

The Role of Ownership Concentration, Board Effectiveness and Political Influence on the Earnings Quality of Jordanian Industrial Firms Listed at ASE.

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Abstract

The study aims to examine the “role of relationship between the ownership concentration, board effectiveness, which includes (board size, board independence, and CEO duality), and the political influence on the earnings quality of Jordanian industrial firms listed at Amman stock exchange. Data were collected from the study sample represented by the industrial firms listed on the ASE for the period of 2014 to 2017. The final sample used in the statistical analysis includes 231 firms after excluding the firms that do not have sufficient disclosure of the necessary data needed in this study. Multiple regression was used to test hypotheses. The research consisted of six main and sub-hypotheses, four hypotheses are accepted. One research hypothesis is partially accepted due to the different direction of the relationship. While one research hypothesis was not supported. More specifically, the study found a significant positive relationship between board effectiveness, board independence with earnings quality”. The survey finds a significant negative relationship between board size, chief executive officer duality and political influence with earnings quality. In addition, the results show an insignificant negative relationship between ownership concentration and earnings quality.

Keywords: Earnings quality, board effectiveness, political influence, ownership concentration, Jordan