

The Impact of Application of Corporate Governance on the Financial Performance – A Field Study in the Jordanian Public Shareholding Extraction & Mining Companies

Abstract

The Aim of the present dissertation is twofold: firstly, to investigate the current status of applying certain corporate governance mechanisms in the Jordanian extraction and mining sector. Whilst the second aim is to investigate The Impact of Application of Corporate Governance on the Financial Performance – A Field Study in the Jordanian Public Shareholding Extraction & Mining Companies. In particular, this dissertation considered board-related-mechanisms (namely, Board-Size; Board-independency and Board-Activity) and committees' mechanisms (namely, Compensation-Committee-Size) and ownership mechanisms (namely, Ownership-Concentration; Foreign-Ownership and Institutional-Ownership).

In order to achieve the above aims, the author implemented an appropriate methodological approaches in which a recent and relevant literature was criticized to of previous studies in order to determine opportunities of adding original value.

Then, an appropriate statistical techniques such as arithmetic mean and standard deviation and the lowest value and highest value and correlation matrix (person coefficient) T.test and multiple regression . were applied to a set of data consisting of 84 company-year observations. In particular, descriptive statistics and OLS multiple regression model specification was constructed and implemented to test the hypotheses of this dissertation.

The results suggest that the current status of applying corporate governance mechanisms in the extraction sector is relatively close to the situation of other sectors as provided by recent previous research articles In addition, Moreover, testing the hypotheses of the dissertation against the results of the OLS multiple regression suggest the existence of and a statistically significant positive impact of board size on the financial performance besides suggesting a statistically significant negative impact of board-activity on the financial performance. In addition, the results suggest that the impact of the size of the compensation committee on financial performance is statistically insignificant. Moreover the impact of each of board-independency, institutional-ownership and foreign-ownership on firm performance is

statistically insignificant. Moreover, the results suggest that the impact of ownership-concentration on firm performance is statistically insignificant.

Based on the above results, beneficial recommendations were provided to the potential users of this dissertation and future research opportunities were identified.

Therefore we recommend not to rely on the independence of the board of directors because they are not reflected in the financial performance, we recommend attention to increasing the number of board members because of its positive impact in making decisions , We recommend the need to adjust the meetings of the Board of Directors and put a limit to the number of annual meetings of the Board of Directors , We recommend not to rely on the size of bonuses, commissions gubernatorial college especially Adtha are not reflected in the financial performance , We recommend not to rely on the corporate governance of the oweninst and the failure to enact legislation limiting the possibility of individual shareholders owning shares , We recommend not to rely on foreign strategic partners Faculty of governance and lack of promotion of increased foreign ownership of shares , We recommend the Jordanian legislator not to put restrictions on the contribution of major shareholders, We recommend Jordanian legislator not to put restrictions on the contribution of the major shareholders, we recommend that current and Mahtmliyn investors that Iatmdo on the results of our study of the trade-off between the companies and using the mechanisms of governance that showed a positive effect or a negative to predict the return on assets (ROA) as a basis for investment decision , We recommend public bodies corporate extractive and supervisors and auditors and employees of the extractive companies under study, on concern the mechanisms of governance and the importance of adhering to them should pay the subject of the mechanics of governance and legislation attention .