IMPACT OF BOARD CHARACTERISTICS ON ACCOUNTING CONSERVATISM IN EMERGING SOUTH ASIAN ECONOMIES

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ABSTRACT

Corporate governance is the backbone that determines the effectiveness, transparency, and sustainability of any organization in today's fast-moving business world. In this regard, the study has attempted to investigate how accounting conservatism is affected by corporate governance systems in the developing South Asian countries i-e Pakistan, India, and Bangladesh. Accounting conservatism is the dependent variable of the study. The corporate governance methods used in this study have covered Board size, Board independence, Board activity, CEO turnover, and Gender diversity. Secondary data that has been used in the study and were extracted from various online sources and the annual reports of the listed companies. This research sampled the non-financial companies of the Pakistan Stock Exchange (PSX), Bombay Stock Exchange (BSE), and Dhaka Stock Exchange (DSE). The information was collected from 100 firms between 2014 and 2023, in order of high market capitalization. The results of the study indicate that there exist notable differences among the selected South Asian firms. The conclusions of the study suggest that, in the case of Pakistan, Board size and Board activity have a positive effect on AC, while Board independence, CEO turnover, and Gender diversity are found to be insignificant. In the Indian case, CEO turnover and Gender diversity have negligible effects, while board size, independence, and activity have considerable effects. Third While the combined effect of CEO turnover and board independence is trivially small, gender diversity contributes notably. The findings of this study support the validity of both Positive Accounting and Agency theory in the emerging markets of South Asia. Regarding South Asia, the main research focus, it has implication on the regulators, policymakers, analysts, researchers, as well as other readers of the financial statements.

Keywords: *Corporate Governance, Accounting Conservatism, South Asia*

INTRODUCTION

Modern corporate governance encourages a strategy that takes into consideration and sustainably weighs the justifiable and practical demands, interests, and anticipations of the parties involved i-e stakeholders when making decisions. Claessens, S. (2006). Corporate governance is the system of principles, procedures, policies, and practices that guide and regulate a business to attain responsibility, openness, and equity in its dealings with stakeholders. Strong corporate governance framework enhances longstanding value creation by ensuring the moral business conduct, diminishing conflicts of interest, and

enhancing decision-making process Alareeni (2018).

Corporate boards have morally upright people who work to improve social and environmental performance, along with profit development as the main aim. From the turn of the century, corporate bonds, carelessness, managerial malfeasance, and the decline of shareholder wealth have all led to increased interest in corporate governance. Krechovska, 2014. The worldwide economic crisis has led to a wide array of government legislation, such as the Sarbanes-Oxley Act, and has resulted in a continuous demand for improved governance. Crittenden, (2012). People's trust in the business sector has declined over the last ten years because of a series of financial crises and company failures. Claessens, S. (2006).

The letdown of companies such as Enron and WorldCom have demonstrated the impact of a strong corporate governance framework on the financial performance of businesses. Marx, (2011) Corporate governance is a comprehensive system that assures the effective management and control of corporations by aligning corporate operations with the interests of shareholders, management, employees, suppliers, customers, regulators, and the general public. (Ahmed & Duellman, 2007 & Sardouk, 2016).

As reflected through cases like Enron from the current perspective, outstanding governance indeed facilitates appropriate decision making, mitigates malpractices or fraudulent possibilities, and also creates an assurance of economic safety. While the implementation of good governance, such as stakeholders' engagement, has been noted especially to be of significance to the case of PepsiCo concerning growth and robustness. (Lavelle, 2002 and Horwath, 2003)

It promotes organizational integrity and facilitates responsible decision-making, being the cornerstone of corporate ethics and responsibility. Its core values include accountability, holding executives and the board of directors accountable for their actions; transparency requires timely and precise disclosure of material information; protection of minority shareholders; and equitable treatment, which calls for a moral and legal requirement to be met. Such a system includes, the board of directors, board independence, and

functioning audit committees. Appropriate corporate governance is important to create investor assurance and confirm the long-standing survival of a company. Wahyudin & Solikhah (2017). The UK Corporate Governance Code updates for 2024 emphasizes that there should be company culture that supports integration, diversity, and inclusion, and that there should be robust internal controls and the management of lists. Recently, corporate governance has become different by focusing on compliance besides taking into account the wide range of business effects in relation to its decisions. The international norms like the recommendations of OECD have brought forth the function of governance for taming the environmental concerns and ethical issues that call upon corporate operations to adjust towards long-term social goals. (Cadburry, 1992).

Inadequate corporate governance is the main cause of corporate failure. According to new research, big businesses that failed or went bankrupt had practiced profits smoothing years before they failed. (Abdelghany, 2005).

Since these countries have a colonial heritage and have dynamic legal systems, Pakistan, India, and Bangladesh all follow conservative accounting practices and corporate governance. Corporate governance structures of these nations are very transparent, responsible, and matched with international standards like the International Financial Reporting Standards (IFRS). These countries are risk-averse, as reflected in accounting conservatism for the wide adoption of which ensures responsible reporting and the reduction of falsification possibility. The problems include a high proportion of family-owned businesses, lenient application of governance rules, and limited board independence. Despite all these, the three economies seem to be very committed to upgrading governance processes in efforts to attract investment and economic stability.

ACCOUNTING CONSERVATISM

A fundamental principle in financial reporting is accounting conservatism: prudence in the acknowledgment of revenues and expenses amid uncertainty. While income and gains are

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recognized only upon realization, this method prescribes that possible losses and liabilities be recognized as soon as they become likely. With this asymmetric treatment, accounting conservatism is aimed at preventing overoptimistic numbers from misleading the stakeholders by presenting a financial condition erring on the side of understatement rather than optimism Basu, (1997). Organizations report financial statements to their stake holders to communicate to different stakeholders. The common issue that has been arising regarding financial reporting is whether or not the company has proven financially viable over time period. (Alhayati, 2013).

According to the prudential principle of accounting conservatism, income and earnings are recognized more slowly, while costs and losses are recognized more swiftly. In order for the statistics in the financial statements to be impacted. (Ruch & Taylor, 2015).

Such practices as applying the lesser of cost or market rule when inventory has to be valued and speedy reporting of losses related to asset impairment serve to reflect the concept into real action. It promotes investor confidence by providing a conservative view of the finances and also reducing the dangers that could be associated with inflated profits. It could result in underreporting assets and earnings, leading to misleading the actual financial performance of a company. Account-keeping conservatism is the oldest and most silent aspect of accounting information for centuries as it holds that potential errors in measurement should lean toward understatement instead of overstating net income and net assets (Basu, 1997).

This implies that conservatism has been one of the silent features in accounting data for millennia but new studies in this area have actually revealed that conservatism is rising in the last several decades (Givoly and Hayn, 2000).

There are several arguments presented to justify conservatism, and all of them emphasize how it serves the interests of users of financial information. Four categories can be used to classify these justifications: 1. Reasons for contracting; 2. Litigation risks; 3. Tax optimization and loss function imbalances of

regulators. (Watts, 2003b). We expect that stronger corporate governance systems will lead to higher conditioner accounting numbers. (Basu, 1997).

Ownership in emerging economies of South Asia like Pakistan, India and Bangladesh is family focused and stockholder protection is weak. The governing end can overpower the rights of minority shareholders, and seal it with careful accounting practices due to the complexity of governance systems. (Morck, et. al. 2000).

The core purpose of this study is to investigate the relationship between accounting conservatism and corporate governance statutes. Several new and reported corporate governance factors, like gender diversity on board and CEO turnover, have not yet been examined in relation to conservatism.

It was, therefore, the poor structure of CG that brought down Enron. Lavelle, (2002). Later, Horwath (2003) presented an argument which had similarities in finding causes for corporate collapses in Australian listed companies. The demand for conservatism is among the external factors that have limitations imposed on management by creditors or regulatory agencies. Regardless of the situation, the reporting environment of the firms is largely a function of the governance status. Ball and Shivakumar (2005) believe that CG profoundly affects how a firm determines its reporting processes. It is, therefore essential that scholars, investors, fund managers, policymakers, and regulators know whether or not CG is a good complement to conservatism.

Therefore, theories regarding accounting conservatism and firm governance form the basis through which their independence can be understood.

RESEARCH GAP
Most studies trying to study the association between AC and CG cover most of the developed and emerging economies. The connection under study is not captured in those studies for the South Asian developing countries. For instance, Mohammed et al. (2017) discusses the role of corporate governance and the accounting conservatism in Malaysia. Therefore, the South Asian developing economies have an open gap in the association between CG and AC, which has

not been documented in the literature. This is what makes the CG frameworks identified in those economies unique from others.

THEORETICAL FRAMEWORK:
The Agency Theory:
A very important element of conservatism is the executive committee or agents of the company. In the economics notion, Jenson and Meckling (1976) highlighted the differences between businesses and executive voting agents. The basis of corporate governance today is agency theory. Akbar et.al (2016). Agency costs can arise from agency-principal conflicts of interest. Since managers decide on the job benefits or self-entrenched judgments that may reduce shareholder value, misalignment of interest between managers and companies results in agency costs. Ang et.al (2000). Agency expenses will result from this goal mismatch. A code of governance must line up the comforts of managers with that of the firm. The principal's capability to look over whether agents are appropriately advancing their interests is adversely affected by information asymmetry because agency theory allows agents to possess more information than principals. Sarens & Abdolmohammadi (2011). The division between the company's owners and manager leads to problems because each will always try to maximize their own interests. This connection is going to result in an agency conflict, which would be an information asymmetry between the owner and the management. The corporation is then left with a structure called mechanism of good corporate governance to work towards agreeing upon the issue.

Significance of the study
The conclusions of the study are useful because they provide insights to regulatory agencies in Pakistan and other South Asian countries on how to craft policies and processes that best benefit the businesses involved. When analyzing companies for different purposes, it helps analysts improve their skills as well as other consumers of financial statements. Much can be learnt from this study about conservatism and how governance practices influence accounting conservatism by the executives.

Objectives of the study
The purpose of the study is to examine whether accounting conservatism is practiced, in the developing South Asian economies like Pakistan, India, and Bangladesh, respectively in relation to several corporate governance measures, notably board size, independence, activity, CEO turnover and gender diversity

Research Questions:
1. Do Board Size Affects Conservatism of Accounting?
2) Does Accounting Conservatism get affected by Board Activity?
3) Is there any relationship between board independence and accounting conservatism?
4) Is accounting conservatism affected by gender diversity on the board?
5) Is CEO turnover related to Accounting Conservatism?

Literature Review:
According to studies on accounting conservatism and corporate governance, a part of what determines the degree of conservatism used by a corporation is the internal procedures of corporate governance. The established first step toward understanding conservatism is

Beneish and Press, 1998. According to them, particularly about debt arrangements, creditors are very conservative. Ahmed et al. (2002) further argue that conservatism is an essential requirement since firms employing conservative accounting are always rated high for debt.

The status of conservatism is demonstrated by the consideration of conservatism as a governance instrument, particularly with regard to debt and managerial remuneration arrangements. (Watts, 2003). To show the degree of conservatism is substantially correlated with the managerial ownership and the composition of the board. Beekes et al. (2004).

The conservatism becomes a useful tool in raising to the surface essential details whenever a plan, the firm undertakes is appraised. This research argues that for each good project the management exercises caution to amplify remuneration whenever a given project accords positive cash

flows. Chen et al. (2009) is of the view that conservatism restricts managers' capacity in manipulating profits.

They say that the managers manipulate earnings to meet the expectations of the investors and reduce the harmful effect on the value of company. Zain and Subramaniam (2007) presented their opinions that the independent directors are always consulted by internal auditors because they are believed to have more knowledge and expertise.

Because independent directors may have the power to show flaws in the financial reporting process, this kind of thinking forces the auditors to place an excessive amount of trust in them. Another perspective on conservatism's applicability in the context of debt agreements is that of Zhang (2008).

He shows how conservatism benefits the lender as it allows early detection of violations of the loan contract. There is a separation of opinion regarding the matter of limited tenure of managers, which sometimes makes them perceive themselves as less responsible and then make poor choices that compromise the objective of maximizing stakeholders' wealth. LaFond & Roychowdhury, 2008).

It is suggested that information asymmetry decreases with AC as the latter produces more trustworthy accounting statements. Reducing this type of asymmetry allows firms to attain loans easier as creditors increase their credit ratings. Such an opinion is supported by Ahmed et al. (2002).

The significance of using AC in compensation contracts, but he also supports the claim of enhanced information symmetry Watts, (2003). The theory is supported by Karamanou and Vafeas (2005), who argue that managers use more conservatism when working on profitable initiatives.

CG assumes that managers' and shareholders' thought processes are always different. Meckling and Jensen (1976). assert that owners employ CG to influence the behavior of managers. This view is aligned with the OECD's notion of CG. Corporate Governance is a preventive measure with an explicit set of rules Graham et al. (2002). Some argue that it increases effectiveness if the company has women on its board. Some of them include Huang and Wang (2017), and Campbell and Minguezvera (2008). Most of these females have reported that because of their keenness on watching the performance of a firm, having more women in a board makes decisions bolder and with more influence. Managers are forced to use conservative accounting techniques because of the natural aptitude of female directors.

The independence of board members contributes to conservatism in companies listed on the FTSE. The governance mechanism has a major impact on conditional accounting conservatism Elshandidy and Hassanein (2015). Based on the explanation above, one could claim that a board's efficiency decreases with increasing board size. Larger boards are considered to have a greater pool of knowledge and experience, but issues like the presence of free riders and delayed decision-making make them less effective. Such a board does not require conservatism since it is less probable to examine the policy-making process used by executives (Beekes et al., 2004).

Variables Mnemonic Definition Dependent Variable 1.

Accounting Conservatism   CON-ACC
Net profit − Operating cash flow
Total asset

Independent Variable -2

Board Size   BS   A number of member of board directors
Board Independence   BI   A number of board independent
Board Activity   BA   A number of board meeting
CEO Turnover   CTO   The process of changing the chief executive
Gender diversity   GD
Number of female directors on board

The following hypothesis is thus formulated:

H1: Board size has a significant impact on accounting conservatism.

H2: Board independence has a strong influence on accounting conservatism.

H3: Board Activity (BA) has a significant impact on accounting conservatism.

H4: CEO turnover (CTO) has a significant impact on accounting conservatism.

H5: Accounting conservatism is affected by gender diversity (GD).

3. Research methods

Annual published reports of companies listed on the PSX, BSE, and DSE for the years 2014–2023 with a significant market capitalization is utilized as a secondary data in this quantitative study. Each stock market is used to gather and estimated separately. Purposive-based sampling is the method used in this investigation. Since the organizational structures and accounting practices of financial and non-financial firms were significantly different, data from the non-financial sector (excluding the financial sector) was collected. Only businesses with substantial market capitalization made up the sample

Econometric Model

$$AC = \beta_0 + \beta_1 BS + \beta_2 BA + \beta_3 BI + \beta_4 GD + CTO + ei$$

Where:

AC= Accounting Conservatism, BS= Board-Size, BA = Board-Activity, BI=Board-Independence GD = Gender-Diversity, ei= error term

Data Analysis
Pakistan Analysis-1
Table-1 Descriptive Statistics

Variable	Obs	Mean	Std Dev	Min	Max
AC	620	1.648	3.472	-42.105	20.071
BS	620	8.973	1.736	7	15
BA	620	5.3	1.232	3	16
BI	620	2.421	1.333	0	9
CTO	620	0.008	0.09	0	1
GD	620	0.739	0.44	0	1

Multicollinearity
Table-2 Variance inflation factor VIF

	VIF	1/VIF
BS	1.828	0.547
BI	1.788	0.559
BA	1.187	0.842
CTO	1.034	0.967
GD	1.124	0.89

Correlation Analysis
Table-3 Correlation matrix

Variables	1	2	3	4	5	6
AC	1.000					
BS	0.189	1.000				
BI	0.13	0.584	1.000			
BA	0.097	0.374	0.273	1.000		
CTO	0.029	0.105	0.066	0.039	1.000	
GD	0.117	0.143	0.035	0.271	0.028	1.000

Hausman Test for Fixed or Random Effects
Table-4

			Coef
Chi - square test value			13.219
P - value			0.279

Regression Analysis
Table-5 ; Regression

AC	Coef	St.Err	t- value	p- value	Sig
BS	0.255	0.104	2.45	0.0000	***
BA	0.096	0.041	2.34	0.0003	***
BI	-0.096	0.114	-0.84	0.217	
CTO	0.552	1.53	0.36	0.846	
GD	0.571	0.323	1.77	0.0824	
Constant	7.714	2.971	2.6	0.000	
R-squared	0.591		Obs	620	
F-test	4.68		Prob>F	0.0000	

India Analysis-2
Table-2.1 Descriptive Statistics

Variable	Obs	Mean	Std Dev	Min	Max
AC	530	2.28	4.834	-3.558	69.038
BS	530	11.996	2.358	1	17
BI	530	6.364	1.325	3	9
BA	530	5.966	1.151	4	10
CTO	530	0	0	0	0
GD	530	0.955	0.208	0	1

Multicollinearity
Table-2.2 Variance Inflation Factor VIF

	VIF	1/VIF
BS	1.715	0.583
BI	1.705	0.586
BA	1.191	0.84
CTO	1.715	0.589
GD	1.006	0.994

Correlation Analysis
Table-2.3 Correlation Matrix

Variables	1	2	3	4	5	6
AC	1.000					
BS	0.035	1.000				
BA	0.043	0.28	1.000			
BI	-0.05	0.582	0.061	1.000		
CTO	0.064	0.048	-0.062	0.097	1.000	
GD	0.039	0.007	0.033	0.005	-0.024	1.000

Hausman Test for Fixed or Random Effects
Table-2.4

			Coef
Chi - square test value			1.857
P - value			0.385

Regression Analysis
Table-2.5 Regression

AC	Coef	St.Err	t- value	p- value	Sig
BS	-0.221	0.101	-2.19	0.0003	***
BA	0.168	0.073	2.30	0.0002	***
BI	-0.008	0.003	-2.67	0.0000	***
CTO	0.195	0.196	0.99	0.245	
GD	0.613	1.143	0.54	0.3681	
Constant			2.18	0.000	**
R-squared	0.639		Obs	530	
F-test	5.828		Prob>F	0.0000	

Bangladesh Analysis-3
Table-3.1 Descriptive Statistics

Variable	Obs	Mean	Std Dev	Min	Max
AC	400	-0.625	34.516	-688.08	14.593
BS	400	7.577	2.096	5	13
BI	400	1.89	0.8	1	5
BA	400	7.612	3.362	4	25
CTO	400	0.003	0.05	0	1
GD	400	0.828	0.378	0	1

Multicollinearity
Table-3.2 Variance Inflation Factor

	VIF	1/VIF
BS	1.857	0.538
BI	1.84	0.544
BA	1.198	0.835
CTO	1.026	0.975
GD	1.164	0.859

Correlation Analysis
Table-3.3 Correlation Matrix

Variables	1	2	3	4	5	6
AC	1.000					
BS	0.01	1.000				
BA	0.057	-0.003	1.000			
BI	-0.008	0.543	-0.191	1.000		
CTO	0.002	0.010	0.006	0.07	1.000	
GD	-0.018	0.094	-0.124	-0.162	0.023	1.000

Hausman Test for Fixed or Random Effects
Table-2.4

			Coef
Chi - square test value			5.832

P - value			0.05415

Regression Analysis

Table-2.5 Regression

AC	Coef	St.Err	t- value	p- value	Sig
BS	-0.142	0.033	-4.3	0.0002	***
BA	-0.067	0.034	-1.97	0.0014	**
BI	0.077	0.086	0.9	0.3720	
CTO	-0.199	1.023	-0.19	0.846	
GD	0.155	0.07	2.21	0.0024	**
Constant	1.542	0.777	1.98	0.038	**
R-squared	0.5189		Obs	400	
F-test	35.214		Prob>F	0.0000	

Consolidated Comparative Results – Section: 4

Table 4.1 Combine Results of Pakistan, India and Bangladesh

	PAK		IND		BAN	
AC	Coef	Sig	Coef	Sig	Coef	Sig
BS	0.255	***	-0.221	***	-0.142	***
BA	0.096	***	0.168	***	-0.067	**
BI	-0.096		-0.008	***	0.077	
CTO	0.552		0.195		-0.199	
GD	0.571		0.613		0.155	**

1- Pakistan Results: Summary Statistics

The procedures used in accounting conservatism have varied from firm to firm. With average score of 1.648 and standard deviation of 3.472, the scores are well above those found by Nasr & Ntim (2017), Caskey & Laux (2017), and Ren (2014).

BS on average is nine members. As the standard deviation is small, there are relatively few firms whose board size values are substantially different from the mean. The value is not inconsistent with other studies from the emerging economies. Similar outcomes are obtained by Mohammed et al. (2017) in a less developed economy.

Average annual variance of Board Activity is less than 5.3, which indicates the stability of board activity level. While some boards might be meeting only three times in a year, many more boards meet more than this as shown by minimum and maximum values. Values are comparative to this value. Values, for example, in Chi et al. (2009) and Lim (2011) have been found to be approximately comparable.

The evidence of Board Independence (BI) is the large standard deviation and the slide deviation of 2.421 from the mean. This is because whereas some firms have as high as nine independent directors, others have zero. Ren (2014), Mohammed et al. (2017)

Only a few firms face the CEO turnover as the mean value of the turnover is almost zero and the smaller variation. If compared to that of Malaysian firms published by Yunos (2011) and Mohammed et al. (2017), it is also rather high.

Regarding gender diversity, it shows that many firms have some level of gender diversity on their boards. In addition, according to Huang and Wang (2017), this value is lesser than the value of gender diversity on board. In the economies they considered, both report that women make up about 20% of the population.

Multicollinearity:

It is not a serious problem for this model since confirmed by all of the VIF results in this study.

Pakistan Correlation:

The variables have moderate to low positive correlations, and the highest association is between BS (Board Size) and BI (Board Independence) at 0.584. Other correlations are weaker, implying that most variables have weak linear associations.

Regression Analysis (Pakistan):

The linear regression's findings provide important information about the company governance factors that influence accounting conservatism's adoption. The regression's independent variables explain approximately 59.1% of the variation in accounting conservatism, according to the R squared value is 0.591 with p-value of 0.000 and F-test is 4.68 show that the model is statistically significant.

Board Size (BS): There is a positive correlation between AC and Board Size (BS). This implies that more board members are associated with a more conservative accounting, probably because of better oversight and more diversity of opinion. The results are in step with Mohammed et al. (2017), which showed that board size positively affects AC.

Board Activity (BA): measured as the number of board meetings, is positively associated with AC. The active boards are closer monitors of management. However, results support Abbott et al. (2007), as they illustrate that meeting frequency enhances the quality of the process of financial reporting.

Board Independence (BI): (Insignificant) No impact on AC has been found due to BI. Thus, just availability of independent directors would not cause conservatism unless other enablers are available together. Actually, in contrast to Abdullah (2006), the findings of the study favor this view.

CEO Turnover (CTO): There is no observable impact of CTO on AC. Changes in accounting procedures do not immediately follow new leadership. The results are in-line with Hazarika et al. (2012).

Gender Diversity (GD): It is not statistically significant for AC but is very close to ten percent level of significance. Hence, it appears that accounting methods are not strictly a product of gender diversity. The findings of the present study do not support the results of Boussaid et al. (2015),

which conclude that conservatism increases with the percentage of female members.

2- India Results: (Summary Statistics)

This means that there is a middle level of accounting conservatism in the sample with a large range. It reflects that the observations are vastly different about AC. It also indicates that there is substantial variation among the observations. Nasr & Ntim, (2017)

With the mean value of the Board Size (BS) at 11.996 and a standard deviation of 2.358, the average board size was relatively high, implying that the firms' board compositions in the sample varied. The results are consistent with several research conducted in developing markets, such as those by Rahman and Ali (2006) and Mohammed et al. (2017).

Board Independence (BI) and Board Activity (BA): The sample's average values for these two metrics are 6.364 for BI and 5.966 for BA, respectively, indicating both moderately independent and moderately active boards. Chi et al. (2009) and Lim (2011) also report comparable values.

CEO Turnover: From the data, there is no variation in the variable CEO turnover. It indicates that during the time period indicated, there was no replacement of CEOs or any other occurrence within any of the companies sampled. Further, the figure is quite high in comparison to the findings of Yunos (2011) and Mohammed et al. (2017).

Gender Diversity (GD): The value for gender diversity is at an all-time high that depicts how boards are very diversified and most companies have an impressive presence of both genders in the board. Also, from Huang and Wang (2017) and Boussaid et al. (2015), this value is also lower than the value of gender diversity on the board.

Multicollinearity:

For this model, multicollinearity is not a big issue, as the findings of all the VIFs in this study suggest.

India Correlation:

The India correlation matrix has weak or negligible relationships. The strongest relationship is found between BS and BI (Board

Independence), showing a strong positive association (0.582). The majority of other variables show little to no significant connection, meaning that the dependencies among them are very weak.

Regression: (India):
R squared of 0.639 shows that around 63.9% of the variation in accounting conservatism can be accounted for by an explanatory variable in the model. The model is statistically significant, as indicated by the relatively low p-value 0.000, and the F-test result is 5.828.

Board Size (BS): One of the leading negative determinants of accounting conservatism is Board Size (BS), which brings forth the important issue of the size of the ideal corporate board. Smaller boards would, however, allow more effective decision-making procedures and perhaps a higher level of accountability. The findings of this study are consistent with Nasr and Ntim (2017), who document a negative relationship between the board size and AC.

Board Activity (BA): In the same way, a positive coefficient for BA is consistent with the hypothesis that conservatism was produced through governance mechanisms. However, the findings are in line with Abbott et al. (2007).

Board Independence (BI): The results also show that board independence is adversely affecting the practice of conservatism in India. The outcome is consistent with those studies by Mohammed et al. (2017), who reported, negative relationship between board independence and AC.

CEO Turnover (CTO) The absence of significant effects for CEO turnover prompts reflection upon the complexity of these linkages. The results confirm those of Khodadadi et al. (2010)

Gender Diversity (GD): There exists no apparent effect of gender diversity (GD) for AC. The lack of influence of gender diversity indicates that popular beliefs regarding this variable's impact on conservatism and governance are not reflective of

reality. These findings run contrary to those observed by Boussaid et al. (2015).

3- Bangladesh Results: (Summary Statistics)
Accounting Conservatism: A slightly negative AC score suggests an average tendency toward less conservative accounting practices. The findings are in line with Mohammed et al. (2017)

Board Size (BS): the average board size is eight members. The number lies within a range that, although not perfectly normal, holds for the companies. Therefore, the variance is rather moderate. The figure confirms a few research studies executed in developing markets, such as that by Nasr and Ntim 2017

Board Activity (BA): Despite the presence of moderate to high variability, board activities usually comprise about eight (8) meetings held per year. This amount is in line with numerous studies conducted in developing economies, such as those undertaken by Mohammed et al. (2017).

Board Independence (BI): The fact that most boards have two independent directors indicates that some are more independent than others. This is much lower than what is reported by Nasr and Ntim (2017),

CEO Turnover (CTO): CEO turnover is rare. Yunos (2011) have reported a low mean and standard deviation.

Gender Diversity (GD): This value is indicated to have an average of 0.83, implying a more significant percentage of firms that have at least one female board member. Further, the number is larger compared to the gender diversity on board values reported by Huang and Wang (2017).

Multicollinearity
In the given analysis, VIFs are all in great condition and therefore, multicollinearity will not be a huge concern for this model.

Bangladesh Correlation:
The Bangladesh correlation matrix reveals only a minor positive correlation of 0.543 between BS (Board Size) and BI (Board Independence). The other correlations are essentially inconsequential. There are weak negative associations between BA (Board Activity) and BI, as well as between GD

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and BI. Overall, the variables exhibit little linear connections.

Regression:
Board Size (BS): has a highly negative p-value, which is significant. This could be because less careful accounting practices are associated with bigger boards. The first two studies are by Ahmed and Henry (2012).

Board Activity (BA): The negative correlation suggests that less cautious accounting is associated with more board meetings. The findings are consistent with Boussaid et al. (2015).

Board Independence (Insignificant): This indicates that there is no discernible effect of board independence on AC. Nonetheless, the findings of the current research align with those of Abdullah (2004), Rahman and Ali (2006).

CEO Turnover (CTO): The absence of significant CEO turnover in the given situation is a trait of accounting conservatism. The outcomes are consistent with those studied by Hazarika et al. (2012).

Gender Diversity (GD): The use of a gender-diverse board may positively relate to the risk that accounting methods are conservative when using the gender diversity criterion. The results are converse to those of Boussaid et al. (2015).

Conclusions: Several CG mechanisms are taken into account in this study. It is interesting to notice that the results of three data sets vary for different CG mechanisms.
Although India and Bangladesh report a negative effect, this means that bigger boards are associated with less conservative accounting practices. In contrast, BS has a positive effect in Pakistan, meaning that more conservative accounting practices are fostered by bigger boards. Accounting conservatism is positively associated with BA in Pakistan and India, indicating that boards that are more active tend to be more conservative in accounting. On the other hand, a higher BA in Bangladesh negatively relates to accounting conservatism, implying that more frequent board meetings may lead to less conservative accounting. Board independence (BI) has no discernible impact on accounting conservatism in Bangladesh or Pakistan but has a significant adverse impact in India, and this is because BI levels are at a very low level.
Accounting conservatism is not substantially affected by the CEO turnover (CTO) in any country. Therefore, this means that there is no impact of the change of leadership on conservative accounting procedures. In Bangladesh, gender diversity positively affects boards and results in more conservative accounting practices, while in Pakistan and India, gender diversity has no noticeable effect on accounting conservatism, suggesting that having more women on the board has no effect on conservative accounting.

Recommendations:
The results of this study are useful in giving regulatory agencies in Pakistan and other South Asian nations insight into how to create rules and processes that are optimal for the businesses operating there. The results also assist them in revealing the part the governance statute plays in the reporting estimations. The executives can learn a lot from this study on conservatism and how governance practices affect accounting conservatism.

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