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**The Impact of Corporate Governance on Firms'
Performance in Palestine Exchange**

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Thesis Approval

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By

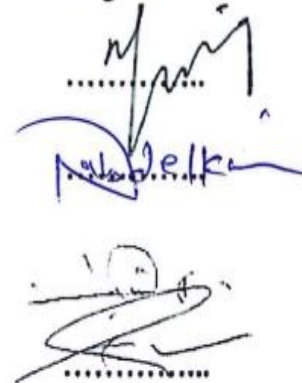
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Declaration

I declare that this thesis had been written by me and the result of my own work, except where stated otherwise. The references and sources I used are quoted in the thesis.

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Dedication

I heart fully dedicate this thesis to my parents who have been giving me their full support and for being extremely patient with me throughout my studying journey. It is only a genuine gratefulness to dedicate this thesis for them as a thank you gift for everything they have offered me.

Acknowledgement

I would like to start my acknowledgement in gratitude to ALLAH for His countless blessings and for granting me the power to finish this thesis successfully, ALHAMDULILLAH.

Secondly, I would like to thank Dr. Mohammed Abu Sharbeh who has been patient with me and for his valuable feedback and guidance. I would also like to thank Dr. Naser Abdelkarim for sharing his knowledge and experience.

My sincere and deep appreciation goes to my family who has been supporting me. A special a thank you to my parents, especially my father for his constant encouragement throughout my years in post-graduate studies. Also for my siblings who have been supporting me in many ways.

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Abstract

The Impact of Corporate Governance on Firms' Performance in Palestine Exchange

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The collapse of several large corporations has attracted the researches to investigate the reasons behind it. A limited number of studies were made to understand the impact of corporate governance and firms' performance in the Middle East, especially, Palestine.

This study aimed to explore the impact of corporate governance on firms' performance of the listed firms in Palestine Exchange. A sample of 30 firms (in the industry, investment and services sectors) listed in Palestine Exchange were analyzed from the years 2017 to 2019. This study applies the agency theory to explore the impact of corporate governance on firms' performance. The agency theory relies on the agency conflicts between shareholders and managers.

The results revealed that board size, board meetings, board ownership, CEO duality and independent directors had no significant impact on firms' performance, whereas, the audit committee was revealed to have an effect on firms' performance. Furthermore, the study has also revealed that corporate governance has no impact on industry, investment and services sectors individually.

This study recommended to make amendments to the Corporate Governance policies taking place in PEX and to raise awareness to investors for more future investments.

Keywords: Corporate Governance, Performance, Palestine Exchange, Corporate Governance Principles, Agency Theory, Board Size, Board Meetings, CEO Duality, Independent Directors, Board Ownership, Audit Committee.

Table of Contents

Subject	Page
Thesis Approval	ii
Declaration	iii
Dedication	iv
Acknowledgment	v
Abstract (English)	vi
Table of Contents	viii
Content of Tables	x
Content of Figures	xi
List of Abbreviations	xi
1. Chapter One (Background of the Study)	1-7
1.1 Introduction	1
1.2 Purpose of the Study	3
1.3 Problem Statement	3
1.4 Research Questions	4
1.5 Research Objectives	5
1.6 Significance of the Study	5
1.7 Hypotheses Development	6
1.8 Structure of Thesis	6
2. Chapter Two (Literature Review)	8-24
2.1 Introduction	8
2.2 Corporate Governance	10
2.3 Corporate Governance in Palestine	11
2.4 IFC in Palestine	12
2.5 Corporate Governance Principles	13
2.6 Firm Performance	16
2.7 Board Size	16
2.8 Board Meetings	17
2.9 CEO Duality	18
2.10 Independent Directors	19

2.11 Board Ownership	20
2.12 Audit Committee	20
2.13 Agency Theory	21
2.14 Review of Literature	21
2.15 The relationship of this study with the previous studies	24
3. Chapter Three (Research Methodology and Design)	25- 29
3.1 Data Collection and Sample Size	25
3.2 Research Model	26
3.3 Research Measurements	27
3.4 Regression Model	27
3.5 Control Variables	28
4. Chapter Four (Data Analysis)	30- 42
4.1 Introduction	30
4.2 Descriptive Statistics and Discussing the Results	30
4.3 Answering research questions	37
4.4 Discussing the Results with Previous Studies	38
5. Chapter Five (Conclusion)	43- 45
5.1 Findings	43
5.2 Recommendations	44
References	46
Appendix	53
Abstract (Arabic)	54

List of Tables

Table	Page
Table (1): Sectors and number of companies in PEX	25
Table (2): Measurements of control and independent variables	27
Table (3): Descriptive statistics for all variables	30
Table (4): Normality Test for all variables	32
Table (5): Multiple regression test for independent variables (board size, board meetings, CEO duality, audit committee, independent directors, board ownership) without control variables	33
Table (6): Multiple regression test for independent variables (board size, board meetings, CEO duality, audit committee, independent directors, board ownership) with control variables (firm size, firm leverage, firm age)	33
Table (7): Multiple regression test for independent variables (board size, board meetings, CEO duality, audit committee, independent directors, board ownership) with control variables (firm size, firm leverage, firm age) for the service sector	34
Table (8): Multiple regression test for independent variables (board size, board meetings, CEO duality, audit committee, independent directors, board ownership) with control variables (firm size, firm leverage, firm age) for the industry sector	35
Table (9): Multiple regression test for independent variables (board size, board meetings, CEO duality, audit committee, independent directors, board ownership) with control variables (firm size, firm leverage, firm age) for the investment sector	36

List of Figures

Figure	Page
Figure (1): Research Model	26

List of Abbreviations

CGNC	Corporate Governance National Committee
IFC	International Finance Corporation
OECD	Organization for Economic Co-operation and Development
PCMA	Palestinian Capital Market Authority
PEX	Palestine Exchange
ROA	Return On Assets

Chapter One

Background of the Study

1.1 Introduction

Since 2001, when the Enron's scandal has emerged the awareness of the concept of corporate governance has been rising as well. Since then, corporate governance concept has been very common to be conducted and to be taken into consideration in many countries due to scandals prevention. Therefore, every year, in many countries worldwide, international conferences and meetings are held to demonstrate the importance and the critical role of corporate governance and how it improves and develops stocks exchange and companies by exercising the given practices and procedures. By applying these practices and procedures, companies are expected to have better profitability, performance, leadership and transparency. In addition, risks and frauds are decreased when companies are compliant with corporate governance.

According to Organization for Economic Co-operation and Development (OECD) (2004), corporate governance differs from one company to another in a unique way. Thus, the concept of corporate governance has been researched and investigated after the financial crisis in 2008 (OECD, 2004). In fact, it is defined as the procedures and processes according to which an organization is directed and controlled (OECD, 2004). It is also specifying the division of responsibilities and rights between the organization parties, the top management and shareholders (OECD, 2004). Furthermore, it highlights the rules, policies and procedures for decision-making (OECD, 2004).

Moreover, it is very important to spot the light over corporate governance importance. According to Klazema (2014), the importance of corporate governance emerges in governing and controlling the policies, trades and employees at all levels since it increases the accountability, transparency and credibility of the firm by organizing the process, and simplifies decision making for board of directors.

Since stable corporate governance principles are considered as the core base that build the trust for investors, as these principles are crucial and vital for any corporation's reputation to perform its best in efficiency, growth and financial stability. For example, a sound performance of Palestine Exchange (PEX) and the listed companies managed by Palestine Capital Market Authority (PCMA) attracts the locals and foreigners to invest in PEX which normally can be attained when companies are aligned with corporate governance rules and principles.

In 2004, PCMA has been established in order to manage, control, coordinate and communicate the Palestinian Exchange activities and practices (PCMA, 2008). Since 2008, the PCMA has been monitoring the PEX and has made a remarkable impact in recruiting more investors because they consider it a trustworthy layout for Palestine Exchange (PCMA, 2008).

Therefore, PCMA has defined corporate governance by the rules and procedures according to which a corporation's management is usually controlled and monitored by administering how the Board of Directors, top management, shareholders, stakeholders, as well as, social and environmental responsibility of the company should conduct their relationships together (PCMA, 2008).

A study made by Chiang (2005) explained how corporate governance and performance are affiliated. Thus, the results have shown a clear positive relationship between the two variables, corporate governance and performance, and it was the most vital factor to measure and monitor the company's performance. Chiang (2005) also concluded his study with the statement of good compliance with good corporate governance will definitely enhance the operating performance.

A limited number of studies has researched the impact of corporate governance on the listed Palestinian companies in the past few years. More attention should be drawn to firm performance due to its effect on profitability. Therefore, this study seeks to examine the impact of corporate governance on listed firms performance in Palestine Exchange.

1.2 Purpose of the study

This quantitative study aims to examine the impact of corporate governance on the listed firms' performance in Palestine Exchange (PEX) for the years 2017-2019. Due to political, economic problems and instability, the listed firms' performance is affected but these reasons will be omitted and will focus more on the internal structure of the companies.

1.3 Problem Statement

Jensen and Meckling (1976) had used the agency theory to understand the agents and shareholders' relationship. The conflict of interests between the shareholders and the agents have led to the agency problem. This problem was basically generated

and created by the managers' decisions of earning retentions and maximizing the firms' values. Moreover, good corporate governance helps to increase the management's maximizing of shareholders' value in both ethical and legal methods. Transparency and equality are assured for stakeholders to obtain timely and accurate data (Murthy, 2006).

The Enron failure in 2001 and other firms failures had many reasons, mainly affiliated with the conflict of interests, no to little internal control, fraud and weak auditing. Keeping a name in the competitive market means to keep corporate governance enforced (ISDA, 2002). Questions were circulating towards the financial crisis in 2008 and the causes of why large corporations had failed to remain in the market.

Investors are looking at corporate governance as a first determinant for investment rather than the financial statements of companies. Financial statements are the clue for good and convenient corporate governance as it is reflected in firms performance and profitability. Brown and Caylor (2004) found that companies which imply good corporate governance got better profitability and more dividends were distributed to the shareholders. Therefore, this research is to answer the following research questions.

1.4 Research Questions

This study will be able to answer these following questions:

1.4.1 Does corporate governance have an impact on the firms' performance in PEX?

1.4.2 How strong is the impact of corporate governance on the firms' performance in PEX?

1.4.3 What is the factor affecting firms' performance the most?

1.4.4 Which sector (service, industry, investment) in PEX is affected by corporate governance?

1.5 Research Objectives

The overall objective of this research is to determine the impact of corporate governance on firms' performance of the listed companies in Palestine Exchange (PEX).

Sub. Objectives:

1.5.1 To determine if corporate governance is implemented on the listed companies in PEX.

1.5.2 To check the degree of performance affiliated with corporate governance.

1.5.3 To determine which factor greatly affects firms' performance in PEX.

1.5.4 To examine how the policies and principles of corporate governance enhance the firms' performance in PEX.

1.6 Significance of the study

The importance of this research lies in being one of the few researches in Palestine that examine the impact of corporate governance on the performance of PEX

listed firms. The first study was made by Abdalkarim and Alawneh (2009) where they examined the performance from years 2003 to 2006. The second study was done by Hassan, Naser and Hijazi (2016) as they examined the listed companies performance between 2010 and 2012. This study will examine the years 2017 to 2019. As the study contains newer data, it will also provide more evidence to fully understand the impact and relationship of corporate governance and listed firms performance in PEX.

1.7 Hypotheses development

This study explores two hypotheses as follows:

1.7.1 Corporate governance has no impact on the firms' performance in PEX.

1.7.2 Corporate Governance has no impact on firms' performance on the following sectors:

1.7.2.1 Service sector

1.7.2.2 Industry sector

1.7.2.3 Investment sector

1.8 Structure of Thesis

This thesis is organized in five chapters and each chapter covers some parts and fields of the research. The structure of the thesis is as follows:

Chapter one contains an introduction to corporate governance, purpose of this research, problem statement, significance of the research, research objectives and research questions.

Chapter two includes literature reviews about corporate governance and its effect on the listed companies performance. Different researches and findings are included to the topic.

Chapter three includes methodology of the research, research design with the selected sample of the listed companies in PEX.

Chapter four contains the analysis and the findings of the research.

Chapter five includes findings and conclusions.

Appendix which includes references.

Chapter Two

Literature Review

2.1 Introduction

Regarding to this new century, business environment has undertaken many changes which led to create more complexity and uncertainty. According to such changing, business environment had faced extreme competition to survive. Therefore, those corporations needed to find a way to stay in the market in an efficient and adaptive way (Bhasin, 2013). In a result, managements have learned to understand the business environment and how to overcome the challenges they have faced (Bhasin, 2013).

A study by Al-Shammari (2010) noted that continuous performance is considered as the objective of any firm due to the fact that it is the only way to allow companies to experience development and progress is through performance. Nowadays, the efficient results for corporations have been made by monitoring operational performance for the companies.

Clearly, for many reasons, it is noted that a lot of firms started to operate better to indicate an improvement in their business performance. As each company dreams to achieve its best, the company that has more perseverance, innovation and substantial performance is more likely to perform better and stay in the competitive market (Gyakari, 2009). According to Gyakari (2009), who has mentioned that the main objective for the managements is to evaluate their performance. Therefore, it is

concluded that sustainability in the competitive market can be understood from evaluating the firms' performance (Gyakari, 2009).

Lately, more efforts are being made in order to decide which measurements are apt to increase the business performance positively, and if which corporate governance truly affect the business performance (Al-Najjar, 2010).

More recently, for the developing countries, understanding the relationship of corporate governance and its impact on firms' performance has become the most controversial and most researched concept (Agyemang, 2013). As for recent years, Agyemang (2013) explained that in many countries, corporations that were not conducted with the corporate governance have fallen apart. Therefore, it is noted that with fraudulent acts and not being aligned with strong corporate governance structure, corporations can collapse easily and changes need to be taken place.

Clearly, as Berkman et al. (2009) pointed out, governance has a critical anticipation for discovering fraudulent behavior. In other words, it can be understood that fraud would arise when there is weak governance over corporations (Berkman et al., 2009). According to Abor (2007), a lot of questions have arisen to see why corporate governance principles are being unsuccessful in eliminating those schemes and if those principles should be changed.

According to Core et al. (1999), it is understood that more agency conflicts arise when weak governance is present within business firms. Moreover, those business firms have obtained their own interests due to weak governance. In the same context, Letza et al. (2004) proposed the agency theory explains how managers are usually more careful

with their own funds and how reckless they are with people's funds. Furthermore, Abdullah (2009) had assured that the agency theory promises that a greater business performance comes with conducting a strong corporate governance, therefore, companies need to follow corporate governance principles.

Therefore, it is noted that the past three decades, emerging countries had little interest in researching how corporate governance can impact the firms' performance, whereas, in developing countries, this topic is being constantly studied (Acharya, 2011).

2.2 Corporate Governance

A lot of corporate governance definitions have been stated over the years. According to Maher (1999), corporate governance is viewed as a collection of measurements that are put in the company for the management to conduct business operations and have equal rights and fair treatment among them. Another definition for Shleifer and Vishny (1997), an efficient corporate governance tries to remove the agency arguments between the shareholders and the management, thus, resulting into having positive operating business projects and staying into the competitive markets.

While Dahya (2003) defined corporate governance as a set of framework that the management would strategically implement the rules and regulations so that more stakeholders would be part of the controlling mechanism. Likewise, Ding (2009) pointed out that corporate governance pursues the protection of investors, as they attract even more investors, therefore, the business will be able to grow and have a probability to compete globally with greater performance achieved. Therefore, it is understood that

with accounting standards, well-conducted business governance may be achieved legally (Dahya, 2003).

As for Cadbury (1992), Corporate Governance is a system where corporations are controlled and conducted by a set of rules and procedures. Cadbury (1992) explained that the corporate governance structure also defines the board of directors duties and responsibilities, along with the management and shareholders, and their rights in the business environment.

Bunkanwanicha (2010) has stated that Corporate Governance is a modern topic, and to some extent conceived, as yet ill-defined, and consequently blurred at the edges, it can be seen as subjective, objective or as a regime to be followed for the good of shareholders, employees, customers, and bankers and indeed for the reputation and standing of our nation and economy.

Finally, it is to be concluded from those different definitions is that corporate governance is an interface between board of directors, managements, shareholders and stakeholders where they can interchangeably share their thoughts and investments to enhance corporate performance.

2.3 Corporate Governance in Palestine

PCMA was founded in 2004 to adhere a sound environment to attract investors into the Palestinian Market. Thus, PCMA has been established in order to manage, control and coordinate PEX activities and practices. Therefore, PCMA has defined corporate governance by the rules and procedures according to which a corporation's management is usually controlled and monitored by administering how the Board of

Directors, top management, shareholders, stakeholders, as well as, social and environmental responsibility of the company should conduct their relationships together (PCMA, 2008).

The codes of corporate governance in Palestine were set in 2009 by the Corporate Governance National Committee (CGNC) where the ground rules and procedures were highlighted in which of how companies and their managements should act upon their duties and responsibilities where they will be held accountable, where the OECD principles are used as benchmark (CGNC, 2009). PCMA had formed the CGNC, where it was given the responsibility to establish the guidelines and rules for Corporate Governance in Palestine. In addition, an e-government website was launched by PCMA in order to communicate with stakeholders to enhance the corporate governance in Palestine (Darwish and Ghanem, 2017).

2.4 IFC in Palestine

In 2014, the International Finance Corporation (IFC) – a member of World Bank Group - has partnered with PCMA in order to raise awareness of the importance of corporate governance in Palestine. In addition, IFC and PCMA have had several conferences to make amendments to the codes and principles of corporate governance. Those amendments were necessary for the codes and procedures to be implemented. Enormous efforts were made in the implementation process, where a corporate governance scorecard was made to follow up the compliance of the listed companies in PEX. Therefore, the results were satisfying for PEX as it was promoted to a frontier market, which is a good indicator despite having political instability (IFC, 2018). In addition

2.5 Corporate governance principles

This section is to briefly discuss Corporate Governance principles implemented by OECD (2015) that have been reviewed many times since 2004, and yet to be reviewed to this day to ensure fair business practices, and a fair business environment.

I. Ensuring the basis for an effective corporate governance framework

This first principle summarizes that business domain should have an impact on the market performance and to attract more investors. It also ensures that legal actions are to be enforced, Policymakers to be held accountable and take responsibilities if any of the laws or regulations have been breached to ensure a fair competition and a fair business performance. In addition, Stock markets are bound to be supervised by officials to make sure they are following Corporate Governance principles. Moreover, this principle recommends the executives to hold meetings to exchange their ideas and perspectives (OECD, 2015).

II. The rights and equitable treatment of shareholders and key ownership functions

The second principle explains how shareholders and management should be treated and how they should act upon their actions. The rights of the shareholders are to be protected. These rights include their power to include in voting for board members elections. In addition, shareholders have the right to obtain disclosed data such as annual reports to make decisions for their future investments, which has significant impact on the business. They have the right to ask any questions to the board of directors to ensure their own interests are taken into consideration. Moreover, they are

to be treated equally and fairly and protected from the management's abuse of power. However, the management is also protected from shareholders in case they have abused their power against them (OECD, 2015).

III. Institutional investors, stock markets, and other intermediaries

The third principle fairly discusses how Corporate Governance should motivate investments into the Stock Markets. Companies are bound to disclose their investments and how they are aligned with Corporate Governance. Moreover, businesses are bound to indulge a sound business analysis for the investors to be able to make decisions. This principle also speaks of how it is not allowed for insider trading to take place to ensure a fair business environment. In addition, Stock markets are to make fair pricing to their stocks for the corporate governance to be exercised in the correct direction (OECD, 2015).

IV. The role of stakeholders in corporate governance

The fourth principle mentions how stakeholders' rights are made by the law, and therefore, are protected by the law. This means that stakeholders can take legal actions against those who try to abuse their power. However, those stakeholders can also be held accountable for their actions. In addition, as stakeholders can obtain data on a timely basis, they are included in the corporate governance process. Any illegal actions made by the board of directors can be discussed between stakeholders in order to see which legal action can be enforced against those who breach the law (OECD, 2015).

V. Disclosure and transparency

The fifth principle explained the process of how any corporation should be disclosing their reports and information in an accurate, and transparent method. The data in those reports should include the board of directors full information, and how they were selected into being board members. In addition, reports should include their annual or semi-annual financial reports. Moreover, companies are bound to list their objectives, goals, corporate strategies and policies in those reports as well. The ownership of shares and voting rights have to be included. In order to have a full sight of the corporation, risk factors and risk management need to be included. In order to make sure all the listed information is correct, an independent auditor is assigned to inspect those information and their financial reports.

VI. The responsibilities of the board

The last corporate governance principle is related to the board of directors. The board members are required to behave on behalf of the company and shareholders. Therefore, they are obliged to eliminate conflicts and match the interests of the shareholders and corporation. In result, the board should be able to change their top management when issues appear. In addition, the members need to treat shareholders fairly and act in a well-mannered behavior. Moreover, board members have the duties of reviewing the company's strategic plans, their implementations, the company's objectives, goals, budgets and much more. The members are also held accountable for their actions as they need to behave accordingly.

2.6 Firm Performance

The survival of corporations in a very competitive environment is not an easy task to do. Therefore, corporations in developing countries have showed a good operational performance due to their good conduct with corporate governance (Bai, 2004).

It is noted that firms' performance is ought to be considered as a relevant concept in strategic management research (Mohamed, 2010). However, due to the absence of the operational definition of firm performance, there are several meanings can come up to one person's mind, from which we can conclude there are different ways to explain performance (Mohamed, 2010).

In other words, it is noted that a firm's operative performance could be measured by Return on Assets (ROA), which shows how much can a company gain profits from their assets (Epps and Cereola 2008).

In a study conducted by Kaufmann (2006), he found that there are different aspects from which fair corporate governance could be measured, such as; the stability in a country, accountability, government interactions, laws and corruption.

2.7 Board Size

Many scholars carried out different studies to find out that whether the board size positively or negatively affects business performance.

A study by Goodstein et al. (1998) have found that board size positively affects firms performance. Moreover, a different study made by Makailu, and Garba (2005) had showed that board size has made a positive impact on profitability. In addition, another study by Saravanan (2012), concluded that the board size has positively affected the operating performance (ROA). A newer study by Onyina & Gyanor (2019), who were exploring the relationship between corporate governance and firm performance in the Ghana Stock Exchange, found that firms perform better when their board size has a larger number of members due to diversity in exchanging knowledge and experience.

In contrast, Yermack (1996) had proposed that board size had made a negative impact on the business performance. In the same context, a study by Eisenberg et al. (1998) had also concluded board size negatively affects firms performance.

2.8 Board meetings

According to Vafeas (1999), board of directors' activities are taken into consideration to be an intensity measurement of activities and value evaluator of the board of directors. Studies made by Lipton and Lorsch (1992) and Jensen (1993) have stated that when board members are to hold meetings, they should be held for a useful exchange of new concepts and thoughts between the directors. Board meetings may not be considered useful because they are only for a limited amount of time. In addition, Jensen (1993) suggested the board of directors should be active and present in case of conflicts or issues occurring in the firm, while on other days, they are to remain inactive.

On the other hand, according to Carcello et al., (2002), the number of board of directors meetings is intertwined with the audit's quality made by the management. It is found that regarding firm performance, board meetings were beneficial and were given more value and importance. A recent study conducted in Jordan by Altawalbeh (2020) found a positive impact for board meetings on the listed firms' performance in Amman Stock Exchange.

2.9 CEO Duality

CEO duality points out to the structure of leadership of the board regarding if the seat of a board member and CEO can be handled by the same person. According to Jensen (1993), the agency theory reinforces the CEO and board of not being the same person. The CEO is responsible for managing and implementing firm strategies (Fama and Jensen, 1983). Therefore, the board has to reward the CEO and lead the management tasks. Agency problems are expected to increase when the CEO cannot be controlled by the board when duality is present (Jensen, 1993).

A study made by Goyal and Park (2002), had found that CEO duality had less significant change to firms performance. Furthermore, a study made by Brickley, Coles, and Jarrell (1997) had proposed that corporate business performance was not affected by CEO duality. In addition, when the position of CEO is held by a board member, the monitoring costs are cut. The costs are cut by eliminating the need of holding meetings for the board and CEO to share information, also, there is no necessity to monitor the CEO. Recently, a study by Kyere et al. (2020) had found there was no evidence that CEO duality had any impact on firms performance.

2.10 Independent Directors

Gordini (2012) has found in an Italian study, that the independent directors had made a slight positive effect on business performance. In addition, Bebchuk and Weisbach (2010) have concluded that operational performance had increased drastically when there is a decent amount independent directors coming from reliable corporations.

Another study by Khan and Awan (2012) proposed that independent directors have made a positive impact on performance and profitability, where the management is to be controlled by the independent directors. In contrast, the studies made by Yermack (1996) and Bozec (2005), had concluded that the independent directors had shown negative impact on firms' performance. Although, different studies made by Baysinger and Hoskinsson (1990) and Kumar and Singh (2012) had shown that independent directors had no impact on the corporate performance.

A study by Hamelin and Weisbach (1988) had proposed that poor business performance could be eliminated when more independent directors are assigned to monitor the management. A recent study in the UK by Kyere et al. (2020) had found that corporate governance had a positive significant influence on independent directors.

A group of researchers have reported that fraudulent acts were decreased substantially when a larger number of independent directors were on their tasks (Beasley, 1996; Uzun, Szewczyk & Varna, 2004; Chen, et al., 2006). Furthermore, Beasley (1996) had made a study for comparing companies with fraudulent acts against the companies with no fraudulent acts, resulting into there was a substantial amount of

independent directors assigned to monitor the management and board in the companies with no fraud.

2.11 Board Ownership

The board of directors members may have a better chance to monitor and control the agency issues occurring when they are more driven and coordinated in management (Shleifer and Vishny, 1986). It has been also expressed that when ownership structure is more dense, bigger and more controlling, the shareholders are to contribute in decreasing the agency problems that are addressed and the benefits to be shared. A higher concentration of board ownership does not usually mean to damage or show a negative impact on firm performance. Usually, managers are well-controlled when shareholders have a greater amount of shares, which reflects a positive result on the business performance (Holderness, 2003). Recently, a study in Europe by Mantovani, and Moscato (2020) have found evidence where board ownership had a strong significant relationship with firms' performance.

2.12 Audit Committee

Al-Mamun (2014) claimed that reducing agency conflicts is usually conducted by scheduling meetings on a regular basis for the audit committee, in order to be able to distribute accurate and immediate information to the shareholders. Fraud in firms can be prevented from happening when the audit committee is independent (Yunos et al., 2014).

A number of researches reviewed the audit committee meetings and firms' performance relationship. Abdul and Haneem (2006) and Saleh et al. (2007) have claimed that when less audit committee meetings are held, the financial performance had been enhanced. The reason is because less meetings mean less costs for every meeting conducted.

2.13 Agency Theory

A study by Aguilera (2008) concluded that the misalignment of interests between shareholders and management causes conflict. Williamson (1975) had claimed that shareholders' interests are not taken into consideration when managers make decisions, as they are not trusted when there is no control over them. Jensen and Meckling (1976) have assured that agency theory has been made in order to eliminate the conflict between managers and shareholders regarding their own interests. In addition, Panda and Leepsa (2017) concluded that separation of ownership results in agency issues.

2.14 Review of literature

This section is summarizing some empirical literature on corporate governance and firms' performance.

According to Klein (2002), corporate governance has become the core of many researches due to the obvious collapses and abuses of power in the management. Furthermore, researches and papers clarified the invalid application of corporate governance principles is considered one of the key factors that could be leading to crisis

(Klein, 2002). Moreover, Klein (2002) claimed a stronger operating performance is led by implication of corporate governance.

Furthermore, another conducted study by Abu-Bakr (2013) had concluded firms performance in Bahrain Stock Exchange was positively affected by corporate governance. As for Brown and Caylor (2004), their study concluded that the companies who implied good corporate governance got better profitability, and more dividends were distributed to the shareholders.

Another study was carried out by Al-Muhtaseb (2010) showed there is a complex relationship between leverage and corporate governance. It is also noted that a negative effect was found from investors on the leverage, whereas a positive relationship was found between insiders and leverage.

The OECD (2009) had concluded from the financial crisis in 2008 that risky actions made by corporations and the lack of planning were the reasons why corporations have failed.

A survey made by KPMG (2008) showed that directors believe the business performance is greatly affected by corporate governance. Another study carried out by Hair (2009) presented how corporate governance played a major role in conducting a strong performance for corporations.

Eisenberg, Gill and Mathur (2011) have found that firms profitability was negatively affected by board of directors' size. While, Renneboog (2000) had explained that poor organizational performance was greatly affected by CEO turnover.

Furthermore, Varis et al. (2001) had carried a survey where resulted into corporations that implemented corporate governance principles had better organizational performance. In addition, Gompers et al. (2003) had come to a conclusion where companies with a greater implementation of corporate governance principles have noticed a significant growth in their profitability and value. Furthermore, Kyere et al. (2020) had examined corporate governance practices had a significant influence over the firms' financial performance in the UK.

Another study by Chung et al (2003) had studied the effect of corporate governance on firms' market value. Consequently, it was noted that board of directors and board ownership played a major role in maximizing the firms' market value. In contrast, a study in Turkey by Gurbuz and Ergincan (2004) claimed that market value did not have a noticeable change when assigned with corporate structure.

Furthermore, a different study by Kiyilar (2007) had noticed a significant increase in profitability when companies implemented the principles of corporate governance. In addition, according to Mallin (2007), it is noted that greater stock performances have been noticeable due to the involvement of the principles of corporate governance, whereas firms not conducting the principles did not have a similar result.

According to Aksu and Kosedag (2005), their study in Turkey have proposed that corporations with low transparency and disclosure have had poor business performance. On the other hand, corporations that publicly disclosed and provided transparency had greater profitability and operating performance. While Dittmar and Mahrt-Smith (2007) had examined the corporate governance impact on corporate cashflow. It was noted that firms with poor cashflow did not employ the governance

practices, whereas companies following corporate governance practices had a well-managed level of cash-flow.

Another study conducted in Turkey by Ertuna and Tukel (2008), where it was found that companies with timely public disclosure were putting corporate governance into practice and had better firm performance. In addition, those companies showed more investments for both foreigners and locals.

2.15 The relationship of this study with the previous studies

This study is very similar to the many different studies stated in this chapter, in terms of clarifying corporate governance and its impact on performance in the financial markets. Furthermore, it is adding new data to the Palestinian market. This study has benefited from the previous studies in phrasing the problem statement and significance of the study.

Chapter Three

Research Methodology and Design

3.1 Data Collection and Sample Size

This study aims to investigate the impact of corporate governance on the listed firms' performance in PEX. Specifically, to understand the impact of the board of directors size, board meetings, board ownership, CEO duality, independent directors and audit committee on the firms performance in PEX.

The data being used in this study is secondary data retrieved from annual reports from PEX. Palestine Exchange has 47 listed companies distributed into 5 sectors: insurance, banking financial services, industry, investment and services.

Table (1): Sectors and number of companies in PEX

Sector	Number of companies
Insurance	8
Banking financial services	7
Industry	13
Investment	10
Services	9
Total	47

Source: (PEX, 2020)

According to Abdelkarim & Amir (2011), the banking services and insurance sectors rely on a higher leverage which causes distress in the study, therefore, are not to

be included in this study. Furthermore, this study sample is only limited to 30 companies in the industry, investment and services sectors and were analyzed as of the years 2017 to 2019. However, two companies did not have the audited annual reports, therefore, excluded from this study.

3.2 Research Model

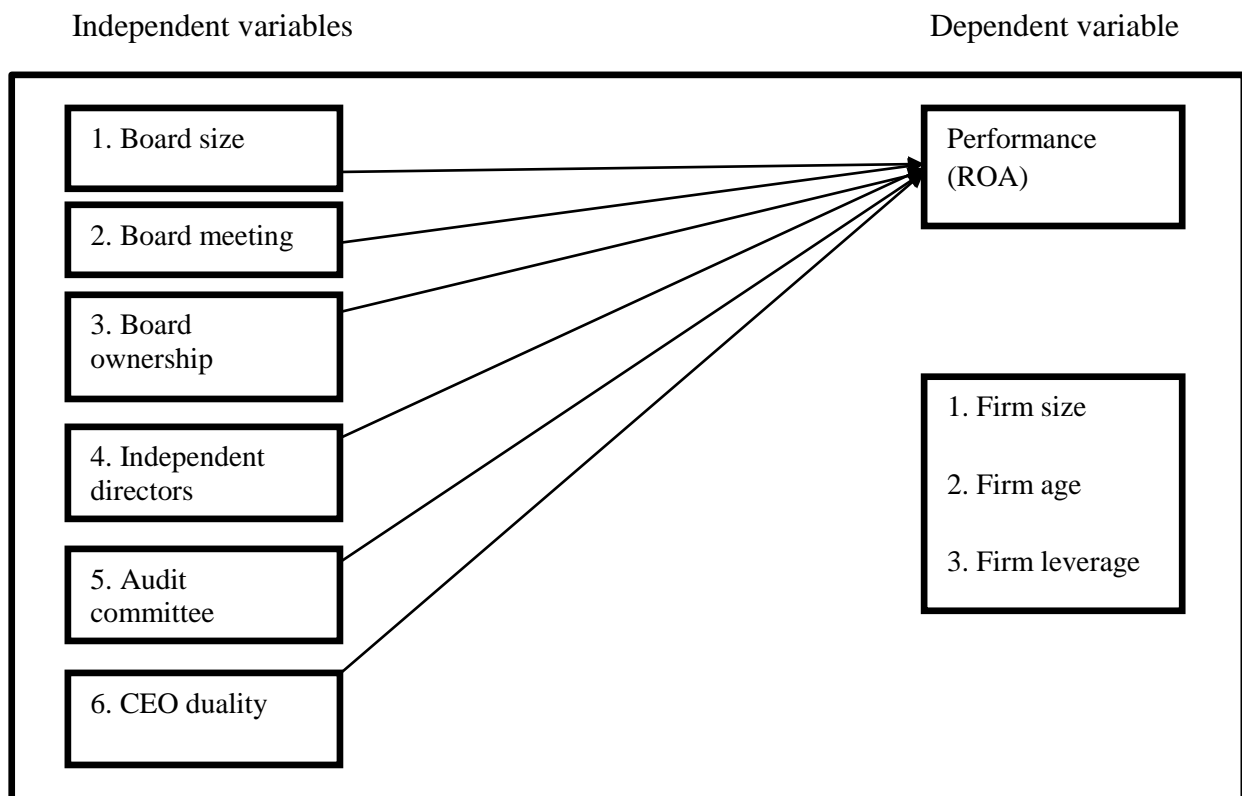


Figure (1): Research Model

3.3 Research measurements:

Table (2): Measurements of control and independent variables

Variable	Type	Measurement	Previous studies
ROA	Dependent	Net profit / total assets	
Board size	Independent	0 if board size equal or greater than 9, 1 otherwise	Jensen, 1993 Hermalin and Weisbach, 1998
Board ownership	Independent	0 if shares owned by board equal or greater than 5%, 1 otherwise	Shleifer and Vishny, 1986
Board meetings	Independent	0 if number of meetings equal or greater than 6, 1 otherwise	Lipton and Lorsch, 1992
Independent directors	Independent	0 if independent directors exist, 1 otherwise	Fama and Jensen, 1983
Audit committee	Independent	0 if audited by Big 4, 1 otherwise	
CEO duality	Independent	0 if duality exists, 1 otherwise	Jensen, 1993
Firm size	Control	Natural logarithm of book value for total assets	
Firm age	Control	Natural logarithm of year of firm establishment	
Firm leverage	Control	Ratio of total debt divided by equity	

3.4 Regression model

To test the hypothesis of if corporate governance impacts firms' performance, the following regression model was used:

$$\text{Performance} = \alpha + \beta_1 \mathbf{B}_{\text{Size}} + \beta_2 \mathbf{Dual} + \beta_3 \mathbf{B}_{\text{Own}} + \beta_4 \mathbf{Aud}_{\text{Com}} + \beta_5 \mathbf{Ind}_{\text{Dir}} + \beta_6 \mathbf{B}_{\text{Meet}} + \beta_7 \mathbf{B}_{\text{Comp}} + \mathbf{Firm Size} + \mathbf{Firm Age} + \mathbf{Firm Leverage}$$

Where:

Dependent variable

Performance : ROA: Return on assets measured by net profit / total assets

Independent variables

B_Size: Board Size measured as the total number of the board

Dual: CEO Duality

B_Own: Board Ownership which is the percentage of shares held by shareholders.

Aud_Com: Audit Committee to be audited by Big 4

Ind_Dir: Number of independent nonexecutive directors/total number of board members

B_Meet: Number of Board Meetings held by the board of directors

B_Comp: Board Compensation which includes reimbursement for expenses, stock options and stock grants

Control Variables

Firm Size: Natural logarithm of book value for total assets

Firm Age: Natural logarithm of year of firm establishment

Firm Leverage: Ratio of total debt divided by equity

3.5 Control variables

In addition to the independent variables, control variables are introduced to this study to examine the variation of firms performance. However, different studies have

used different control variables as there is no specific formula applied. This study is uses firm size, firm age and firm leverage as control variables.

3.5.1 Firm size

Different studies have used different definitions for firm size and its relationship with firm performance. Moreover, a recent study by Hashmi et al. (2020) have argued that larger firms perceived better financial performance, therefore, determined the number of employees as a measurement for firm size. On the other hand, a different study by AlMatary et al. (2012) has defined firm size as the natural logarithm of total assets, which is what being used in this study.

3.5.2 Firm age

Firm age refers to the number of years since the firm has been established, as this study has implied. A very recent study by Phan (2021) has performance was significantly affected by a firm's age, where a negative effect was found.

3.5.3 Firm leverage

This study acknowledges firm leverage as the total debts to total assets, which is consistent with Mahmood et al. (2019). Furthermore, Oyelade (2019) argued that leverage had shown a negative effect on firms performance in the Nigerian market. In the same context, a new study in Greece by Kalantonis et al. (2021) has claimed an inverse relationship between leverage and performance.

Chapter Four

Data Analysis

4.1 Introduction

This chapter explores the results and explanation of results. The results show an answer to the hypotheses and research questions made to understand the impact of corporate governance on firms' performance of the Palestinian listed companies in PEX.

4.2 Descriptive Statistics and Discussing the Results

Table (3): Descriptive statistics for all variables

Variable	N	Mean	Std. Deviation	Minimum	Maximum
Board size	30	.6000	.49827	.00	1.00
Board Meeting	30	.3667	.49013	.00	1.00
Board Ownership	30	.3667	.49013	.00	1.00
Independent directors	30	.7333	.44978	.00	1.00
Audit Committee	30	.5333	.50742	.00	1.00
CEO Duality	30	.3333	.47946	.00	1.00
Total Assets	30	76985960.7000	174691471.09968	842176.00	934906000.00
Firm Age	30	29.4000	16.37197	9.00	73.00
Debt Ratio	30	.35202784	.228160653	.017609	.951223
Performance	30	.02878691	.078069450	-.165220	.200515

Results of Table (3):

Table (3) shows a statistics summary for all of the variables used in this research. A number of results were observed for the control and dependent variables.

The average ROA for this whole tested sample is 2.089%, and that indicates for every dollar invested in assets creates 0.02089 dollars for earnings. The disparity in ROA for companies is ranged from the profitability of 20.05% (maximum value) to a loss of over 16.52% (minimum value).

A quick review of the measures shows that the first measure Board size has a mean ratio of 60%. Examining the second and the third measure Board Meetings, and Board Ownership, the reported mean value is of 36.67%. The mean value of the CEO Duality (33.33%), which the lowest mean value and the mean value of the Audit Committee is 53.33% while the mean value of independent directors is 73.33% which is the highest mean value.

The standard deviation (S.D), that evaluates the variation level of variables from their value of mean, shows the Audit Committee as the most volatile "unstable" independent variable with S.D of (0.50742), followed by Independent Directors with (0.44978). The least volatile "most stable" independent variable is CEO Duality with a S.D of (0.47946); while the standard deviation for dependent variable (ROA) reached (0.078069450) which is the lowest (S.D) among all variables which means the dependent variable (ROA) are more stable than the other variables.

Correlation:

Correlation is a statistical measurement which tests the if there is any relation between two variables. The value of the correlation coefficient stands between varies between +1 and -1. Pearson r correlation is a statistical test used to determine the strength of the relationship between linear variables

The Normality Test checks if the data is normally distributed. Table (4) represents results of two normality tests; the Kolmogorov- Smirnov test and the Shapiro-Wilk test. The Kolmogorov-Smirnov test is usually designated for larger data, such as larger than 50. Whereas, Shapiro-Wilk is designated for smaller ones. Data is considered to be normally distributed when the "Sig" column of either tests is greater than 0.05. On the other hand, the data is considered to be not normally distributed when the "Sig" column of either tests is lower than 0.05.

Table (4) represents the results from the Shapiro-Wilk Normality Test and Kolmogorov-Smirnov Normality Test.

Table (4): Normality Test for all variables

Variable	Kolmogorov- Simirnov			Shapiro-Wilk		
	Statistic	Df	Sig	Statistic	df	Sig
Board size	.389	30	.000	.624	30	.000
Board Meeting	.406	30	.000	.612	30	.000
Board Ownership	.406	30	.000	.612	30	.000
Indp directors	.457	30	.000	.554	30	.000
Audit Committee	.354	30	.000	.637	30	.000
CEO Duality	.423	30	.000	.597	30	.000
Total Assets	.331	30	.000	.430	30	.000
Firm Age	.258	30	.000	.820	30	.000
Debt Ratio	.126	30	.200*	.921	30	.028
Performance	.134	30	.177	.975	30	.678

Results of Table (4):

Table (4) shows that the Sig. value of the Shapiro-Wilk Test is less than 0.05, therefore, we can conclude that the data is not normally distributed, except for the dependent variable (ROA) which holds sig value of 0.678.

Table (5): Multiple regression test for independent variables (board size, board meetings, CEO duality, audit committee, independent directors, board ownership) without control variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	ROA	.036	.038		.931	.362
	meetings	-.032	.032	-.202	-1.015	.321
	Size	-.024	.032	-.151	-.740	.467
	Audit	-.007	.009	-.158	-.743	.465
	Duality	.004	.033	.025	.124	.903
	Indp	.044	.038	.253	1.159	.258
	Owner	-.021	.032	-.135	-.667	.512

Results of Table (5):

Results in table (5) give an indication that there is no statistical significant relationship between independent variables (board size, board meetings, CEO duality, audit committee, independent directors, board ownership) and performance (ROA) where P-value for each independent variable (0.467, 0.321, 0.903, 0.465, 0.258, 0.512) is greater than $\alpha = 0.05$ respectively.

Table (6): Multiple regression test for independent variables (board size, board meetings, CEO duality, audit committee, independent directors, board ownership) with control variables (firm size, firm leverage, firm age)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.032	.053		-.614	.546
	Meetings	-.031	.030	-.192	-1.030	.315
	Size	-.017	.030	-.104	-.561	.581
	Audit	-.048	.030	-.311	-1.609	.035
	Duality	.001	.034	.006	.030	.877

Indp	.033	.039	.188	.839	.411
Owner	.001	.031	.008	.042	.967
Leverage	.055	.070	.162	.792	.437
Age	.001	.001	.305	1.382	.182
Firm	6.757E-011	.000	.151	.711	.485

Results of table (6)

Results in table (6) give an indication that in model (1) there is no statistical significant relationship between independent variables (board size, board meetings, CEO duality, independent directors, board ownership) and performance (ROA) after inserting control variables (firm leverage, firm size, firm age) where P-value for each independent variable (0.581, 0.315, 0.877, 0.465, 0.411, 0.967) is greater than $\alpha = 0.05$ respectively. However, independent variable audit committee had shown a significant relationship with ROA where its P-value = 0.035 is less than $\alpha = 0.05$.

Therefore, we can accept the first null hypothesis which states corporate governance has no impact on the firms' performance in PEX.

Table (7): Multiple regression test for independent variables (board size, board meetings, CEO duality, audit committee, independent directors, board ownership) with control variables (firm size, firm leverage, firm age) for the service sector

	Standardized Coefficients			T	Sig.
	B	Std. Error	Beta		
(Constant)	.21	.62	.00	.33	.472
size	-.02	.00	-.10	-2138.72	.324
Meet	.33	.00	1.64	2195051	.197
Own	-.09	.00	-.49	-5743.00	.875
ind	-.17	.00	-.88	-18070.8	.078
ac	-.03	.00	-.13	-2993.85	.239
Ceo	-.30	.00	-1.60	-35281.7	.461

firm	-.32	.62	-.74	-.51	.107
age	-.29	.62	-.69	-.47	.232
Lever	.01	.00	1.00	7165.44	.566

Results of table (7)

Results in table (7) give an indication that there is no statistical significant relationship between independent variables (board size, board meetings, board ownership, independent directors, audit committee, CEO duality) and performance (ROA) for the service sector after inserting control variables (firm leverage, firm size, firm age) where P-value for each independent variable (0.324, 0.197, 0.875, 0.078, 0.239, 0.461) is greater than $\alpha = 0.05$ respectively.

Therefore, we can accept the second null hypothesis where it is to be concluded that corporate governance has no impact on the service sector.

Table (8): Multiple regression test for independent variables (board size, board meetings, CEO duality, audit committee, independent directors, board ownership) with control variables (firm size, firm leverage, firm age) for the industry sector

	Standardized Coefficients				
	B	Std. Error	Beta	T	Sig.
(Constant)	-.02	.16	.00	-.14	.897
Size	-.01	.11	-.08	-.12	.912
meeting	.03	.11	.17	.26	.820
Owner	-.01	.02	-.27	-.38	.741
Indp	-.06	.20	-.36	-.30	.795
Audit	-.05	.23	-.30	-.22	.846
Ceo	.06	.24	.33	.24	.835
Lever	.00	.00	.36	.55	.637
Fir size	-.09	.32	-.21	-.28	.807
Age	.00	.00	.78	.86	.481

Results in table (8)

Results in table (8) give an indication that there is no statistical significant relationship between independent variables (board size, board meetings, board ownership, independent directors, audit committee, CEO duality) and performance (ROA) for the industry sector after inserting control variables (firm leverage, firm size, firm age) where P-value for each independent variable (0.897, 0.912, 0.820, 0.741, 0.795, 0.846, 0.835) is greater than $\alpha = 0.05$ respectively.

Therefore, we can accept the second null hypothesis where it is to be concluded that corporate governance has no impact on the industry sector.

Table (9): Multiple regression test for independent variables (board size, board meetings, CEO duality, audit committee, independent directors, board ownership) with control variables (firm size, firm leverage, firm age) for the investment sector

	Standardized Coefficients				Sig.
	B	Std. Error	Beta	T	
(Constant)	.16	.10	.00	1.54	.154
Size	-.01	.04	-.07	-.25	.810
Meeting	-.04	.05	-.26	-.78	.456
Owner	-.01	.01	-.23	-.67	.518
Ind	.02	.05	.13	.41	.688
Aud	-.04	.07	-.24	-.60	.562
Ceo	-.06	.04	-.39	-1.41	.193
Lever	.00	.00	-.14	-.48	.642
Fir size	-.18	.13	-.57	-1.37	.203
Age	.00	.00	.21	.67	.521

Results in table (9)

Results in table (9) give an indication that there is no statistical significant relationship between independent variables (board size, board meetings, board

ownership, independent directors, audit committee, CEO duality) and performance (ROA) for the investment sector after inserting control variables (firm leverage, firm size, firm age) where P-value for each independent variable (0.154, 0.810, 0.456, 0.518, 0.688, 0.562, 0.193) is greater than $\alpha = 0.05$ respectively.

Therefore, we can accept the second null hypothesis where it is to be concluded that corporate governance has no impact on the investment sector.

4.3 Answering research questions:

The first question asked was "Does corporate governance have an impact on the firms' performance in PEX?"

As shown in table (6) in the previous section, where corporate governance (board size, board meetings, CEO duality, independent directors, board ownership) P-value for each independent variable (0.581, 0.315, 0.877, 0.465, 0.411, 0.967) is greater than $\alpha = 0.05$ respectively. However, independent variable audit committee had shown a significant relationship with ROA where its P-value = 0.035 is less than $\alpha = 0.05$. Therefore, we can conclude that corporate governance does not have an impact on the firms' performance in PEX.

The second question asked was "How strong is the impact of corporate governance on the firms' performance in PEX?"

Given that no significant impact was shown for the corporate governance on the firms' performance in PEX, therefore, it is to be concluded that the impact is invalid.

Moving to the third question asked which was "What is the factor affecting firms' performance the most?"

Shown in table (6), independent variable audit committee had shown a significant relationship with ROA where its P-value =0.035 is less than $\alpha = 0.05$. Therefore, we can conclude that the audit committee is the factor affecting firms' performance.

The fourth question asked was "Which sector (service, industry, investment) in PEX is affected by corporate governance?"

As seen in tables (7, 8, 9), the three sectors have marked that they were not affected by corporate governance.

4.4 Discussion of Results with Previous Studies

This section is to discuss the results of this study with similar previous studies that had examined the impact of corporate governance on firms' performance and the reasons why no impact was proven.

Board Size

The concept of having a lot of members in the board of directors causes communication problems, where members are not able to reach a consensus, therefore, provide a common goal. According to Jensen (1993), who had concluded that firms should only appoint a 8 to 9 board members. Thus, any board having more than 8 to 9 members has a negative impact on firms' performance. In addition, studies by Yermack (1996) and Eisenberg et al. (1998) had found similar results.

In contrast, different studies by Goodstein et al. (1998), by Makailu, and Garba (2005), Saravanan (2012), and Onyina & Gyanor (2019), had concluded that board size shows a positive impact on firms performance when the board size is larger than 9.

However, this study has shown no statistical impact of board size on firms' performance in PEX which is consistent with Bonn et al. (2004). Moreover, there are a few reasons that could explain the reason why board size does not affect performance. First reason is due to some particular characteristics of a firm's structure where it involves having more or less members. Another reason is the selection and nomination methods for the board members, where a certain desire is put to nominate those members, such as, family member.

Board Meetings

Board meetings are meant to be a measurement and evaluation of the board (Vafeas, 1999). Altawalbeh (2020) found a positive impact for board meetings on the listed firms' performance. However, this study has found no significant impact of board meetings on the firms' performance in PEX. Unfortunately, no similar findings of relevant studies were found.

There are some possible reasons for not finding any effect for board meetings, such as, the number of meetings is more than needed. Furthermore, those meetings do not fulfil their purpose in decision making or making amendments in the firms' objectives.

CEO Duality

Jensen (1993) had argued that the CEO and board of director must not be the same person where agency problems are expected to increase. This study had found that CEO duality had no impact on firms' performance which is consistent with the findings of Brickley et al. (1997) and Kyere et al. (2020).

A possible reason for not finding any impact is because the ownership structure of companies. In addition, monitoring costs are usually cut when duality is present, thus, Palestinian companies prefer to not separate those two titles.

Independent Directors

Studies by Gordini (2012), Bebchuk and Weisbach (2010), and Khan and Awan (2012) have found that independent directors have made a positive impact on firms performance. In contrast, studies by Yermack (1996) and Bozec (2005), had concluded that the independent directors have shown negative impact on firms' performance. However, this study had concluded that independent directors had no impact on performance which is consistent with Baysinger and Hoskinsson (1990) and Kumar and Singh (2012).

A reason that could explain why independent directors had no impact is because the strong ties between the independent directors and the management where less monitoring is actually conducted on the management and board members.

Board Ownership

This study had concluded that board ownership shows no impact on firms' performance, unfortunately no relevant result had been found. However, a study by Mantovani, and Moscato (2020) have found evidence where board ownership had a strong significant relationship with firms' performance.

An explanation could be given regarding why no effect had been shown. The board and management are less controlled, and therefore, less coordination between the members is available. In addition, the dividends are not annually distributed to the shareholders.

Audit Committee

This study had shown that audit committee has a positive impact on firms' performance. However, no relevant studies of the same results were found. In contrast, studies by Abdul and Haneem (2006) and Saleh et al. (2007) have concluded that audit committee has an inverse relationship with firms' performance.

The reason why being monitored by the big 4 shows a positive impact is due to promoting the transparency of information. In addition, the audit committee prevents fraud misconduct of behavior.

Service, Industry and Investment sectors

Corporate governance has shown no impact on the service, industry and investment sectors' performance for the listed companies in PEX. However, no recent studies were found for those sectors to emphasize these findings. In addition, poor

infrastructure, and not being reliable on modern technology are some of the main reasons why corporate governance had no impact on the firms working in the service sector. Moving on to the industry sector, where limited markets are being explored, reliance on financial aids is a must, and a limited number of industrial zones is actually being built in Palestine are some of the reasons for which corporate governance showed no impact on the firms performance of the industrial sector. Another reason is similar to the service sector where modern technology is not being used for further potential investments. Moving on to the investment sector, where there are a lot of restrictions due to the occupation, therefore, the growth opportunities to make new and modern investments is challenging.

Chapter Five

Conclusion

5.1 Findings

This chapter concludes the results that were found in this study for the impact of corporate governance and the firm performance of the listed firms in PEX for the years 2017 - 2019. This research has examined and tested the independent variables for corporate governance which were; board size, board ownership, board meetings, independent directors, CEO duality and audit committee. Moreover, the control variables for this research were firm size, firm age, and firm leverage.

This research has used linear regression to understand the relationship between the independent variables, and control variables, noting that the dependent variable is performance (ROA).

This study has found that the independent variables; board size, board meetings, board ownership, independent directors, and CEO duality have no significant relationship with firms performance (ROA). Whereas, this study found that there is a significant relationship between audit committee and performance (ROA). Therefore, it can be concluded that audit committee has an impact on firm performance.

Moreover, this study has found that corporate governance has no impact on the listed firms' performance of the service, industry and investment sectors individually.

5.2 Recommendations

This study recommends the following:

Policymakers:

1. Corporate Governance National Committee is to make amendments to the Corporate Governance policies taking place in PEX depending on the Palestinian Law.

Palestine Exchange:

1. Update their website with new published conferences/brochures/articles related to corporate governance to be accessed for stakeholders.
2. Publish audited financial statements on a timely basis.
3. Provide new training programs and workshops for stakeholders for corporate governance.

Palestinian Capital Market Authority:

1. Raise awareness for the shareholders and investors in order to attract more investments to the country.
2. Update their website and publish new research/articles regarding corporate governance in Palestine.
3. Hire compliance officers to ensure that variant rules and regulations are complied with.
4. Establish independent audit firms.

Companies:

1. Promote corporate governance in ways where stakeholders are fully knowledgeable and able to make decisions.
2. Define roles and responsibilities, where establishing clear lines of accountability among the Board, CEO, and management.
3. Risk management assessment.

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Appendix

The sample of the firms used in this research

	Company	Sector
1	JPH	Industry
2	BPC	Industry
3	AZIZA	Industry
4	LADAEN	Industry
5	GMC	Industry
6	APC	Industry
7	JCC	Industry
8	BJP	Industry
9	VOIC	Industry
10	NCI	Industry
11	ELECTROD	Industry
12	PADICO	Investment
13	APIC	Investment
14	ARAB	Investment
15	NAPCO	Investment
16	UCI	Investment
17	JREI	Investment
18	SANAD	Investment
19	PID	Investment
20	PIIC	Investment
21	PRICO	Investment
22	ABRAJ	Service
23	PALTEL	Service
24	PEC	Service
25	AHC	Service
26	NSC	Service
27	WASSEL	Service
28	OOREDOO	Service
29	PALAQAR	Service
30	RSR	Service

الملخص

أثر حوكمة الشركات على أداء الشركات المدرجة في بورصة فلسطين

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أدى انهيار العديد من الشركات الكبرى إلى جذب الباحثين للتحقيق في أسباب ذلك. تم إجراء عدد محدود من الدراسات لفهم أثر حوكمة الشركات وأداء الشركات في الشرق الأوسط، وخاصة في فلسطين.

هدفت هذه الدراسة إلى استكشاف تأثير حوكمة الشركات على أداء الشركات المدرجة في بورصة فلسطين. تم تحليل عينة من 30 شركة (في قطاعات الصناعة والاستثمار والخدمات) مدرجة في بورصة فلسطين من عام 2017 إلى 2019. تطبق هذه الدراسة نظرية الوكالة لاستكشاف تأثير حوكمة الشركات على أداء الشركات. تعتمد نظرية الوكالة على تضارب الوكالة بين المساهمين والمديرين.

أظهرت النتائج أن حجم مجلس الإدارة، واجتماعات مجلس الإدارة، وملكية مجلس الإدارة، وازدواجية الرئيس التنفيذي، والمدراء المستقلين لم يكن لها تأثير كبير على أداء الشركات، في حين تبين أن لجنة التدقيق كان لها تأثير على أداء الشركات. وأيضاً، كشفت الدراسة أن حوكمة الشركات ليس لها أي تأثير على قطاعات الصناعة والاستثمار والخدمات بشكل فردي.

أوصت هذه الدراسة صانعي السياسات بإجراء تعديلات على سياسات حوكمة الشركات المطبقة في البورصة وزيادة وعي المستثمرين لمزيد من الاستثمارات المستقبلية.

الكلمات المفتاحية: حوكمة الشركات، الأداء، بورصة فلسطين، مبادئ حوكمة الشركات، نظرية الوكالة، حجم مجلس الإدارة، اجتماعات مجلس الإدارة، ثنائية الرئيس التنفيذي، المدراء المستقلون، ملكية مجلس الإدارة، لجنة التدقيق.