NEAR EAST UNIVERSITY
INSTITUTE OF GRADUATE STUDIES
BANKING AND ACCOUNTING PROGRAM

THE IMPACT OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE FOR JORDANIAN INDUSTRIAL LISTED CORPORATION

Mohammad Alwawi

MASTER'S THESIS

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NICOSIA

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ACCEPTANCE/APPROVAL

We as the jury members certify the '**The Impact Of Corporate Governance On Financıal Performance For Jordanian Industrial Listed Corporatıon**' prepared by the Mohammad Alwawi , defended on 28/01/2021 has been found satisfactory for the award of degree of Masters

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DECLARATION

I am Mohammad Alwawi, hereby declare that this dissertation entitled, '**The Impact of Corporate Governance on Financial Performance for Jordanian Industrial Listed Corporation**' has been prepared by myself under the guidance and supervision of '**Assist.Prof. Dr. Ahmad Samour**' (supervisor) ' in partial fulfillment of the Near East University, Graduate from Faculty of Finance and Administrative Sciences and does not to the best of my knowledge breach and Law of Copyrights and has been tested for plagiarism and a copy of the result can be found in the thesis.

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DEDICATION

Dedicated with Love to my Father and my Mother Without their endless love and encouragement I would never have been able to complete my graduate studies. I love you both and I appreciate everything that you have done for me.

This Thesis Also dedicated to my sisters and brothers.

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ABSTRACT

THE IMPACT OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE FOR JORDANIAN INDUSTRIAL LISTED CORPORATION

This study aims to examine the impact of corporate governance on financial performance for Industrial corporations listed on the Amman Stock Exchange for the period 2015-2019.To reach the study objectives, the researcher used Excel to compute variables and then used SPSS to apply the following statistical techniques: descriptive statistics (Maximum, Minimum, Median, Mean and Standard Deviation), correlation; which used to measure the strength of association between two variables and the direction of the relationship, regression analysis**;** after ensuring the eligibility of data to be tested by using regression analysis, it will be used to understand the relationship among the independent variables (corporate governance mechanism) and the dependent variable (financial performance),and to explore the forms of these relationships. The findings of the study indicate that the board size has impact on firm performance measured by (return on asset, return on equity, market value added and operating cash flow) for manufacturing companies listed in the Amman Stock Exchange. In addition, the board independence has non-significant impact on firm performance and the board ownership has non-significant impact on firm performance, Also, female in the board has non-significant impact on firm performance. Additionally, board committees has non- significant impact on firm performance.

Keywords: Corporate governance, Industrial Sector, OCF, ROA, ROE, MVA, Performance.

ÖZ

THE IMPACT OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE FOR JORDANIAN INDUSTRIAL LISTED CORPORATION

Bu çalışma, kurumsal yönetimin 2015-2019 dönemi Amman Borsası'nda listelenen sanayi kuruluşlarının finansal performansına etkisini incelemeyi amaçlamaktadır. istatistiksel teknikler: tanımlayıcı istatistikler (Maksimum, Minimum, Medyan, Ortalama ve Standart Sapma), korelasyon; iki değişken arasındaki ilişkinin gücünü ve ilişkinin yönünü ölçmek için kullanılan, regresyon analizi; Regresyon analizi kullanılarak test edilecek verilerin uygunluğu sağlandıktan sonra bağımsız değişkenler (kurumsal yönetim mekanizması) ile bağımlı değişken (finansal performans) arasındaki ilişkiyi anlamak ve bu ilişkilerin biçimlerini keşfetmek için kullanılacaktır. Çalışmanın bulguları, yönetim kurulu büyüklüğünün, Amman Menkul Kıymetler Borsası'nda işlem gören imalat şirketleri için ölçülen (varlık getirisi, öz sermaye getirisi, piyasa katma değeri ve işletme nakit akışı) firma performansı üzerinde etkisi olduğunu göstermektedir. Buna ek olarak, yönetim kurulu bağımsızlığının şirket performansı üzerinde önemli olmayan bir etkisi vardır ve yönetim kurulu sahipliğinin şirket performansı üzerinde önemli olmayan bir etkisi vardır. Ayrıca, yönetim kurulundaki kadınların şirket performansı üzerinde önemli olmayan bir etkisi vardır. Ayrıca, yönetim kurulu komitelerinin firma performansı üzerinde önemli olmayan bir etkisi vardır.

Anahtar Kelimeler: Kurumsal yönetim, Endüstriyel Sektör, OCF, ROA, ROE, MVA, Performans.

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LIST OF ABBREVIATIONS

ASE: Amman Stock Exchange

CG: Corporate Governance

OCF: Operating Cash Flow

ROA: Return on Assets

ROE: Return on Equity

MVA: Market Value Added

OECD: Organization for Economic Co-operation and Development

GCG: Good Corporate Governance

SB: Supervisory Board

BOM: Board of Management

BOD: Board of Directors

CEO’s: Chief Executive Officers

IFC: International Finance Corporation

DER: Debt to Equity Ratio

EBIT: Earnings before Interest and Tax

ROI: Return on Investment

FCF: Free Cash Flow

FTAs: Free Trade Agreements

MENA: Middle East and North Africa

R&D: Research and Development

Introduction

After certain incidents, such as corruption and business crashes, corporate governance became a vital subject in advanced nations. Also cought a lot of attention in developed nations in recent years Al-ahdal*, et al*. (2020). Corporate governance is particularly relevant for publicly traded corporations with a wide number of shareholders who aren't active in daily activities and do not have full access to certain data. Corporate governance is a system that determines the roles also incentives of the revelries concerned. While various studies are cited by some writers as the framework of corporate governance, agency theory, the theory of corporate governance is considered as the theoretical basis (Saini and Singhania, 2018). Corporate governance links to the processes built to address the issues raising in this relationship. There is an intervention connection among investors (holders) and executive board (Pillai and Al-malkawi, 2017).

Corporate governance involves the processes , structures, practices and procedures, and also the formally and informally rules that guide organizations, the way in which these rules and procedures are enforced and implemented, the relationships established or created by these rules and regulations, and the essence of those relationships (Kiradoo, 2019).The leadership position in the institutional system is also addressed. Therefore, corporate governance referring to the ways in which a company's authority is vested in controlling the overall portfolio of assets and sources of the corporate entity in order to preserve and improve investors value and the interest of other investors in the light of its company goal. Corporate governance, from a public policy standpoint, is about operating an entity while maintaining transparency in the exercise of power and patronage Ullah, (2017).

Researchers have paid considerable attention to financial results, particularly in accounting and planning management. The explanation for this isn't farfetched, as financial success has repercussions for the stability and long-term sustainability of the company. Financial output is seen as an organization's effective and productive use of capital to achieve its goals, resulting in an improvement in price of share, revenue, profitability, market share, profits and cash flows and Meeting the requirements of its different investors. Financial output quantifies the accomplishment of an economic objective of a company and this relates to different subjective measurements of how effectively a company can use its provided assets to produce profit from the main form of activity. A topic of concern in managerial debate has long been financial efficiency. After adjusting for risk at an acceptable rate of return, Yılmaz, (2018) defined a company's value as the current worth of the predicted cash arrivals.

The (OECD) Corporate Governance Principles are a common foundation for OECD Member States and are taken as to be an important instrument for the implementation of good governance mechanisms. There is a transparent connection in-between corporate governance and financial success, as inadequacy of any organization's efficient and effective governance structure inevitably culminates of sub-optimality. According to (Hussain, *et al.* 2019), The correlation intermediate corporate governance and the companies presentation comes since the circumstance that corporate governance's use lessens replicates the aforementioned in the formula of the company's failure to encounter stakeholder The lack of mastery due to requirements and standards of the company's organizational configuration and organization under currents The lack of definite corporate governance appears to be particularly harmful to the preservation of a high-presentation standards, since that’s what orchestrates productivity in an organization's management, so that stakeholders can be confident that their investment returns are optimal. (Osundina, *et al,* 2016).

CHAPTER ONE:
OVERVIEW OF THE THESIS

Corporate governance principles and procedures is a crucial driver for operational productivity and growth. Submitting strong corporate governance standards and processes would also not only serve to help ensure better monitoring and efficient regulation of companies, but will also ensure long-term improvement of firm’s performance and sustainability. Important aspects of corporate governance principles include the responsibilities conferred on the board of directors of the company in the fields of oversight, monitoring and strategic guidance of the companies.

1.1 Statement of the Research Problem

The board of executives is regarded as a vital instrument of governance and boards are continually kept responsible for the companies they run. High profile company failures have raised significant questions as to the efficacy of boards in defending the interests of the investors, leading to major economic losses. As a result, much of the corporate governance changes of today (codes and recommendations, regulation etc.) are aimed at enhancing corporate governance by enhancing the functioning of the board. Regardless of the fact that it is believed that boards of directors are critical to the survival of a corporation, the way boards actually operate is still relatively little understood.

Usually, companies would like to know how their financial performance is influenced by the features of the board, in order to minimize the risk of bankruptcy. Growing their earnings, reducing or maintaining their business expenditure. To make these decisions, they usually depend on knowledge from the past. So, this research aims to investigate the effect of corporate governance on return on assets, return on equity, free cash flows and value in market added for Jordanian industrial mentioned corporation.

In the shortage of research in Jordan on the relative corporate governance and financial performance, this study attempts to examine this issue. This study covers the industrial firms listed on the Amman Stock Exchange for the period (2015-2019).

1.2 Research Questions

The research problem can be stated in the following questions:

1. What is the impact of board size on the financial performance of Jordanian Industrial Corporation for the period (2015-2019)?
2. What is the impact of independent board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019)?

3. What is the impact of equity ownership of the board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019)?
4. What is the impact of number of female on the board of the board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019)?
5. What is the impact of number of board committees of the board members on the financial performance of Jordanian Industrial Corporation for the period (20112015-2019)?

1.3 Research Hypothesis

The following are the hypotheses of the study that will be tested using the methods Stated at their alternative forms:

1. There is impact of board size on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).
2. There is impact of independent board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).
3. There is impact of equity ownership of the board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).
4. There is impact of number of female on the board of the board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).

5. There is impact of number of board committees of the board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).

1.4 Aims and Objectives of the Study

The objectives of this research are:

1. To investigate the impact of board size on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).
2. To investigate the impact of independent board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).
3. To investigate the impact of equity ownership of the board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).
4. To investigate the impact of number of female on the board of the board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).
5. To investigate the impact of number of board committees of the board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).

1.5 Significance of the Study

The findings of this study are hoped to contribute to the literature about the financial performance in four measures (ROA, ROE, free cash flows and economic value added). To the best knowledge of the researcher, this is the first study, based on Jordanian data that incorporates cash flows' and economic value added for the first time as a case of Jordan. In addition, the findings of this study are expected to provide managers of Industrial firms listed on the Amman Stock Exchange, and other interested parties (e.g., investors, creditors and financial analysts) with knowledge about the impact of the corporate governance on financial performance. This helps them in making different decisions about investing in companies or making decisions about enhancing company's performance.

1.6 Scope and Limitations of the Study

Limitations of the study summaries as follow:

1. The study depends mainly on Jordanian Industrial companies.
2. The study will take only five years data to analyze (2015-2019).

1.7 Organization of the Study

This study will be divided into five separate chapters (Chapter one- Introduction, Chapter two- literature review, Chapter three- Methodology, Chapter Four- Results and Discussion, Chapter five- conclusion and recommendation) as follow:

The First Chapter presents the basic information through introduction, problem statement, research question, importance, objectives, and hypotheses of the study, ethical consideration and limitations of the study.

The Second Chapter provides a review of the literature related to the issues investigated in this study and what distinguishes this study from the previous studies.

The Third Chapter: discusses the methodology used by the study to gather data and to calculate each variable.

The Fourth Chapter provides the results of analysis and the findings emerged by the study.

The Fifth Chapter presents the study findings, conclusion drawn from the findings and recommendations for further studies.

1.8 Ethical Consideration

Considerable attention was devoted to ensure that the study upheld good ethical standard by all means. So, a literature sources used will be given for acknowledgement. In addition, the research will be represented for ethical approval from the university ethical committee before being conducted this committee ensures that all thesis must be confirmed by the university quality and international standards this also for ensuring that the information included in the research is strictly within the desired ethical guidelines.

CHAPTER TWO:

THEORITICAL FRAMEWORK

2.1 Corporate Governance

From various viewpoints, such as professional bodies, regulators and academics, corporate governance has recently become more popular. In addition, because of the rising worries about company scandals and manipulation in economic reporting, in mutually advanced and evolving economies, the idea has become popular. There is considerable controversy among researchers and academics about the meaning of corporate governance. Researchers and academics define corporate governance concepts in moreover a slight or general situation with respect to the unalike descriptions.

Different academics and practitioners have looked at and described corporate governance differently. However, referred to the same end, thus giving the concept more consensuses. For example, (Ueng, 2016) corporate governance have been described as the company's relationship with investors or, in the broader sense, as the company's relationship with society as a whole. Zakaria, *et al.* (2014), however, also provides a description and claims that it means the sum of the policies, processes and information which used to guide and oversee an organization's management. From the other hand, Corporate governance was already described by the Association for Economic Corporation and Expansion (OECD) (1999) as a structure on the base of which businesses are absorbed and controlled. To specify, the separation of competences and duties between the parties' concerned (supervisory board, board of directors, management and stockholders) are set out in this structure, guidelines and procedures for the implementation of decisions on corporate matters are formulated.

Narrow interpretations are based on the needs of the shareholders being satisfied. Wide interpretations, however, expand the previous definitions and are focused on the interest of stakeholders (i.e. workers, consumers, venders and government) being fulfilled (Arouri, *et al.* 2011). Basically, the term refers to the philosophical assumptions involved. (Gillan, 2006). For example, corporate governance can be seen from the viewpoint of shareholders, which ultimately implies the motivation of the principals to maximize their value or in terms of controlling measures to regulate and sustain business operations from an organizational point of view (Njekang and Afuge, 2017). Likewise, (Baxter, 2014) said governance is distinct from management;

and includes making the organizational agenda, engagement in executive action, oversight and accountability. Corporate governance thus goes beyond the narrow boundaries of management and, according to Gillan and Starks, encompasses the systemic control, rules and regulations of corporations (1998).

Corporate governance, in accordance to Shleifer and Vishny (1997), focuses on the way wherein finance providers guarantee themselves of obtaining a return on investments. In modern public companies, it is usually difficult for principals to be responsible for corporate activities, so they delegate agents to handle operations in their interest, of course, there are problems with governance in this setting, such as conflicting interests, particularly if shareholders are dissatisfied by their return on that investment. In absence of successful supervision and control, managers must balance the costs of monitoring and managing agents (agency costs) against the expenses they are likely to suffer from negative managerial behavior.

Corporate governance problems therefore arise because of the need to counteract agency issues (Zaman, 2015), and fundamentally from the attempts of shareholders to shield themselves from the expropriation of their resources (Shleifer and Vishny, 1997). Corporate governance is certain by (Adams and Mehran, 2012) as the collection of organizational and market-grounded structures that encourage a company's egocentric controllers (those who make conclusions on how the business will be allowed to operate) to type choices that exploit the company's worth to its shareholders (the capital providers).

It is very necessary to enforce good corporate governance (GCG) in a corporation, since each person tends to be selfish in essence. This is the source of potential conflicts of the interest in-between both the agent (stockholders or investors) and the principal (company management). Principals have an interest in maximizing their income, while the company has an interest in maximizing their psychological and economic needs. In addition, since the principal does not have the power to supervise the agent's everyday activities and to ensure that the organization is functioning in compliance with the principal's wishes, the dispute will continue to grow. One way of minimizing the tension between the agent and the principal is through management transparency, which is coordinated with the growth of corporate governance issues. The agent is required to be able to function to fulfill the principal's demand. This will raise attention to the topic of transparency on aspects of a company's corporate governance.

In direction to explain the foundation of corporate governance, agency theory is used. Theory of the agency about the contractual arrangement between the company's representatives and owners. Jensen and Meckling (1976). Adriani (2011) research describes that as soon as one or multiple individuals (the primary) recruit additional individual (the representative) to render a facility and afterwards assign choice-creation power to the manager, the agency relationship exists. Although (Owen, *et al.* 2018) claimed in Adriani (2011) that the contract of the closing agent to perform certain duties to compensate agents for the primary and principal closing contracts. The so-called principal shareholders or investors, while the managing company management is the agent in question. The foundation of the agency partnership is the division of roles between ownership on the part of management-controlled investors.

2.2 Corporate governance development

Under a governance system, the structure is defined by statute, by legislation, by the constitution of the company itself, by those who own and finance them, and by the expectations of those they represent. Country by country, the structure can vary, since it owes much to history and culture and includes both laws and institutions. Its performance depends on its consistency and the degree of dependency that can be imposed on its constituent components. The system of governance also shifts form and evolves over time. (Kyere and Ausloos, 2020), correctly brings attention to how little we know about the essence of these changes and how they might be impacted by their course. Corporate governance principles are defined by the steps taken by businesses, whether willingly or otherwise, to enhance the manner in which they are guided and regulated, and by the law, financial and moral climate in which they function. However, the steps taken by companies to strengthen their internal governance cannot compensate for weaknesses in the external framework, particularly if there is a lack of an effective and enforceable legal system. This provides useful guidelines for where reform priorities lie, particularly as the study points out that weak corporate governance is a specific handicap for small businesses. It is the growth potential of such companies that is crucial to improving countries' economic prospects in the course of development.

2.3 Corporate Governance Models

There can be two comparable models of corporate governance; the model of the stockholder and the model of the stakeholder. In terms of their features, formal role, and assumptions, this section discusses these models.

2.3.1 The Stockholder Model

The Stockholder Model is established on the theory of agencies, synonymous with the 'one-tier model', the 'US model' and the 'Anglo-American model'. Underlying this model are some important assumptions.

First, agency expenses are rooted in modern companies with a decentralized system of ownership (Taşkırmaz and Bal, 2016). The free-rider issue generates this form of ownership, which is the first requirement for the existence of the corporate governance shareholder model in first world countries

Second, the stockholder model needs a well-developed and efficient legal system because shareholders need efficient legal security with fragmented ownership of companies. Fragmented shareholders do not, ultimately, have ample power or incentives to control managers (Kirsch, 2018).

Third, an appropriate professional accounting and auditing framework must be in place that guarantees the transparency and reliability of the financial details given to its shareholders by the company (Lee, 2007).

Fourth, the expectation of an effective stock market assumes that, in the interests of shareholders, managers have incentives to operate the business (Adams, 2016).

Fifth, markets need to be liquid as this will allow shareholders to sell their shares quickly and at low cost if they are not pleased with the results of the company ('doing the walk'). Sixth, in a competitive setting, companies must survive. A high level of 25 competitors allows executives to continually seek to boost company efficiency and development (Shleifer and Vishny, 1997). Since the above offers ample incentives for the adoption of good governance structures, only a voluntary code of corporate governance is required for the shareholder model (Siddiqui, 2010).

2.3.2 The Stakeholder Model

The stakeholder model is also called the 'Western European model' (Siddiqui, 2010) and the 'German model' (Choudhury, 2014). The stakeholder model is synonymous with the 'two-tier model' (Gordini and Rancati, 2017). The management committee acts effectively as a 'mediating hierarch' under this system, tasked with managing the many competing interests of a number of groups participating in public companies (Blair & Stout, 2001; Freeman, 1984). Shareholders are seen as only one of several stakeholders in the business whose interests warrant consideration (Adams *et al.* 2011; Freeman, 1984). The duty of directors is not to concentrate solely on optimizing shareholder value. The stakeholder model sees four main corporate governance positions in balancing all stakeholders' conflicting interests rather than only shareholders ' interests (Freeman and Reed, 1983). Such functions include formulation of strategy, policy making, transparency and management of monitoring (Makki and Lodhi, 2013). This arrangement thus covers two boards, the Supervisory Board (SB) and the Board of Management (BoM). The governing role is performed by the SB, while the BoM performs the management role at the strategic level. Managers carry out the company's everyday management. The SB is comprised entirely of external representatives and is entitled to hire and fire the BoM, supervise a management team and managers to achieve firm financial results and guarantee that the benefits of all stakeholders are balanced. There is a simple disparity between the governing and management roles.

The boards of directors are made up of people whose members, owners of the company's capital, elect other stakeholders, such as the leadership of trade unions in which the company relies to work and who, on the one hand, contribute to the company's success and, on the other hand, are directly influenced by the company's decisions, and so those categories need to be heard. There are several reasons that the legislation should intervene to grant the board's voting rights to stakeholders and things should not be left to the corporate volunteers themselves, it must be required by the law, and it is clear that there are different competing interests that need to be weighed and that the interrelationship between them can be complicated Post and Byron, (2015). Therefore, it is a significant necessity that all these issues must be preferably answered by a representative, and where they would need to interfere, be it the law's mandatory laws, the rules of self-enabling, or a mixture of the two. There are several restrictions placed on corporations by law bodies established to fulfill the purposes of general law, those rules may not be restricted to corporate law, there are also laws concerning the activities of the corporation (Pletzer, 2015). For example, bankruptcy law affects a transition of the company's ownership from certain investors to others or from shareholders to creditors, as tax law affects corporate internal governance at different stages.

2.4 Corporate Governance Mechanism

A framework for corporate governance incorporates controls, policies and outlines that push the company towards its goals accompanied by meeting the demands of stakeholders. A corporate governance system is also a mixture of different frameworks.

2.4.1 Board Size

The boardroom is among the most significant factors influencing a company's financial decisions and authorizing strategic choices (Adusei and Obeng, 2019;

Detthamrong*et al*. 2017); ensuring that the company operates vital resources that are required to boost the operations of a company effectively, competitively and safely. A productive boardroom is, therefore, key to a company's success. Nevertheless, there is no specific guidance on the acceptable boardroom scale (Detthamrong*et al*., 2017).

In view of the theory of resource dependence, the boardroom acts to connect the company to external resources required for the company to survive (Germain*, et al.,* 2014). More channels of contact with the external world are provided by a large boardroom, the theory of the agency suggests that a corporation with a broad board size is viewed as a well-managed company that promotes access to external finance. In order to increase company valuation, the broad seeks higher leverage (Abor, 2007), in which debt costs will be low as lenders see such companies having an efficient monitoring mechanism (Anderson et al., 2004). The results of previous studies are, however, still inconclusive and mixed (Sewpersadh, 2019).

2.4.2 Equity Ownership of the Board Members

It is widely known that the concentration of ownership minimizes the issues of the agency and strengthen the boardroom. As per agency theory, concentration of ownership leads to more efficient oversight, as small shareholder groups can be too small to have a possibility to influence management. In addition, where legal security is relatively poor, concentrated ownership provides the strongest protection forshareholders' interests (Detthamrong*et al.,* 2017). A business with a high focus of ownership tends to use more strategic debt than equity, as the shareholders tend to prevent losing control of the company (Céspedes, González, & Molina, 2010). Evidences has also been mixed, blockholders could have a greater capacity to push managers to take more leverage to minimize managerial opportunism (Sheikh &Wang, 2012). However, the concentration of ownership could transfer the conflict between the agent and the shareholder to the large shareholder and the minority and majority interest conflict. Large blockowners are regarded to be harmful to corporate assessment because they can abuse their influential power for personal gain at the expense of other shareholders (Shleifer and Vishny, 1997). As a result, the capital structure is influenced by the expropriation practices of ultimate owners who have excess control rights (Paligorova and Xu, 2012).

The presence of the Board of Directors (BOD) in companies can result in both benefits and costs for shareholders. This net profit to shareholders is focused on the advantages of BOD's participation (e.g. significant ownership roles, management expertise, decision-making authority, successful monitoring) in excess of possible costs (e.g. extracting private benefits, entrenchment). Whether there are advantages or costs to the presence of BOD is an open question. The emphasis must be paid to the ownership of the board members since it is favorably associated with the success of the companies. A number of scholars agree that corporate governance plays a critical role in the observation of firms' activities (Fama, 1980; Fama& Jensen, 1983). Former History research have, however, presented conflicting results about the correlation between organizational success and corporate governance approaches. (Malik &Nusrath, 2014).

2.4.3 Board Independence

When the board is managed by independent outside executives, the top managers typically face more stringent supervision (Wen et al., 2002). Therefore, the company is sufficiently regulated by more independent directors indications to the market such that fund suppliers deem the company more creditworthy. As a result, it will be simpler to collect long term funds by debt financing. In addition, businesses with more independent directors will have more leverage, as independent directors may have different viewpoints and experience that have more channels between the business and the supplier of finance. Therefore, it encourages a company's way to a higher level of debt with better terms (Berger et al., 1997). The outcomes of prior research are mixed, despite the fact that both hypotheses predict a positive correlation (Sheikh & Wang, 2012; Alves*et al.,* 2015).

The Board's major focus is to formulate the strategy of the organization and exercise the proper role of oversight during company operations (Ahmadi, *et al.* 2018). Independent directors should express their independent opinions and participate actively in the discussion of the board. On the company's board, they will represent shareholders. They must ensure their participation and success as a person of independence, free from the control of insiders or management. To track the success of executive directors and top managers, the company appoints independent directors. They will then follow shareholder interests by maximizing the value of shareholders. (Ahmadi, *et al.* 2018) claimed that certain areas that would lead to the successful formulation of the company's strategy should be handled by independent directors. They should raise questions about the companies in which the business works, the segmentation of the product market and the important consumers within the segmentation of the market (Fuzi, Rahim and Tan, 2012). Independent managers with specific business backgrounds and extensive knowledge will be more likely to question Chief Executive Officers (CEOs) and the management team in board discussion.

2.4.4 Female in Board of Directors

Diversity is a key pillar of successful board efficiency. The learning experience from the global economic crisis is that boards that are too entrenched do not consider risk factors, defend the interests of all stakeholders and function accordingly. "Group think" is much more likely to happen within homogeneous groups with a lack of diversity in areas related to gender, ethnicity, age and academic background Main, *et al.* (2018).

Gender-balanced leadership offers the diversity of thought, ideas and expertise required to mitigate risks and solutions in the era of rapid digital development, Big Data Analytics, the Internet and Artificial Intelligence. A diverse board is less possible to come to a fast conclusion and can look at the issue from more angles in order to make well-considered decisions (GMI, 2013). Women with board-level experience interviewed in the United Arab Emirates said that boards needed women because they brought about a transformational style of leadership, improved teamwork and a reduction in violent culture, and that women were less likely than men to take risky and immoral projects, instead pursuing steady growth and change (Hawkamah Institute, 2013).

Recent researches in the MENA region also include financial reasons to endorse diversity in gender on boards and in senior management. Study in Jordan by the International Finance Corporation (IFC) found a strong link between gender diversity in the boardroom and senior decision-making roles. A research conducted by the Moroccan Institute of Directors in 500 large firms, including 75 listed companies, reported that the overall turnover of state-owned companies with women on boards was 5 billion MAD (Moroccan dirham; USD 533.6 million) higher than those without.

2.4.5 Board Committees

Board committees is still existing for separate reasons and are currently directors' subgroups on the panel of executives of a business. In the United States, in the last few decades, such committees have been mandated by the law or the rules of the stock exchange. For instance, the 2002 Sarbanes Oxley Act mandated all US located issuer companies to have an audit committee. Subsequently, the main two U.S. The NYSE and NASDAQ stock exchanges have acted on the requirement that all companies listed have compensation and qualifying committees. Since nations with mutual-regulation institutions have a habit of to have sturdy possessions truths and saver security, the main stock conversations in The United Kingdom, Australia and Canada now require large companies to have a stock exchange, at least for large corporations. In addition, the governance codes in such countries strongly suggest that There should be compensation and nominating committees for large public corporations where companies must submit annual governance forms that either demonstrate to the presence of such groups or describe why the organization does not necessity a group. (i.e. this is generally mentioned to as the UK rules on enforcement or clarification).

Because of higher legal standards and the growing uncertainty of the market environment, the board committees importance risen over time. Significantly higher demands are levied on the time and resources of the members of the board, as demonstrated by an increase of almost 50 percent in committee actions and conferences across S&P 1500 companies over the previous 15 years. (Adams *et al*., 2015). A time-honored principle in organizational model is that companies build specific mechanisms to manage complexity (Zaman, *et al.* 2015). For instance, the number of transactions involving executives makes it harder to oversee their operations, forcing the Board to formulate, authorize and execute more complex compensation agreements. Specialized committees, including the Compensation Committee, allow the boards to deal with this challenge through the responsibility in subgroup-focused and experience, while at the same time restricting the requests made to individual directors. The specialized knowledge of the board committees is therefore vital to the ability of the board to make appropriate decisions and to perform its fiduciary functions.

However, the structure and specialized focus of the committees are likely to result in dynamics that differ considerably and individuals of the complete panel and can also produce possible challenges for mutually corporate governance and version to changing situations. The Main Board of Directors appointment represents a higher rank and value for any management, Zhu et al. 2014). With improved director power, the differences in rank can be associated.

Thus, the committees can represent a higher power relation inside the general panel of managements. Since the boarding groups are fewer than the sheet's total, a limited number of directors have the ability to handle particular concerns within the committee domain. Although studies on boards of directors as a whole shows that smaller groups of directors can move more rapidly, It is less likely that smaller groups would have a diversity of perspectives. Therefore, if a smaller, homogeneous group of directors dominates essential sheet groups, such as the nominating group, the position of the board of directors is resource-dependent. (Yılmaz, 2018) could be undermined by a misalignment of the needs of business resources with management skills and social capital. As a consequence, In a smaller subset of directors, the vesting of such board powers has the ability to encourage and impede the board's effectiveness.

2.5 Financial Performance

The nature of financial statements was used to present the elements of financial performance, providing the balance, profit and loss account characteristics needed, additional details, statement of cash flow, statement of changes in equity and the business operation report as an additional statement of the financial statement of the selected entities. Accounting theatres a energetic role mainly in the preparation and delivery of a series of financial statements in determining the success of the company. The purpose of accounting, as some kind of business life reporter and editor, is to enable use of such final products in order to provide the right individuals with details, in the correct quantity (multum non multa), in a timely way, in an acceptable form and at a reasonable cost. As both quantitative and qualitative data are included in financial statements, authors also emphasize their wholeness. (Kothari &Barone, 2006). "Financial statements can, however, serve their users (Fraser and Ormiston, 2013).

Financial statements as a map are an appropriate foundation for understanding a company's financial status and for determining its past and anticipated success. Therefore, it is not surprising that the very first module of the Sustainability Evaluation and Reporting Framework (SERS) is applicable to the details of the declaration of economic state, the declaration of revenue and the declaration of money stream. The importance of these navigational accounting tools is expressed in the fact that analytical analysis of the data found in them allows the key financial performance indicators of the company to be identified and tracked. No single description of the syntagmatic of 'financial results' is given in the related Company Economics, Finance and Accounting literature. There was no widely accepted description; various views emerged in theory and practice of this essential feature of the general economic position of the organization Wondem. andBatra. (2019).

Financial reporting incorporates information derived from financial accounting documents maintained by the entity. With any required supplementary explanations, it provides useful details. Due to the appropriate arrangement and grouping, the financial details contained in specific components of the financial statement should allow a detailed evaluation of the company's property and financial condition and the results achieved. Usefulness and accurate presentation, measured by comparability, verifiability, timeliness and comprehensibility (supplementary features), are fundamental quality features of realistic financial data, according to the conceptual assumptions for both the preparation& presentation of financial statements. From the users' point of view, these quality features of the financial statement, verified by a revision of larger organizations, decide the usefulness of the details provided. The main role of the performance-oriented financial accounting system is to provide data supporting the performance management process. Directly and implicitly, financial accounting does it. Enterprise performance is based on the use of financial measures (expressed in monetary units) and of non-financial (not expressed in monetary units) measures Khalil and Aydin, (2016).

Fundamental analysis and technical analysis is an analysis used by investors to purchase or sell stock market investment instruments (portfolios) (Schall and Halay, 1991) while making a decision. When purchase stocks, bonds or mutual funds and when to sell them. Fundamental analysis is an analysis focused on financial statements from the organization. Although the graph statistics are based on technical research. Both have benefits and drawbacks, but when selecting an investment instrument or portfolio, both are equally relevant. But most investors use technological research in practice, since more realistic is just seeing the graphics. If the fund, especially for investors who are unable to understand the financial statements tends to be more meticulous Baba and Abdulmanaf, (2017).

2.6 Financial Performance Measures

Financial measures are usually referred to as short-term measures that are based exclusively on the past. Four main areas, including efficiency, liquidity, profitability and capital structure, are critical in measuring performance

(Lodewyckx*et al.* 2007). For a unique reason, each financial measure stands. Although profitability tell users of financial statements about an organization's results, whether it makes gains or losses, productivity informs users of how to use and handle business resources. Capital structure advises whether the capital of owners or borrowed capital is being used, and liquidity tests how quickly, within the usual operating period, assets in the company can be turned into cash. The disclosed financial measurements are obtained from financial statements Kotane and Kuzmina-Merlino, (2012).

To calculate the firm's financial performance, there are many ratios; Ratio of liquidity, profitability ratio, solvency ratio, ratio of productivity and debt ratio.

ROI, ROE, ROA, EBIT are, for instance, income from the profitability ratio. The liquidity ratio consists of: quick ratio, current ratio, cash ratio, DER (debt to equity ratio), net working capital ratio to total assets. In the field of financial management in the faculty of economics, it is possible to learn to know these ratios in depth.

2.6.1 Return on Assets (ROA)

The assets used include receivable accounts (debtors), land, plant and facilities, and inventories. It is important for businesses to boost the level of productivity of their capital and assess the efficiency and quality of assets due to increased inflation and deterioration of liquidity. The impact of the 'total cash flow cycle' on the associated costs with each asset is therefore necessary to quantify in conjunction with its turnover, which can be measured as the number of days required to convert money invested in fixed assets into money earned from a customer (Steward 1995, cited in Bhagwat and Sharma 2007:). Return on Assets is described as benefit before interest and tax expenses.

According to Gunasekaran*et al* .(2004: 339), If the overall cash flow duration is measured, an insight into the rate of return on equity can be added to the benefit .Total Assets Return on Investment (ROI) is defined as: ROI / ROE = after-tax profit and equity dividend preference. This allows top management to assess the results that can be achieved from the total capital invested in the company.

2.6.2 Return on equity (ROE)

Reveals the performance after all costs and taxes to the company's shareholders (Van Horne 2005). It calculates how much the company receives for each dollar invested in the company after tax. ROE, in other definition, is profits for each dollar of equity capital. (Samad and Hassan, 2000). And it’s an indicator of managerial productivity assessment (Ross 1994). By and large, higher ROE means better management efficiency, but debt or higher return on assets can result in a higher return on equity. Financial leverage provides an important distinction between ROA and ROE in that ROE is often magnified by financial leverage. As long as the ROA is more than the interest rate that should be paid to serve the debt (Ross, Westerfiled, Jaffe 2005), this will still be the case. For high-growth firms, there is usually higher ROE.

2.6.3 Free Cash Flow (FCF)

Free cash flow (FCF) is described as money stream beyond what would be essential to keep resources in position (counting current debt examining) and to fund planned original funds. Jensen (1986) noted that permitted money flows allowable company directors to fund low-return acquisitions that could not be financed by equity or bond markets .Managers like being in command of free cash flow, that they can exploit quickly. They may need them for their personal benefit instead of using these funds for the benefit of stockholders. If there is an additional of resources, for instance, they will capitalize in schemes with a undesirable net current value (Jensen and Meckling , 1976). The Free Cash Flow is the difference in-among some of the working money flows, the volume of wealth spending's, the register cost and the expense of dividend. This is the quantity of indolent cash flow accessible without affecting the company's operations at the discretion of the management. It was reported that due to inner inefficient use of corporate resources, Mansourlakoraj and Sepasi, too much FCF adds to organizational costs (2015).

2.7 Board Gender and Financial Performance

Some findings have shown that the representation of women on the board of directors is now rising more than in previous years. According to Holton (1995) and Burgess &Tharenou (2002), businesses are beginning to see improvements in women's representation in top roles such as the board of directors that can influence the makeup of the board as well as corporate governance in general, as Fagenson& Jackson (1993) also agreed. Shrader, Blackburn and Iles (1997) analyzed business success at the middle and upper management with gender gaps and the highest-level leading category for costly businesses, they noticed general hierarchical impacts, but few major differential quality effects for execution, and generally announced a positive correlation between gender diversity in corporate performance management positions. Shrader*et al.* (1997) spelled out the optimistic execution connection by pointing out that these organizations enroll from a moderately greater range of abilities, thereby enrolling more eligible applicants who paid less attention to gender. Similarly, in some research, such as Beihren and Strom (2007), their studies on gender and financial success have a negative relationship. Although the number of women in the top positions in both the private and public sectors is still low in Nigeria until today, the male has the highest figure of compositions on the board of directors for Nigerian banks; it has been found that some boards do not have a single woman in their compositions.

2.8 Board Independence and financial Performance

Interchange with non-executive directors and external directors have been used for the term independent directors. Non-executive directors, however, are not all autonomous. The study on sheet liberation and secure results showed mixed consequences; either optimistic, undesirable or no correlation with business presentation. Few studies also check out the connection amid the board's independence and earning leadership. Business recital is measured using market-based indicators or accounting-based metrics. By means of Reappearance on Assets, Return on Investment, Earnings per Share and Income Metrics, the measure based on accounting. Meanwhile, market-based estimates were performed in several studies using Tobin's q for market value. Ben-Amar, *et al.* (2017).

2.9 Jordanian Industrial Sector

The industrial sector in Jordan is considered to be the most economically significant in terms of how it contributes to the economy of the country, the availability of labor, its ties to other segments and its level of professional expertise. The industrial sector in Jordan consists primarily of the "manufacturing" sector, the "extractive" sector and the "electricity and water" sector. These operations are connected back and forth with sectors for instance transport, insurance, agriculture and commerce, for example. The manufacturing sector is a significant contributor to the GDP of Jordan as it accounts for approximately 25 percent in 2017 (World Bank, 2017), employing more than 240,000 people in some 18,000 manufacturing services throughout the Kingdom, mostly Jordanians (Ministry of Industry Trade and Supply, 2017).

Around 60% of the total investments which benefit from the Investment Law are in the industrial sector of Jordan (Jordan Chamber of Industry, 2017). The high level of industrial investment significantly contributes to the intensity of the Jordanian Dinar and the stability of the exchange rate by commending the official foreign currency reserves of the Kingdom (with more than US$ 8.0 billion a year in 2017). The workers who work in the manufacturing sector of Jordan represent 15% of the national workforce. The indirect contribution to the GDP of the country is 40 percent (Ministry of Trade and Supply Industry, 2017).

Jordan's high competition for industrial investors can be attributed to the significance of the industrial sector. Backed by a number of Free Trade Agreements (FTAs), Jordan’s position in the Middle East and North Africa (MENA) section, providing access to 1.5 billion clients in more than 160 nations, allows the nation to be a strategic trading route for many of its surrounding nations and regions. In addition, the country provides some location advantages of particular relevance to the investments of the industrial sector. Air transit, railroads, and highway networks of high quality ensure easy trade with countries in the MENA region as well as nations around the world.

R&D centers and technology-focused institutions, like the University of Jordan at Amman and the University of Science and Technology of Jordan at Irbid, further help Jordan’s industrial attractiveness. Both universities, including the Higher Council for Science and Technology, Centers of research and institutes interested in advanced engineering. In coordination with the Jordan Business Development Corporation (JEDCO), the Jordan Engineers Association, and the King Abdullah II Development Fund, the Jordan Industrial Estates Company (JIEC), has launched Al Urdonia Lil Ebda'-also known as (BIC). BIC's primary objective is to promote progress by putting together the scientific and industrial worlds. Jordan provides a regionally competitive climate for innovation, research and growth, which is further supported by a strong industrial sector proposal from the government.

The significance of the clothing and leather industry in Jordan is attributable to its labour- intensive presence and its strong impact to Jordan's total national exports (approximately 20 percent of the total industrial exports of Jordan). In recent times, the sub-sector has also shown significant improvement, benefiting from the benefits offered by the opportunities embedded in the FTAs that enable investors to enter many of the major consumer markets in the world. The value proposition of Jordan offers enormous opportunities for investment in textiles and in the manufacture of textiles, yarns and fibers, as well as in the manufacture of goods that use those products. Shoes and shoe pieces, and leather bags are the leather goods for which Jordan provides major investment opportunities.

2.9.1 Pharmaceuticals and Medical Supplies

The market for pharmaceuticals, medical equipment, and medical inventory is evolving as new clinics, medical centers, and healthcare services are increasingly in demand. The manufacture and human medicine production, prescription medicines from medicinal plants, and a wide range of medical supplies are the prospects in this sub-sector. There are more than 108 domestic factories in Jordan’s current pharmaceutical sub-sector, creating about 8,000 employment opportunities, including all administrative and technical tiers. In addition, strong manufacturing and technological experience has been acquired from the Jordanian pharmaceutical sub-sector. Because of its high quality , excellent reputation and reasonable prices, Jordan has become the region's center for Good Manufacturing Practices (GMP) and has increased its pharmaceutical exports to more than 60 countries around the world, including the countries of the Gulf, the US and Europe. The Jordanian demand for medical devices is forecast to grow at an above-average rate of 9.3 percent annually, up to US$ 318 million in 2018. (2017, Export. Gov).

2.9.2 Chemicals

The chemicals sub-sector of Jordan mainly concerns fertilizer production. Over the last decade, the fertilizer industry has grown significantly and has thus become part of the global fertilizer industry. Jordan exported US$ 473 million in potassium fertilizers in 2017, which was its second most exported, non-agricultural good. Moreover, because of The Kingdom is ready to capture an increased share of the global fertilizer and chemical market, because of Jordan's near proximity to the growing Asian markets, its active export activities and the increase in its chemical production. Because of the enormous local availability of important fertilizer production inputs, like phosphate and potash, which are important ingredients of agricultural crop intensity and of the fertilizer industry in general, Jordan provides an excellent forum for capturing global fertilizer sector opportunities.

2.9.3 Cosmetics

In the cosmetics sub-sector of Jordan, the boom in medical tourism to Jordan has uncovered numerous investment opportunities. Medical tourism draws more than 250,000 patients a year to Jordan, generating 40 percent of the total tourism revenue of the country. Due to global aging and growing spending on healthcare and tourism, continued growth is expected. In order to attract medical tourists and responding to the needs, business opportunities are thus widespread, including medical tourism facilitators, health spas, fitness centers, physiotherapy, Dead Sea cosmetics, and mud processing and refining.

2.9.4 Plastics and Rubber

Because of the variety of their multiple use goods that are used by other sectors and sub-sectors, Jordan is experiencing a increasing demand for plastics and rubber products. In addition, they indirectly lead to the completion of several other commercial and industrial sectors of the productivity loop. This sub-sector, plastics and rubber, is also a big source of packaging products required for various activities by the majority of economic sectors (Export. Gov, 2017). Engineering & Electronics an essential aspect of Jordan's economy is the engineering and electronics sub-sector, that has engage in recreation a dynamic part in providing employment and enhancing Jordanians' standard of living. Jordanian-based foreign companies engaged in the procurement of raw materials, components and materials for the production and assembly of electronic devices in the electronics sub-sector, such as computers, electronic devices, scales, calculators, medical and optical glasses, glass frames and lenses. Jordanian firms have built a global reputation for providing specialized e-learning, e-government, e-banking, and multi-broadcasting products and services (gratified organization, simulation, and web project) When compared to the rest of the MENA country, the availability of engineers and technical maturity are competitive advantages for Jordan. As a result, outsourcing of information technology and Business Process Outsourcing in Jordan are lucrative markets.

2.9.5 Wood and Furniture

The third biggest industrial sub-sector of Jordan's wood and furniture is (in terms of the number of firms which rely heavily on skilled labor). Several of the firms in this sub-sector are ISO-9000 certified and have earned other important quality certification which meet international quality requirements, in addition to using the newest technologies and modern machinery. Jordanian furniture is a characteristic of the production of high-quality goods, resulting in exports to eight key markets that are mostly located in the Gulf region. Wood panels, foam, veneer, plywood, carpentry, molds, hand instruments and structures, wood handicrafts, cork goods, straw and plaiting, and now all kinds of furniture are the main export items.

2.9.6 Construction

There are investment prospects for businesses involved in production and producing for building purposes, such as silica-manufactured glass and silicon products, ceramic glass, tile, marble, (non-) liquidated cement factories, ready-mix concrete artificial, stone, mills sand crushers, furnaces and production lines of cement.

2.9.7 Agri-Business and Agro-Processing

Jordanian government supports the initiation of integrated agro-industrial societies with such a view to enhancing high value added, manufacturing and innovation sectors, as well as the linkage between industrialization and sustainable development. This includes the introduction of new manufacturing technology to support the modernization and competitiveness of the entire agricultural sector in Jordan. For agri-business and agro-processing, a variety of promising investment opportunities exists. This mainly concerns the growth of post-harvest fruit and vegetable operations, In addition, working to implementing a 'orchard-to-market approach' which gathers production and develops wrapping, storage and commercialization economic functions.

2.9.8 Extraction

The sub-sector of mining and exploration is regarded one of Jordan's main strategic industries. It contributes substantially to collaborating with Jordanians and multi nationalities as well. In addition, in addition to catering to the needs of the local market for raw materials, extraction is considered one of the country's main exports. Jordan is considered a major provider to the market of atomic number 35, orthophosphate rock and orthophosphate-founded manures, and caustic potash. It is among the world's highest 10 atomic number 35, orthophosphate astound, and potash builders.

2.9.9 Crafts

The crafts of Jordan include the production of wooden objects and also the creation of jewelry, whether gold or silver ore is sold to jewelry stores, factories.

2.10 Empirical Studies

Omware, *et al.* (2020). "Corporate governance and financial performance of selected commercial banks listed at Nairobi Securities Exchange in Kenya"

The purpose of this study is to examine the Corporate Governance factors and Monetary Presentation of profitable groups listed in Nairobi Securities Exchange in Kenya. The education used board characteristics (board size, unconventionality of the panel, and education of board, ethnic composition and the existence of both women and men in the board) The financial results and as independent variables by using different measures (Return on equity, Return on asset and Net interest edge) as reliant on variable. A cross sectional and different analysis method were used in the research. The study used a population consisted 11 profitable banks named in the Nairobi Securities Exchange in Kenya and the sample selected purposively which represent the entire population. In this study, 5 of the 11 Chief Executive Officers from the banks were interviewed. The researcher designed a questionnaires in order to collect primary data which distributed to Chief Executive Officers and Senior Management Officers of the sampled banks. The findings indicate that boarding scope, the independence of panel, and education of board, the existence of both women and men in the board, and ethnic composition positively influence the financial results of listed commercial banks to a large degree.

Ondigo, (2019), “The Relationship between Corporate Governance and Financial Performance of Commercial Banks in Kenya”

The goal of the investigate was to study the consequence of corporate governance on commercial banks' monetary output in Kenya. Different performance metrics, quantitative and qualitative, have been used by regulators and researchers to amount the presentation of banks. To assess the financial output of commercial banks, the study used the CAMEL rating system that analyzes wealth adequacy, excellence quality, organization quality, earnings, and runniness. As of December 31, 2014, the study population included 43 commercial banks registered in Kenya. Descriptive statistics and diagnostic tests were carried out on the results, after which inferential statistics were used to test the hypotheses, namely correlation analysis and regression analysis. The study proved the theory called agency theory, followed a methodology of positivism research, and used a cross-sectional descriptive research method. The results of the study suggested that there is a statistically strong connection between Corporate Governance bank financial-Presentation. The education recommended that commercial bank regulators, boards and management maintain continuity in their operations (supervision, execution and monitoring) with corporate priorities in order to improve financial efficiency and create value for banks.

Yılmaz, (2018), Corporate Governance and Financial Performance Relationship: Case for Oman Companies

The goal of this research was to examine the link in-between corporate governance and economic output. The analysis used a sample consisting of 61 Oman companies listed between 2013 and 2016 on the Muscat Securities Market for a four-year duration. The designs are grouped into two categories. A corporate governance ranking, also known as the dependent variable, was developed by the first group; the second collection used was the rank mechanisms separately as reliant on variable quantity. Two kinds of system of measurement are used as an self-governing variable; market-grounded and accounting-related Tobin's q is used to represent market performance and as bookkeeping-grounded pointers; return on asset profit margin, EBIT margin and net income margin are being used. The consequences showed that there are substantial consequences among monetary relations and corporate governance features, but in the sense of Oman, the overall relationship is poor. Although the separate belongings of some corporate governance dimensions are not important, greatest replicas have been developed total significant outcomes.

Kyere and Ausloos, (2020), Corporate governance and firms monetarypresentation in the United Kingdom

The resolution of this research is to analyze the effect of good corporate governance on the economic output of non-financially listed companies in the United Kingdom. The theory of agency and stewardship theory were the roots of a conceptual model. On two monetary presentation metrics, return on possessions and Tobin's Q, using cross-sectional regression methodology, five corporate governance frameworks are tested. The result obtained from the empirical test carried out on 252 companies named on the London Stock Exchange for the year 2014 shows that corporate governance mechanisms have a positive or negative relationship, but also sometimes no influence, on financial results. The effects are discussed. Therefore, we present evidence that the finances of a corporation can be strengthened when the correct corporate governance structures are selected, so separating results attributable to causes. The findings of this study may have some consequences for the thoughts of academics and policy makers.

Oino and Itan, (2018), Impact of Corporate Governance on Banks Financial Performance

The purpose of this education was to study the result of corporate governance on the monetary presentation of London City financial companies, with a focus on corporate governance metrics (role and arrangement of the panel, accountability and revelation, review and enforcement and danger organization) and financial performance proxies (profitability, liquidity and loan portfolio). The research sample used consisted of 20 financial firms and 10 respondents were chosen from each of those selected, provide an overall sample size of 200. In order obtaining composite indices for indicators of governance and financial performance measures, the Principal Component Analysis (PCA), with its built-in capacity to search for composite reliability, was used on the basis of the collection of conflicts in order for each of them. The study outcomes showed that the monetary presentation of monetary organizations is positively impacted by all corporate governance metrics. On the other hand, the effects of checking and enforcement, transparency, revelation and danger organization, which were found to be important in their impact on monetary results, were shown to be negligible by the role and composition of the board. As such, to redefine the position of panel memberships while ensuring responsibility and photograph, policy prescriptions are proposed.

Owiredu and Kwakye, (2020), the Effect of Corporate Governance on Financial Presentation of Commercial Banks in Ghana

The purposes of this research was to test the influence of corporate governance principles on the monetary output of banks in Ghana. The information used were derived from the yearly intelligences and monetary declarations, and the sample-based analysis consisted of banks for the period 2007-2016. To analyze the results, a random effect model was used. The results of the study made it obvious that an important optimistic association exists intermediate the number of the sheet members and the financial output calculated by banks' ROA and ROE in Ghana. Moreover, the education found a statistically optimistic relationship, calculated by ROE and ROE, between foreign ownership and financial results. In addition, the study outcome showed an optimistic but non-statistical association intermediate panel independence and institutional ownership of banks in Ghana and ROA and ROE.

Mandal and. Al-ahdal, (2018), Impact of Corporate Governance on Financial Performance of Indian Electronic Consumer Goods Firms

The goal of this education is to find the financial performance result of corporate governance in Indian Electronic consumer goods industries. The sample-based analysis consisted of seven Indian electronic consumer goods companies that were chosen by companies based on their market capitalization. Corporate governance structures such as (Board size (BS), Audit Committee (ACM) meeting, and Independence of the Audit Committee (ACI)) were the independent variables. And the dependent variables were determined by financial results (return on assets (ROA), return on working capital (ROCE)). After reviewing the data, the results state the important association in between corporate governance variables and company presentation as restrained by asset return and return on capital jobs. In addition, the findings showed that only an independent audit committee had a meaningful performance relationship when using book keeping events (return on assets and return on capital employ).

Alabdullah, *et al*., (2014), Corporate Governance Mechanisms and Jordanian Companies' Financial Performance

The purpose of this investigate was to examine the effect of corporate governance structures on the monetary presentation of businesses in a sample of Jordanian industrial and service companies. By employing 109 businesses, it used cross-sectional details (industrial and service companies). (Industrial and service companies). (Industrial and service companies). (Industrial and service companies). The data was compiled from the Jordanian companies' yearly information for the year 2011. This cross-sectional analysis checked all of the study's hypotheses and analyzed data using SPSS 20 statistical tools. The study results indicated that the scope of the panel has undesirable association with the financial presentation of the company. Moreover, empirical investigations have shown that the existence of self-governing board executives is not connected to financial results. It revealed that CEO opposition has no consequence on the financial results of the company.

Warrad and Khaddam, (2020). The effect of corporate governance characteristics on the performance of Jordanian banks

The resolution of this education was to control the character of characteristics of corporate governance in the presentation of Jordanian banks. The data from the yearly monetary statements for the dated from 2014 to 2017 was obtained from the dependent variable results calculated by return on equity ROE. The research used statistical measures and methods to explain the interactions between ROE and various variables. The consequences of the education showed major impacts on the efficiency of banks from various corporate governance features. Whereas the findings showed major effects of the scope of the panel, diligence of the board, the number of the audit committee and diligence of the inspection group separately on ROE by seeing two control variable star, explicitly company scope and asset return.

Khadash andWashali, (2019), Board Diversity and Its Impact on Corporate Presentation of Public Corporations Listed in Amman Stock Exchange: The Case of Banks and Insurance Companies

This education object is to test the financial performance result of board diversity by analyzing all monetary businesses named on the Amman Stock

Exchange. For the fiscal year, the research sample consisted of 15 banks and 23 insurance firms (2010-2015). The research used the descriptive methodology and the results showed a weak representation as parts of the board of directors of females and PhD holders compared to an appropriate representation of other foreigners and master degree holders members. To compare, a large representation of non-authorized members was displayed by sheets of managements. In the same context, the study concluded that there is no effect of gender, nationality and educational variety on the return on assets (ROA) or on the return on equity, based on the (LM) test for selecting between (OLS) model and random model effects (RMEs) (ROE).

Bawaneh, (2020), Corporate Governance Practices of Jordanian Banks: Assessing the Impact of Commitment on Bank Performances

The main goal of this investigate was to investigate the influence of corporate governance (CG) performs on banks' engagement in Jordan. Following a quantitative model, the analysis used a cross-sectional design. Using a close-ended questionnaire-based survey, the data was collected. It was then evaluated using the Social Sciences statistical package. The research used a sample consisting of 200 workers at the Amman Stock Exchange from publicly listed banks. The study results showed an important effect of engagement on bank efficiency with respect to the implementation of corporate governance performs. Alike results were obtained for the roles of the panel of managements, the panel group, accountability, internal switch environment, action of stockholders, and revelation. The routine of Jordanian banks' corporate governance needs the good implementation of its rubrics and this be contingent on the supervision of the Central Bank of Jordan (CBJ) and the administration of the banks.

Abdullah and Altawalbeh, (2020), Corporate Governance Mechanisms and Firm's Performance: Evidence from Jordan

The goal of the education was to study the effects on the performance of corporate governance frameworks. Corporate governance procedures was split into two groups: the structure of the board and the structure of ownership. The research sample contained of 60 companies registered on the Amman stock conversation in the manufacturing and service sectors (ASE). Information was obtained physically via the yearly monetary reports, resulting in a 366-year observation for the period 2012-2017. To test the study hypotheses, Stata statistical software has been used. The study findings showed that the incidence of panel conferences and government ownership have a positive and important influence on the presentation of the company, and also showed that the incidence of board conferences is considered a measure of the efficacy of the board that increases the quality of executive and thus the presentation of the company. The consequences also revealed that independent directors has a bad and important result on the presentation of the company, this result recommended that independent panel memberships don't insure the improvements of the performance of a company, and it remains the duty of the company to select sovereign sheet memberships who can employ actual supervision role for the sake of improving the presentation of a company.

Wondem and Batra, (2019), The Impact of Corporate Governance Practices on Corporate Financial Performance in Ethiopia

The objects of this paper were to study the effect of corporate governance practices on the monetary presentation of shareholders using a panel reversion approach. The data was collected over a five years period from 24 shareholders. The results of rigorous FGLS board reversion estimation using ROA and ROE as financial events, showed that the gender diversity of sheet of managements and size of share businesses have an optimistic connotation with return on possessions and the attendance rate of board of executives meeting in individual has an optimistic but not substantial connotation. The size of the board of managements, the number of meetings of the board of directors and the leadership practice of the board of directors have a undesirable result on the return on assets. ROE also has a strong and optimistic correlation with the frequency of board meetings ($p<0.05$); the gender composition of panel of managements ($p<0.05$) and the size of the share business ($p<0.01$). The paper also has empirical results. And the attendance rate of the board of directors meeting in person has an important and undesirable association with ROE ($p<0.01$). No important but undesirable correlation between ROE with the scope of the panel and the management repetition of the board of directors was, however, found. State ownership also has an effective relationship with both the ROA and the ROE.

Makki and Lodhi, (2013), Impact of Corporate Governance on Financial Performance

The area of this investigate was to establish the systemic link intermediate corporate governance and monetary presentation. The thesis developed a perfect that connects corporate governance and financial results and then verifies it on the basis of incompletes lightest square physical calculation model. The sample was randomly selected from all the listed businesses on the Karachi Stock Exchange. The information used was obtained from the annual reports of the listed companies. The results showed that there is a structural correlation between corporate governance and financial presentation by data analysis using PLS Graph software after examination of the information. The findings revealed that corporate governance does not reliably enhance financial efficiency. Rather, it indicates that it can be dramatically enhanced by corporate governors by using intangible capital.

CHAPTER THREE:

METHODOLOGY AND DATA ANALYSIS

This study will utilize the descriptive approach; which is a design that includes establishing what is happening as far as a particular variable is concerned. The data will be collected and analyzed in pursuance of acquiring the purpose of the research.

This chapter presents the sample and population, the method of data collection, method of data analyzing, model specification and description of the variables.

3.1 Sample and Population

The population of the study contains of all listed Industrial firms on the Amman Stock Exchange (ASE), while the sample of the study consist of (39) Industrial firms listed on ASE for which all needed data are available for the period 2015-2019. The data will be collected for the firms that their financial reports are available for the whole study period.

To select the companies, the Judgmental or Purposive sampling method was implemented by creating criteria and intent that matched as well as making the study successful from an objective perspective.

3.2 Method of Data Collection

To investigate the impact of corporate governance on the financial performance, needed data will collected from the annual reports of the sample companies listed on the ASE for the period 2015-2019. Annual reports and other data needed are collected from the Companies Guides obtain able on the website of the ASE.

Over the unstable one, panel data consisting of both cross-sectional and time series data were selected, so periods spanning five years from 2015-2019 were taken as a sample for the analysis by 39 sampled companies.

3.3 Method of Data Analysis

This study objects to examine the impact of corporate governance on financial performance for Industrial corporations listed on the Amman Stock Exchange for the period 2015-2019.To reach the study objectives, the researcher used Excel to compute variables and then used SPSS to -apply the following statistical techniques :descriptive statistics, Descriptive statistics are divided into central trend measurements and variability measurements, or spread (Minimum, Maximum, Mean, Median and Standard Deviation) To include simple summaries of the study and the steps to help individuals understand the significance of the analyzed results. Correlation; correlation analysis is used to calculate the strength of the relationship between two variables and the relationship direction**;** after ensuring the eligibility of data to be tested by using regression analysis, it will be used to understand the relationship among the independent variables (corporate governance mechanism) and the dependent variable (financial performance), and to explore the forms of these relationships.

3.4 Model Specification

The regression model built from the ground and gap in the current literature to test the study model is as follows when analyzing the impacts of corporate governance on financial results from the evidence of selected industrial companies listed on the Amman Stock Exchange:

Model:

$FP = \beta_0 + \beta_1 BODSIZE + \beta_2 BODINDP + \beta_3 BODOWN + \beta_4 FEMBOD + \beta_5 BODCOMMIT + \varepsilon_{it}$

Symbols represented the following:

β_0= intercept, ε_{it}= error term, FP= financial performance, BODSIZE= board size, BODINDP= board independence, BODOWN= board ownership, FEMBOD= female in board, BODCOMMIT= board committees.

3.5 Description of the Variables

3.5.1 Dependent Variable: Performance

Performance is measured by the following variables:

1. Return on Equity (ROE)

ROE is profitability and financial performance measure used to calculate the capacity of the company to make money from the total resources of the company. Whenever the investor wishes to buy the stock, the profitability ratio or part of the total profitability that can be allocated to the shareholders would be attracted to them (Rosikah, et al. 2018). Shareholders have residual claims on gains earned, as known. ROE is calculated by the following ratio:

Net Income/ Total Equity

2. Return on Assets (ROA)

ROA measures the efficiency in which the organization generates its revenue and, in effect, represents the actual performance of its business activities. Higher ROA value implies better performance of the company due to more return on investment ratio. This ratio reflects the profits on the company's assets supplied to the firm (Rosikah, *et al*. 2018). (Ghahroudi, *et al.* 2010).ROA is computed by the following ratio:

=Net Income/ Total Assets

3. Market Value Added (MVA)

Market Value Added (MVA) is a performance evaluation process focused on the company's main objective of maximizing shareholder wealth, which overcomes shortcomings in the use of gain measures to assess financial performance; profit ignores the cost of equity capital. Companies produce wealth only if they generate a return that exceeds the return needed by the capital providers – both equity and debt. In addition, income measured in compliance with accounting principles do not really represent the wealth that has been generated and are subject to manipulation by accountants (Quintiliani, 2018; Ali, 2018). MVA is computed by Tobin Q as follow:

.Tobin Q= Ratio of market value of equity to book value of equity

= (market value of equity)/book value of total equity

4. Operating Cash Flow

Many metrics of cash flow are usable and can be obtained from this financial statement. In the sense of the agency dispute, Jensen (1986) first coined a new cash flow concept, called operating cash flow (OCF). The OCF describes cash flow in excess of that needed for financing all projects with positive net present values when discounted at the necessary capital cost. (Alnawaiseh, *et al.* 2017).OCF will be measured as follow:

OCF= CFO / Total Asset

3.5.2 Independent Variables

1. Board Size

Board size is the number of directors on the board who may or may not own or control the company (Azeez, 2015). The Board of Directors should be involved of at least 5 members and not more than 11 members. The relationship between the size of the board and the financial output of the company was discussed on the basis of two key viewpoints, namely the theory of the Agency and the theory of resource dependence. (Abdul Latif and Abu Bakar, 2018). The board size will be measured by the number of members in the board of directors.

2. Board Independence

Independence as an essential factor in ensuring the efficiency of the board through the oversight and strategic positions of the directors. The ultimate element in the independence of the Board is the existence of appropriate numbers of independent directors on board. They argued that the capacity, willingness and experience of the director could contribute to the independent attitude of each director (Fuzi,*etal.* 2016). The board independence will be calculated by the number of non-executive members divided by the full board number.

3. Equity Ownership of the Board Members

Board Ownership is also a critical element of the structure of the board. It decreases manager-shareholder disputes in the ownership of shares by board members. To the degree that the members of the executive board own a part of the corporation, they develop shareholder-like interests and are less likely to engage in actions that hurts shareholders. (Uadiale, 2010).Equity ownership of the board will be measured by percentage of shares owned by the Board of Directors.

4. Female on the Board of Directors

Female can grant access to business through acceptance from the corporate elite because they want more diversity or through pressure from outside the corporate, because the exclusion of women is a form of discrimination. Due to disparities in expertise and skills, female directors are likely to bring various knowledge abilities to the board, thereby widening the available pool of knowledge in consideration (Kutum, 2015).

This variable will be calculated by the proportion of female on boards of directors.

5. Board Committees

Board members are also part of committees, such as the Audit Committee, the Risk management Committee and the Compensation Committee. Companies have audit committees to ensure compliance and transparency of financial data and remuneration committees to set up rewards for executives and directors. The committees are necessary to vouch that the financial procedures are well-carried and that the directors are adequately paid, thus mitigating any Agency problems (Fauzi and Locke, 2012). This variable will be measured by the number of committees established from board members.

CHAPTER FOUR:

DATA ANALYSIS AND TESTING HYPOTHESIS

As mentioned in chapter one, the primary purpose of the study is to examine the ability of cash basis and accrual basis to predict future performance. The objective of this chapter is to analyze the collected data using appropriate statistical techniques and to test the hypotheses of the study.

4.1 Descriptive Statistics

The descriptive statistic is provided in the table for the dependent and independent variables of the sample (4-1). Descriptive statistics include, for each variable, the minimum, maximum values, mean, and standard deviation.

Table (4-1)

Descriptive Statistics

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Return on Asset	**195**	**-.3603**	**.3607**	**.01391**	**.0905**
Return on Equity	**195**	**-7.3464**	**.5085**	**-.0272**	**.5501**
Market Value Added	**195**	**.117**	**10.284**	**1.1737**	**1.2216**
Operating Cash Flow	**195**	**-.1886**	**30.979**	**.2184**	**2.2164**
Board independence	**195**	**.4000**	**1.00**	**.9281**	**.1059**
Female in Board	**195**	**0**	**.3333**	**.0237**	**.0618**
Board Ownership	**195**	**0**	**.9873**	**.4366**	**.2946**
Board Size	**195**	**3**	**19**	**7.87**	**2.629**
Board Committees	**195**	**0**	**5**	**3.55**	**1.104**
Valid N	**195**				

Source: Made by researcher based on SPSS results

Table (4-1) shows the descriptive statistics (Minimum, Maximum, Mean and standard deviation) for each variable in the study as follow:

- The minimum value of ROA in the manufacturing sector for the period (2015-2019) is as low as -.3603 which is -36.03% while the maximum is .3607 which is 36.07%.As seen, the mean value is .01391 in the Manufacturing sector with standard deviation of .0905. This means that, on average, a company earned 1.39% as return on assets during the tested period. However, it is noted that there is a great deal of variations between the observations of companies as it is reflected in the standard deviation (9.05%).

- The minimum value of ROE in the manufacturing sector for the period (2015-2019) is as low as -7.346 which is -734.6% while the maximum is .5085 which is 50.85%.As seen, the mean value is -.0272 in the Manufacturing sector with standard deviation of .5501. This means that, on average, a company loses -2.72% as return on equity during the tested period. However, it is noted that there is a great deal of variations between the observations of companies as it is reflected in the standard deviation (55.01%).
- The minimum value of MVA in the manufacturing sector for the period (2015-2019) is as low .117 which is 11.7% while the maximum is 10.284. As seen, the mean value is 1.1737 in the Manufacturing sector with standard deviation of 1.2216. However, it is noted that there is a great deal of variations between the observations of companies as it is reflected in the standard deviation (1.2216).
- The minimum value of operating cash flow percentage in the manufacturing sector for the period (2015-2019) is as low as -.1886 which is -18.86% of total asset while the maximum is 30.979. As seen, the mean value is .2184 in the Manufacturing sector with standard deviation of 2.2164. This means that, on average, a company has 21.84% as an operating cash flow to total asset during the tested period. However, it is noted that there is a great deal

of variations between the observations of companies as it is reflected in the standard deviation (2.2164).

- The minimum value of board independence in the manufacturing sector for the period (2015-2019) is as low as .400 which is 40% of total board are non-executives while the maximum is 1 which means that 100% of board are non-executives. As seen, the mean value is .9281 in the Manufacturing sector with standard deviation of .1059. These mean that, on average, a company has 92.81% of the board members are non-executives during the tested period. However, it is noted that there is a great deal of variations between the observations of companies as it is reflected in the standard deviation (.1059).
- The minimum value of female in board in the manufacturing sector for the period (2015-2019) is as low as 0 which is 0% of total board are female while the maximum is .333 which means that 33.3% of board is females. As seen, the mean value is .0237 in the Manufacturing sector with standard deviation of .0618. These mean that, on average, a company has 2% of the board members are females during the tested period. However, it is noted that there is a little variation between the observations of companies as it is reflected in the standard deviation (.0618).
- The minimum value of board ownership in the manufacturing sector for the period (2015-2019) is as low as 0 which is 0% of total shares are owned by the board members while the maximum is .9873 which means that 98.73%

of total shares are owned by the board members. As seen, the mean value is .4366 in the Manufacturing sector with standard deviation of .2946. These mean that, on average, a company has 43.66% of company's shares are owned by the board members during the tested period. However, it is noted that there is a little variation between the observations of companies as it is reflected in the standard deviation (.2946).

- The minimum value of board size in the manufacturing sector for the period (2015-2019) is as low as 3, while the maximum is 19. As seen, the mean value is 7.87 in the Manufacturing sector with standard deviation of 2.629. These mean that, on average, a company has 7 members on the board during the tested period. However, it is noted that there is a medium variation between the observations of companies as it is reflected in the standard deviation (2.629).
- The minimum value of board committees in the manufacturing sector for the period (2015-2019) is as low as 0, while the maximum is 5. As seen, the mean value is 3.55 in the Manufacturing sector with standard deviation of 1.104. These mean that, on average, a company has 3 committees during the tested period. However, it is noted that there is a medium variation between the observations of companies as it is reflected in the standard deviation (1.104).

4.2 Multiple Regression Analysis

In order to test the research hypothesis the linear multiple regression analysis will be used, the assumptions of the multiple regression analysis to ensure that there is no high correlation between independent variables, the multiple regression analysis requires homogeneity in the random error variance, and in this study it was ascertained that the data is free from the aforementioned obstacles and all the problems that were discovered were solved by examining the data and to ensure that the data is ready for the multiple regression analysis. In the following, each test will be separately mentioned and analyzed:

The hypothesis of the regression analysis are that there is no multicollinearity (Alzoubi and AlTalafha, 2017), Multicollinearity exists when independent variables are correlated are strongly (but not perfectly) correlated to one another (or combinations of independent variables). With multicollinearity, even when the total regression is significant, the regression coefficients may not always be statistically significant separately.

2.2.1 Testing Multicollinearity

A correlation plot can be used to recognize the correlation relationship between two independent variables whereas VIF (variance inflation factor) is used to identify the correlation of one independent variable with a group of other variables.

Table (4-2)

Correlation between Independent Variables

Correlations					
	Board Size	Board independence	Female in Board	Board Committees	Board Ownership
Board Size	1	.079	.118	-.014	.082
Board independence	.079	1	-.146*	.133	.157*
Female in Board	.118	-.146*	1	-.093	.092
Board Committees	-.014	.133	-.093	1	.003
Board Ownership	.082	.157*	.092	.003	1
*. Correlation is significant at the 0.05 level (2-tailed).					

Source: Made by researcher based on SPSS results

The correlation test in Table (4-2) showed that there is no high correlation between independent variables in this research. So, there is no multicollinearity problem. Correlation ratios ranged between (0.003) for the relationship between board committees and board ownership, and (0.157) for the relationship between board ownership and board independence. This shows that the values of the independent variables are free from the problem of high correlation between the independent variables (Multicollinearity), and thus the possibility of using them all in the multiple regression model and the multiple regression analysis are exist.

Therefore, the VIF test was performed to ensure that there is no multicollinearity between the independent variables as follow:

Table (4-3)

Variance Inflation Factor test

Model	Tolerance	VIF
Board Size	**.973**	**1.027**
Board independence	**.928**	**1.077**
Female in Board	**.945**	**1.058**
Board Committees	**.977**	**1.024**
Board Ownership	**.959**	**1.043**

Source: Made by researcher based on SPSS results

The results in Table (4-3) indicate that the independent variables in this study are devoid of the problem of linear interference, as the values of the variance inflation factor (VIF) were less than (10) and even less than (5) for all study variables and ranged between (1.024) for the board committees variable and (1.077) for the board independence variable, and the values of tolerance were greater than (0.20) and ranged between (0.928) for the board independence variable, and (0.977) for the board committees variable, and this shows that the independent variables are free from the problem of multicollinearity, and it can all be used in the regression model.

4.2.2 Heteroscedasticity Testing

If the regression indicates substantial conditional heteroscedasticity, the normal error and test statistics calculated by the regression programs would be inaccurate because they are corrected for heteroscedasticity.

One basic test for conditional heteroscedasticity is that under the null hypothesis of non-conditional heteroscedasticity (From squared residuals regression to independent variables from the original regression) will be a random vector with the degree of breakdown in the regression equals the number of independent variables. In this research the test showed that there is unconditional heteroscedasticity which is acceptable for making regression analysis.

4.2.3 Serial correlation

Serial correlation in linear regression is that once corrected for serial correlation, the normal errors and test statistics computed by regression programs would be inaccurate. Positive serial correlation usually inflates the t-statistics of predicted regression coefficients as well as the F-statistic for the total importance of the regression. It is possible to use Durbin-Watson statistics for research based on serial correlation. If the Durbin-Watson statistic varies sufficiently, then there is a strong serial association between the regression errors.

After computing the Durbin Watson for the four models all of them showed that it is above from the upper Durbin Watson (lower value of Durbin-Watson= 1.7133) and (upper value of Durbin-Watson= 1.8184), the results of this test indicated the following:

Model 1: The Durbin-Watson value for model 1 equals (1.830) which is above the upper value and this means that there is no serial correlation between the variables so the data are ready for regression analysis.

Model2: The Durbin-Watson value for model 2 equals (1.840) which is above the upper value and this means that there is no serial correlation between the variables so the data are ready for regression analysis.

Model3: The Durbin-Watson value for model 3 equals (2.067) which is above the upper value and this means that there is no serial correlation between the variables so the data are ready for regression analysis.

Model4: The Durbin-Watson value for model 4 equals (2.064) which is above the upper value and this means that there is no serial correlation between the variables so the data are ready for regression analysis.

Table (4-4)

Model 1: Regression analysis

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.001	.000		1.802	.073
Board Size	-2.569E-5	.000	-.101	-1.384	.168
Board independence	.000	.000	-.063	-.850	.397
Female in Board	.000	.001	.033	.446	.656
Board Committees	-5.577E-5	.000	-.092	-1.264	.208
Board Ownership	.000	.000	.057	.779	.437
Durbin-Watson = 1.830 Adjusted R Square= .2%					
F.(Sig.)=1.080 (0.373)					
Dependent Variable: Return on Assets					

Source: Made by researcher based on SPSS results

Regression analysis was conducted according to the multiple regression models discussed in chapter three. Table (4-4), table (4-5), table (4-6) and table (4-7) summarize the results of the regression analysis.

- **<u>Model One</u>**

Dependent Variable: Return on Asset (ROA)

As seen from the tables above, the regression model was no significant at the 1% level (F = 1.080, *Sig*. = 0.373). In addition, the independent variables included in the model explains .20% (adjusted R^2 =.002) of the variability in the dependent variable the firm performance as measured by return on asset (ROA) while the major percent of variability measured by other variables not listed in the model. The analysis of individual variables as seen from the table no. (4-4) below that:

- There was no significant negative relationship between board size and ROA at level of significant 5%.
- There was no significant negative relationship between board independence and ROA at level of significant 5%.
- There was no significant positive relationship between female in board and ROA at level of significant 5%.
- There was no significant positive relationship between board ownership and ROA at level of significant 5%.
- There was no significant negative relationship between board committees and ROA at level of significant 5%.

Table (4-5)

Model 2: Regression analysis

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-.507	.377		-1.343	.181
Board Size	.010	.015	.049	.664	.507
Board independence	.482	.390	.093	1.236	.218
Female in Board	.315	.662	.035	.476	.635
Board Committees	-.015	.036	-.030	-.411	.681
Board Ownership	-.004	.138	-.002	-.029	.977
Durbin-Watson = 1.840 Adjusted R Square= 1.3 %					
F.(Sig.)=.486 (0.787)					
Dependent Variable: Return on Equity					

Source: Made by researcher based on SPSS results

- **Model Two**

Dependent Variable: Return on Equity (ROE)

As seen from the tables above, the regression model was no significant at the 1% level (F = .486, *Sig*. = 0.787). In addition, the independent variables included in the model explains 1.3% (adjusted R^2 =.013) of the variability in the dependent variable the firm performance as indicated by return on equity (ROE) while the major percent of variability measured by other variables not listed in the model. The analysis of individual variables as seen from the table no. (4-5) below that:

- There was no significant positive relationship between board size and ROE at level of significant 5%.
- There was no significant positive relationship between board independence and ROE at level of significant 5%.
- There was no significant positive relationship between female in board and ROE at level of significant 5%.
- There was no significant negative relationship between board ownership and ROE at level of significant 5%.
- There was no significant negative relationship between board committees and ROE at level of significant 5%.

Table (4-6)

Model 3: Regression analysis

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-16.905	14.904		-1.134	.258
Board Size	1.631	.605	.193	2.694	.008
Board independence	2.418	15.388	.012	.157	.875
Female in Board	-21.861	26.126	-.061	-.837	.404
Board Committees	.555	1.440	.028	.386	.700
Board Ownership	7.197	5.444	.096	1.322	.188
Durbin-Watson = 2.067 Adjusted R Square= 2.6%					
F.(Sig.)= 2.053 (0.073)					
Dependent Variable: Market Value Added					

Source: Made by researcher based on SPSS results

- **Model Three**

Dependent Variable: Market Value Added (MVA)

As seen from the tables above, the regression model was no significant at the 1% level (F = .2.053, *Sig*. = 0.073). In addition, the independent variables included in the model explains 2.6% (adjusted R^2 =.026) of the variability in the dependent variable the firm performance as measured by market value added

(MVA)while the major percent of variability measured by other variables not listed in the model.

The analysis of individual variables as seen from the table no. (4-6) below that:

- There was significant positive relationship between board size and MVA at level of significant 5%.
- There was no significant positive relationship between board independence and MVA at level of significant 5%.
- There was no significant negative relationship between female in board and MVA at level of significant 5%.
- There was no significant positive relationship between board ownership and MVA at level of significant 5%.
- There was no significant positive relationship between board committees and MVA at level of significant 5%.

Table (4-7)

Model 4: Regression analysis

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-1.667	1.491		-1.118	.265
Board Size	.164	.061	.195	2.709	.007
Board independence	.153	1.539	.007	.099	.921
Female in Board	-1.942	2.613	-.054	-.743	.458
Board Committees	.052	.144	.026	.362	.718
Board Ownership	.719	.545	.095	1.320	.189
Durbin-Watson = 2.064 Adjusted R Square= 2.6%					
F.(Sig.)= 2.031 (0.076)					
Dependent Variable: Operating Cash Flow					

Source: Made by researcher based on SPSS results

- **<u>Model Four</u>**

Dependent Variable: Operating Cash Flow (OCF)

As seen from the tables above, the regression model was no significant at the 1% level (F = .2.031, *Sig*. = 0.076). In addition, the independent variables included in the model explains 2.6% (adjusted R^2 =.026) of the variability in the dependent variable the firm performance as measured by operating cash flow (OCF)

While the major percent of variability measured by other variables not listed in the model.

The analysis of individual variables as seen from the table no. (4-7) below that:

- There was significant positive relationship between board size and OCF at level of significant 5%.
- There was no significant positive relationship between board independence and OCF at level of significant 5%.
- There was no significant negative relationship between female in board and OCF at level of significant 5%.
- There was no significant positive relationship between board ownership and OCF at level of significant 5%.
- There was no significant positive relationship between board committees and OCF at level of significant 5%.

4.3 Testing Hypothesis

HI: There is impact of board size on the financial performance of Jordanian Manufacturing Corporation for the period (2015-2019)

Based on the regression analysis for Model one (see Table 4-4), this hypothesis is rejected at 1% level of significance (sig. = .168, T= -1.384). This indicates that there is a no significant negative relationship between board size and firm performance measured by ROA.

Similarly, based on the regression analysis of Model table two (see Table 4-5), this hypothesis is rejected at 1% level of significance (sig. = .507, T=.664). This indicates that there is a no significant positive relationship between board size and firm performance measured by ROE.

Similarly, based on the regression analysis of Model table three (see Table 4-6), this hypothesis is accepted at 1% level of significance (sig. = .008, T= 2.694). This indicates that there is a significant positive relationship between board size and firm performance measured by MVA.

Similarly, based on the regression analysis of Model table four (see Table 4-7), this hypothesis is accepted at 1% level of significance (sig. = .007, T= 2.709). This indicates that there is a significant positive relationship between board size and firm performance measured by OCF.

These results suggest that the board size has impact on firm performance measured by (return on asset, return on equity, market value added and operating cash flow) for manufacturing companies listed in the Amman Stock

Exchange. This against what proved by Mandal and. Al-ahdal, (2018), Omware, *et al.* (2020). Ondigo, (2019) studies and with the findings of Yılmaz, (2018), Kyere and Ausloos, (2020) and studies and Wondem and Batra, (2019) studies.

H2: There is impact of independent board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).

Based on the regression analysis for Model one (see Table 4-4), this hypothesis is rejected at 1% level of significance (sig. = .397, T= -.850). This indicates that there is a no significant negative relationship between board independence and firm performance measured by ROA.

Similarly, based on the regression analysis of Model two (see Table 4-5), this hypothesis is rejected at 1% level of significance (sig. = .218, T= 1.236). This indicates that there is a no significant positive relationship between board independence and firm performance measured by ROE.

Similarly, based on the regression analysis of Model three (see Table 4-6), this hypothesis is rejected at 1% level of significance (sig. = .875, T= .157). This indicates that there is no significant positive relationship between board independence and firm performance measured by MVA.

Similarly, based on the regression analysis of Model four (see Table 4-7), this hypothesis is rejected at 1% level of significance (sig. = .921, T= .099). This indicates that there is no significant positive relationship between board independence and firm performance measured by OCF.

These results suggest that the board independence has no impact on firm performance measured by (return on asset, return on equity, market value added and operating cash flow) for manufacturing companies listed in the Amman Stock Exchange.This against what proved by Ondigo, (2019) Oino and Itan, (2018), studies and with the findings of Khadash and Washali, (2019) Warrad and Khaddam, (2020). Alabdullah, *et al*., (2014) studies.

H3: There is impact of equity ownership of the board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).

Based on the regression analysis for Model one (see Table 4-4), this hypothesis is rejected at 1% level of significance (sig. = .437, T= .779). This indicates that there is a no significant positive relationship between board ownership and firm performance measured by ROA.

Similarly, based on the regression analysis of Model two (see Table 4-5), this hypothesis is rejected at 1% level of significance (sig. =.977, T=-.029). This indicates that there is a no significant negative relationship between board ownership and firm performance measured by ROE.

Similarly, based on the regression analysis of Model three (see Table 4-6), this hypothesis is rejected at 1% level of significance (sig. = .188, T= 1.322). This indicates that there is no significant positive relationship between board ownership and firm performance measured by MVA.

Similarly, based on the regression analysis of Model four (see Table 4-7), this hypothesis is rejected at 1% level of significance (sig. = .189, T= 1.320). This indicates that there is a no significant positive relationship between board ownership and firm performance measured by OCF.

These results suggest that the board ownership has no impact on firm performance measured by (return on asset, return on equity, market value added and operating cash flow) for manufacturing companies listed in the Amman Stock Exchange.This against what proved by Ondigo, (2019) Oino and Itan, (2018), studies and with the findings of and Wondem and Batra, (2019). Abdullah and Altawalbeh, Owiredu and Kwakye, (2020),Bawaneh, (2020), studies.

H4: There is impact of number of female in the board on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).

Based on the regression analysis for Model one (see Table 4-4), this hypothesis is rejected at 1% level of significance (sig. = .656, T= .446). This indicates that there is a no significant positive relationship between female in the board and firm performance measured by ROA.

Similarly, based on the regression analysis of Model table two (see Table 4-5), this hypothesis is rejected at 1% level of significance (sig. = .635, T= .476). This indicates that there is a no significant positive relationship between female in the board and firm performance measured by ROE.

Similarly, based on the regression analysis of Model table three (see Table 4-6), this hypothesis is rejected at 1% level of significance (sig. = .404, T= -.837). This indicates that there is no significant negative relationship between female in the board and firm performance measured by MVA.

Similarly, based on the regression analysis of Model table four (see Table 4-7), this hypothesis is rejected at 1% level of significance (sig. = .458, T= -.743). This indicates that there is no significant negative relationship between female in the board and firm performance measured by OCF.

These results suggest that female in the board has no impact on firm performance measured by (return on asset, return on equity, market value added and operating cash flow) for manufacturing companies listed in the Amman Stock Exchange. This against what proved by Mandal and. Al-ahdal, (2018), Oino and Itan, (2018), studies and with the findings of Wondem and Batra, (2019).Bawaneh, (2020), Khadash andWashali, (2019) Alabdullah, *et al*., (2014) studies.

H5: There is impact of number of board committees of the board members on the financial performance of Jordanian Industrial Corporation for the period (2015-2019).

Based on the regression analysis for Model one (see Table 4-4), this hypothesis is rejected at 1% level of significance (sig. = .208, T= -1.264). This indicates that there is a no significant negative relationship between board committees and firm performance measured by ROA.

Similarly, based on the regression analysis of Model two (see Table 4-5), this hypothesis is rejected at 1% level of significance (sig. =. 681, T= -.411). This indicates that there is a no significant negative relationship between board committees and firm performance measured by ROE.

Similarly, based on the regression analysis of Model table three (see Table 4-6), this hypothesis is rejected at 1% level of significance (sig. = .700, T= .386). This indicates that there is no significant positive relationship between board committees and firm performance measured by MVA.

Similarly, based on the regression analysis of Model table four (see Table 4-7), this hypothesis is rejected at 1% level of significance (sig. = .718, T= .362). This indicates that there is no significant positive relationship between board committees and firm performance measured by OCF.

These results suggest that board committees has no impact on firm performance measured by (return on asset, return on equity, market value added and operating cash flow) for manufacturing companies listed in the

Amman Stock Exchange. This against what proved by Mandal and. Al-ahdal, (2018), Omware, *et al.* (2020). Ondigo, (2019) Oino and Itan, (2018), study and with the findings of Yılmaz, (2018), Makki and Lodhi, (2013) studies and Wondem and Batra, (2019). Abdullah and Altawalbeh, (2020). Bawaneh, (2020) studies.

CHAPTER FIVE:

SUMMARY, CONCLUSION AND POLICIES RECOMMENDATIONS

5.1 Summary

- These results suggest that the board size has impact on firm performance measured by (return on asset, return on equity, market value added and operating cash flow) for manufacturing companies listed in the Amman Stock Exchange, as follow:

1. There is a no significant negative relationship between board size and firm performance measured by ROA.
2. There is a no significant positive relationship between board size and firm performance measured by ROE.
3. There is a significant positive relationship between board size and firm performance measured by MVA.
4. There is a significant positive relationship between board size and firm performance measured by OCF.

- These results suggest that the board independence has non- significant impact on firm performance measured by (return on asset, return on equity, market value added and operating cash flow) for manufacturing companies listed in the Amman Stock Exchange, as follow:

1. There is a no significant negative relationship between board independence and firm performance measured by ROA.
2. There is a no significant positive relationship between board independence and firm performance measured by ROE.
3. There is no significant positive relationship between board independence and firm performance measured by MVA.
4. There is no significant positive relationship between board independence and firm performance measured by OCF.

- These results suggest that the board ownership has non-significant impact on firm performance measured by (return on asset, return on equity, market value added and operating cash flow) for manufacturing companies listed in the Amman Stock Exchange, as follow:

1. There is a no significant positive relationship between board ownership and firm performance measured by ROA.
2. There is a no significant negative relationship between board ownership and firm performance measured by ROE.

3. There is no significant positive relationship between board ownership and firm performance measured by MVA.
4. There is a no significant positive relationship between board ownership and firm performance measured by OCF.

- These results suggest that female in the board has non-significant impact on firm performance measured by (return on asset, return on equity, market value added and operating cash flow) for manufacturing companies listed in the Amman Stock Exchange, as follow:

1. There is a no significant positive relationship between female in the board and firm performance measured by ROA.
2. There is a no significant positive relationship between female in the board and firm performance measured by ROE.
3. There is no significant negative relationship between female in the board and firm performance measured by MVA.
4. There is no significant negative relationship between female in the board and firm performance measured by OCF.

- These results suggest that board committees has non- significant impact on firm performance measured by (return on asset, return on equity, market value added and operating cash flow) for manufacturing companies listed in the Amman Stock Exchange, as follow:

1. There is a no significant negative relationship between board committees and firm performance measured by ROA.
2. There is a no significant negative relationship between board committees and firm performance measured by ROE.
3. There is no significant positive relationship between board committees and firm performance measured by MVA.
4. There is no significant positive relationship between board committees and firm performance measured by OCF.

5.2 Conclusion

The study's results are expected to have real impact in the industrial companies polices. In fact, stakeholders will use the results of research to making decisions related to the dealing with the company. This will benefit them deciding about their investment in the company whether increasing, decreasing and maintaining the same number of shares. In view of industrial, the number of committees does not influence the firm performance significantly. But the firm performance changes positively and negatively with the chance of the committee’s number. In addition, female in board does not affect the performance in all used measures significantly. Also, the board ownership does not affect the performance. Whereas, board size affect the performance in some measures not all of them like OCF and MVA.

5.3 Policies Recommendations

The following available recommendations for this study have been presented on the basis of the research results:

1. The research recommends using numerous factors of corporate governance that have not been taken into consideration in this study and outlined in the previous section.
2. The research suggests that components similar to those in this study be used, and then it would be easier to perform the same study in another field, such as banks and services.
3. To assess the impact of each of these categories on the company's results, the study suggests identifying more categories for government officials.
4. The study recommends that the researcher investigates more characteristics related to board of directors.
5. The study recommends that strong and valid conclusions and justifications should be presented using both quantitative data and qualitative data.

6. The study recommends an escalate in the number of consultations held by the board of directors since board diligence was associated with increased financial performance.

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ETHICS LETTER

TO GRADUATE SCHOOL OF SOCIAL SCİENCES

1- ***REFERENCE:*** MOHAMMAD SAMEER FAWZI ALWAWI
SN*: (*20192694***)***

I would like to inform you that the above candidate is one of our postgraduate students in the Department of Banking and Accounting. He has taken his **THE IMPACT OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE FOR JORDANIAN INDUSTRIAL LISTED CORPORATION.**

. The data used in his study was obtained from Amman Stock Exchange Database. Please do not hesitate to contact me if you have any further queries or questions.

Sincerely yours,

Assist Prof Dr. Ahmed Samour
Department of Banking and Finance,

Faculty of Economics and Administrative Sciences,