

**THE INFLUENCE OF OWNERSHIP STRUCTURES AND BOARD
CHARACTERISTICS TOWARDS FIRM PERFORMANCE:
EVIDENCE FROM LISTED COMPANIES IN DUBAI.**

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**MASTER OF SCIENCE (INTERNATIONAL ACCOUNTING)
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Thesis submitted to
Othman Yeop Abdullah Graduate School of Business
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In Fulfillment of the Requirement for the Degree of Master of Science
(International Accounting)

DECLARATION

I declare that the substance of this project paper has never been submitted for any degree or postgraduate program and qualifications.

I certify that all the support and assistance received in preparing this project paper and the entire source abstracted have been acknowledged in this stated project paper.



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ABSTRACT

Corporate governance has received much attention globally, especially after numerous accounting scandals and failures that involve large companies throughout the world. Numbers of previous studies have been conducted in examining the association of corporate governance with firm performance. This study examines the role of board of directors and ownership structures towards firm performance in Dubai. This study is being tested on 79 listed companies in Dubai for year 2014.

The results of this study show that independent directors and foreign ownership structure influence the firm performance as measured by ROA and ROE. In addition, the results show that firm size is positively significant to firm performance either ROA or ROE. However, there are no significant relationship between board size and firm performance. Similarly, GCC and Arab ownership structures, which are insignificant in this relationship.

KEY WORDS: Firm Size, Firm Composition, Ownership Structure, ROE, ROA.



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ABSTRAK

Urustadbir syarikat telah mendapat perhatian di seluruh dunia terutamanya selepas kegagalan dan skandal perakaunan yang melibatkan banyak syarikat-syarikat besar di seluruh dunia. Banyak kajian telah dilakukan bagi menilai hubungan di antara urustadbir syarikat dan prestasi syarikat. Kajian ini memeriksa peranan pengarah-pengarah syarikat dan struktur pemilikan terhadap prestasi syarikat di Dubai. Kajian ini dilakukan terhadap 79 syarikat yang disenaraikan di Bursa Dubai bagi tahun 2014.

Hasil kajian menunjukkan, pengarah bebas dan pemilikan saham asing mempengaruhi prestasi syarikat apabila diukur menggunakan ROA dan ROE. Tambahan, saiz syarikat menunjukkan keputusan signifikan terhadap prestasi syarikat samada melalui ROA atau ROE. Walaubagaimanapun, tidak ada hubungan yang signifikan di antara saiz lembaga pengarah dengan prestasi syarikat. Begitu juga, struktur pemilikan bagi GCC dan Arab, yang mana hubungannya adalah tidak signifikan.



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Table of Contents

Title	Page
LIST OF TABLES	xi
LIST OF FIGURES	xii
CHAPTER ONE	1
INTRODUCTION	1
1.1 Introduction	1
1.2 Background of the Study.....	2
1.3 Problem Statement	5
1.4 Research Questions	9
1.5 Research Objectives	9
1.6 Significance of Study	10
1.7 Scope of Study	10
1.8 Definition of Terms	11
1.9 Organization of Study	12
CHAPTER TWO LITERATURE REVIEW	13
2.1 Introduction	13
2.2 Corporate Governance.....	13
2.3 Corporate Governance in the United Arab Emirates	16
2.4 Agency Theory	17
2.5 Firm Performance.....	20
2.6 Corporate Governance (Board Characteristics) and Company Performance.....	22
2.6.1 Board Size and Firm Performance.....	22
2.6.2 Board Composition and Firm Performance.....	24
2.7 Ownership Structure and Firm Performance.....	25
2.8 Control Variables	27
2.8.1 Firm size	27
2.8.2 Leverage	29
2.9 Chapter Summary.....	30
CHAPTER THREE THEORETICAL FRAMEWORK AND HYPOTHESIS.....	31
3.1 Introduction	31
3.2 Theoretical Framework	31
3.3 Hypothesis Development	32
3.3.1 Board Size and Firm Performance.....	33

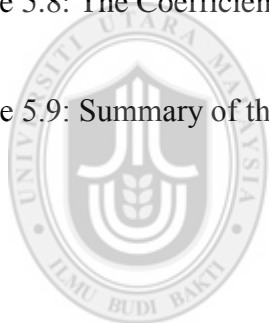
3.3.2 Board Composition and Firm Performance	33
3.3.3 Ownership Structure and Firm Performance	34
3.4 Chapter Summary	37
CHAPTER FOUR METHODOLOGY	38
4.1 Introduction	38
4.2 Research Design	38
4.3 Unit of Analysis	38
4.4 Data Collection	39
4.5 Data Collection Procedures	39
4.6 Multiple Regressions and Model Specifications	40
4.7 Measurement of the Variables	41
4.8 Data Analysis	42
4.8.1 Descriptive Analysis	42
4.8.2 Correlation of Variables	42
4.8.3 Multiple Linear Regression Analysis	42
4.9 Chapter Summary	43
CHAPTER FIVE FINDINGS AND DISCUSSION	44
5.1 Introduction	44
5.2 Descriptive Statistics	44
5.3 Correlation Analysis	46
5.4 Multiple Regressions Analysis	50
5.4.1 Assumption of Multiple Regression	50
5.4.1.1 Normality Test	50
5.4.1.2 Multicollinearity Test	51
5.5 The Coefficients of Multiple Regression Analysis	53
5.6 Discussions	56
5.6.1 Hypothesis 1	57
5.6.2 Hypothesis 2	58
5.6.3 Hypothesis 3	59
5.7 Chapter Summary	62
CHAPTER SIX CONCLUSION	64
6.1 Introduction	64
6.2 Summary of Study	64
6.3 Limitation and Future Research	67

6.3.1 Limitations of the Study	67
6.3.2 Suggestions for Future Research	68
REFERENCES	70



LIST OF TABLES

Table 5.1: Summary of Descriptive Statistics.....	41
Table 5.2: ROA Correlation Matrix (Pearson)	45
Table 5.3: ROA Correlation Matrix (Pearson) excluding National Ownership	47
Table 5.4: ROE Correlation Matrix (Pearson).....	49
Table 5.5: Normality Tests	51
Table 5.6: Variance Inflation Factors	52
Table 5.7: The Coefficients of Multiple Regression Analysis (ROA).....	54
Table 5.8: The Coefficients of Multiple Regression Analysis (ROE).....	55
Table 5.9: Summary of the Hypothesis Results.....	62



LIST OF FIGURES

Figure 3.1: Theoretical Framework of Study	30
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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Due to the precarious and unpredictable business environment, the regulating and governing of both the internal and external factors that are affecting firms' performance become rather challenging (Bettis & Hitt, 1995; Kuratko & Morris, 2003). Parallel to globalization and the ever increasing firm growth, the need of business governance to enhance firm performance is recognized globally (Haniffa & Hudaib, 2006). These modifications attract investors who have already lost market trust to wisely make investment decision (Sunday, 2008). When a firm's corporate governance (CG) strategy pertaining to its performance is mediocre, its market and business are likely to fail (Chen, 2008). Latest financial crises have recalled their attention to business governance and it is acknowledged that companies possessing better corporate governance structures signs better performance (Chiang, 2005).

To attain financial supports from stakeholders, global businesses need to develop and evolve (Mak & Kusnadi, 2005). Before involving in a given business, investors need to be assured that the financial stability and security are secured and that the business is profitable in the long term (Mallin, 2007). However, if the firm is not in a favorable position, the investor too will not be interested. Likewise, if a business fails to attain the sufficient amount of capital needed for its business to prosper, the business will be negatively affected and as a result, the whole economy is general is also affected (Chen, Elder & Hsieh, 2007; Haniffa & Hudaib, 2006; Klapper & Love, 2004; Sunday, 2008).

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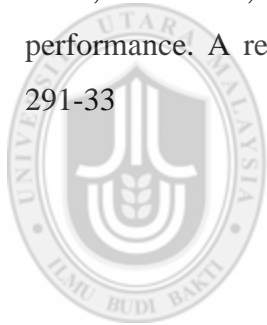
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