

Structure and Composition of Board's Committees: Analysis of Pakistan International Airlines Corporation Limited

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Abstract

This study aimed to explore the composition of BODs committees in PIACL. Secondary data from Annual Reports, Act, Rules and Regulations of the corporation in general and SECP recommendations i.e., the codes of CG in particular were collected. Data were analyzed in MS-Office 2016 version using MS-Excel and MS-Word. Obtained results are, the BODs can exercise their powers to form the board's various committees, but at the same time BODs must execute their responsibilities focusing on objectives of the corporation and larger interest of stockholders in good faith and judgment, especially executing authority for the establishment of AC. BODs must confirm that none of the member's interests conflicts with the objectives of the committee. The Principal Finance Officer (CFO), inside audit officials, and officers like the chief cooperating officer (CEO) do not represent AC. However, one member of the committee must hold ample knowledge related to finance, but this does not mean that a member of the board who is linked either with financial matters or audit operations is appointed on the committee. Results further indicated that in PIACL different committees of BODs have been formed where a director in the finance committee is also appointed as member or chairman in AC in contrast to SECP codes. Similarly, various BODs have been made part of the AC, HR, IT, Procurement, Marketing (Brand and advertisement) committee. Whereas, practically it is very uncommon that an individual possesses expertise in IT, HR, Marketing, and Finance fields simultaneously as these are diverse fields, how come a person can be an expert of all disciplines at the same time? Hence, the appointment of directors in multiple committees at the same time raises a lot of questions about the independent working or decision-making of such committees.

Keywords: Corporate Governance, Board of Directors, Board's Committees, Audit Committee, Securities Exchange Commission of Pakistan, Pakistan International Airlines

Introduction

Securities Exchange Commission of Pakistan (SECP, 2002, p.03) described "corporate governance" (CG) as a process that confirms that the interest of shareholders is served and protected by practicing high standards of ethical and efficiency parameters. Tricker (2011) highlighted that during the 1980s corporations faced challenges like the dominance of chief executive officers, board-level excesses, therefore, corporations in the 1980s collapsed. The collapse of corporations demanded higher performance bases mechanisms from management, boards around the world to confirm that businesses are being governed in the right direction and ineffective ways (Adams, 2002). Furthermore, different scandals such as Bank of Commerce and Credit during 1988-1991, Enron in 2001-2002, World Com in 2002-2003, Taj Scandal in 2004, and Mehran Bank 1990-1993 in Pakistan received huge attention (Mishra, 2012).

Consequently, there was an acute need for improved CG norms at that time for the development and growth in the economy in general and business in particular (Cleasens, 2006). Keeping in view the demand for more advanced codes and practices of CG United Kingdom

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established a committee in 1992 i.e. The Cadbury Committee which recommended the best codes of CG. The Cadbury Committee explained CG as a “system comprised of a board of directors, independent audit, transparency, accountability and disclosure by which corporations are directed and controlled”. Whereas, other countries adopted or developed CG norms in the line with their respective legal frameworks. Pakistan developed CG codes with technical support from the World Bank and Asian Development Bank adopting CG in 2002 within the country, with the collaborative efforts of the Institute of Chartered Accountants of Pakistan (ICAP) and the securities exchange commission. e.g., SECP (Attiya & Robina 2007).

The concept of CG operations is to devise a system that ensures that companies are governed in a way that addresses the interest of stockholders. Structure in corporations either ownership or CG is arranged in such a way that entire decision-making will be done at par with ethical standards focusing on the interest of shareowners. Similarly, Fama and Jensen (1983) elaborated that agency problems can be reduced by boards if management and control are kept apart in the process of decision making. To control agency cost and increase transparency for listed companies the U.S.A passed Sarbanes Oxley Act by implementing different requirements of governance for corporations registered at the stock exchange.

To cope with the agency conflict which may arise due to segregation of ownership and control at companies especially in public sector corporations, the Board of Directors (BOD) perform a vital role to practice CG norms, because it is the primary responsibility of the management body i.e., BOD in companies to design core policies and their implementation. Likewise, Chen and Wu, (2016) pointed out that BODs play an important and central role in governing any corporation and ensuring sound practices of corporate governance, besides it is also a fact that apart from focusing on boards their inside stresses are little known and less focused most of the times.

BODs have received huge research attention, however, researchers paid scant attention to the structure and role of board committees (Hayes et al, 2004). Therefore, this study intends to explore the composition of different BODs committees by national flag carrier and to identify how these committees ensure compliance to legal requirements as provided by SECP, CG rules, Act, rules, and regulations of PIACL.

Literature Review

Corporations create committees because of many reasons, such as to evaluate and fix pay packages for top-level management i.e., the Pay and Compensation Committee. Likewise, to assist and advise CEOs or BODs in routine decision-making related to HR issues, finance matters, information technology, and marketing. Furthermore, some committees ensure compliance to the legal requirements e.g., CG committee, audit committee, and so on, which issue pieces of advice from time to time to CEOs or BODs about regulations and external factors. BODs to ensure good CG may establish different committees to perform some particular tasks to increase the performance of corporations (Alabede, 2016). The tasks which are performed by boards committees are of monitoring and advising nature. Adams et al (2015) highlighted that about 52% of the activities of boards are carried out by the committees since the Sarbanes Oxley Act such as management, compensation, auditing, receiving advice about technology, and so on.

Therefore, to understand the role and performance of boards. Boards committees are an essential aspect of the CG mechanism according to the codes of CG (*Cadbury Committee 1992, Blue Ribbon Committee, Higgs Committee 2002 and Financial Reporting Committee 2003, SECP Manual of CG 2002, The New Zealand Securities Exchange Commission*) Companies should have an exclusive committee for nomination, audit, and remunerations...to give their viewpoint about nominations for BODs, to suggest remunerations, its approvals, and audit of financial statements, to establish business with transparency. These committees play a supervisor role by assisting and advising management in the process of decision-making.

Williams and Menon, (1994) and Anderson and Bizjak (2000) explained that these committees must consist of independent directors to confirm that committees are independent because an independent committee works free of influence and makes its own decisions e.g., an independent audit committee decrease the frequency of manipulation in financial disclosures and ensures more transparency. Likewise, an independent remuneration committee can recommend more performance-sensitive remuneration packages and an independent nomination committee recommends and ensures

the nominations are at par with merit, and transparent means are adopted in the process from nominations to selection of directors. (Tong et al, 2007; Ruigrok et al, 2006 & Klein, 2002).

Fauzi and Stuart C (2012) found that there is a significant and positive connection of board committees with company performance. The creation and presence of such committees increase the performance of corporations by playing an independent role to reduce agency costs. Likewise, Weir (2002) contributed that the political affiliation of board members, the composition of the board, creation, and presence of the board's different committees influence the performance of a corporation. Therefore, CG codes worldwide highlight board committees as an important and integral part of the CG system

In the same way, Madhani, (2015) explained the role of BODs and Board Committees is very special and significant to ensure a sound internal control mechanism. Where committees support BODs in governing operations effectively. Committees discuss in detail agendas, issues, and operations according to their mandate in detail on behalf of the board during meetings as per terms of references and recommend their decisions to assist BODs. SECP issued codes of CG in 2002 to all listed companies in the country. These SECP guidelines were revised in 2012 for listed companies and in 2013 further rules of CG were issued for Public Sector Companies vide SRO 180(I).2013 dated March 2013.

“Similarly, as per regulations notified by SECP published in official Gazette vide Notification S.R.O. 254(I)/2017 dated 31st August 2017. Where in chapter III (roles and responsibilities of BODs) (1) it is mentioned that in exercise to its powers under Section 183 of the Act and terms of Section 204 of the Act, the BODs of a company shall carry out its fiduciary duties with a sense of objective judgment and in good faith in the best interests of the company and its stakeholders, in 3(vii) the BODs shall define the level of materiality, keeping in view the specific circumstances of the company and the recommendation of any technical or executive sub-committee of the board that may be set up for the purpose.(Government of Pakistan, SECP, 2017)”

Audit Committee (AC): BODs considering the following shall establish AC: a) An AC shall be constituted by BODs of a minimum of three members, having none-executive directors on the committee, where one of the members must be an independent director. b) The head of the committee should not be chairman of the board rather should be an independent director. c) One of the members in AC should possess ample finance literacy. Hence as per codes, it is mandatory for companies listed on the exchange to create an AC consisting minimum of three board members that include the chairman of the committee as well. However, it must be considered that directors appointed in AC are non-executives, particularly the chairman of the committee. According to the Blue-Ribbon Committee of United States Securities Exchange Commission, the AC ensures accountability of corporation and to protect shareholders' interest. While constituting AC BODs must confirm that none of the member's interests conflicts with the objectives of the committee. For example, the Principal Finance Officer (CFO), inside audit officials, and officers like a chief cooperating officer (CEO) have not been made part of AC, considering the work of AC one of its members must hold ample finance literacy, but “*This should not be taken to mean that a director, connected with the finance or audit function within the company itself is appointed on the committee*” (SECP Manual of CG section (vii) Role of the Audit Committee 7.57-page no. 76).

Human Resource and Remuneration Committee (HRRC): A HRRC shall also be created comprising a minimum of three non-executive board members having one of them as an independent director who shall be the chairman committee. The CEO may be appointed as a member of HRRC.

Nomination Committee (NC): A NC of the appropriate director may be established by BODs considering the circumstances if deemed necessary. NC's responsibilities shall be to consider, recommend and nominate who should be chairman of the board and board committees. Besides, it is NC's role to compose a board, maintain its size and structure by regularly reviewing and recommending to BODs about necessary changes if required. BODs must define the mandate (terms of reference) for NC to avoid conflicts and reputation of authority awarded to HRRC.

Risk Management Committee (RMC): RMC may be established by BODs consisting of directors deemed fit and necessary according to arose circumstances. RMC's primary objective is to assist BODs in reviewing effective risk management and its procedures. The following shall be the mandate of RMC i.e., a) Review, monitor, and control compliance of financial and operational nature. b) Risk

tackling actions are strong as well as financial integrity is safeguarded. c) BODs disclose internal control mechanisms and corporations' risk control appropriately in reports.

Board's committees are vital to the practices of CG and disclosure of the company being the important pillar of CG mechanism committees are fundamental to monitor routine matters and effectiveness in board performance (Madhani, 2015). PIACL currently has five board committees i.e. "AC, Finance Committee (FC), Human Resource and Compensation Committee (HRCC), Procurement Committee (PC), Commercial, Operations, and Engineering Committee. (COEC)"

Methodology

This study is carried out using secondary data collected from the annual reports, website, Acts, rules, and Regulations of the corporation in general, and SECP code of corporate governance (SECP manual of CG, 2002) in particular for a period from 2002 up to 2017. The analysis of data was performed with the help of the MS-office 2016 version using MS-Excel and MS-Word.

Results and discussion

PIACL had only one committee in the year 2002 i.e. AC composed of three BODs having Asad Ali Khan as Chairman and Hidayatullah Khan Khashgi, Dr. Salman Shah as member of the committee.

Table No: 1.1 Board's Committees, 2002

Year	Name of Director	Position	Name of Committee
2002	Asad Ali Khan	Chairman	Audit Committee
	M. Hidayatullah Khan Khaishgi	Member	Audit Committee
	Dr. Salman Shah	Member	Audit Committee

Source: Developed by the researchers

As displayed in from Table No: 1.1 up to Table No. 1.15 which, provides information about committees, column no one displays the year of the committee, column no two presents names of the BODs, column no three shows positions hold by the BODs, and column no four depict the name of the committee.

Whereas, flag carrier had one committee in the year 2003 too, AC, composed of three BODs having Asad Ali Khan as Chairman of the committee and Hidayatullah Khan Khashgi, Syed Ali Raza Shah as members.

Table No: 1.2 Board's Committees, 2003

Year	Name of Director	Position	Name of Committee
2003	Asad Ali Khan	Chairman	Audit Committee
	M. Hidayatullah Khan Khaishgi	Member	Audit Committee
	Syed Ali Raza Shah	Member	Audit Committee

Source: Developed by the researchers

Furthermore, in 2004 flag carrier had one committee as well i.e., AC, composed of five BODs having Asad Ali Khan as Chairman of the committee and Air Marshal (Retd) Parvez Akhtar, JavedSaifullah Khan, Dr. SughraJunejo, Syed Ali Raza Shah as members.

Table No: 1.3 Board's Committees, 2004

Year	Name of Director	Position	Name of Committee
2004	Asad Ali Khan	Chairman	Audit Committee
	Air Marshal (Retd) Pervez Akhtar Nawaz	Member	Audit Committee
	Javed Saifullah Khan	Member	Audit Committee
	Dr. SughraJunejo	Member	Audit Committee
	Syed Ali Raza Shah	Member	Audit Committee

Source: Developed by the researchers

There were two committees composed of BODs for the year 2005, first HRCC, second AC. HRCC was composed of five BODs, having Tariq Kirmani as chairman, whereas, Dr. SughraJunejo, Air Marshal (Retd) Parvez Akhtar Nawaz, Hidayatullah Khan, and Syed Mohammad Fazal Agha as members of the committee. Furthermore, Board's Audit Committee consists of five BODs having Asad Ali Khan as chairman and JavedSaifullah Khan, Kamal Afsar, Maj Gen (Retd) Muhammad Ashraf Chaudhry, and Syed Ali Raza Shah as members of the committee.

Table No: 1.4 Board's Committees, 2005

Year	Name of Director	Position	Name of Committee
2005	Tariq Kirmani	Chairman	Human Resource and Corporate Governance Committee
	Dr. SughraJunejo	Member	Human Resource and Corporate Governance

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Air Marshal (Retd) Pervez Akhtar Nawaz	Member	Committee Human Resource and Corporate Governance Committee
M. Hidayatullah Khan Khaishgi	Member	Human Resource and Corporate Governance Committee
Syed Mohammad Fazal Agha	Member	Human Resource and Corporate Governance Committee
Asad Ali Khan	Chairman	Audit Committee
Javed Saifullah Khan	Member	Audit Committee
Kamal Afsar	Member	Audit Committee
Maj. Gen (Retd) Muhammad Ashraf Chaudhry	Member	Audit Committee
Syed Ali Raza Shah	Member	Audit Committee

Source: Developed by the researchers

Moreover, in 2006 also two committees of BODs were composed, first HRCC, second AC

Table No: 1.5 Board's Committees, 2006

Year	Name of Director	Position	Name of Committee
2006	Tariq Kirmani	Chairman	Human Resource and Corporate Governance Committee
	Farooq Rehmatullah	Member	Human Resource and Corporate Governance Committee
	M. Hidayatullah Khan Khaishgi	Member	Human Resource and Corporate Governance Committee
	Syed Mohammad Fazal Agha	Member	Human Resource and Corporate Governance Committee
	Kamal Afsar	Chairman	Audit Committee
	Maj.Gen. Mir Haider Ali Khan	Member	Audit Committee
	Mueen Afzal	Member	Audit Committee
	Shahzad M. Husain	Member	Audit Committee
	Syed Ali Raza Shah	Member	Audit Committee

Source: Developed by the researchers

Board's Committees 2007: Flag carrier had two committees for the year 2007 i.e., AC and *Human Resource and Corporate Governance Committee* (HRCGC). The AC was comprised of one chairman and four directors, whereas, the HRCGC consists of one chairman and three directors. The corporation has names of audit committees in its annual report for 2007. Names of BODs are not disclosed.

There were four Board's Committees for the year 2008, first AC, second *Brand and Advertisement Committee* (BAC), third FC, and fourth *Human Resource Committee* (HRC).

Table No: 1.6 Board's Committees, 2008

Year	Name of Director	Position	Name of Committee
2008	Capt. Muhammad Aijaz Haroon	Member	Brand and Advertisement Committee
			Finance Committee
			Human Resource Committee
	Husain Lawai	Chairman	Audit Committee
			Finance Committee
	Javed Akhtar	Member	Brand and Advertisement Committee
			Human Resource Committee
	Malik Nazir Ahmed	Member	Audit Committee
			Brand and Advertisement Committee
			Human Resource Committee
	Mubashir Iftikhar	Member	Audit Committee
			Finance Committee
	Prof. Main Ijazul Hassan	Member	Human Resource Committee
			Audit Committee
Brand and Advertisement Committee			
Finance Committee			
Human Resource Committee			
Salman Siddique	Chairman	Human Resource Committee	
		Human Resource Committee	
		Human Resource Committee	

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Source: Developed by the researchers

The AC was composed of four BODs, having Hussain Lawai as chairman, whereas, Malik Nazeer Ahmed, Prof. MianIjazulHussan, and MubashirIftakhar as members. Furthermore, BAC was also composed of four BODs, having Prof. MianIjazulHussan as chairman, whereas, Malik Nazeer Ahmed, Javed Akhtar, and Capt. Mohammad Aijaz Haroon (MD) as members. Likewise, FC was composed of four BODs too, having Salaman Siddique as chairman, whereas, Capt. Mohammad Aijaz Haroon (MD), MubashirIftakhar, Hussain Lawai as members. Moreover, HRC was composed of six BODs, having Sayed Naseer Ahmed as chairman, whereas, Capt. Mohammad Aijaz Haroon (MD), Malik Nazeer Ahmed, MubashirIftakhar, and Shaukat Ali Rana as members.

PIACL had four Board's Committees too for the year 2009. I.e. AC, BAC, FC, and Board's HRC. AC was composed of four BODs, having Hussain Lawai as chairman, whereas, Malik Nazir Ahmed, and Prof. Mian. Ijaz ul Hassan, and Mubashir Iftikhar as members of the committee. Likewise, BAC was composed of five BODs, having Prof. Main. Ijaz ul Hassan as chairman, while, Malik Nazir Ahmed, Javed Akhter, Capt. Aijaz Haroon (MD) and Mubashir Iftikhar as members of the committee. Moreover, Board's FC was composed of four BODs, having Salman Siddique as chairman, whereas, Capt. Aijaz Haroon (MD), Mubashir Iftikhar, and Hussain Lawai as members of the committee. Furthermore, HRC was composed of five BODs, having Syed Naseer Ahmed as chairman, whereas, Capt. Aijaz Haroon (MD), Malik Nazir Ahmed, Javed Akhtar, Mubashir Iftikhar, and Shaukat Ali Rana as members of the committee.

Table No: 1.7 Board's Committees, 2009

Year	Name of Director	Position	Name of Committee
2009	Capt. Muhammad Aijaz Haroon	Member	Brand and Advertisement Committee
			Finance Committee
			Human Resource Committee
	Husain Lawai	Chairman	Audit Committee
			Finance Committee
	Javed Akhtar	Member	Brand and Advertisement Committee
			Human Resource Committee
			Audit Committee
	Malik Nazir Ahmed	Member	Brand and Advertisement Committee
			Human Resource Committee
			Audit Committee
	MubashirIftikhar	Member	Brand and Advertisement Committee
Finance Committee			
Human Resource Committee			
Prof. Main Ijazul Hassan	Member	Audit Committee	
		Chairman	
Salman Siddique	Chairman	Brand and Advertisement Committee	
		Finance Committee	
		Human Resource Committee	
		Human Resource Committee	

Source: Developed by the researchers

In the year 2010 national flag carrier had four Board's Committees. First AC, second BAC, third FC, and fourth HRC. AC was composed of five BODs, having Hussain Lawai as chairman, whereas, Javed Akhtar, Prof. Mian Ijaz ul Hassan, Mubashir Iftikhar, and Khawaja Jalaluddin Roomi as members of the committee. Moreover, BAC was composed of four BODs having Prof. Mian Ijaz ul Hassan as chairman, while Malik Nazir Ahmed, Mubashir Iftikhar, and Khawaja Jalaluddin Roomi as members of the committee.

Likewise, FC was composed of three BODs having Dr. Waqas Masood Khan as chairman, whereas, Mubashir Iftikhar and Hussain Lawai as members of the committee. Furthermore, HRC was composed of four BODs having Syed Naseer Ahmed as chairman, while, Malik Nazir Ahmed, Javed Akhtar, and Mubashir Iftikhar as members of the committee.

Table No: 1.8 Board's Committees, 2010

Year	Name of Director	Position	Name of Committee
2010	Dr. Waqar Masood Khan	Chairman	Finance Committee
			Audit Committee
	Husain Lawai	Member	Finance Committee
			Audit Committee

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Khawaja JalaluddinRoomi	Member	Human Resources Committee Audit Committee Brand and Advertisement Committee
Malik Nazir Ahmed	Member	Brand and Advertisement Committee Human Resources Committee Audit Committee
Mubashir Iftikhar	Member	Brand and Advertisement Committee Finance Committee Human Resources Committee
Prof. Main Ijazul Hassan	Member	Audit Committee
Syed Naseer Ahmad	Chairman	Brand and Advertisement Committee
	Chairman	Human Resources Committee

Source: Developed by the researchers

National flag carrier had three Board's Committees for the year 2011. I.e. AC, FC, and HRC

Table No 1.9 Board's Committees, 2011

Year	Name of Director	Position	Name of Committee
2011	Abdul Wajid Rana	Chairman	Finance Committee
	Air Chief Marshal (Retd) Rao Qamar Suleman	Member	Finance Committee Human Resource Committee
	Husain Lawai	Chairman	Audit Committee
		Member	Finance Committee
	Javed Akhtar	Member	Audit Committee Human Resource Committee
	Khawaja JalaluddinRoomi	Member	Audit Committee
	Makhdum Syed Ahmed Mahmud	Chairman	Human Resource Committee
	Malik Nazir Ahmed	Member	Human Resource Committee
	Syed Omar Sharif Bokhari	Member	Audit Committee
	Yousaf Waqar	Member	Audit Committee Finance Committee

Source: Developed by the researchers

AC was composed of five BODs having Hussain Lawai as chairman, whereas, Javed Akhter, Syed Omer Sharif Bokhari, Khawaja Jalaluddin Roomi, and Yousaf Waqar as members of the committee. Moreover, FC was composed of four BODs having Abdul Wajid Rana as chairman, while, Hussain Lawai, Air Chief Marshal (Reted) Rao Qamar Suleman, and Yousaf Waqar as members of the committee. Likewise, HRC was composed of four BODs having Makhdum Syed Ahmed Mahmud as chairman, whereas, Malik Nazir Ahmed, and Air Chief Marshal (Reted) Rao Qamar Suleman as members of the committee.

There was four Board's Committee for the year 2012. First AC, second BAC, third FC, and fourth HRRC

Table No: 1.10 Board's Committees, 2012

Year	Name of Director	Position	Name of Committee
2012	Husain Lawai	Chairman	Audit Committee
		Member	Finance Committee
	Javed Akhtar	Member	Audit Committee Human Resource and Remuneration Committee
	Khawaja JalaluddinRoomi	Member	Audit Committee
		Chairman	Human Resource and Remuneration Committee
		Chairman	Brand and Advertisement Committee
	Malik Nazir Ahmed	Member	Finance Committee Human Resource and Remuneration Committee
			Audit Committee
	Syed Omar Sharif Bokhari	Member	Brand and Advertisement Committee Finance Committee
			Human Resource and Remuneration Committee
	Yousaf Waqar	Member	Audit Committee
		Chairman	Brand and Advertisement Committee Finance Committee

Source: Developed by the researchers

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AC was composed of five BODs having Hussain Lawai as chairman, whereas, Javed Akhtar, Syed Omer Sharif Bokhari, Khwaja Jalaluddin Roomi, and Yousaf Waqar as members of the committee. Moreover, BAC was composed of three BODs having Malik Nazir Ahmed as chairman, while, Syed Omer Sharif Bokhari and Yousaf Waqar as members of the committee. Furthermore, FC was composed of four BODs having Yousaf Waqar as chairman, whereas, Hussain Lawai, Malik Nazir Ahmed, and Syed Omer Sharif Bokhari as members of the committee. Likewise, HRRC was composed of four BODs having Khawaja Jalaluddin Roomi as chairman, while Mlik Nazir Ahmed, Javed Akhter, and Syed Omer Sharif Bokhari as members of the committee.

PIACL had five Board's Committees for the year 2013. First AC, second HRRC, third FC fourth BAC and fifth, Board's *Information Technology Steering Committee* (ITSC)

Table No: 1.11 Board's Committees, 2013

Year	Name of Director	Position	Name of Committee
2013	Atif Aslam Bajwa	Chairman	Audit Committee
		Member	Finance Committee
			Information Technology Steering Committee
	Malik Nazir Ahmed	Member	Audit Committee
			Human Resource and Remuneration Committee
	Yousaf Waqar	Member	Brand and Advertisement Committee
			Audit Committee
	Dr. Miftah Ismail	Chairman	Human Resource and Remuneration Committee
		Member	Finance Committee
	Muhammad Azam Saigol	Member	Information Technology Steering Committee
Chairman		Finance Committee	
Syed Yawar Ali	Chairman	Information Technology Steering Committee	
Ghaisuddin Ahmed	Member	Brand and Advertisement Committee	

Source: Developed by the researchers

The AC was composed of three BODs having Atif Aslam Bajwa as chairman, whereas, Malik Nazir Ahmed and Yousaf Waqar as members of the committee. Likewise, HRRC was composed of three members as well having Dr. Miftah Ismail as chairman, while, Malik Nazir Ahmed and Yousaf Waqar as members of the committee. Furthermore, FC was composed of four BODs having Dr. Waqar Masood Khan as chairman, whereas, Atif Aslam Bajwa, Dr. Miftah Ismail, and Muhammad Azam Saigol as members of the committee. Moreover, BAC was composed of three BODs having, Syed Yawar Ali as chairman, while, Ghiasuddin Ahmed and Malik Nazir Ahmed as members of the committee. Further, ITSC was composed of four BODs having Muhammad Azam Saigol as chairman, whereas, Dr. Miftah Ismail, Syed Yawar Ali, and Atif Aslam Bajwa as members of the committee.

There were six Board's Committees for the year 2014. First AC, second HRRC, third FC, fourth *Customer Service Committee* (CSC), fifth ITSC, and sixth *Fleet Management Committee* (FMC). AC was composed of four BODs having Atif Aslam Bajwa as chairman, whereas, Ghiasuddin Ahmed, Malik Nazir Ahmed, and Muhammad Azam Saigol as members of the committee. Moreover, HRRC was composed of six BODs having Arif Habib as chairman, Aslam Khaliq as co-chairman, whereas, Ghiasuddin Ahmed, Malik Nazir Ahmed, Muhammad Azam Saigol, and Yousaf Waqar as members of the committee. Further, FC was composed of four BODs having Dr. Waqar Masood Khan as chairman, while Arif Habib, Atif Aslam Bajwa, and Muhammad Azam Saigol as members of the committee.

Table No: 1.12 Board's Committees, 2014

Year	Name of Director	Position	Name of Committee
2014	Atif Aslam Bajwa	Chairman	Audit Committee
		Member	Finance Committee
			Fleet Management Committee
	Ghaisuddin Ahmed	Member	Audit Committee
			Human Resource and Remuneration Committee
	Malik Nazir Ahmed	Member	Customer Services Committee
		Member	Audit Committee

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		Human Resource and Remuneration Committee
		Customer Services Committee
		Information Technology Steering Committee
		Fleet Management Committee
		Audit Committee
Muhammad Azam Saigol	Member	Human Resource and Remuneration Committee
		Finance Committee
	Chairman	Information Technology Steering Committee
Arif Habib	Chairman	Human Resource and Remuneration Committee
	Member	Finance Committee
Aslam Khaliq	Member	Human Resource and Remuneration Committee
		Customer Services Committee
Aslam Khaliq	Chairman	Fleet Management Committee
Yousaf Waqar	Member	Human Resource and Remuneration Committee
		Information Technology Steering Committee
Dr. Waqar Masood Khan	Chairman	Finance Committee
	Chairman	Customer Services Committee
Syed Yawar Ali	Member	Information Technology Steering Committee
		Fleet Management Committee

Source: Developed by the researchers

Similarly, CSC was composed of four BODs having Syed Yawar Ali as chairman, whereas, Ghiasuddin Ahemd, Malik Nazir Ahmed, and Aslam Khaliq as members of the committee. Likewise, ITSC was composed of four BODs having Muhammad Azam Saigol as chairman, while, Malik Nazir Ahmed, Syed Yawar Ali, and Yousaf Waqar as members of the committee. In the same way, FMC was composed of four BODs having Aslam Khaliq as chairman, whereas, Malik Nazir Ahmed, Syed Yawar Ali, and Atif Aslam Bajwa as members of the committee.

National flag carrier had six Board's Committee for the year 2015. First AC, second *Finance and Risk Management Committee* (FRMC), third *Human Resource and Nomination Committee* (HRNC), fourth PC, fifth CSC, and sixth ITSC. The AC was composed of four BODs having Atif Aslam Bajwa as chairman, whereas Malik Nazir Ahmed, Arif Habib, and Yousaf Waqar as members of the committee. Likewise, FRMC was composed of four BODs having Dr. Waqar Masood Khan as chairman, while, Arif Habib, Atif Aslam Bajwa, and Muhammad Azam Saigol as members of the committee.

Table No: 1.13 Board's Committees, 2015

Year	Name of Director	Position	Name of Committee	
2015	Atif Aslam Bajwa	Chairman	Audit Committee	
		Member	Finance and Risk Management Committee	
	Ghaisuddin Ahmed	Member		Fleet Management Committee
				Audit Committee
				Human Resource and Remuneration Committee
	Malik Nazir Ahmed	Member Chairman		Customer Services Committee
				Audit Committee
				Human Resource and Remuneration Committee
				Customer Services Committee
	Muhammad Azam Saigol	Member		Information Technology Steering Committee
				Finance Committee
				Human Resource and Remuneration Committee
				Customer Services Committee
				Fleet Management Committee
	Arif Habib	Chairman Chairman Member		Human Resource and Remuneration Committee
				Finance Committee
			Human Resource and Remuneration Committee	
Aslam Khaliq	Member		Customer Services Committee	
			Human Resource and Remuneration Committee	
Aslam Khaliq	Chairman		Fleet Management Committee	
			Human Resource and Remuneration Committee	
Yousaf Waqar	Member		Information Technology Steering Committee	
			Finance Committee	
Dr. Waqar Masood Khan	Chairman			

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Syed Yawar Ali	Chairman	Customer Services Committee
	Member	Information Technology Steering Committee
		Fleet Management Committee

Source: Developed by the researchers

Similarly, HRNC was composed of four BODs having Malik Nazir Ahemd as chairman, whereas, Ghaizuddin Ahmed, Muhammad Irfan Elahi, and Aslam Khaliq as members of the committee. In the same way, PC was composed of four BODs having Syed Yawar Ali, Ghiasuddin Ahmed, Aslam Khaliq, and Yousaf Waqar as members of the committee. Moreover, CSC was composed of four BODs having Syed Yawar Ali as chairman, while Ghiasuddin Ahemd, Malik Nazir Ahmed, and Aslam Khaliq as members of the committee. Further, ITSC was composed of four BODs having Muhammad Irfan Elahi as chairman, whereas, Malik Nazir Ahmed, Syed Yawar Ali, and Muhammad Azam Saigol as members of the committee.

In 2016 PIACL had five BODs committees. AC was composed of four BODs having Dr. Waqar Masood Khan as chairman, whereas Ghiasuddin Ahmed, Malik Nazir Ahmed, and Yousaf Waqar as members of the committee. Likewise, Rwas composed of four BODs having Dr. Waqar Masood Khan as chairman, while Syed Yawar Ali, Muhammad Irfan Elahi, and Yousaf Waqar as members of the committee. Moreover, HRNC was composed of five BODs having Ghiasuddin Ahmed as chairman, whereas Malik Nazir Ahmed, Muhammad Irfan Elahi, Aslam Khaliq, and Navaid H Malik as members of the committee. Likewise, PC was composed of five BODs having Syed Yawar Ali as chairman, while, Muhammad Irfan Elahi, Navaid H Malik, Dr. Waqar Masood Khan, and Aslam Khaliq as members of the committee. Furthermore, COEC was composed of six BODs having Navaid H Malik as chairman, Ghiasuddin Ahmed, Malik Nazir Ahmed, Syed Yawar Ali, Muhammad Irfan Elahi, and Aslam Khalliq as members of the committee.

Table No: 1.14. Board's Committees, 2016

Year	Name of Director	Position	Name of Committee	
2016	Dr. Waqar Masood Khan	Chairman	Board's Audit Committee	
		Chairman	Risk Management, Finance and IT Committee	
		Member	Procurement Committee	
	Aslam Khaliq	Member		HR and Nomination Committee
				Procurement Committee
	Ghiasuddin Ahmed		Commercial and Engineering Committee	
		Member	Board's Audit Committee	
		Chairman	HR and Nomination Committee	
	Malik Nazir Ahmed	Member		Commercial and Engineering Committee
				Board's Audit Committee
				Risk Management, Finance and IT Committee
	Muhammad Irfan Elahi	Member		HR and Nomination Committee
				Procurement Committee
				Commercial and Engineering Committee
	Navaid H Malik	Member	HR and Nomination Committee	
		Member	Procurement Committee	
		Chairman	Commercial and Engineering Committee	
	Syed Yawar Ali	Member	Risk Management, Finance and IT Committee	
Chairman		Procurement Committee		
Member		Commercial and Engineering Committee		
Yousaf Waqar	Member	Board's Audit Committee		
	Member	Risk Management, Finance and IT Committee		

Source: Developed by the researcher

In 2017 there were five Board committees. AC was composed of four BODs having Atif Aslam Bajwa as chairman, whereas Farukh H Khan, Tariq Kirmani, and Haque Nawaz as members of the committee. Likewise, Board's FC was composed of five BODs having Arif Aahmed Khan as chairman, while Atif Aslam Bajwa, Musharaf Rasool Cyan, Navaid H Khan, and Haque Nawaz as members of the committee. Moreover, HRCC was composed of five Board of Directors having Tariq Kirmani as chairman, whereas, Musharaf Rasool Cyan, Farukh H Khan, Navaid H Malik, and Dr. Ijaz

Munir as members of the committee. Furthermore, PC was composed of four BODs having Musharaf Rasool Cyan as chairman, while, Dr. Ijaz Munir, Haque Nawaz, and Muhammad Ali Tabba as members of the committee. Likewise, COEC was composed of four BODs also having Navaid H Malik as chairman, whereas, Musharaf Rasool Cyan, Traiq Kirmani, and Dr. Ijaz Munir as members of the committee.

Table No: 1.15 Board’s Committees, 2017

Year	Name of Director	Position	Name of Committee
2017	Atif Aslam Bajwa	Chairman	Audit Committee
		Member	Finance Committee
	Dr. Ijaz Munir	Member	Procurement Committee
			Commercial and Engineering Committee
	Farukh H Khan	Member	Audit Committee
			HR and Compensation Committee
	Haque Nawaz	Member	Audit Committee
			Finance Committee
			HR and Compensation Committee
	Musharaf Rasool Cyan	Member	Procurement Committee
		Member	Finance Committee
		Member	HR and Compensation Committee
		Chairman	Procurement Committee
	Navaid H Malik	Member	Commercial and Engineering Committee
		Member	Finance Committee
Member		HR and Compensation Committee	
Tariq Kirmani	Chairman	Commercial and Engineering Committee	
	Member	Audit Committee	
	Member	HR and Compensation Committee	
		Member	Commercial and Engineering Committee

Source: Developed by the researchers

The composition of BODs committees in PIAC is the responsibility of BODs as per powers given to them by the Act, rules, and regulations of the corporation. However, the SECP manual of CG also empowers BODs to appoint different BODs committees. But it is worth noting that there are some conditions emphasized by the code of CG as given in section vii subsection 7.57 about the formation of the audit committee for example. While constituting AC BODs must confirm that none of the member's interests conflicts with the objectives of the committee. For example, the Principal Finance Officer (CFO), inside audit officials, and officers like a chief cooperating officer (CEO) have not been made part of AC, considering the work of AC one of its members must hold ample finance literacy, but ***“This should not be taken to mean that a director, connected with the finance or audit function within the company itself is appointed on the committee”*** (SECP Manual of CG section (vii) Role of the Audit Committee 7.57-page no. 76).

Therefore, when BODs committees’ composition was analyzed, it revealed that there have been numerous BODs who have been part of BODs Finance as well as Audit Committee at the same time. Furthermore, it is learned from the data that there have been some BODs who are part of different BODs committees at the same time particularly from 2008 onwards, where Captain Aijaz Haroon who was MD of the corporation at the same time was part of three out of four BODs committees in 2008, likewise Malik Nazir Ahmed of three out four BODs committees. Whereas Mubashir Iftikhar was part of three out of four committees, it is important to note that he was part of the BODs Finance and Audit Committee at the same time (see Table No: 1.6).

Similarly, in 2009 they were also part of three out of four committees, however, Mubashir Iftikhar was part of four out of four BODs committees i.e. Finance, Audit HR, and Brand and Advertisement Committee (see Table No: 1.7). Moreover, in 2010 Hussain Lawi was part of two out of four BODs committees i.e. Finance and Audit committee at the same time, while Mubashir Iftikhar was part of four out of four committees (see Table No:1.8). In the same way during 2012 Hussain Lawi was part of two out of four committees and was part of finance and audit committee at the same time, Malik Nazir Ahmed was part of three out of four committees, Syed Omer Sharif Bokhari was part of all four committees and Yousif Waqar was part of three out of four committees being part of finance, audit and brand and advertisement committee at the same time (see Table No: 1.12).

Furthermore, in 2013 Atif Aslam Bajwa, Malik Nazir Ahmed, Dr. Miftah Ismail was part of three out of four committees (see Table No.1.11). Whereas, in 2014 once again Atif Aslam Bajwa was part of three out of six committees being part of the finance committee and audit committee at the same time. In the same way, Muhammad Azam Saigol, Ghaisuddin Ahmed, and Syed Yawar Abbas were part of three committees, however, Malik Nazir Ahmed was part of five out of six BODs committees (see Table No. 1.12). Similarly, in 2015 once again Atif Aslam Bajwa was part of the finance and audit committee at the same time, whereas, Malik Nazir Ahmed was part of five out of six committees (see Table No. 1.13). Likewise, the situation is not different in 2016 and 2017 in these years to BODs are part of three out of five committees and are part of the finance and audit committee at the same time (see Table No. 1.14 and Table No. 1.15).

Therefore, it is highly likely that these committees of the BODs in PIACL may not be independent to make their own decisions, because where directors are part of five out six, three out of four, and four out of five committees. The presence of directors in multiple committees at the same time raises a lot of questions about the independent working or decision-making of such committees. Moreover, it is observed that BODs who are part of the board's finance committee are at the same time part of the board's audit committee, henceforth, their parallel presence in finance and audit committee at the same time raises questions about the transparency and fairness in decision making related to finance and its audit.

Furthermore, this is a contradiction of the codes of CG i.e. section (vii) Role of the Audit Committee 7.57-page no. 76 Manual of CG, 2002) states that While constituting AC BODs must confirm that none of the member's interest conflicts with the objectives of the committee. For example, the Principal Finance Officer (CFO), inside audit officials, and officers like the chief cooperating officer (CEO) have not been made part of AC, considering the work of AC one of its members must hold ample finance literacy, but *“This should not be taken to mean that a director, connected with the finance or audit function within the company itself is appointed on the committee”* (SECP Manual of CG section (vii) Role of the Audit Committee 7.57-page no. 76).

This increases doubts that such practices may be to show compliance with legal requirements of CG codes and paperwork only. Further, it is also observed that BODs are part of the finance, human resource and remuneration, information technology and steering, and fleet management committee simultaneously. It is very uncommon that an individual at the same time possess expertise in Finance, HR, IT, and Marketing, as these are diverse fields, how come a person can be an expert of all disciplines at the same time. Therefore, there are doubts about the composition of BODs committees. It is highly likely, that these committees are formed either based on favoritism or under the political influence to facilitate the personal agenda of the BODs or to have control and monopoly in decision making. If there had been any transparency and accountability in the establishment of committees, there had been a balancing of power and expertise in BODs committees.

Conclusion

To understand disclosure and variations in CG practices of any company it is necessary to investigate the internal control mechanism of governance in that firm. Like enquiring about the internal structure such as the board of directors' committees on which effectiveness and performance of the board of directors are grounded, various board committees are being composed by several organizations according to the codes of corporate governance. However, some of the vital committees are AC, NC, RC, and RMC, the existence of such committees with due process of monitoring and controlling increases the performance of BODs and improves better disclosure and corporate governance practices. Therefore, this study was carried out to explore the composition of BODs committees in PIACL, focusing on how board committees ensure compliance to the legal requirements related to the composition of committees through the lances of rules recommended by SECP.

Following results were obtained, the Act, Rules, and Regulations of corporation authorize BODs shall set up various committees like audit, human resource, finance, risk management, procurement, nomination, and so on... to support it in performing functions efficiently and for seeking assistance in the decision-making process. Whereas, as per codes of CG by SECP, BODs can exercise their powers for the formation of such committees, but they must perform duties with a sense of objective judgment and in good faith in the best interest of the corporation and its shareholders. Particularly, in setting up the AC, BODs should ensure that there would be no conflict of interest for the members of the committee. The chief financial officer, internal auditor, and chief cooperating

officer are not represented on AC. However, one member of the committee must hold sufficient financial knowledge.

This should not be taken to mean that a director connected with finance or audit function in a corporation is appointed on the committee. In PIACL BODs have formed different committees where a director in finance committee is also appointed as member or chairman in AC in contrast to SECP codes, further, various BODs have been made part of multiple committees at the same time, a director who is part of the finance committee is also part of AC, HR, IT, Procurement, Marketing (Brand and advertisement) committee. It is very uncommon that an individual at the same time possesses expertise in the field of Finance, Human Resources, Information Technology, and Marketing, as these are diverse fields, how come a person can be an expert of all disciplines at the same time. Therefore, it is highly likely that these committees of the BODs in PIACL may not be independent to make their own decisions, because where directors are part of five out of six, three out of four, and four out of five committees.

The presence of directors in multiple committees at the same time raises a lot of questions about the independent working or decision-making of such committees. This study will contribute to the mainstream literature on the structure of BODs committees and CG in the airline industry, moreover, this study focuses only on one organization i.e. PIACL, therefore, the findings of this study cannot be generalized to other SOEs in the country. In the future researcher can use this study as a road map to conduct a comparative study of the structure and composition of BODs different committees between two or more than two SOEs

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