



The Mediating Effect of the Managerial Ownership towards the Influence of the Board of Directors on the Firm Performance among Jordanian Public Shareholders Companies

Mohammad Mustafa Dakhlallah¹, Nik Mohd Norfadzilah Nik Mohd Rashid^{1*}, Wan Amalina Wan Abdullah¹, AbedAlrahman Mustafa Dakhlallah²

¹Faculty of Economics and Management Sciences, Universiti Sultan Zainal Abidin, 21300 Kuala Nerus, Terengganu, Malaysia

²Faculty of Management, Al-Hussein Bin Talal University, Jordan

Received: 15/06/2019

Accepted: 12/08/2019

Published: 01/12/2019

Abstract

Prior studies that dealt with corporate governance mechanisms have witnessed high significant that created some new trends. This study aims to be engaged in such trends through investigating the relationship between the board of directors as one of the corporate governance mechanisms and firm performance with the presence of managerial ownership as a mediating variable in Jordan as one of developing countries. This study used the panel data method to analyze data for a sample of 180 companies listed on the Amman Stock Exchange (ASE) for the period from 2009 to 2017. Three board of directors dimensions are employed, which are: board size, board independence, and CEO duality, and mediating variable is managerial ownership. The current study used Tobin's Q to assess firm performance. Meanwhile, the current study provides evidence that the mediating of managerial ownership has a significant negatively on the association between mechanisms of the board of directors, which are board size, board independence, and CEO duality with firm performance measured by (TQ). The findings of this study confirm empirical research continuing to find a new performance measurement to gain a real form of firm performance. Therefore, the evidence of this study provides empirical evidence to stakeholders, managers and interested parties to support them for its decision.

Keyword: Corporate Governance, Board of Directors, Firm's performance, Managerial Ownership.

1 Introduction

Concerns about corporate governance in many emerging markets emerged as a result of a series of recent corporate accounting scandals across the United States, Europe and East Asian (1). Where several interested parties around the world tried to face such problems through according on corporate governance as a robust system to participate in solving its (2).

The governance structure is mainly tasked with the process of distribution of rights and responsibilities among different participants in the corporation such as; the board of directors, stakeholders, manager, creditors, auditors and regulators (3). Thus, the mechanisms of the board of directors are one of the constituent mechanisms of corporate governance. Where the boards of directors participate a fundamental role in corporate governance, the structure of the strategic dimensions of the company and originate goals (4). Therefore, corporate governance depend much on internal structures more than external ones for enhancing the firm value. So, the board of

directors is more important internal corporate governance structure in a company.

The Board of directors is responsible for maintaining the assets to facilitate the completion of the administrative work and contribute to the achievement of high efficiency, which leads to ensure that the objectives have been achieved in accordance with the policies established. Where the investor needs to the analysis of the values and indicators of market shares, and the most important that's values is the rate of return on those investments, where returns are a good measure on the performance of the boards of directors.

Thus, it appears as straightforward that identifying and analyzing those determinants that influence financial performance is of great relevance. While on one hand it is logical to suppose that the managerial abilities of the board of directors would have a significant impact on the entity's financial performance, on the other hand it is not clear-cut whether certain board characteristics regarding its remuneration would significantly influence the company's performance (5).

Corresponding author: Mohammad Mustafa Dakhlallah, Faculty of Economics and Management Sciences, Universiti Sultan Zainal Abidin, 21300 Kuala Nerus, Terengganu, Malaysia, E-mail: Mohammad_Dakhlallah@yahoo.com.

Corporate governance now has become a norm in Jordan, where Amman Stock Exchange (ASE) has made several changes through issuing a corporate governance mechanism in 2009 (6). Revealed by The World Bank (2014) that non-financial sector represented by service and industrial companies faced a drop in Gross Domestic Product (GDP) in the last few years. However, due to the poor performance in those sectors, Jordan has faced several internal economic, business and social challenges besides the global financial crisis, which call for the importance of identifying key factors influencing the firm's performance (2). Therefore, so far Jordanian companies have not yet reached the phase of full compliance with the corporate governance code (7). Thus, in 2017, Amman Stock Exchange (ASE) has made modify of corporate governance code, through the "compliance or penalties" approach rather than the "compliance or explain" approach.

Based on the above explanation, the contribution of the current study lies in selecting all sectors constituent of Jordanian companies (financial, service, industrial sector) excepted banks sector. Thus, the current study aims to examine the impact of the indirect relationship of the mediate of managerial ownership on the relation between the board of directors and firm performance in one of the emerging markets namely Jordan. Furthermore, the significant role made by the current study is considered as an attempt to fill a gap in the previous studies by exploring the relationship between the most important mechanisms of corporate governance (board of directors) with market-based measurement (Tobin's Q).

2 Literature Review and Research Hypotheses

In an environment without monitoring and effective market regulations, managers are more likely to deviate from protecting the shareholders' interests (8; 9). So, the board of directors is viewed as part of the internal corporate governance mechanism that plays a key role in reducing agency costs arising from the separation between ownership and control as a perspective for an agency theory (10; 11).

The corporate board performs two main functions in corporate governance. Firstly, monitoring behavior of the senior management, company performance to protect the interest of the shareholders (12). Secondly, the board serves as an adviser to the executive (10). By these roles, the success or failure of a company lies with the board (13). Hence, the quality of the board composition has great impact on corporate performance (2). More specifically, in Jordanian non-financial sector, a study done by (14), demonstrates that there is a positive relationship between the board of director and firm performance.

Company performance is very essential to management as it is an outcome which has been achieved by an individual or a group of individuals in an organization related to its authority and responsibility in achieving the goal legally, not against the law and conforming to the moral and ethic (15). Performance is the function of the ability of an organization to gain and manage the resources in several different ways to develop a competitive advantage. There are two kinds of performance, financial performance and non-financial performance (16).

2.1 Board size and firm performance

Board size is an important dimension of the board's structure, and there is a need to ensure it is a good fit for the responsibilities, needs, and objectives of the organization it serves (17). Agency theory suggests that a board comprising a larger number of directors is more likely to act as a better monitor of the firm's executive management, since having a greater number of directors involved in management activities will make the board more vigilant (18). As the resource dependence theory suggests that larger board size would lead to better corporate performance, because of the different skills, knowledge, and expertise (19). The results of such studies show that the larger the board leads to having expertise, knowledge, and effectiveness; thus this will lead to better performance (20). Coles et al., (12) used a sample of 8165 firm-year observations to study the relationship between board size and firm performance, they have found that board size is positively linked with a high TQ ratio. Yasser, Entebang, & Mansor (21) found also that the size of the board positively affects the performance measured ROE & PM. The study Alabede (22), also found board size to be significantly positively correlated with operating performance. More specifically, in Jordanian non-financial sector, a study was done by Alabdullah, Yahya, Nor, & Majeed (23), demonstrates that there is a positive relationship between board size and firm performance. Thus, the results tell us that a larger board size helps to improve firms' overall value. This can be explained by the fact that a large board size would mean more – and arguably better – views and decision-making following debates on the strategic decisions faced by a company in times of difficulty or at times of expansion (18).

On the other hand, Lipton & Lorsch (24) asserts that large board size is less effective compared to small boards because there is a tendency to form cliques and core groups, thus deteriorating overall cohesion. Kao & Chen (25) have found that larger board size has the potential to weaken its functioning, and hence its performance, because large boards may be characterized by difficulties in achieving efficient communication between members. Iturralde, Maseda, & Arosa (26) similarly reported a negative effect of board size, arguing that this may be due to the disadvantages posed by less effective coordination, inflexibility, and poor communication within large boards. Al-Manaseer, Al-Hindawi, Al-Dahiyat, & Sartawi (27), they found a negative relationship between the board size and Jordanian banks' performance. As researchers also found that reasonable board size has been more effective in controlling the firm, while a bigger board negatively affects the firms' performance (28). Bansal & Sharma (29), they found a negative and significant relationship between board size with financial and non-financial performance measured by ROE, ROA, Tobin's Q. In a study conducted by Zabri, Ahmad, & Wah (30), about the Top 100 Public Listed Companies in Malaysia, found that board size Negatively and weak effects with performance measured by ROA and ROE.

2.2 Board independence and firm performance

The positive effects of board independence on firm's performance have been reported by many researchers (31). From the agency perspective, independent and non-executive directors reduce agency conflicts and can act as an effective monitoring mechanism for the board (32). However, resource dependency theory suggests that a

board with more diverse directors could have more expertise on how to better operate the firm, thus contributing to better firm performance (13).

Hillman (33) and Masulis, Wang, & Xie (34), they examined the impact of the presence of outsiders on firm value and accordingly identified a positive association between outside board members and corporate performance measured in terms of TQ, return on equity (ROE). As a study Al-Manaseer et al., (27) revealed a positive relationship between the number of outside board members Jordanian banks' performance. Likewise, Muniandy & Hillier (35) report that board independence has a positive influence on firm performance in South Africa. Bansal & Sharma (29), found a positive and significant relationship between board independence with financial and non-financial performance measured by ROE, ROA, Tobin's Q, and in line with the proposition of the Agency theory, Alabede (22) found a significant positive relationship between the proposition of outside directors and operating performance. This supports the hypothesis that the independent directors are better monitors of the board. So, inducting more independent directors into the board improves the monitoring and advising role of the board (36). Therefore, the relation between board independence and firm performance depends on the economic and institutional settings in which firms operate (37).

On the other hand, Chugh, Meador, & Kumar (38) established that a high percentage of independent directors decrease firm performance. In a study conducted by Zabri et al., (30) about the Top 100 Public Listed Companies in Malaysia, found that board independence no affects with performance measured by ROA and ROE. This study has revealed that in UAE, the independent directors are not motivated to serve the firm's performance (39). Hence, Detthamrong, Chancharat, & Vithessonthi (40) they found that for an average firm, Corporate Governance board independence has no effect on performance.

2.3 CEO Duality and firm performance

Firms in which CEO and Chairman of the board are separated stakeholders are likely to gain confidence in the firms' ability to raise additional capital and chances of less of the bankruptcy of the firm's (41). However, Some Researchers agreed that there is no single optimal leadership structure because both duality and separation perspectives have related costs and benefits. Thus, duality will be beneficial for some firms while separation is likely valuable for others (42). Thus, A dual leadership structure is when the CEO and the chairperson of the board is the same person (18).

There are some theories to explain why some firms have chosen to combine the roles of CEO and chairman. Agency theory argues that CEO duality hinders the board's ability to monitor management. Fama & Jensen (10) and Jensen (43) argue that CEO duality may hinder the board's ability to monitor management and thereby increase the agency cost. Ehikioya, Rechner, & Dalton (44), report that firms with a separate CEO and chairman consistently outperform firms with combined titles. Gillan (45) documents that separation of CEO and chairman would improve the performance of the firm since the board has unbiased authority to watch the CEO's functions. As Hashim & Devi (46) pointed out that companies should to divided the roles of CEO and chairperson to avoid a concentration of power in the hands of a single person and to provide an effective system of

checks and balances over the activities and performance of executive directors

However, the stewardship theory argues that dual leadership provides unparalleled firm-specific knowledge of challenges and opportunities that a firm faces and increases performance (36). Dual leadership structure could also help reduce information asymmetry and may ultimately lead to easy access to financial resources; in turn, this can reduce the firm's cost of capital and increase its performance (47). Bansal & Sharma (29), they found a positive and significant relationship between CEO duality with financial and non-financial performance measured by ROE, ROA, Tobin's Q.

Finally, in a study conducted by Al-Amarneh (19), found that the duality of CEOs is not important among Jordanian banks. Yasser et al., (21), they found a weak significant relationship between CEO duality and ROE, and non-significant with PM. Detthamrong et al., (40) Detthamrong et al., (2017), they find that for an average firm CEO duality has no effect on performance. Hence, we can say the previous literature revealed mixed results on the relationship between CEO duality and firm performance.

2.4 Mediating effect of managerial ownership

Managerial ownership has been identified as an effective corporate governance mechanism as it helps align the interest of managers and shareholders (42). According to the agency model, Jensen, M. C., (48) argue that there is a convergence of interests between shareholders and managers as the managers' ownership increases, and thus higher managerial ownership should reduce agency costs and hence increase firm performance. But there exists empirical evidence that the correlation between the ownership of the managers and the performance of the firm and the value of the market are mixed (49).

Previous studies have revealed findings that increasing managerial ownership in the firm is an important issue is associated with higher firm performance and firm value (50). And a study Fauzi & Locke (51) in New Zealand's listed firms, showed that managerial ownership has a positive and significant relationship with firm performance, suggesting the existence of the higher managerial ownership increase firm performance. In Jordan context, a study conducted by Alabdullah et al., (14) shows that there is a positive relationship between managerial ownership and firm performance. As found there is a positive relationship and highly significant for 109 companies listed at Amman Stock Exchange (ASE) for the relationship between managerial ownership and financial performance (52). On the other hand, Demsetz (53) implies that the increased level of insider ownership may reduce corporate performance. As Tam & Tan (54) contend that ownership concentration has a negative relation with firm performance in Malaysia.

Researcher far examined the implications of the impact of corporate governance on firm performance from the perspectives of board structure. And taken into account board size, its independence, CEO duality assisting the board in arriving at governance decisions, which, in turn, has an impact on firms performance. And in agreement with a study Noradiva, Parastou, & Azlina (55) in respect of the mediating effect of managerial ownership, it is possible there the mediating effect of managerial ownership on the relationship between the

board of directors and firm performance. There is also the possibility that managerial ownership concentration and board composition may be related to each other, and that large shareholders may use their influence to select directors who are less likely to monitor as a way of entrenching themselves (56). Based on the above explanation, according to agency theory, resource dependence theory, and stewardship theory, the following hypotheses were developed:

H1. There is a positive effect of mediating of managerial ownership on the association between the board of directors size and firm performance.

H2. There is a positive effect of mediating of managerial ownership on the association between the board of directors independence and firm performance.

H3. There is a positive effect of mediating of managerial ownership on the association between CEO duality and firm performance.

3 Research Methodology

3.1 Study population sample and resources of data

The data of the current study consists of the public shareholder's companies listed on the Amman Stock Exchange (ASE), excluding banks sector. And in order to ensure the robustness of the research and that the dimensions of the Corporate Governance were taken based on the local Corporate Governance dimensions rather than general or international dimensions of Corporate Governance. As the Corporate Governance scoring was based on Jordanian Corporate Governance guide issued in September 2009. So, studied Jordanian companies for nine consecutive years of reporting periods from 2009 to 2017.

The data set of the current study comprises financial and non-financial information for the companies listed on ASE through the period 2009-2017, collected from the available annual reports published on ASE website and of DataStream site. Where, used the quantitative method in the current study, and used secondary data to data collected. So, the study sample consisted of 180 companies from the financial, industrial and service companies, has been summarized in Table 1.

Table1:Sample selection

Sector	Total firm-size
Financial sector	86
Service sector	45
Industrial sector	49
Total firm-year in the final sample	180

3.2 Measurement of Variables and Descriptive Statistics

The objective of this study at investigating the impact of mediating of managerial ownership on the relation between the board of directors and firm performance, to analyze the performance of the firm, the current study used Tobin's Q as a measure of the dependent variable. TQ (Tobin, 1969) is a combination of different accounting as well as market values via considering the value of the market of a firm. Tobin's Q, as a result, is a powerful tool to utilize, since it analyses corporate performance from a market perspective, a market-based measurement which is categorized as long term, and therefore reflects the present value of future cash flows based on current and future information (57). Thus, Tobin's Q = [The ratio of the book value of total assets – (the book value of total equity

+ the market value of total equity)] / the book value of total assets.

Board of directors as an independent variable include board size (BZ), the total number of members the board of directors in the firm during the accounting year. The board independence (BDIND), percentage of independent non-executive directors on the board of directors. (The independent non-executive directors on the board of directors to total board size). CEO duality (CEO), CEO Duality is defined as the position of the chairman of the board and CEO (equals 1 if the role of chairman and CEO are combined, and 0 otherwise). Moderate variable includes managerial ownership (MAO), and it is the percentage of shares held by members of the board of directors to the total shares in the company.

This particular research comprised of selected public listed companies on Amman Stock Exchange from 2009 to 2017. Therefore, companies not listed during the investigation period were excluded from the sample selection for this research. Therefore, the samples were collected based on the availability of the companies which had already been listed during the period of the investigation. Meanwhile, the second criterion that was considered for sample selection was the availability of the selected companies' financial data required for the analyses in this study. Besides that, companies which had losses in their business transaction activities were also excluded from the samples in this research. Furthermore, selection of the samples was based on the list of companies provided by the Amman Stock Exchange. Therefore, the database of Thompson Data Stream was used in order to retrieve the data from the selected companies. Thus, the final sample that was gathered for this particular study comprised of 180 public listed companies on Amman Stock Exchange. The type of data used in this study is in the form of balanced panel data. Hence, from these samples, the total firm years of companies tested in this particular study was 1620. For the data analyses, the study employed Fixed Effect regression method in order to investigate the association between selected components with the changes in the firm performance in the business organization. Based on table 2 above, the model used in this particular study is as follow:

$$TQ = \beta_1 BZ + \beta_2 BDIND + \beta_3 CEO + \beta_4 MAO + \varepsilon$$

4 Empirical Results and Discussions

The regression of the relationship between the board of directors and firm performance are presented in Table 3. This study tested three hypotheses. Model of the study shows presents the market-based performance, Tobin's Q. For the analysis conducted in table 3, the model produces R-squared of 0.274507%, F-value is 2.888452 and p-value is 0.000 and highly significant at 5% level. The adjusted R-squared indicates that 0.179471% Table 3 of the firm performance can be explained by the overall explanatory variables in this study.

Based on the Table3, the results were depicted as there is a negative relationship between all the selected components towards the changes in the firm performance in the business organization. These results were explained below: the regression result in table 3, indicates that the mediate of managerial ownership has negatively and significantly on the relationship between board size with the firm performance measured by (TQ), $\beta = -5.29$, $t = 6.808$, $p = 0.000$.

Table 2: Description of Measurements of the Variables and Literature

Variables	Symbol	Measurement	Source of Information
<u>Dependent Variable:</u>			
Firm performance (Tobin's Q)	TQ	(The ratio of the book value of total assets – (the book value of total equity + the market value of total equity)) / The book value of total assets.	Thompson Data Stream
<u>Independent variable:</u>			
Board size	BZ	The total number of members the board of directors in the firm during the accounting year.	Annual Report
Board independence	BDIND	Percentage of independent non-executive directors on the board of directors.	Annual Report
CEO duality	CEO	When the individual is the chairperson and CEO in same time (equals 1 if the role of chairman and CEO are combined, and 0 otherwise).	Annual Report
<u>Mediating Variable</u>			
Managerial ownership	MAO	Percentage of shares held by members of the board of directors to the total shares in the company.	Annual Report

Source: Authors' own research.

Table 3: Regression analysis using Tobin's q

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MAO	-0.000624	9.53E-05	-6.543934	0.0000
CEO	-0.000231	4.01E-05	-5.765375	0.0000
BZ	-5.29E-05	7.78E-06	6.808085	0.0000
BDIND	-9.59E-05	6.96E-05	1.377744	0.0015
C	0.998858	6.86E-05	14566.29	0.0000
R-squared	0.274507	Mean dependent var		0.999178
Adjusted R-squared	0.179471	S.D. dependent var		0.000600
S.E. of regression	0.000544	Akaike info criterion		-12.08640
Sum squared resid	0.000413	Schwarz criterion		-11.46192
Log-likelihood	9.312300	Hannan-Quinn criteria.		-11.85437
F-statistic	2.888452	Durbin-Watson stat		2.225979
Prob(F-statistic)	0.000000			

The result is inconsistent with the hypothesis that supports mediate positive of managerial ownership on the relationship of board size with the firm performance (TQ), hence H1 is rejected. The result of this study agrees with the previous study done by (30; 29). On the other hand, the result of this study disagrees with the previous studies such as (18; 21). According to the resource dependence theory that larger board size leads to better firm performance, because of the different expertise and members skills. As the agency theory suggests that a board of directors larger is giving more activity to act as a better observer of the management.

Meanwhile, H2 suggests that mediate of managerial ownership has a negative influence on the relationship the board independence with the firm performance measured

by Tobin's Q. The finding reveals that found that board independence has a negative and high significant relationship at 1% level with the firm performance (TQ), $\beta = -9.59$ $t = 1.377$, $p = 0.0015$. Thus, the result is not regular with the hypothesis that supports a positive of mediate of managerial ownership on the relationship between board independence and firm performance. Therefore, H2 is rejected. This finding agrees with the previous studies such as (58; 29). And this finding disagrees with studies by (23; 59). The independence of the board of directors members are negatively related to firm performance which suggests that by having more independent directors on the board lead to weak in firm performance. And in line with the proposition of the Agency theory, the basic role of an independent member

is to supervision the governance of a business, having too many independent members of the board may endanger the role.

This study supports that mediate of managerial ownership has negatively related to the relation between CEO duality firm performance. The model shows that mediate of managerial ownership has a significant negative on relate CEO duality with the firm performance (TQ), $\beta = -0.000231$, $t = -5.765375$, $p = 0.000$ which suggests that if the duality between CEO and chairman could weaken the firm performance. This negative significant relationship not regular with H3, thus H3 is rejected. The current result agrees with the study done by (45; 10; 14). While disagreeing with previous studies such as (36; 47; 29). According to agency theory that CEO duality handicap the board's ability to observe management. Meanwhile, stewardship theory support that dual leadership provides perfect knowledge to managers.

This study provides evidence that managerial ownership is a positive effect on the relationship between the board of directors and firm performance. The model on above, explains that managerial ownership has significant negative on the relationship for the board of directors and firm performance (TQ), $\beta = -0.000624$, $t = -6.543934$, $p = 0.000$ which suggests that if the managerial ownership is high, it could weaken the relationship between board of director and firm performance. Agency theory supports that higher managerial ownership should decrease agency costs and leads to better firm performance, but the current study provides evidence that managerial ownership negatively influences the relationship between the board of directors and firm performance.

Based on Figure 1 above, it was also showed as the model tested in this particular study was stable. This particular evidence also indicated as the result of the findings was robust and it was significant to be addressed in this particular research. Moreover, Figure 1 represents the trends in the board of directors among the selected companies.

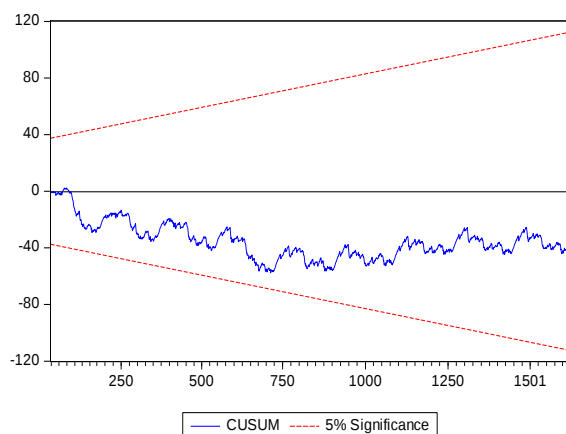


Figure 1: Stability of the model

So, the goal of this examination was to provide more information regarding corporate governance mechanisms and its impact on the changes in firm performance among public listed companies in the Jordanian capital market. According to the above, the competent authorities in Jordan should expedite the finding solutions to deal with the problems faced by the companies to the improvement of the Jordanian economy. To address the company's poor

performance, this can be done by relying on a strong corporate governance system that can lead to an improvement in Jordanian companies to lead Jordan's economic growth for the improvement in the future. Finally, the current research is a response to recommendations from previous studies for make new research that aims to study other mechanisms of corporate governance with firm performance among public listed companies in the Jordanian capital market such as (60; 61).

5 Conclusion

The current study provides evidence on the influence the mediating of managerial ownership on the relationship between the board of directors as one of the corporate governance mechanisms and firm performance of public listed companies on the Amman Stock Exchange. Where, the purpose of the present study was to examine the mediating effect of managerial ownership on the relationship between the board of directors' mechanisms (board size, board independence, and CEO duality) and firm performance of Jordanian companies.

This study comprised of selected public listed companies on the Amman Stock Exchange from 2009 to 2017. Therefore, the samples were collected based on the availability of the companies which had already been listed during the period of the investigation and financial data required for the analyses in this study for the selected companies'. Furthermore, the database of Thompson Data Stream was used in order to retrieve the data from the selected companies. Thus, by using the panel data method, the final sample that was gathered for this particular study comprised of 180 public listed companies on the Amman Stock Exchange for 1620 firm years. Where the study employed the Fixed Effect regression method in order to investigate the association between selected components. Based on the findings, found a significant negative effect of managerial ownership on the relationship between the board of directors (board size, board independence, and CEO duality) with firm performance measured by (TQ). Which suggests that if the managerial ownership is high, it could weaken the relationship between the board of director and firm performance.

In addition, the suggestion for future researches may include more variables for the board of directors, such as board activity and experience of members, and investigation in other mechanisms of corporate governance and its effect on firm performance. Future researchers can also be using different performance measures, such as ROA, ROE, and market share. Future researches may include examining long periods before and after the reform of corporate governance in Jordan.

Reference

1. AbuSiam YIS, Laili NHB, Khairi KF Bin. Board of directors and earnings management among Jordanian listed companies: proposing conceptual framework. *Int J Tech Res [Internet]*. 2014;2(3):1-7. Available from: <http://www.ijtra.com/special-issue-view/board-of-directors-and-earnings-management-among-jordanian-listed-companies-proposing-conceptual-framework.pdf>
2. Alabdullah TTY. Are Board Size And Ownership Structure Beneficial In Emerging Markets' Firms? Evidence From Jordan. *Int J Manag Inf Syst [Internet]*. 2016;20(3):87. Available from: <https://clutejournals.com/index.php/IJMIS/article/view/9752>
3. Azzoz M, Abdel AR, Khamees BA. The Impact of Corporate

- Governance Characteristics on Earnings Quality and Earnings Management: Evidence from Jordan. *Jordan J Bus Adm.* 2016;12(1).
4. Aboagye E, Institutet K, Antwi S. Board of Directors and Firm Performance of Banking Institutions: A Ghanaian Experience. 2014;(December 2017).
 5. Müller V-O. Do Corporate Board Compensation Characteristics Influence the Financial Performance of Listed Companies? *Procedia - Soc Behav Sci* [Internet]. 2014;109:983–8. Available from: <http://linkinghub.elsevier.com/retrieve/pii/S1877042813052142>
 6. Abed S, Al-Attar A, Suwaidan M. Corporate Governance and Earnings Management: Jordanian Evidence. *Int Bus Res* [Internet]. 2011;5(1):216–25. Available from: <http://www.ccsenet.org/journal/index.php/ibr/article/view/13863>
 7. Abbadi S, Hijazi Q, Al-Rahaleh A. Corporate Governance Quality and Earnings Management: Evidence from Jordan. *Australas Accounting, Bus Financ J* [Internet]. 2016;10(2):54–75. Available from: <http://ro.uow.edu.au/aabfj/vol10/iss2/4/>
 8. Zaman M, Turley S. The Corporate Governance Effects of Audit Committees. *J Manag Gov.* 2004;8(3):305–32.
 9. Al-Matari EM, Al-Swidi AK, Fadzil FHB. The Measurements of Firm Performance's Dimensions. *Asian J Financ Account* [Internet]. 2014;6(1):24. Available from: <http://www.macrothink.org/journal/index.php/ajfa/article/view/4761>
 10. Fama EF, Jensen MC. Separation of ownership and control. *J law Econ.* 1983;26(2):301–25.
 11. Belkhir M. Board of directors' size and performance in the banking industry. *Int J Manag Financ.* 2009;5(2):201–21.
 12. Coles JL, Carey WP, Daniel ND, Naveen L. Boards: Does one size fit all? Boards: Does one size fit all? Boards: Does one size fit all? 2004; Available from: <https://media.terry.uga.edu/documents/finance/daniel.pdf>
 13. Adams RB, Hermalin BE, Weisbach MS. The role of boards of directors in corporate governance: A conceptual framework and survey. *J Econ Lit.* 2010;48(1):58–107.
 14. Alabdullah TTY, Yahya S, Ramayah T. Corporate Governance Mechanisms and Jordanian Companies' Financial Performance. *Asian Soc Sci.* 2014;10(22):247–62.
 15. Almajali AY, Alamro SA, Al-Soub YZ. Factors Affecting the Financial Performance of Jordanian Insurance Companies Listed at Amman Stock Exchange. *J Manag Res* [Internet]. 2012;4(2):266–89. Available from: <http://www.macrothink.org/journal/index.php/jmr/article/view/1482>
 16. Hansen DR, Mowen MM. Environmental cost management. *Manag Account.* 2005;7:490–526.
 17. Noor MAM, Fadzil FH. Board Characteristics and Performance from Perspective of Governance Code in Malaysia. *World Rev Bus Res.* 2013;3(3):191–206.
 18. Singh S, Tabassum N, Darwish TK, Batsakis G. Corporate Governance and Tobin's Q as a Measure of Organizational Performance. *Br J Manag.* 2018;29(1):171–90.
 19. Al-Amarneh A. Corporate Governance, Ownership Structure and Bank Performance in Jordan. *Int J Econ Financ* [Internet]. 2014;6(6):192–202. Available from: <http://www.ccsenet.org/journal/index.php/ijef/article/view/35031>
 20. Buniamin S, Alrazi B, Johari NH, Abd Rahman NR. An investigation of the association between corporate governance and environmental reporting in Malaysia. *Asian J Bus Account.* 2008;1(2):65–88.
 21. Yasser QR, Entebang HA, Mansor SA. Corporate governance and firm performance in Pakistan: The case of Karachi Stock Exchange (KSE)-30. *J Econ Int Financ.* 2011;3(8):482–91.
 22. Alabede JO. Effect of Board Diversity on Corporate Governance Structure and Operating Performance: Evidence from the UK Listed Firms. *Asian J Account Gov* [Internet]. 2016;7:67–80. Available from: <http://ejournals.ukm.my/ajac/article/view/10673>
 23. Alabdullah TTY, Yahya S, Nor MI, Majeed FQ. An investigation of corporate governance from a new perspective: Examining the financial performance of companies and the impact of executive turnover. *Corp Board Role, Duties Compos.* 2016;12(1):53–69.
 24. Lipton M, Lorsch JW. A modest proposal for improved corporate governance. *Bus lawyer.* 1992;59–77.
 25. Kao L, Chen A. The effects of board characteristics on earnings management. *Corp Ownersh Control.* 2004;1(3):96–107.
 26. Iturralde DT, Maseda A, Arosa B. Insiders ownership and firm performance. *Empirical evidence.* *Int Res J Financ Econ.* 2011;67(67):118–29.
 27. Al-Manaseer MFA, Al-Hindawi RM, Al-Dahiyat MA, Sartawi II. The impact of corporate governance on the performance of Jordanian banks. *Eur J Sci Res.* 2012;67(3):349–59.
 28. García-Ramos R, García-Olalla M. Board characteristics and firm performance in public founder-and nonfounder-led family businesses. *J Fam Bus Strateg.* 2011;2(4):220–31.
 29. Bansal N, Sharma AK. Audit Committee, Corporate Governance and Firm Performance: Empirical Evidence from India. *Int J Econ Financ* [Internet]. 2016;8(3):103. Available from: <http://ccsenet.org/journal/index.php/ijef/article/view/55983>
 30. Zabri SM, Ahmad K, Wah KK. Corporate Governance Practices and Firm Performance: Evidence from Top 100 Public Listed Companies in Malaysia. *Procedia Econ Financ* [Internet]. 2016;35(October 2015):287–96. Available from: <http://linkinghub.elsevier.com/retrieve/pii/S2212567116000368>
 31. Arslan Ö, Karan MB, Ekşi C. Board Structure and Corporate Performance. *Manag Glob Transitions Int Res J.* 2010;8(1).
 32. Volonté C. Boards: Independent and committed directors? *Int Rev Law Econ.* 2015;41:25–37.
 33. Hillman AJ. Politicians on the board of directors: Do connections affect the bottom line? *J Manage.* 2005;31(3):464–81.
 34. Masulis RW, Wang C, Xie F. Globalizing the boardroom — The effects of foreign directors on corporate governance and firm performance \$. *J Account Econ* [Internet]. 2012;53(3):527–54. Available from: <http://dx.doi.org/10.1016/j.jacceco.2011.12.003>
 35. Muniandy B, Hillier J. Board independence, investment opportunity set and performance of South African firms. *Pacific Basin Financ J* [Internet]. 2015;35:108–24. Available from: <http://dx.doi.org/10.1016/j.pacfin.2014.11.003>
 36. Abdul Gafoor CP, Mariappan V, Thyagarajan S. Board characteristics and bank performance in India. *IIMB Manag Rev* [Internet]. 2018;30(2):160–7. Available from: <https://doi.org/10.1016/j.iimb.2018.01.007>
 37. Zhou H, Owusu-Ansah S, Maggina A. Board of directors, audit committee, and firm performance: Evidence from Greece. *J Int Accounting, Audit Tax* [Internet]. 2018;31:20–36. Available from: <https://doi.org/10.1016/j.intaccudtax.2018.03.002>
 38. Chugh LC, Meador JW, Kumar AS. Corporate governance and corporate performance: evidence from India. *J Financ Account.* 2011;7.
 39. Farhan A, Obaid SN, Azlan H. Corporate governance effect on firms' performance – evidence from the UAE. *J Econ Adm Sci* [Internet]. 2017;33(1):66–80. Available from: <http://www.emeraldinsight.com/doi/10.1108/JEAS-01-2016-0002>
 40. Detthamrong U, Chancharat N, Vithessonthi C. Corporate governance, capital structure and firm performance: Evidence from Thailand. *Res Int Bus Financ* [Internet]. 2017;42(July):689–709. Available from: <http://dx.doi.org/10.1016/j.ribaf.2017.07.011>
 41. Ehikioya BI. Corporate governance structure and firm performance in developing economies: evidence from Nigeria. 2009;9(3):231–43.
 42. Brickley JA, Lease RC, Smith CW. Ownership structure and voting on antitakeover amendments. *J financ econ.* 1988;20(C):267–91.

43. Jensen MC. The modern industrial revolution, exit, and the failure of internal control systems. *J Finance*. 1993;48(3):831–80.
44. Ehiokoya BI, Rechner PL, Dalton DR. CEO duality and organizational performance: A longitudinal analysis. *Corp Gov Int J Bus Soc*. 2009;12(2):231–43.
45. Gillan SL. Recent Developments in Corporate Governance: An Overview. *J Corp Financ*. 2006;12(3):381–402.
46. Hashim HA, Devi S. Board characteristics, ownership structure and earningsquality: Malaysian evidence [Internet]. Vol. 8, *Research in Accounting in Emerging Economies*. Elsevier; 2008. 97–123 p. Available from: [http://dx.doi.org/10.1016/S1479-3563\(08\)08004-3](http://dx.doi.org/10.1016/S1479-3563(08)08004-3)
47. Ritchie T. Share Options As A Component Of Executive Remuneration: Current Issues Share Options As A Component Of Executive Remuneration : Current. 2007;
48. Jensen, M. C. WHM. Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *J financ econ*. 1976;3(4):305–60.
49. Anum N, Ghazali M. Ownership structure , corporate governance and corporate performance in Malaysia. 2010;20(2):109–19.
50. Hanson RC, Song MH. Managerial ownership, board structure, and the division of gains in divestitures. *J Corp Financ*. 2000;6(1):55–70.
51. Fauzi F, Locke S. Board structure, ownership structure and firm performance: A study of New Zealand listed-firms. *Asian Acad Manag J Account Financ*. 2012;8(2):43–67.
52. Alabdullah TTY. The relationship between ownership structure and firm financial performance: Evidence from Jordan. *Benchmarking*. 2018;25(1):319–33.
53. Demsetz H. The structure of ownership and the theory of the firm. *J law Econ*. 1983;26(2):375–90.
54. Tam OK, Tan MG. Ownership, governance and firm performance in Malaysia. *Corp Gov An Int Rev*. 2007;15(2):208–22.
55. Noradiva H, Parastou A, Azlina A. The Effects of Managerial Ownership on the Relationship between Intellectual Capital Performance and Firm Value. *Int J Soc Sci Humanit* [Internet]. 2016;6(7):514–8. Available from: <http://www.ijssh.org/index.php?m=content&c=index&a=show&catid=77&id=1043>
56. Guizani M. The Moderating Effect of Large Shareholders on Board Structure – Firm Performance Relationship: An Agency Perspective. 2013;2:64–73.
57. Shah SZA, Hussain Z. Impact of ownership structure on firm performance evidence from non-financial listed companies at Karachi Stock Exchange. *Int Res J Financ Econ*. 2012;84:6–13.
58. Siti Marlia S, Wan Razazila WA, Amir Hakim O. Corporate Governance Practices and Firm Performance after Revised Code of Corporate Governance : Evidence from Malaysia. 6th Int Conf Governance, Fraud Ethics Soc Responsib 2015 [Internet]. 2015;3(1):188–200. Available from: <http://www.kspjournals.org/index.php/TER/article/view/628>
59. Buallay A, Hamdan A, Zureigat Q. Corporate Governance and Firm Performance: Evidence from Saudi Arabia. *Australas Accounting, Bus Financ J* [Internet]. 2017;11(1):78–98. Available from: <http://ro.uow.edu.au/aabfj/vol11/iss1/5>
60. Makhoulf MH, Hidayah N, Laili B, Yazis M, Basah A. Board of directors characteristics and firms performance among jordanian firms , proposing conceptual framework. 2014;1(1):18–23.
61. Alqisie A. Do Corporate Governance Indicators Lead the Firm to Adopt High / Low Level of Financial Leverage? Case of Jordan. 2014;6(3):99–113.