optimize voluntary disclosure quality including the CSR disclosure (Said et al., 2009). The role duality increases the concentration of decision-making power and that an independent Chairman provides strong power to the boards, which is reflected positively on the disclosure quality (Al-Janadi et al., 2013). Dahya et al. (2009) found that CEO duality and corporate social responsibility are positively related. The study also found that there is a positive relationship between CEO duality and corporate social responsibility. Based on it, the study develops the following hypothesis:

H_2: There is a positive relationship between CEO duality and corporate social responsibility.

CEO tenure

The boards of directors may use CSR performance when evaluating CEOs (Finkelstein et al., 2009; Hong et al., 2016).The market assesses these abilities based on various observable performance indicators, including financial and non-financial ones (Chiu & Sharfman, 2016). Newly appointed CEOs have longer horizons than those in the later stages of their careers. As investment early in the tenure of CEOs can benefit them at later stages by improving the future performance of firms, early-tenure CEOs have strong incentives to undertake more investment than those at later stages. Pan et al. (2016) found that early-tenure CEOs have stronger incentives to engage in CSR than those in later stages. The study showed a negative association between CEO tenure and CSR. Based on it, the study develops the following hypothesis:

H_3: There is a negative relationship between CEO tenure and corporate social responsibility.

Number of independent directors

Independent directors are defined as the directors who are neither employed by, nor affiliated to the firm in any other way. Independent directors by virtue of their independent nature provide better monitoring of the management (Rosenstein and Wyatt, 1990) and enhance the board's effectiveness (Parbonetti, 2012). Independent directors also help to control the agency cost (Patelli and Prencipe, 2007). They are not only accountable to shareholders but also ensure the welfare of other stakeholders (Ibrahim and Angelidis, 1995). They also engage in motivating firms to disclose sustainability information (Frias-Aceituno et al., 2013). Barako and Brown (2008) and Khan (2010) showed that a greater proportion of independent directors in a firm increases the focus on CSR disclosure. Lattemann et al. (2009) also found similar results in developing and emerging economies. Likewise, the relationship between CSR disclosure and independents is positive when performance on CSR issues is particularly good (García-Sánchez and Martinez-Ferrero, 2018). Based on it, the study develops the following hypothesis:

H_4: There is a negative relationship between number of independent directors and corporate social responsibility.

Audit committee

The audit committee (AC) is supposed to ensure the integrity of financial reporting through monitoring and controlling (Fama, 1980; Fama & Jensen, 1983; Abdel-Fattah, 2008). However, this aim cannot be achieved unless the AC is effective. AC effectiveness depends on its composition and characteristics. Each firm should construct an audit committee of at least three non-executive directors, with at least one director specialized in financial and accounting affairs. Soliman and Ragab (2014) found that effective audit committee, characterized by frequently meetings, improves the financial reporting quality. Furthermore, Xie et al. (2003) and Soliman and Ragab (2014) found that effective audit committee, measured by a high number of experts on the committee, enhances the CSR quality. The study indicated that effective audit committee could be a successful monitoring tool for managers' decisions, especially those related to the business social responsibility. More directors on committee are more likely to bring social responsibilities (Bedard & Gendron, 2010). Hence, a higher number of audit committee leads to higher CSR activities (Li et al., 2012). Based on it, the study develops the following hypothesis:

H_5: There is a positive relationship between audit committee and corporate social responsibility.

Foreign ownership

Fields and Keys (2003) revealed that diverse experiences, ideas and innovations resulting from individuals coming from diverse areas, have an influence on a firm's performance. From the CSR perspective, Haniffa and Cooke (2005) showed a practical support of affirmative relationship between the percentage of Malay directors and the level of voluntary reporting by companies. The study argued that foreign directors are understood to perform a vital job in sustaining reporting strategies for CSR. The demand for disclosures is generally higher when foreigners, due to the separation between management and owners geographically, hold a high proportion of shares (Bradbury, 1991). Haniffa and Cooke (2005) found that there is a positive and significant relationship between foreign ownership and CSR disclosures in Malaysia. Based on it, the study develops the following hypothesis:

H_6: There is a positive relationship between foreign ownership and corporate social responsibility.

3. Results and discussion

Descriptive statistics

Table 2 shows the descriptive statistics for the selected variables considered in this study based on panel data of the insurance companies for the year 2014/15 to 2018/19. The table presents the mean, and standard deviation including minimum and maximum values of variables.

Table 2: Descriptive statistics

The table shows the descriptive statistics of dependent and independent variables. The dependent variable is corporate social responsibility (CSR, company's commitment to manage the social, environmental and economic effects of its operations responsibly and in line with public expectations) and the independent variables are board size (BS, defined as number of board of directors, in number), CEO Duality (CD, defined as dummy variable, if CEO and Chairman are different then it is denoted by 1, otherwise 0), CEO tenure (CT, defined as number of years he or she has been involved as a CEO, in year), independent directors(ID, defined as number of independent directors, in number), audit committee(AD, defined as number of members in audit committee, in number), foreign ownership(FO, defined as dummy variable, if there is foreign ownership then it is denoted by 1, otherwise 0).

Variable	Minimum	Maximum	Mean	Std. Deviation
BS	5	11	7.22	1.24
CD	0	1	0.94	0.24
CT	2	5	4.74	0.56
ID	0	2	0.98	0.35
AC	2	4	3.12	0.46
FO	0	1	0.54	0.50
CSR	2.4	4.6	3.17	0.48

Source: SPSS output

The table 2 shows the descriptive statistics of dependent and independent variables for the Nepalese insurance companies. Clearly, corporate social responsibility ranges from minimum of 2.4 to maximum of 4.6, leading to an average of 3.17.

Correlation analysis

In order to examine the relationship between dependent and independent variables, a Pearson correlation coefficients have been computed for insurance companies and results have been presented in the Table 3.

Table 3: Pearson's correlation coefficients correlation matrix

The table shows the Pearson correlation coefficients amount different dependent and independent variables. The correlation coefficients are based on the 20 insurance companies. Where, the dependent variable is corporate social responsibility (CSR, company's commitment to manage the social, environmental and economic effects of its operations responsibly and in line with public expectations,) and independent variables are board size (BS, defined as number of board of directors, in number), CEO Duality (CD, defined as dummy variable, if CEO and Chairman are different then it is denoted by 1, otherwise 0), CEO tenure (CT, defined as number of years he or she has been involved as a CEO, in year), independent directors(ID, defined as number of independent directors, in number), audit committee(AD, defined as number of members in audit committee, in number), foreign ownership(FO, defined as dummy variable, if there is foreign ownership then it is denoted by 1, otherwise 0).

Variable	BS	CD	CT	ID	AC	FO	CSR
BS	1						
CD	-0.159	1					
CT	0.112	-0.118	1				
ID	0.150	-0.015	0.18	1			
AC	0.006	0.067	0.044	-0.112	1		
FO	0.034	-.233*	0.001	0.063	-0.11	1	
CSR	-0.068	0.144	-0.012	0.033	0.062	-0.038	1

The asterisk signs (**) and (*) indicate that results are significant at one percent and five percent level of significance respectively.

Table 3 shows that there is a negative relationship between board size and corporate social responsibility which reveals that higher the number of directors in the board, lower would be corporate social responsibility. Similarly, there is a positive relationship between CEO duality and corporate social responsibility. It indicates that if the CEO and chairman are different person, higher would be corporate social responsibility. Also, there is a negative relationship between CEO tenure and corporate social responsibility meaning that longer the tenure of the CEO, lower would be corporate social responsibility.

Further, there is a positive relationship of audit committee with corporate social responsibility which means that higher the number of audit members, higher would be the corporate social responsibility. Similarly, number independent directors has a positive relationship with the corporate social responsibility. It indicates that higher the number of independent directors, higher would be the corporate social responsibility. However, there is a negative relationship of foreign ownership with corporate social responsibility indicating that existence of foreign ownership leads to a low corporate social responsibility in Nepalese insurance companies.

Regression analysis

Having indicated Pearson correlation coefficients, the regression analysis has been carried out and the results are presented in Table 4. More precisely, the table shows the regression results of board size, CEO duality, CEO tenure, independent directors, audit committee, and foreign ownership on corporate social responsibility for insurance companies.

Table 4: Estimated regression results of board size, CEO duality, CEO tenure, independent directors, audit committee, and foreign ownership on corporate social responsibility

The results are based on panel data of 20 insurance companies with 100 observations for the period of 2014/15 to 2018/19 by using linear regression model. The model is $CSR=\alpha +\beta_1 BS +\beta_2 CD +\beta_3 CT +\beta_4 ID +\beta_5 AD +\beta_6 FO + e$, where the dependent variable is corporate social responsibility (CSR, defined as done by companies, in percentage) and independent variables are board size (BS, defined as number of board of directors, in number), CEO Duality (CD, defined as dummy variable, if CEO and Chairman are different then it is denoted by 1, otherwise 0), CEO tenure (CT, defined as number of years he or she has been involved as a CEO, in year), independent directors(ID, defined as number of independent directors, in number), audit committee(AD, defined as number of members in audit committee, in number), foreign ownership(FO, defined as dummy variable, if there is foreign ownership then it is denoted by 1, otherwise 0).

Models	Intercept	Regression coefficients of						Adj. R_bar^2	SEE	F-value
		BS	CD	CT	ID	AC	FO			
1	3.365 (11.518)**	-0.027 (0.67)						-0.010	0.483	0.45
2	2.9 (14.809)**		0.289 (1.431)					0.021	0.479	2.046
3	3.22 (7.694)**			-0.01 (0.117)				-0.01	0.484	0.014
4	3.127 (21.46)**				0.045 (0.324)			-0.009	0.049	0.105
5	2.967 (8.805)**					0.065 (0.613)		-0.006	0.484	0.375
6	3.191 (44.19)**						-0.036 (0.371)	-0.009	0.484	0.137
7	3.045 (8.085)**	-0.018 (0.453)	0.275 (1.334)					0.002	0.482	1.117
8	3.376 (7.006)**	-0.027 (0.648)		-0.003 (0.029)				-0.008	0.484	0.740
9	3.004 (5.412)**	-0.019 (0.459)	0.276 (1.331)	0.009 (0.101)				-0.017	0.486	0.592
10	2.995 (5.366)**	-0.021 (0.508)	0.274 (1.314)	-0.003 (0.031)	0.059 (0.407)			-0.025	0.488	0.535
11	2.821 (4.424)**	0.022 (0.52)	0.265 (1.26)	-0.002 (0.009)	0.069 (0.473)	0.062 (0.57)		-0.036	0.491	0.441
12	2.821 (4.296)**	-0.022 (0.518)	0.265 (1.22)	-0.003 (0.009)	0.069 (0.473)	0.062 (0.564)	-0.674 (0.2)	-0.016	0.486	0.223

The asterisk signs (**) and (*) indicate that results are significant at one percent and five percent level of significance respectively.

The table 4 shows that that the beta coefficients for board size are negative with corporate social responsibility. It indicates that board size has negative impact on corporate social responsibility. This finding is contradictory with the findings of Aktaruddin et al. (2009). However, the beta coefficients for CEO duality are positive with corporate social responsibility. It indicates that CEO duality has a positive impact on corporate social responsibility. This finding is contradictory with the findings of Al-Janadi et al. (2013). Likewise, the beta coefficients for CEO tenure are negative with corporate social responsibility. It indicates that CEO tenure has negative impact on corporate social responsibility. This finding is consistent with the findings of Pan et al. (2016). The study also shows that the beta coefficients of number of independent directors are positive with corporate social responsibility indicating that number of independent directors has positive impact on corporate social responsibility. This finding is similar to the finding of Barako and Brown (2008) and Khan (2010). The result also shows that the beta coefficients for audit committee are positive with corporate social responsibility. It indicates that audit committee has positive impact on corporate social responsibility which is consistent with the findings of Soliman and Ragab (2014). However, the result shows that the beta coefficients for foreign ownership are negative with corporate social responsibility. It indicates that foreign ownership has negative impact on corporate social responsibility. This finding is contradictory to the findings of Haniffa and Cooke (2005).

4. Summary and conclusion

Corporate governance is a system of law and sound approaches which corporations are directed and controlled focusing on the internal and external corporate structure. Insurance companies serve as the cornerstone of risk management in any country. They guarantee financial intermediation and create an avenue for long term funds for infrastructural projects. The impact of corporate governance on corporate social responsibility has become a great interest for shareholders, practitioners, and government regulators. There are however, only a few limited empirical studies that examine this issue. CSR disclosure can be perceived to be a response to pressure exerted by various stakeholders hence, it can be argued that there is an implicit social contract between the firm and those who are affected by it.

This study attempts to examine the impact of corporate governance practices on corporate social responsibility in Nepalese insurance companies. The study is based on primary and secondary data of structured questionnaire and 20 insurance companies with 100 observations for the period 2014/15 to 2018/19 respectively.

The study shows that corporate governance variables board size, CEO tenure, and foreign ownership have negative impact on corporate social responsibility. However, CEO duality, number of independent directors and audit committee have positive impact on corporate social responsibility. It indicates that the separation CEO and chairman, increase in number of independent directors and increase in number of members in audit committee lead to higher corporate social responsibility. Similarly, increase in number of directors in board, the higher the tenure of CEO and the involvement of foreign ownership decreases the corporate social responsibility. The study concludes that better corporate governance practices have significant impact on corporate social responsibility in Nepalese insurance companies. The study also concludes that CEO duality is the most influencing factor that explains the extent of corporate social responsibility in Nepalese insurance companies.

References

Ahmed, N., Z. Ahme, & A. Usman (2011). Determinants of performance: A case of life insurance sector of Pakistan. *International Research Journal of Finance and Economics,* 6(1), 123-128.

Aktaruddin, M., M. A. Hossain, L. Yao (2009). Corporate governance and voluntary disclosure in corporate annual reports of Malaysian listed Firms. *Journal of Applied Management Account,7*(1), 1–20.

Al-Janadi, Y., Abdul Rahman, R., & N. Omar. (2012) The level of Voluntary Disclosure Practices Among Public Listed Companies in Saudi Arabia and the UAE: Using a Modified Voluntary Disclosure Index. *International Journal of Disclosure and Governance*, 9(2), 181-201.

Al-Janadi, Y., R. A. Rahman and N. H. Omar. (2013). Corporate governance mechanisms and voluntary disclosure in Saudi Arabia. *Research Journal of Finance and Accounting* 4 (4): 25- 36.

Ali, M. A., & R. H. Atan (2013). The relationship between corporate governance and corporate social responsibility disclosure: A case of high Malaysian sustainability companies and global sustainability companies. *South East Asia Journal of Contemporary Business. Economics and Law, 3*(1), 39-48.

Almajali, A.Y., S. A. Alamro, & Y. Z. Al-Soub (2012). Factors affecting the financial performance of Jordanian insurance companies listed at Amman stock exchange. *Journal of Management Research,* 4(2), 266-289.

Augustine, U., & Nwanneka, J.M. (2011). Repositioning insurance industry for operational efficiency: The Nigerian case. *Journal of Applied Finance & Banking*, 1(3), 15-32.

Barako, Dulacha G., & Alistair M. Brown. (2008). Corporate social reporting and board representation: Evidence from the Kenyan banking sector. *Journal of Management & Governance 12: 309.*

Bathala, C.T., & R. P. Rao (1995). The determinants of board composition: An agency theory perspective*. Managerial and Decision Economics*, 16 (1), 59-69.

Bedard, J., & Y. Gendron, (2010). strengthening the financial reporting system: Can audit committees deliver? *International Journal of Auditing*, 14(2), 174-210.

Beltratti, A. (2005). The complementarity between corporate governance and corporate social responsibility. *The Geneva Papers on Risk and Insurance-Issues and Practice,* 30(3), 373-386.

Bhimani, A., & K. Soonawalla (2005). From conformance to performance: The corporate responsibilities continuum. *Journal of Accounting and Public Policy,* 24(3), 165-174.

Bradbury, M. E. (1991). 'Characteristics of Firms and Voluntary Interim Earnings Disclosure: New Zealand Evidence', *Pacific Accounting Review*, Vol. 3, No. 1, 12-23.

Chapagain, R. L. (2013). Relationship between corporate governance and corporate social responsibilities: Evidence from nepalese commercial Banks. *The Journal of Nepalese Business Studies*, 23(1), 137-144.

Chapra, M. U., & H. Ahmed (2002). Corporate governance in islamic financial institutions. *Jeddah: Islamic Development Bank*, 28(8), 250.

Chen, J. C., Patten, D. M., & R. W Roberts (2008). Corporate charitable contributions: A corporate social performance or legitimacy strategy. *Journal of Business Ethics*, 82(1), 131-144.

Chiu, S. C., &Sharfman, M. (2016). Legitimacy, visibility, and the antecedents of corporate social performance: An investigation of the instrumental perspective. *Journal of Management*, 37, 1558-1585.

Daily, CM. & D.R. Dalton (2003), "CSR in stakeholder's expectations and their implication strategy", *Journal of Business Ethics*, Vol.44 No.2-3, PP.185-193.

Dahya, J., A. Lonie & D. Power (2009). The case for separating the roles of chairman and CEO: An analysis of stock market and accounting data. Corporate Governance: *An International Review*, 4(2), 71–77.

Elzahar, H. & K. Hussainey. (2012). Determinants of narrative risk disclosures in UK interim reports. *The Journal of Risk Finance*, 13(2), 133-147.

Elloumi, F., and J. P. Gueyie (2001). Financial distress and corporate governance: An empirical analysis. *Corporate Governance*, 1(1), 15-23.

Fama, E., & M. Jensen (1983). Separations of ownership and control. *Journal of Law and Economics 1(26)*, 301-325.

Fields, M. A., & P.Y. Keys (2003). The emergence of corporate governance from wall ST to main ST: Outside directors, board diversity, earnings management and managerial incentives to bear risk. *The Journal of Finance Review*, 38(1), 1–24.

Finkelstein, S., Hambrick, D.C., & A.A., Cannella (2009). *Strategic Leadership: theory and research on executives, top management teams, and bonds*. New York: Oxford University press.

Frias-Aceituno, J. V., Lazaro, R., & M. I. Garcia-Sanchez (2013). The role of the board in the dissemination of integrated corporate social reporting. *Corporate Social Responsibility and Environmental Management*, 20(1), 219–33.

Garcia-Sánchez, & Martinez-Ferrero (2018). How do Independent Directors Behave with Respect to Sustainability Disclosure? *Corporate Social Responsibility and Environmental Management*, 24(1), 391–430.

Gibbins, M., A. Richardson, & J. Waterhouse (1990). The management of corporate financial disclosure: Opportunism, ritualism, policies, and processes. *Journal of Accounting Research*, 28(1), 121-143.

Gomez-Mejia, L.R. & R.M Wiseman. (1997). Reframing Executive Compensation: An Assessment and Outlook, *Journal of Management*, 23(3): 291-374.

Haniffa, R. M., & T. E. Cooke (2002). Culture, corporate governance and disclosure in Indonesia stock exchange. *International Journal of Islamic and Middle Eastern Finance and Management,* 3 (3), 241-252.

Haniffa, R. M., & T. E. Cooke (2005). The impact of culture and governance on corporate responsibility disclosure and corporate governance characteristics in Malaysian public listed companies. *Social Responsibility Journal,* 5 (2), 212-226.

Hermalin, B. E., & M.S. Weisbach (1991). The effects of board composition and direct incentives on firm performance. *Financial Management,* 20(4), 101-112.

Ho, S. S., & K.S. Wong (2001). A study of the relationship between corporate governance structures and the extent of voluntary disclosure. *Journal of International Accounting Auditing and Taxation,* 10(2), 139-156.

Hussain, S. H., & C. Mallin (2003). The dynamics of corporate governance in bahrain: Structure responsibilities and operation of corporate boards. *Corporate Government International Review,*11(1), 249–261.

Ibrahim, N. A., & J. P. Angelidis (1995). The corporate social responsiveness orientation of board members: Are there differences between inside and outside directors? *Journal of Business Ethics, 14*(1), 405–10.

Jamali, D., & M. Rabbath (2007). Corporate governance (CG) and corporate social responsibility (CSR): Synergies and inter-relationships. *In Corporate Responsibility Research Conference, 36(1),* 15-17.

Khan, H. (2010). The effect of corporate governance elements on corporate social responsibility (CSR) reporting: Empirical evidence from private commercial banks of Bangladesh. *International Journal of Law and Management*, 52(1), 82–109.

Kosnik, R. D., & K. L. Bettenhausen (1992). Agency theory and motivational effect of management comp gomez-mejia. *An Assessment and Outlook, Journal of Management*, 23(3), 291-374.

Laren, & M.c. (2004). Global Stakeholders: Corporate Accountability and Investor Engagement Article**.** *Corporate Governance An International Review*, 12(2), 191-201

Lattemann, C., M. F., Ilan Alon, S. Li, & A. Schneider (2009). CSR communication intensity in Chinese and Indian multinational companies. *Corporate Governance: An International Review*, 17(1), 426–42.

Li, J., Mangena, M., & R. Pike (2012). The effect of audit committee characteristics on intellectual capital disclosure. *The British Accounting Review*, 44(2), 98-110.

Maier, S. (2005). How global is good governance. *Pacific-Basin Finance Journal*, 13(3), 301- 318.

Oh WY, Chang YK, & A. Martynov (2011). The effect of ownership structure on corporate social responsibility: *Empirical evidence from Korea. J Bus Ethics,* 104(2), 283–297

Parbonetti, A. (2012). The effect of corporate governance on sustainability disclosure. *Journal management and governance, 16(3),1-33.*

Patelli, L., & A. Prencipe (2007). The relationship between voluntary disclosure and independent directors in the presence of a dominant shareholder. *European Accounting Review,* 16(1), 5–33.

Pan, Y., Wang, T. Y., & M. S. Weisbach (2016). Learning about CEO ability and stock return volatility. *Review of Financial Studies* 28 (6): 1623–1666.

Rosenstein, S., & J. G. Wyatt (1990). Outside Directors, Board Independence and Shareholders Wealth, *Journal of Financial Economics*, 26 (2), 175-191.

Said, R., Y. H. Zainuddin, and H. Haron (2009). The relationship between corporate social Malaysian corporations. *ABACUS,* 38 (3), 317-349.

Sharma, P. (2014). Sphingolipid biosynthetic pathway genes FEN1 and SUR4 modulate amphotericin resistance. *Antimicrob Agents Chemother*, *58*(4), 09-14.

Sifuna, A. P. (2012). Disclose or abstain: The prohibition of insider trading on trial. *Journal of International Banking Law and Regulation*, 27 (9), 230-247.

Siregar, S. V., and Y. Bachtiar (2010). Corporate social reporting: Empirical evidence from social reporting. *Journal of Accounting and Public Policy*,24(1), 391-430.

Soliman, M. M., & Ragab, A. A. (2014). "Audit Committee Effectiveness, Audit Quality and Earnings Management: An Empirical Study of the Listed Companies in Egypt". *Research Journal of Finance and Accounting*, 5(2), 155-166.

Upadhyay Dhungel, K., & A. Dhungel (2011). Corporate social responsibility reporting practices in the banking sector of Nepal. *Banking Journal*, 3(1), 61-78.

Xie, B., W, Davidson., And P. DaDalt. (2003). Earnings management and corporate governance: the roles of the board and the audit committee. *Journal of Corporate Finance 9* (3): 295-317.