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THE RELATIONSHIP BETWEEN BOARD OF DIRECTOR’S CHARACTERISTICS AND INDUSTRIAL FIRMS FINANCIAL PERFORMANCE LISTED AT AMMAN STOCK EXCHANGE

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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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The purpose of this study is to empirically examine the relationship between board size, CEO duality, independence of the board of director’s, frequency of board meeting and firm financial performance. About, 64 industrial listed firms are chosen from Amman Stock Exchange for the year 2013. Multiple regressions analysis is utilised in this study in order to achieve the research objectives. The findings show that board size, CEO duality, independence of the board of director’s and frequency of board meeting have a relationship with firm financial performance. The findings also show that board size has a positive relationship with firm financial performance, and CEO duality has a negative relationship with firm financial performance. Moreover, independence of the board of directors has a positive relationship with firm financial performance. Eventually, the frequency of board meeting has no relationship with firm financial performance. It should be noted that the findings established in this study could be useful to regulators, especially the industrial firms listed in Amman Stock Exchange (ASE), Jordanian Securities Commission (JSC) and Jordan Investment Commission (JIC) to improve Corporate Governance (CG) practices. This study proposes that listed firm should put more emphasis on enhancing the role and the quality of the board of directors, as they are involved in the decisions that improve firm financial performance.

**KEY WORDS:** Corporate Governance, Board of Director’s, Firm Financial Performance.
ABSTRAK


KATA KUNCI: Pentadbiran Korporat, Lembaga Pengarah, Prestasi Kewangan Syarikat
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CHAPTER ONE
INTRODUCTION

1.0 Background of The Study

In the current global business environment, business organisations increase their continued struggle to achieve a high record of growth so as to attract investors who will be willing to finance the future investment projects of their corporations. In today’s competitive business environment stability and profitability are key factors influencing the decision to invest in corporations (Mallin, 2007). This justifies the inability of deteriorating businesses to raise funds for their investment projects. This situation can affect not only the specific business organisations but also the overall economic performance. To ensure safeguarding and protecting the corporate business environment, governments throughout the world have been enhancing effort for the implementation of corporate governance mechanisms. According to the Organization for Economic Cooperation and Development (OECD, 2004), “good corporate governance is essential for the economic growth led by the private sector and for the promotion of the social welfare”.

In fact, many theorists have explored and tested in investigating the link that connects corporate governance and the overall organisational performance. Given that, corporate is a vital issue to the overall organizational performance; it is considered as one of the major variables that may influence the economic growth and expansion. An example of the study that examined the link between corporate governance and firm’s performance is the work carried out by Brown and Caylor (2004) that confirmed the positive link between factors such as the composition and characteristics of the board’s members. The main role of the board’s members is to foresee the anticipated performance of the firm
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REFERENCES


