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**CORPORATE GOVERNANCE MECHANISMS AND FINANCIAL
PERFORMANCE: EVIDENCE FROM AN EMERGING ECONOMY**

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ABSTRACT

The global focus on the financial performance of companies necessitates an examination of the factors influencing it. Key among these factors are corporate governance (CG) and liquidity management.

This study examines the impact of CG and liquidity management on the financial performance of listed financial companies on the Amman Stock Exchange (ASE) from 2010 to 2023. Drawing from existing literature, the study investigates the influence of key CG factors, including board activity, board size, CEO duality, board composition, and the independence of board sub-committees, on financial performance metrics such as Return on Assets (ROA) and Return on Equity (ROE).

The study extends the current understanding of the relationship between CG and financial performance in the context of the ASE and sheds light on the dynamics of the agency theory. By analysing critical factors influencing these companies, the study provides valuable insights that can inform strategic decisions for policymakers in the ASE, international and local investors, listed and unlisted companies, and the academic community.

Furthermore, this study contributes to the ongoing dialogue surrounding CG, financial performance and liquidity management in emerging markets, offering a platform for further research and economic growth in the region.

Keywords: Corporate Governance, Corporate Governance Mechanisms, Financial Performance, Amman Stock Exchange, Emerging Markets.

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1. INTRODUCTION

1.1. Research Background

Globalisation has interconnected the world, and within this context, financial markets play a pivotal role. Financial markets are influenced by globalisation and technological advancement (Filatotchev et al., 2016) and are integral to growth of a nation's economy (Khetsi and Mongale, 2015).

Various factors can influence or affect the financial performance of companies both internally and externally. The internal factors include ownership structure, risk management, CG regulations, internal policies, liquidity management, and operational management. External factors on the other hand are national and international economic and political conditions (Mirza and Javed, 2013; Naz and Ijaz, 2016; Batchimeg, 2017).

The collapse of major companies due to unethical managerial practices in the early 2000s, linked with the 2008 global financial crisis, drew significant attention to CG. This led to CG, gaining prominence in recent decades especially with its focus on managerial accountability, board structure and shareholder rights. CG has evolved to control the relationship between managers and owners and eliminate unethical behaviour (Buchdadi et al, 2019; Paul, 2017; Mulili and Wong, 2011; Solomon, 2010).

CG can be considered from broad and narrow perspectives. The former extends accountability to various stakeholders, including employees, suppliers, and creditors while the later aims to increase shareholder wealth. CG involves a set of rules (principles) that promote transparency and security for both owners and employees (Solomon, 2011).

1.2. Theoretical Frameworks in Corporate Governance

Various theories - agency, stewardship, stakeholder and resource dependency - explore the relationship between CG and its impact on a company's performance (Merendino and Melville, 2019; Solomon, 2010; Pugliese et al., 2014). These

theories, while valuable, also have limitations in addressing complex institutional contexts and stakeholder interactions.

While agency theory deals with aligning interests between the owners and managers, stewardship theory emphasises trust for and independence of managers. The stakeholder theory considers a broader spectrum of accountability, and resource dependency theory explores how corporate performance links to resources and constituencies (Tricker, 2015; Solomon, 2010). These theories contribute to understanding the role of CG in company performance within diverse organisational contexts.

1.3. Research Questions and Research Objectives

Having explored various theoretical frameworks related to CG, this section addresses the specific research questions and objectives of this study. The study focuses on the relationship between CG and financial performance in the context of the ASE. Emerging economies often possess well-developed financial infrastructure but lag behind in terms of accounting mechanisms, governance structures, and information technology. These economies often face less competitive markets and liquidity issues compared to advanced economies. Therefore, understanding financial performance is crucial for all companies, profit-seeking or not for profit, as financial performance influence their operations (Gharaibeh and Khaled, 2020; Matar and Eneizan, 2018).

The aftermath of the financial crises around the world underscored the importance of CG and liquidity management (Shen et al., 2018; Yu and Wang, 2018). The 2003 crisis resulted from the unethical behaviour of managers which disclosed a lack of alignment with the interest of shareholders. Subsequently, CG practices were enhanced to prevent future crises from occurring. This emphasises the role of CG in aligning with the interests of shareholders and eliminating unethical behaviour.

The compliance level of CG mechanisms, in particular board independence and board composition significantly impact and influence the financial performance of companies.

This study seeks to answer the main research question which is - does CG significantly affect the financial performance of listed companies in the ASE.

The research objectives are:

1. To examine the effect of the compliance level of CG mechanisms on financial performance.
2. To investigate the impact of CG on the performance of financial companies listed on the ASE.

The research focuses on Jordan, an emerging market where CG practices are still evolving and aims to contribute to CG discussion in this space. It extends the knowledge about the relationship between financial performance and CG in the ASE. The outcome of the study is of importance to policymakers in the ASE, international and local investors, listed and unlisted companies, and the field of academia.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Literature Review and Theoretical Analysis

Prior to the global corporate scandals of Enron and WorldCom, CG was largely seen as effective in mitigating conflict. These scandals revealed widespread financial misconduct, involving the manipulation of financial statements and the misallocation of company funds (Freihat et al, 2019; Ficici and Aybar, 2012).

The definition of CG remains a contentious issue, with varying interpretations across regions due to differences in financial, cultural, and academic backgrounds. Early attempts to define CG, such as the 1992 Cadbury Report and the 1994 South African King Report, provided some clarity, but the concept continues to evolve (Sufian and Zahan, 2013).

The modern definition of CG emphasises the monitoring of managers by shareholders and the protection of stakeholder relations (Bhagat and Bolton, 2008). It involves mechanisms aimed at ensuring fairness among all parties involved, aligning interests, managing risk, organising corporate activities, and balancing stakeholder interests (ibid.).

The evolution of CG reflects changing business environments and global dynamics. The underpinning principle of CG is to ensure fairness, accountability, transparency and effective management within companies.

Corporate Governance Challenges and Opportunities

CG faces challenges such as inadequate disclosure procedures, weak regulatory frameworks and audit issues (Muhamad et al, 2009). The effectiveness of CG structures varies among companies due to factors like ownership models, financial market development, and public governance efficiency (Claessens and Yurtoglu, 2013).

Conflict of interest arises when accounting firms serve as both independent external auditors and management consultants which has the potential of compromising the credibility of financial reporting (Putri and Bergmans, 2021; Ojo,

2006). To this end, high-profile corporate scandals, globalisation, and increased investor activities have heightened the focus on CG worldwide.

CG regulations and practices have evolved, emphasising fairness, transparency, and increased shareholder engagement (Bhagat and Bolton, 2008). Statutory and internal governance guidelines have also restored global market confidence.

The role of audit committees is vital in establishing control environments within companies. The Jordanian Code mandates the establishment of audit committees, which play a critical role in overseeing business operations and compliance (Section 3.2 of the Jordanian Corporate Governance Code; Puni and Anlesinya, 2020; Claessens and Yurtoglu, 2013).

In conclusion, CG faces challenges and opportunities in the evolving global business landscape, with a focus on transparency, accountability, and effective oversight. Clear governance structures and the role of audit committees are pivotal in maintaining trust and integrity in corporate operations.

2.2. Research Hypotheses

CG mechanisms are crucial for addressing agency issues and aligning managerial interests with those of shareholders. These mechanisms are designed to mitigate agency issues and ensure that managers act in the best interests of shareholders. A key component of these mechanisms is the board of directors (BOD), which plays a critical role in monitoring the company's management and reducing agency problems. The board's independence from management is considered a fundamental aspect of effective governance (Liu and Fong, 2010).

Agency costs are incurred by the company for oversight of managers and to reduce agency problems (Jensen and Meckling, 1976). These costs are ultimately borne by shareholders. Minimising agency costs is essential for maximising shareholder value (Munoz et al, 2021; Moez, 2018) suggests that despite the expenses associated with agency costs, paying them can be more cost-effective

in the long run, as it reduces agency issues and enhances the company's performance.

The BOD can effectively control executive management and ensure compliance with the company's policies to prevent managerial practices that do not align with the interests of shareholders. Solomon (2010) recommends several principles for maintaining an effective board, and these include frequent meetings, interaction between board members and shareholders, consideration of suggestions from each other, reliability, awareness of financial risks, and a commitment to actions that enhance company effectiveness.

This study focuses on four CG mechanisms: board size, CEO duality, board activity, board independence, and independence of board sub-committees.

1. Board Activity

Board activity is measured by the number of annual meetings and is ranked as a crucial indicator of monitoring effectiveness. According to Johl et al. (2015), a distinct effect on company performance may exist based on board activity. Paul (2017) suggests that effective board activity enhances a company's financial performance, reflecting the quality of monitoring through frequent meetings. Gafoor et al. (2018) emphasised the importance of the number of board meetings in ensuring a company's health and profitability. Other studies support the idea that more board meetings indicate that the BOD is active which leads to enhanced profitability (Chou and Buchdadi, 2017; Eluyela et al., 2018).

However, not all studies agree with this relationship. Bhatt and Bhattacharya (2015) and found no significant correlation between board activity and financial performance. Makhoul et al (2017) holds the view that the frequency of board meetings do not show a significant impact on firm performance. In addition,

some authors, argue that a high number of board meetings can increase monitoring costs and potentially reduce profitability (Jackling and Johi, 2009; Yameen et al., 2019; Aryani et al., 2017) suggests that the number of board meetings has no impact on company performance, as it may be driven by mere compliance rather than effective operational deliberations.

These contrasting arguments demonstrate that a high number of board meetings can indicate either effective monitoring and decision-making or mere compliance with regulatory requirements i.e., a box ticking exercise. Therefore, the impact of board activity on the financial performance of Jordanian financial companies, as measured by ROA, remains an empirical question. This provides justification for the first sub-hypothesis:

H0A1: Board activity has a significant positive effect on a company's financial performance (ROA).

2. CEO Duality

CEO duality refers to a situation where the CEO also serves as the chairman of the board. Boyd (1995) suggests that integrating the roles of CEO and chairman can lead to effective leadership. Vafeas and Theodorou (1998) argue that CEO duality can minimize costs, such as compensation and remuneration. Peng et al. (2010) believe that combining these roles can lead to more efficient decision-making, especially in companies with a high concentration of ownership.

However, the agency theory argues for the separation of these roles to protect shareholders' interests and ensure transparency and accountability (Grove et al., 2011; Duru et al., 2016). Some studies suggest that potential conflicts of interest can be exacerbated when the same person holds both positions, leading to alignment with management interests rather than shareholders'

interests (Jouirou and Jouini, 2022; Kouki and Guizani, 2015; Ahmed and Hamdan, 2015).

Some authors argue that avoiding the separation of the roles of the CEO and chairman may hinder board effectiveness and cause a concentration of power (Kiradoo, 2019; Onofrei et al., 2019). Overall authors hold differing views regarding the impact of CEO duality on company performance. This provides justification for the second sub-hypothesis:

H0A2: CEO duality has a significant positive effect on a company's financial performance (ROA).

3. Board of Directors' Composition

The composition of the BOD, specifically the presence of non-executive directors (NEDs), plays a crucial role in company performance. NEDs, who are independent from management, are expected to provide independent, unbiased business judgment (Fuzi et al., 2016). The board consists of executive directors and NEDs, each with different characteristics and incentives. The agency theory suggests that board independence, achieved by having non-executive directors, can reduce agency conflict and protect shareholders' rights. While executive directors possess detailed knowledge of the company, they may also have other personal motivations that often conflicts with the interests of shareholders. NEDs despite having less insider knowledge, are less likely to have conflicts of interest. Therefore, a board with a majority of NEDs is expected to enhance CG and company performance. Several studies have examined the relationship between board composition and company performance. Shafeeq et al. (2023) observed that board independence positively influences company profitability by the effective monitoring of managers. A company with a higher proportion of NEDs on the

board tend to exhibit superior financial performance. Furthermore, the presence of NEDs is positively associated with a company's profitability.

The impact of board composition on company performance remains an ongoing debate. This provides justification for the third sub-hypothesis:

H0A3: BOD composition has a significant positive effect on a company's financial performance (ROA).

4. Independence of Board Sub-Committees

Another dimension of CG is the independence of the board's sub-committees - audit and remuneration. These sub-committees play a vital role in ensuring transparency and accountability in corporate operations. The agency theory suggests that independent sub-committees can enhance monitoring and reduce agency costs.

Several studies have investigated the relationship between the independence of board sub-committees company performance. Mohamed (2018) found a positive association between the independence of audit committees and company profitability. There is argument for the independence of the remuneration committee which leads to better executive compensation practices and, consequently, improved company performance.

Existing literature presents contrasting views on the independence of these subcommittees. Some authors argue that no significant relationship has been found between the independence of the audit committee and company performance. Additionally, several studies indicate that the effectiveness of these sub-committees depends on various factors such as the composition of the committees and their specific responsibilities. This provides justification for the third sub-hypothesis:

H0A4: The independence of board sub-committees has a significant positive effect on a company's financial performance.

Board Size

Literature suggests that a larger board might be beneficial to the company due to increased diversity in expertise (Kathuria and Dash, 1999; Lipton and Lorsch, 1992; Eisenberg et al., 1998). However, it is noted that as the size of the board increases, issues such as connection and coordination may arise which have the potential to undermining board monitoring efficiency (Jensen, 1993). It is further argued that larger boards can lead to higher management costs and inefficiencies (ibid). The agency theory holds that larger boards are expected to reduce agency issues as they have more members to oversee management.

Azim (2012) is of the view out that larger boards may hinder critical evaluation of firm performance and suggests that the optimal board size remains a subject of debate in CG. It is suggested that small boards, promote better communication and coordination with the potential to reduce costs (Topak, 2011; Guo and Kga, 2012). However, a high number of board members can lead to difficulties in achieving consensus decisions and leads to slower decision-making (Yasser et al, 2017; Damak, 2013).

While some studies support the idea that a larger board can enhance decision-making (Latif et al., 2013; Kalsie and Shrivastav, 2016), other studies find no significant relationship between board size and firm performance (Johl et al., 2015; Saha et al., 2018).

3. METHODOLOGY

Thomas Kuhn (1970) defined a research paradigm as the shared constellation of beliefs, values, techniques, and more within a community. Paradigms encompass ontology, epistemology, axiology, and methodology (Creswell, 2018; Denzin and Lincoln, 2018). These philosophical elements underpin academic research and shape a researcher's views on reality, knowledge, values, and how knowledge is obtained (Denzin and Lincoln, 2018; Cohen et al., 2017). The primary research paradigms are positivism, realism, interpretivism, and pragmatism (Saunders et al., 2015).

This study employs a quantitative approach to explore relationships between variables, using numerical data. Quantitative research facilitates statistical analysis, generalisation, and increases reliability and validity of data (Creswell, 2014; Field, 2018).

Research Design

The study employed a quantitative approach, aligning with the aim of exploring relationships among variables. Quantitative research permits the use of statistical techniques for data analysis which enhances the understanding of the relationship among variables. It also allows for generalisation, which increases the reliability and validity of the findings (Creswell, 2014; Field, 2018).

Sample and Data Collection

In this study, a predefined dataset of 100 usable questionnaires was applied (*Appendix 1*). Due to time constraints, a pilot test of the questionnaire, which was developed based on items extracted from prior studies, could not be conducted to ascertain its suitability for the study's context. The predefined dataset was adapted, and participants are shown to be from the "Service", "Insurance", and "Banking"

sectors. The control variables were adapted to now reflect “Company Age” and “Company Size”.

Variables

1. Independent Variables (CG Mechanisms)

CG mechanisms play a crucial role in shaping the efficiency and effectiveness of board monitoring.

- a. **Board Activity:** One key aspect of CG is the frequency of board meetings. On the end of one spectrum is the view that an excessive number of board meetings may indicate underlying issues within the company, while fewer meetings could signal a lack of attention from the board (Al-Daoud, 2016). Guest (2009) suggests that frequent meetings can enhance board efficiency and performance ultimately leading to improved CG. This variable is measured by counting the annual board meetings (Guest, 2009; Al-Daoud, 2016).
- b. **Board Size:** The number of directors on the board is another critical variable in assessing CG. Lawal (2012) argues that larger boards may lead to lower firm performance which aligns with the agency theory. Some studies examine the impact of the board leadership structure on firm performance, particularly the separation of the roles of the Chairman and the CEO (Jackling and Johl, 2009; Ujunwa, 2012). Agency theory suggests that separating these roles improves board effectiveness. This variable is measured by assessing the presence or absence of CEO duality in the leadership structure.
- c. **Board Composition:** This is assessed by examining the proportion of NEDs relative to the total number of the BOD. Some authors emphasise the importance of independent directors for unbiased board deliberations, which aligns with the agency theory (Alajimi and Worthington, 2023; Heenetigala and Armstrong, 2011). Board Sub-Committees (audit and remuneration) play key roles in CG (Anis et al., 2017) and the independence of these committees is

confirmed when each committee has at least two INEDs as members, and one of these INEDs serves as the committee chair.

2. Dependent Variables (Financial Performance Measures)

Financial performance is assessed using various accounting measures (Christensen et al, 2010). Financial performance is often measured using accounting metrics, with ROA being a widely accepted indicator in particular when examining the relationship between CG and financial performance (Kyere and Ausloos, 2021; Core et al, 2006). ROA reflects how effectively a company utilises its assets to generate revenue and it is one of the most commonly used financial performance metrics adopted in academic research (Boaventura et al., 2012).

3. Control Variables

Control variables are used to make results more precise by isolating the influence of CG and liquidity management on financial performance. In this study, the control variables of company size and company age are employed. Company size is considered an important factor in financial performance. Total assets are used to measure the company size as a reflection of the scale of its operations. Company age on the other hand is measured as the total number of years of the company's operations. This control variable provides insights into a company's experience and longevity in the market.

The inclusion of these control variables helps the researcher to distinguish the impact of CG and liquidity management from the effects of firm size and age on financial performance.

4. DATA ANALYSIS

This study conducted data analysis, using reliability and validity tests, descriptive analysis, and correlation analysis, with the use of SPSS software. Results present responses categorised by independent, dependent, and control variables. Hypotheses are tested to determine relationships between variables, utilising correlation and other statistical measures (Field, 2009).

4.1 Reliability Analysis

Reliability assesses the ability of the data to provide consistent results and achieve homogeneity (Creswell, 2014). Key reliability indicators include Cronbach's alpha coefficients, standard deviation, and mean (Field, 2009). Cronbach's Alpha measures internal consistency and a value of 0.7 is an indicator of satisfactory reliability, 0.7-0.9 indicates good internal consistency, and above 0.9 signifies very high internal consistency (Field, 2009). Reliability is the extent to which a measure accurately reflects the internal consistency of a measurement instrument (Ojra et al., 2023; Nunnally, 1978; Zikmund, 1997). In this study, Cronbach's alpha assessed internal consistency (Nunnally, 1967). Standard deviation and mean values were computed for constructs and individual items. Results aligned with the benchmark of 0.70, indicating satisfactory reliability (Hair et al., 1998). Validity assesses the precision of the measurement instrument and its ability to measure the data (Saunders et al., 2009). In this study, instrument validity was established.

4.2 Data Analysis

Frequencies for Construct - Board Activity

		Statistics			
N	Valid	Board Activity 1	Board Activity 2	Board Activity 3	Board Activity 4
	Missing				
		100	100	100	100
		80	80	80	80
Mean		3.9700	3.9200	3.9600	4.0700
Median		4.0000	4.0000	4.0000	4.0000
Std. Deviation		1.10513	1.10718	1.13636	1.14816
Variance		1.221	1.226	1.291	1.318
Skewness		-1.314	-1.161	-1.269	-1.365
Std. Error of Skewness		.241	.241	.241	.241
Kurtosis		1.251	.738	.935	1.151
Std. Error of Kurtosis		.478	.478	.478	.478
Minimum		1.00	1.00	1.00	1.00
Maximum		5.00	5.00	5.00	5.00

Frequencies for Construct - CEO Duality

		Statistics			
N	Valid	CEO Duality 1	CEO Duality 2	CEO Duality 3	CEO Duality 4
	Missing				
		100	100	100	100
		80	80	80	80
Mean		3.9700	3.9200	3.9600	4.0700
Median		4.0000	4.0000	4.0000	4.0000
Std. Deviation		1.10513	1.10718	1.13636	1.14816
Variance		1.221	1.226	1.291	1.318
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Std. Error of Skewness		.241	.241	.241	.241
Kurtosis		1.251	.738	.935	1.151
Std. Error of Kurtosis		.478	.478	.478	.478
Minimum		1.00	1.00	1.00	1.00
Maximum		5.00	5.00	5.00	5.00

Frequencies for Construct - Board of Directors Composition

		Statistics			
N	Valid	Board of Directors Composition 1	Board of Directors Composition 2	Board of Directors Composition 3	Board of Directors Composition 4
	Missing				
		100	100	100	100
		80	80	80	80
Mean		3.9700	3.8900	3.9600	4.0700
Median		4.0000	4.0000	4.0000	4.0000
Std. Deviation		1.10513	1.11821	1.13636	1.14816
Variance		1.221	1.250	1.291	1.318
Skewness		-1.314	-1.106	-1.269	-1.365
Std. Error of Skewness		.241	.241	.241	.241
Kurtosis		1.251	.545	.935	1.151
Std. Error of Kurtosis		.478	.478	.478	.478
Minimum		1.00	1.00	1.00	1.00
Maximum		5.00	5.00	5.00	5.00

Frequencies for Independence of Board SubCommittees

		Statistics			
N	Valid	Independence of Board SubCommittees 1	Independence of Board SubCommittees 3	Independence of Board SubCommittees 2	Independence of Board SubCommittees 4
	Missing				
		100	100	100	100
		80	80	80	80
Mean		3.9700	3.9600	3.9200	4.0700
Median		4.0000	4.0000	4.0000	4.0000
Std. Deviation		1.10513	1.13636	1.10718	1.14816
Variance		1.221	1.291	1.226	1.318
Skewness		-1.314	-1.269	-1.161	-1.365
Std. Error of Skewness		.241	.241	.241	.241
Kurtosis		1.251	.935	.738	1.151
Std. Error of Kurtosis		.478	.478	.478	.478
Minimum		1.00	1.00	1.00	1.00
Maximum		5.00	5.00	5.00	5.00

Descriptives for Construct - Board Activity

Descriptive Statistics									
	N Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic	Std. Deviation Statistic	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
Board Activity 1	100	1.00	5.00	3.9700	1.10513	-1.314	.241	1.251	.478
Board Activity 2	100	1.00	5.00	3.9200	1.10718	-1.161	.241	.738	.478
Board Activity 3	100	1.00	5.00	3.9600	1.13636	-1.269	.241	.935	.478
Board Activity 4	100	1.00	5.00	4.0700	1.14816	-1.365	.241	1.151	.478
Valid N (listwise)	100								

Descriptives for Construct - CEO Duality

Descriptive Statistics									
	N Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic	Std. Deviation Statistic	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
CEO Duality 1	100	1.00	5.00	3.9700	1.10513	-1.314	.241	1.251	.478
CEO Duality 2	100	1.00	5.00	3.9200	1.10718	-1.161	.241	.738	.478
CEO Duality 3	100	1.00	5.00	3.9600	1.13636	-1.269	.241	.935	.478
CEO Duality 4	100	1.00	5.00	4.0700	1.14816	-1.365	.241	1.151	.478
Valid N (listwise)	100								

Descriptives for Construct - Board of Directors Composition

Descriptive Statistics									
	N Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic	Std. Deviation Statistic	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
Board of Directors Composition 1	100	1.00	5.00	3.9700	1.10513	-1.314	.241	1.251	.478
Board of Directors Composition 3	100	1.00	5.00	3.9600	1.13636	-1.269	.241	.935	.478
Board of Directors Composition 2	100	1.00	5.00	3.8900	1.11821	-1.106	.241	.545	.478
Board of Directors Composition 4	100	1.00	5.00	4.0700	1.14816	-1.365	.241	1.151	.478
Valid N (listwise)	100								

Descriptives for Construct - Independence of Board Committees

Descriptive Statistics									
	N Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic	Std. Deviation Statistic	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
Independence of Board SubCommittees 1	100	1.00	5.00	3.9700	1.10513	-1.314	.241	1.251	.478
Independence of Board SubCommittees 2	100	1.00	5.00	3.9200	1.10718	-1.161	.241	.738	.478
Independence of Board SubCommittees 3	100	1.00	5.00	3.9600	1.13636	-1.269	.241	.935	.478
Independence of Board SubCommittees 4	100	1.00	5.00	4.0700	1.14816	-1.365	.241	1.151	.478
Valid N (listwise)	100								

5. DISCUSSION OF FINDINGS

6. CONCLUSION

This study commenced with two research objectives: to investigate the impact of CG on the performance of financial companies listed on the ASE and to examine the effect of the compliance level of CG mechanisms on financial performance. The study relied on secondary data sourced from publicly available annual reports accessible on the websites of the companies and the website of the ASE. The primary analytical tool employed in this research is multiple linear regression, supplemented by multicollinearity, descriptive summary, KMO and Bartlett's test and correlation analyses.

This study found that due to the nature of regulation, banks are more prone to comply with the JSC than other financial companies who adopt the voluntary approach with the Code.

- i. Impact of board size on financial performance: Board size revealed a positive effect on ROA. This finding contrasts with previous literature that reported a negative impact of board size on financial performance (Badu and Apiah, 2017) but aligns with some literature that found a positive impact of board size on financial performance (Tarighi et al, 2023; Hsu and Yang, 2022; Lawal, 2012; Lehn et al, 2009).
- ii. CEO duality and financial performance: CEO duality shows a significant negative impact on ROA. This result is consistent with extant literature (Duru et al, 2016) and suggests that separating the roles of the CEO and chairman can prevent opportunistic behaviour and ensure that executive decisions align with the best interests of the company.
- iii. Board independence and financial performance: Board independence demonstrates a significant positive impact on financial performance, including ROA. The presence of independent directors reduces the issue of bias in decision making and ensures effective monitoring for the benefit of the company and shareholders. This aligns with the agency theory and

while confirming the findings of some academics (Tomar, S. and Bino, A., (2012). Al Manaseer et al, 2012), it disagreed with the findings of others (Rashid, 2018 and Kajola, 2008).

- iv. Independence of Board Sub-Committees: Audit committee independence shows a significant positive impact on ROA. The independent of committee members reduce information asymmetry issues and help eliminate any misconduct aimed at altering the company's true financial position. The researcher's findings confirm the agency theory.
- v. Board Activity: Attendance at board meetings is a measure of board activity. Board activity was found to have a positive but statistically insignificant impact on ROA. This suggests that while board meetings may have been convened for deliberations and oversight of the company's activities, such meetings may primarily focus on routine business operations. This is consistent with existing literature (Abdul Gafoor et al, 2008; Eluyela et al, 2018) although some authors hold a contrary position (Al-Daoud et al, 2016).
- vi. Age and size of the company: Company age demonstrates a positive but statistically insignificant impact on ROA. Larger companies exhibited a positive but weak impact on ROA. Findings also suggest that older companies possess more experience, market knowledge, and resources which considered together, contribute to their remarkable financial performance.

The findings provide valuable insights into the relationship between CG mechanisms and financial performance. It provides support for the notion that effective CG positively influences financial outcomes. These findings are consistent with previous research and provide justification for the agency theory.

The study further enhances the understanding of CG in Jordan by employing company-level data. It empirically examines the impact of various CG mechanisms

on financial performance. The significance of the study aligns with the amendments to CG structures in Jordan through regulation which subsequently raised awareness and interest in CG among various stakeholders.

Contribution of the Study

- i. Research gap and Methodological approach: The study contributes to existing literature on CG and financial performance in Jordan. It offers a comprehensive examination of these relationships and attempts to fill some gaps in the literature. Furthermore, the study adopts a systematic approach which enhances the study's credibility.
- ii. Insights for decision makers: The findings provide valuable insights into the state of CG practices in the ASE which would be important to various stakeholders especially the regulators who would utilise the empirical results for better regulation.
- iii. Practical relevance: In practice, achieving an ideal CG structure is challenging due to variations in stock markets, the nature of companies and regulatory restrictions. This study aids in bridging the gap between theory and practice, offering practical guidance for companies looking to enhance their financial performance through adjustments to their CG footprint.
- iv. Financial awareness: The study sheds light on the connection between CG and financial performance, potentially increasing the awareness of companies on the importance of CG mechanisms in improving their strategic financial outcomes. This awareness can motivate companies to implement these mechanisms more effectively to achieve their desired aim.
- v. Emerging market insights: While addressing a broad topic area (CG), this study recognises the unique characteristics of emerging markets like Jordan.

7. LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

7.1 Limitations

This study acknowledges two limitations. The study predominantly relied on accounting-based measures (ROA) for financial performance. This is because market-based measures are challenging to apply in emerging markets like Jordan. Furthermore, the study's findings are primarily applicable to Jordan and may not be easily generalised to other countries, given the unique characteristics of each market.

7.2 Recommendations

Based on insights drawn in the course of the study, the following recommendations are suggested:

- i. Future research may want to explore additional factors which impact financial performance, such as government policies, liquidity, financial leverage, and innovation.
- ii. Expanding the scope of CG mechanisms beyond those examined in this study may provide a better understanding of these mechanisms and their impact on financial performance.
- iii. This study used generated data due to the researcher's inability to collect primary data. Incorporating primary data will strengthen the research findings although this will require significant time, credible links to Jordanian financial industry and considerable resources.
- iv. The study can be extended to listed companies in Jordan outside the financial sector to assess the impact of CG mechanisms on their financial performance; this will help generalise findings.
- v. This study relied on the agency theory. Further studies could extend this investigation into CG mechanisms which influence company performance

and reduce agency costs through the lens of the resource dependence theory.

In conclusion, this research contributes significantly to the field of CG and financial performance in Jordan, but there remain gaps for further exploration and study enhancement.

8. REFLECTIVE ESSAY

The researcher is a legal practitioner with expertise in CG. As a CG practitioner, various CG Codes hold interest for the researcher. This informed the interest in the Jordanian Code which has a wider applicability (not limited solely to listed companies) and also a code philosophy which is at variance with that of the Nigerian Code of Corporate Governance 2018. The study of various CG Codes to propose workable solutions for business and policy makers is point of interest for the researcher.

This module is the researcher's first engagement with statistics and studying this at doctoral level appeared daunting. The time allotted for the module (12 weeks) was insufficient and the researcher's unfamiliarity with statistics of any kind also worked a hardship in grasping basic concepts that are necessary for engaging with statistics. The first challenge with the module was how to generalise findings using statistics and make it applicable to CG. The researcher experienced a range of emotions almost leading to despair. The turning point was repeat reassurance from the module lead to *"keep an open mind in approaching statistics"* and *"engage in all class activities so that shortcomings can be identified, and solutions provided timely"*.

This study provided an opportunity for the researcher to make a valuable contribution in their area of specialisation as a CG professional with considerable experience in that field using quantitative research methods. The researcher identified gaps in knowledge that could benefit various stakeholders, including academics, regulators and professionals in the finance domain viewed through the lens of CG.

The focus was to improve the financial performance of companies, primarily profitability, which is a common objective for any profit driven company. This led to

an analysis of how companies can enhance their financial performance and the factors which play a role in this enhancement.

The study identified two key elements influencing financial performance - CG and liquidity management. These elements were chosen based on existing gaps in the literature and practical relevance.

The learning experience, which was a combination of lectures, interactive sessions from videos, in-class question and answer sessions, one-to-one review and counselling sessions; and in the researcher's case, an online private guidance session provided additional support for the 12 weeks learning session.

Engaging with quantitative research methods proved essential for the following reasons:

- i. The researcher learnt that although qualitative methods generate large data text, the key aim of a quantitative study is to achieve generalisation.
- ii. Discussing and reporting Findings: Finding the nexus between extant literature and the predefined dataset and learning how to communicate the researcher's findings was a balancing act which the researcher has not fully grasped. This impacted the communication of the findings in a manner suitable for presentation for a doctoral study. To this end, the data analysis was presented in tables in the body of the study and in Appendix 2. The researcher will keep working to improving this aspect as it will prove valuable in future studies which adopt quantitative method as a sole or a combined method of working with datasets..

This study broadened the researcher's understanding of CG, financial performance, and liquidity management. In summary, the time spent on the module has not only deepened the researcher's knowledge of quantitative research methods but has shown the value-add that it gives to generalising research findings for broader applicability. The researcher cannot at this point confirm if the learnings here will

be applied to the doctoral thesis. However, it is certain that future published works of the researcher will at some point contain a quantitative aspect when there is more confidence in the application of the methods and statistical measurements to future quantitative studies.

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APPENDIX 1: SAMPLE QUESTIONNAIRE AND QUESTIONNAIRE DATA

Instructions: Please answer all the questions by writing in the column a number which best represents your view based on the following 5-point likert-scale as described below:

- 1 - Strongly Disagree
- 2 – Slightly Disagree
- 3 – Neutral
- 4 – Slightly Agree
- 5 – Strongly Agree

Board Activity

No.	Statements	Scale
-----	------------	-------

		1	2	3	4	5
BA1	The board holds the statutory number of meetings annually.	9	9	6	41	35
		8	8	8	43	33
		6	8	6	45	35
		6	6	8	35	45
		6	9	5	47	33
		6	8	4	42	40
		5	8	8	46	33

CEO Duality

No.	Statements	Scale
-----	------------	-------

		1	2	3	4	5
CD1	The positions of CEO and Chairman are held by the same person.	8	9	9	40	34
		6	8	7	42	37
		6	6	8	35	45
		8	8	10	41	33
		7	7	9	42	35
		6	6	8	35	45

Board Composition

No.	Statements	Scale
-----	------------	-------

		1	2	3	4	5
BC1	The board size is adequate.	5	8	8	46	33
		6	8	6	45	35
		6	9	5	47	33
		6	8	4	42	40
BC2	The board size is too large.	5	8	8	46	33
		6	8	6	45	35
		5	8	8	46	33

Independence of Board Sub-Committees

No.	Statements	Scale
-----	------------	-------

		1	2	3	4	5
BSB1	The audit committee has at least two independent members.	9	9	8	41	33
BSC2	The chair of the audit committee is an independent NED.	9	8	9	40	34
		6	8	6	45	35
BSC3	The remuneration committee has at least two independent members.	5	8	8	46	33
BSC4	The chair of the remuneration committee is an independent NED.	5	8	10	40	37
		11	8	8	43	30

Part F: Demographics: Control Variables
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Company Size

Small / Medium

Large

Company Age

Between 18 and 34

Between 35 and 44

Industry Type

Service

Between 45 and 60

Insurance Companies

Qualifications

Banks

Postgraduate Degree

First Degree

Others (please specify)

High School Certificate

Primary School Certificate

No Certification

How long have you been with this organisation?

1 – 12 months

1 – 2 years

2 years and above

APPENDIX 2: FACTOR LOADINGS OF CONSTRUCTS

Factor Analysis for Board Activity using Company Age as a Control Variable

Descriptive Statistics ^a			
	Mean	Std. Deviation	Analysis N
Board Activity 1	4.0926	.85271	54
Board Activity 2	4.0741	.82076	54
Board Activity 3	4.1296	.89118	54
Board Activity 4	4.3519	.95478	54

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

Covariance Matrix ^a				
	Board Activity 1	Board Activity 2	Board Activity 3	Board Activity 4
Board Activity 1	.727	.653	.648	.571
Board Activity 2	.653	.674	.651	.577
Board Activity 3	.648	.651	.794	.614
Board Activity 4	.571	.577	.614	.912

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

Correlation Matrix ^a					
		Board Activity 1	Board Activity 2	Board Activity 3	Board Activity 4
Correlation	Board Activity 1	1.000	.934	.853	.701
	Board Activity 2	.934	1.000	.889	.737
	Board Activity 3	.853	.889	1.000	.721
	Board Activity 4	.701	.737	.721	1.000
Sig. (1-tailed)	Board Activity 1		< .001	< .001	< .001
	Board Activity 2	.000		.000	.000
	Board Activity 3	.000	.000		.000
	Board Activity 4	.000	.000	.000	

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

KMO and Bartlett's Test ^a		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.831
Bartlett's Test of Sphericity	Approx. Chi-Square	227.098
	df	6
	Sig.	< .001

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

Factor Analysis for CEO Duality using Company Age as a Control Variable

Descriptive Statistics ^a			
	Mean	Std. Deviation	Analysis N
CEO Duality 1	4.1111	.81650	54
CEO Duality 2	4.1111	.71814	54
CEO Duality 3	4.1481	.78686	54
CEO Duality 4	4.4074	.85822	54

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

Covariance Matrix ^a				
	CEO Duality 1	CEO Duality 2	CEO Duality 3	CEO Duality 4
CEO Duality 1	.667	.553	.549	.482
CEO Duality 2	.553	.516	.493	.426
CEO Duality 3	.549	.493	.619	.448
CEO Duality 4	.482	.426	.448	.737

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

Correlation Matrix ^a					
		CEO Duality 1	CEO Duality 2	CEO Duality 3	CEO Duality 4
Correlation	CEO Duality 1	1.000	.944	.855	.688
	CEO Duality 2	.944	1.000	.872	.691
	CEO Duality 3	.855	.872	1.000	.663
	CEO Duality 4	.688	.691	.663	1.000
Sig. (1-tailed)	CEO Duality 1		<.001	<.001	<.001
	CEO Duality 2	.000		.000	.000
	CEO Duality 3	.000	.000		.000
	CEO Duality 4	.000	.000	.000	

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

KMO and Bartlett's Test ^a		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.828
Bartlett's Test of Sphericity	Approx. Chi-Square	222.477
	df	6
	Sig.	<.001

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

Factor Analysis for Board of Directors Composition using Company Age as a Control Variable

Descriptive Statistics ^a			
	Mean	Std. Deviation	Analysis N
Board of Directors Composition 1	4.0926	.85271	54
Board of Directors Composition 2	4.0556	.76273	54
Board of Directors Composition 3	4.1111	.79305	54
Board of Directors Composition 4	4.4074	.85822	54

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

Covariance Matrix ^a				
	Board of Directors Composition 1	Board of Directors Composition 2	Board of Directors Composition 3	Board of Directors Composition 4
Board of Directors Composition 1	.727	.448	.537	.358
Board of Directors Composition 2	.448	.582	.484	.430
Board of Directors Composition 3	.537	.484	.629	.444
Board of Directors Composition 4	.358	.430	.444	.737

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

Correlation Matrix ^a					
		Board of Directors Composition 1	Board of Directors Composition 2	Board of Directors Composition 3	Board of Directors Composition 4
Correlation	Board of Directors Composition 1	1.000	.688	.794	.489
	Board of Directors Composition 2	.688	1.000	.801	.657
	Board of Directors Composition 3	.794	.801	1.000	.653
	Board of Directors Composition 4	.489	.657	.653	1.000
Sig. (1-tailed)	Board of Directors Composition 1		<.001	<.001	<.001
	Board of Directors Composition 2	.000		.000	.000
	Board of Directors Composition 3	.000	.000		.000
	Board of Directors Composition 4	.000	.000	.000	

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

KMO and Bartlett's Test ^a	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.796
Bartlett's Test of Sphericity	Approx. Chi-Square
	df
	Sig.

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

Factor Analysis for Independence of Board SubCommittees using Company Age as a Control Variable

Descriptive Statistics ^a			
	Mean	Std. Deviation	Analysis N
Independence of Board SubCommittees 1	4.0926	.85271	54
Independence of Board SubCommittees 3	4.1296	.89118	54
Independence of Board SubCommittees 2	4.0741	.82076	54
Independence of Board SubCommittees 4	4.3519	.95478	54

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

Covariance Matrix ^a				
	Independence of Board SubCommittees 1	Independence of Board SubCommittees 3	Independence of Board SubCommittees 2	Independence of Board SubCommittees 4
Independence of Board SubCommittees 1	.727	.648	.653	.571
Independence of Board SubCommittees 3	.648	.794	.651	.614
Independence of Board SubCommittees 2	.653	.651	.674	.577
Independence of Board SubCommittees 4	.571	.614	.577	.912

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

Correlation Matrix ^a					
		Independence of Board SubCommittees 1	Independence of Board SubCommittees 3	Independence of Board SubCommittees 2	Independence of Board SubCommittees 4
Correlation	Independence of Board SubCommittees 1	1.000	.853	.934	.701
	Independence of Board SubCommittees 3	.853	1.000	.889	.721
	Independence of Board SubCommittees 2	.934	.889	1.000	.737
	Independence of Board SubCommittees 4	.701	.721	.737	1.000
Sig. (1-tailed)	Independence of Board SubCommittees 1		<.001	<.001	<.001
	Independence of Board SubCommittees 3	.000		.000	.000
	Independence of Board SubCommittees 2	.000	.000		.000
	Independence of Board SubCommittees 4	.000	.000	.000	

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

KMO and Bartlett's Test ^a	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.831
Bartlett's Test of Sphericity	Approx. Chi-Square
	227.098
	df
	6
	Sig.
	<.001

a. Only cases for which Company Age = Between 18 and 34 are used in the analysis phase.

Factor Analysis for Board Activity using Company Size as a Control Variable

Descriptive Statistics ^a			
	Mean	Std. Deviation	Analysis N
Board Activity 1	4.1591	.98697	44
Board Activity 2	4.0682	.97403	44
Board Activity 3	4.1136	.99337	44
Board Activity 4	4.0682	.92504	44

a. Only cases for which Company Size = Large are used in the analysis phase.

Covariance Matrix ^a				
	Board Activity 1	Board Activity 2	Board Activity 3	Board Activity 4
Board Activity 1	.974	.826	.679	.663
Board Activity 2	.826	.949	.853	.809
Board Activity 3	.679	.853	.987	.806
Board Activity 4	.663	.809	.806	.856

a. Only cases for which Company Size = Large are used in the analysis phase.

Correlation Matrix ^a					
		Board Activity 1	Board Activity 2	Board Activity 3	Board Activity 4
Correlation	Board Activity 1	1.000	.859	.693	.727
	Board Activity 2	.859	1.000	.881	.898
	Board Activity 3	.693	.881	1.000	.877
	Board Activity 4	.727	.898	.877	1.000
Sig. (1-tailed)	Board Activity 1		<.001	<.001	<.001
	Board Activity 2	.000		.000	.000
	Board Activity 3	.000	.000		.000
	Board Activity 4	.000	.000	.000	

a. Only cases for which Company Size = Large are used in the analysis phase.

KMO and Bartlett's Test ^a	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.788
Bartlett's Test of Sphericity	Approx. Chi-Square
	194.074
	df
	6
	Sig.
	<.001

a. Only cases for which Company Size = Large are used in the analysis phase.

Factor Analysis for CEO Duality using Company Size as a Control Variable

Descriptive Statistics^a

	Mean	Std. Deviation	Analysis N
CEO Duality 1	4.1364	.92989	44
CEO Duality 2	4.0227	.97620	44
CEO Duality 3	4.1136	.99337	44
CEO Duality 4	4.0682	.99762	44

a. Only cases for which Company Size = Large are used in the analysis phase.

Covariance Matrix^a

	CEO Duality 1	CEO Duality 2	CEO Duality 3	CEO Duality 4
CEO Duality 1	.865	.788	.635	.665
CEO Duality 2	.788	.953	.858	.859
CEO Duality 3	.635	.858	.987	.853
CEO Duality 4	.665	.859	.853	.995

a. Only cases for which Company Size = Large are used in the analysis phase.

Correlation Matrix^a

		CEO Duality 1	CEO Duality 2	CEO Duality 3	CEO Duality 4
Correlation	CEO Duality 1	1.000	.868	.688	.717
	CEO Duality 2	.868	1.000	.885	.882
	CEO Duality 3	.688	.885	1.000	.860
	CEO Duality 4	.717	.882	.860	1.000
Sig. (1-tailed)	CEO Duality 1		<.001	<.001	<.001
	CEO Duality 2	.000		.000	.000
	CEO Duality 3	.000	.000		.000
	CEO Duality 4	.000	.000	.000	

a. Only cases for which Company Size = Large are used in the analysis phase.

KMO and Bartlett's Test^a

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.769
Bartlett's Test of Sphericity	Approx. Chi-Square	192.059
	df	6
	Sig.	<.001

a. Only cases for which Company Size = Large are used in the analysis phase.

Factor Analysis for Board of Directors Composition using Company Size as a Control Variable

Descriptive Statistics^a

	Mean	Std. Deviation	Analysis N
Board of Directors Composition 1	4.1591	.98697	44
Board of Directors Composition 2	3.9773	1.02273	44
Board of Directors Composition 3	4.1364	.97863	44
Board of Directors Composition 4	4.0682	.99762	44

a. Only cases for which Company Size = Large are used in the analysis phase.

Covariance Matrix^a

	Board of Directors Composition 1	Board of Directors Composition 2	Board of Directors Composition 3	Board of Directors Composition 4
Board of Directors Composition 1	.974	.655	.652	.640
Board of Directors Composition 2	.655	1.046	.794	.862
Board of Directors Composition 3	.652	.794	.958	.758
Board of Directors Composition 4	.640	.862	.758	.995

a. Only cases for which Company Size = Large are used in the analysis phase.

Correlation Matrix ^a					
		Board of Directors Composition 1	Board of Directors Composition 2	Board of Directors Composition 3	Board of Directors Composition 4
Correlation	Board of Directors Composition 1	1.000	.649	.675	.650
	Board of Directors Composition 2	.649	1.000	.793	.845
	Board of Directors Composition 3	.675	.793	1.000	.776
	Board of Directors Composition 4	.650	.845	.776	1.000
Sig. (1-tailed)	Board of Directors Composition 1		<.001	<.001	<.001
	Board of Directors Composition 2	.000		.000	.000
	Board of Directors Composition 3	.000	.000		.000
	Board of Directors Composition 4	.000	.000	.000	

a. Only cases for which Company Size = Large are used in the analysis phase.

KMO and Bartlett's Test ^a	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.836
Bartlett's Test of Sphericity	Approx. Chi-Square
	124.709
	df
	6
	Sig.
	<.001

a. Only cases for which Company Size = Large are used in the analysis phase.

Factor Analysis for Independence of Board SubCommittees using Company Size as a Control Variable

Descriptive Statistics ^a			
	Mean	Std. Deviation	Analysis N
Independence of Board SubCommittees 1	4.1591	.98697	44
Independence of Board SubCommittees 2	4.0682	.97403	44
Independence of Board SubCommittees 3	4.1136	.99337	44
Independence of Board SubCommittees 4	4.0682	.92504	44

a. Only cases for which Company Size = Large are used in the analysis phase.

Covariance Matrix ^a				
	Independence of Board SubCommittees 1	Independence of Board SubCommittees 2	Independence of Board SubCommittees 3	Independence of Board SubCommittees 4
Independence of Board SubCommittees 1	.974	.826	.679	.663
Independence of Board SubCommittees 2	.826	.949	.853	.809
Independence of Board SubCommittees 3	.679	.853	.987	.806
Independence of Board SubCommittees 4	.663	.809	.806	.856

a. Only cases for which Company Size = Large are used in the analysis phase.

Correlation Matrix ^a					
		Board of Directors Composition 1	Board of Directors Composition 2	Board of Directors Composition 3	Board of Directors Composition 4
Correlation	Board of Directors Composition 1	1.000	.649	.675	.650
	Board of Directors Composition 2	.649	1.000	.793	.845
	Board of Directors Composition 3	.675	.793	1.000	.776
	Board of Directors Composition 4	.650	.845	.776	1.000
Sig. (1-tailed)	Board of Directors Composition 1		<.001	<.001	<.001
	Board of Directors Composition 2	.000		.000	.000
	Board of Directors Composition 3	.000	.000		.000
	Board of Directors Composition 4	.000	.000	.000	

a. Only cases for which Company Size = Large are used in the analysis phase.

KMO and Bartlett's Test ^a	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.836
Bartlett's Test of Sphericity	Approx. Chi-Square
	124.709
	df
	6
	Sig.
	<.001

a. Only cases for which Company Size = Large are used in the analysis phase.

APPENDIX 3: REGRESSION ANALYSIS