Available online at http://www.journalcra.com

International Journal of Current Research
Vol. 8, Issue, 11, pp.41328-41334, November, 2016

INTERNATIONAL JOURNAL OF CURRENT RESEARCH

ISSN: 0975-833X

RESEARCH ARTICLE

THE RELATIONSHIP BETWEEN OWNERSHIP STRUCTURE AND-PERFORMANCE IN JORDAN: A CONCEPTUAL MODEL

***Khaleel Ibrahim Al-Daoud, Siti Zabedah Saidin and Shamharir Abidin**

School of Accountancy, Universiti Utara Malaysia, Malaysia

ARTICLE INFO

Article History:
Received 06th August, 2016
Received in revised form
22nd September, 2016
Accepted 27th October, 2016
Published online 30th November, 2016

Key words:
Ownership Structure,
Corporate Governance,
Performance,
Jordan,
Conceptual Model.

ABSTRACT

Ownership structure, as a mechanism in corporate governance to expedite improved efficiency of a firm, has been believed to have effect on firm performance for many years. However, research interests in the field are far from been exhausted, and the research encompassing the role of ownership structure on firm performance in emerging economy is scanty. Hence, this conceptual study proposes a model for the impact of ownership structure on the enhancement of firm performance in the context of Jordan. This work is theorized on the basis of far-reaching literature survey through which a conceptual model is developed and discussed. It is found that relationship between ownership structure and firm performance is valuated and established via published research. However, research findings on family ownership-firm performance relationship and institutional ownership-firm performance relationship are inconsistent. The proposed model in this work is based on survey of published research, but it can be empirically solidified further via collection and analysis of relevant data. This proposed conceptual framework is a unique and comprehensive model that will hopefully contribute towards the enrichment of the relevant literature, and serve as a useful guide for stakeholders on how they can boost firm performance.

Citation: Khaleel Ibrahim Al-Daoud, Siti Zabedah Saidin and Shamharir Abidin, 2016. "The relationship between ownership structure and-performance in Jordan: a conceptual model", *International Journal of Current Research*, 8, (11), 41328-41334.

INTRODUCTION

Prior evidences suggest that countries with better corporate governance would achieve higher income growth rates (Naser and Mokhtar, 2004). The influence of corporate governance on firms' performance is substantial, and its effect on the overall economic health of corporate organizations and society is also apparent. One important mechanism of corporate governance, i.e. Ownership structure, is believed to affect the firm performance for many years. In fact, since 1978, the link between ownership structure and firm performance has been a vital area of study in the broader field of corporate governance (Bowen and Ostroff, 2004). Extant corporate governance literature, particularly in the context of developed countries, indicates that ownership structure has impact on firm performance and shareholder value creation (Hermalin and Weisbach, 1991; Ghosh and Sirmans, 2003; Francis *et al*., 2012). Researches, such as of Cui, and Mak (2002), Chu (2009), Erkens *et al*. (2012) and Ganguli and Deb (2015) report positive relationship between ownership structure and firm performance.

For instance, Cui and Mak (2002) findsa significant positive association between managerial ownership and firm performance. However, research sin the field of corporate governance is still limited, especially in the context of developing countries (Ahmed-Haji and Mubaraq, 2015; Baydoun *et al*., 2013; Marashdeh, 2014).While most studies focus on the issues of corporate governance in well-developed Western economies, only a small number studied the issues in Arab speaking countries. For instance, in the emerging economies like Jordan, the study on the role of ownership structure on firm performance can be considered limited. In fact, Shanikat and Abbadi (2011) posit that there is dearth of empirical studies on the relationship between ownership structure and firm performance in the context of Jordan. Moreover, the findings of some studies (e.g. Morck *et al*., 1988; Stulz, 1988) indicate negative relationship between ownership structure and firm performance. However, there are also substantial stream of researches which affirmed positive relationship between ownership structure and performance. The y inconsistency in the findings, to a certain extent, could be attributed to certain factors relating to culture, legality, and regulatory traditions.

Corresponding author: Khaleel Ibrahim Al-Daoud,
School of Accountancy, Universiti Utara Malaysia, Malaysia.

As such, it is posited that the corporate governance mechanisms, such as ownership structure, developed in an Anglo-American context may not fit well in the context of developing countries such as Jordan (Carcello *et al*., 2011). Variations in the governance mechanisms and arrangements are by the characteristics of the firm as well as the countries specific differences. For example, in the U.S., primary agency conflict is between owners and manager. Under this system, a significant risk to shareholders is fraudulent financial reporting (Carcello *et al*., 2011). This underscores the need for study on ownership structure-firm performance relationship in the context of emerging countries like Jordan, because the context within which the firms operate matters most.

Further, The extant of researches on corporate governance commonly studied the well-established or growing firm (Daily *et al*., 2003), and the focus has been on managing firm performance in stable operating environments, such as in developed countries. Relatively, little research has been undertaken to examine the association of corporate governance and firm performance in a crisis environment, financial or otherwise (Daily *et al*., 2003). In Jordan, statistics show that many firms have liquidity issue and many had collapsed. According to the Companies Control Department (CCD), the statistics showed that from 2000 to 2011, there were 44 bankruptcy cases in Jordanian companies. Consequently, various stakeholders, including government and investors, had emerged in demanding reformation and practices towards enhancing the firm performance (Hamdan, 2012). Furthermore, Jordan is increasingly expressing its interest in corporate governance as the country attempts to improve the quality of financial statements. Following this, laws have been passed by the legislators so that the public companies would be abided by the policies of corporate governance. In September 2009, the Corporate Governance Code for Shareholding Companies, specifically for the ASE listed firms, was released by JSC. Given such development, there is a need for researcher to investigate the ownership structure-firm performance relationship in the context of emerging and crisis filled economies, such as Jordan. Thus, it is the purpose of this paper to offer critical discussion on the relationship between ownership structure and firm performance in the context of Jordan.

Ownership structure and firm performance

Given the discerned issues in the introduction of this paper, there is need to examine the impact of ownership structure on firm performance in the context of Jordan, indicating theoretical and contextual lacunas; this implies investigating the effect of managerial ownership, family ownership, institutional ownership, foreign ownership on firm performance. Finally, the need to upsurge performance of Jordanian firms constitutes the practical gap. Ownership structure is a significant mechanism of corporate governance that influences the quality of corporate governance (Denis and McConnell, 2003). Berk and DeMarzo (2007) posit that ownership structure also impacts the ability of corporate governance in minimizing agency costs. Other researchers such as Coffee (1999) and Dyck and Zingales (2004) reported that ownership structure and firm performance aid investors in procuring value via optimal firm ownership structure. According to Fan and Wong (2002), ownership structure refers to the distribution of a company's equity with regard to capital and by the identity of the owners of equity. As obtainable in Jordan, this conceptual paper concentrates on four types of ownership structure: managerial, family, institutional, and foreign ownership. Meanwhile, there are several ways to measure performance. However, various studies divide the performance indicators into market based and accounting based measures (Munisi&Randøy, 2013). Overall, the common measure used in the literature for the market based is the Tobin's Q (Khatab *et al*., 2011; Ammann *et al*., 2011; Reddy *et al*., 2008) and the common accounting measures are represented by Return on Assets (ROA) and Return on Equity (ROE) (Munisi and Randøy, 2013; Pathan and Faff, 2013; Wintoki *et al*., 2012). In general, it is common for prior studies to adopt both measures since they help to address different aspects of performance. The former is a proxy for future performance of the company and the latter is a reflection of past performance (Munisi and Randøy, 2013). Many previous studies suggest that the use of multiple measures would produce a more accurate description of performance (Rechner and Dalton, 1991). Thus, according to Dalton and Kesner (1985), literature has strongly endorsed relying on multiple performance measures.

Ownership structure 1: Managerial Ownership

In Modern Corporation, managerial ownership is often proposed to lessen the conflict of interests between principals and agents. Managerial ownership, asdescribed by Holderness (2003), refers to the percentage of equity owned by insiders and block holders, where the former refers to the firm's officers and directors. Similarly, Cho (1998) defines insider ownership as the shares fraction, excluding operations held by officers and the board of directors. Managerial ownership is considered by Davies, Hillier and McColgan (2005) as holding a stake in the entire board members' shareholdings. Corporate boards hold the power to make or ratify, the entire financial policies, and in this regard, Bhagat and Bolton (2008) contended that board members having stock ownership are encouraged to offer effective monitoring of important corporate activities. Al-Fayoumi, Abuzayed and Alexander (2010) investigated the association between managerial (insider) ownership and earnings management in the context of Jordanian industrial companies. They found significant positive association among managerial (insider) and earnings management.

A substantial literature has studied the link between managerial ownership and firm performance both theoretically and empirically. Notable examples include Core and Larcker (2002) and Fahlenbrach and Stulz (2009). Core and Larcker (2002) find an increase in stock return and ROA for 195 firms that adopt target ownership plans. Fahlenbrach and Stulz (2009) also examine a sub-sample of firms that have seen large absolute change (>2%) in managerial ownership and conclude that increases in shares held by officers are associated with increase in Tobin's Q. Based on the agency theory assumption, the owners and managers will have consistent interests if they are of the same persons. Thus, it can be said that increase in managerial ownership causes decrease in the managerial condition for consumption and increase in investment. Given this, a positive linkage between insider holdings and the performance of the firm's is possible (Jensen &Meckling, 1976). Also, managerial ownership could be of value in averting agency problems, and it can foster consistency between the interests of the managers and the interests the external shareholders.

Consequently, managers could be motivated to engage in activities that maximize value. Furthermore, high level of managerial ownership can align the interest of the managers with the interests of outside shareholders in a manner that the managers can be inspired to manifest the value maximizing behaviours. Also, Jensen and Meckling (1976) stressed that increase of managerial ownership will increase the alignment between managerial interests and the external shareholders' interests. In the situation of Jordan the linkage between managerial (insider) ownership and earnings management in Jordanian industrial companies was studied by Al-Fayoumi *et al*. (2010). The results indicate a significant positive linkage between managerial (insider) and earnings management.

According to Li and Sun (2015), the increase in the effective managerial ownership significantly leads to an increase in firm performance in a non-linear fashion, and firms with intermediate level of managerial ownership has large improvement in firm performance while the effect is small for firms with very low or very high managerial ownership. However, as noted by Li and Sun (2015), research on the causal effect of managerial ownership on firm performance is elusive due to a lack of within-firm variations and credible empirical designs.

Ownership structure 2: Family Ownership

A typical family business would have two or more family members in the management team as part of the owning family. In these businesses, families have a strong motivation to minimise agency costs and maximise the value of the firm. According to Demsetz and Lehn (1985), concentrated shareholders possess significant economic motivation to oversee managers and reduce agency costs. Burkart *et al*. (2003) state that ownership concentration empowers family members to achieve their goals better than other shareholders can. Family control may negate or significantly eliminate agency problems stemming from conflict between shareholders and managers. Family wealth is closely linked to firm performance; thus, family members have strong incentive to supervise managers and improve firm performance.

Based on agency theory, family ownership is particularly effectual in putting the agency issues at the minimum because shares are entirely controlled by the agents who are in a specific relations with other decision agents that allow the agency problems' control without having the management and control decisions separated (Fama and Jensen, 1983). Also, family members have several dimensions of exchange with each other through a lengthy period, and due to this, they benefit from supervising and controlling the associated decision agents (Fama and Jensen, 1983). Gorriz and Furnas (1996) further added that the costs of agency are lessened when only a small number of shareowners perform the whole process of decision making on their own. As clearly expressed by Shleifer and Vishny (1997), being owner-managers motivates them to supervise the management and decrease agency costs related to it. In addition, families often invest a significant amount of their private wealth in the company and it is not well-diversified, families would focus on the survival of the firm and have strong motives to strictly oversee management, and the costs for monitoring have a tendency to be kept within families (Fleming *et al*., 2005; Fama and Jensen, 1983).

Moreover, research findings on family ownership-firm performance relationship are inconsistent and inconclusive. Neilson, Achmad, and Tower (2009) examined manufacturing firms within the period of 2003-2006. Their findings showed that the existence of high concentrated shareholders by families may decrease corporate performance. In this study, performance was measured using ROA. Family companies have a tendency to act in the family members' interests resulting in the wealth expropriation from non-family shareholders. Likewise, Morck, Yeung and Yu (2000) in the context of Canada found that family ownership causes negative performance of the firm. The authors argued that the forthcoming generation will partially inherit their predecessor's entrepreneurial talent and expertise, and the talent and expertise will somewhat reduce to average skills. This imparts an adverse impact on the performance of the firm. In addition, employing ROA, ROE or market-to-book ratio as proxies, Chen, Cheung Stouraitis and Wong (2005) found no positive linkage between 78 studied family-owned Hong Kong firms and performance. Also, Dekker, Lybaert, Steijvers, and Depaire (2015) studied 523 private family businesses in Belgium. Based on the outcomes of the regression, the authors establish that the increasing non-family participation, implementation of HR control systems and or decentralization authority have significant positive impacts on firm's performance.

Conversely, Chu (2009) in his study found a positive linkage between family ownership and performance. It was explained that the linkage becomes significant when family members assume the positions of CEOs, top management, chairpersons or firm directors. On the other hand, the linkage becomes weak when members of the family have no involvement in the management and control of the firm. This finding implies that the potential impacts of family-ownership have a greater probability of being attained when family ownership is combined with pro-management and control of family members.In the study undertaken by Anderson and Reeb (2003), it is discerned family ownership has positive influence on firm performance. The authors claimed that family firms perform better than nonfamily firms. Additional analysis reveals that the relation between family holdings and firm performance is nonlinear and that when family members serve as CEO, performance is better than with outside CEOs.

Furthermore, Shyu (2011), using the panel data of 465 Taiwanese listed companies examine the influence of family ownership on firm performances, and he found that family ownership positively influence firm performance. He claimed that when either a profitability indicator (ROA) or a valuation indicator (Tobin's Q) is applied, the empirical results show that family ownership positively affects firm performance. The results also show that the profitability of a firm (ROA) first increases and then decreases with family ownership. In other words, when families have more than 30 per cent control of the firm, the potential for entrenchment and poor performance becomes greater.

It is noteworthy that when ownership is at significant level, the entrenchment effect is strengthened, and if the family ownership can be monitored and employed for good purpose, the performance of firm can be improved. Ng (2005) posited that high ownership concentrated firms should concentrate on enhancing their practices of corporate governance so that their performance can be improved.

In Jordan, family business groups are a prevalent form of ownership structure. These families have listed and unlisted firms that operate in various sectors that seem legally independent.

Ownership structure 3: Institutional Ownership

Institutional ownership is where financial organisations hold the ownership stake in a company. These financial entities may be financial institutions, pension funds, or endowments. These institutions may buy large blocks of the company's outstanding shares and are able to exert significant influence on the management of the company (Gorton and Kahl, 1999).

The relationship of institutional ownership with firm performance has been examined in different parts of the globe with mixed findings. According to Seifert, Gonenc and Wright (2005), there is no consistency of the findings regarding the relationship, which may be attributed to the influence of institutional investors on firm performance. For example, Bhattacharya and Graham (2007) found negative relationship between institutional ownership and firm performance. The authors observed that the empirical results indicate a significant two-way feedback between firm performance and institutional equity ownership. The institutional investors with likely investment and business ties with firms have adverse (negative) effect on firm performance and the impact is very significant in comparison to the negative effect of firm performance on institutional ownership. Also, Chaganti and Damanpour (1991) and Lowenstein (1991) found little evidence to support the relationship between the two variables, However, McConnell and Servaes (1990) reported a positive association between firm value and ownership of institutional investors. In addition, Charfeddine and Elmarzougui (2011) found that institutional ownership was found to have a significant negative impact on firm performance as measured by a proxy for Tobin's Q in a simultaneous equation system. Moreover, Clay (2001) examined 8,951 firms between 1988 and 1999 and found empirical evidence supporting a positive impact of institutional ownership on firm performance, as measured by proxy Q, not only in the Ordinary Least Square (OLS) model but also in the Two-Stage Least Square (2SLS) one. Specifically, Clay's (2001) results suggest that a 1% increase in IO translates into a 0.75% firm performance enhancement. Proxy Q is defined as the book value of total assets plus market value of common equity minus the sum of the book value of common equity and deferred taxes, all divided by the book value of total assets. As a result, Seifert, Gonenc and Wright (2005) observed that the inconsistency in the research findings on institutional ownership-firm performance relationship may be due to variance in the contexts within which the researches were undertaken. They also posit the mixed results may reflect the fact that the influence of institutional investors on firm performance is location specific.

Ownership structure 4: Foreign Ownership

The extant research has established the relationship between foreign ownership and firm performance. Gurgler (1998) investigated the non-financial Austrian firms and found that foreign ownership improves firms' profitability. Also, Aitkin and Harrison (1999) documented that foreign ownership is linked with productivity enhancements in Venezuela. The plant-level information was utilised by Arnold and Javorcik (2005) in Indonesia and found that foreign ownership leads to significant level of productivity enhancements during the acquisition year and in the years that ensue. Utilising the plant level data in India, Petkova (2008) demonstrated that plants that foreigners own showed enhancement of productivity three years following the investment. Furthermore, from Bilyk's (2009) study entitled "Foreign Ownership and Firm Performance: A Closer Look at Offshore-Owned Companies in Ukraine", it is indicated that foreign ownership positively influence firm performance. In general, as it is reported in the survey of Djankov and Murrell (2002), the majority of studies on the ownership-performance relationship in transition economies do suggest that foreign ownership is effective from the point of view of enterprise restructuring and improving productivity.

Foreign ownership is a kind of ownership which involves the complete or majority ownership of a business/resource in a country by non-citizens of the country, or by firms whose headquarters are not located in the country (Arnold and Javocik, 2005). Jordan is a unique case in which the relationship between foreign ownership and firm performance can be examined as the privatisation of shares issuance is ongoing. Through their management of state holdings, Jordanian listed firms have taken top government priority. Evidence points to the fact that the government supports the takeover of foreign firms and their participation in the country's economic growth. The government has adopted an overall economic package that includes privatisation since the early 1990s called the Economic Adjustment Program, and self-reliance following the economic crisis. It underwent privatisation as the country requires opening up its market to the global market, by entering into partnerships with the EU and its accession to the WTO. Based on official surveys, public sector institutions and corporations suffer from major inefficiencies regarding administrative and employment policies, wastage of public funds, administrative archaism, ineffective services, and high indebtedness. In contrast, private and foreign firms produced great returns and generated superior job opportunities based on their high degree of efficiency (Jordanian Securities Commission [JSC], 2009).

The government issued and revised a number of important regulations and laws, such as Privatisation Instructions and Banks Law in 2000, in order to encourage and attract investment by non-Jordanians. The Jordanian Securities Commission (JSC) addressed a private strategy to encourage and attracts the foreign investments in the capital markets (JSC, 2009). One objective is to prompt efficiency, transparency and fairness in the market, ensure a high level of earning quality, and reduce the information asymmetric between managers and shareholders (Hamdan, 2012; Zureigat, 2011). Zureigat (2011) recommended that the JSC keep its ongoing strategy of encouraging and attracting foreign investments in Jordanian listed firms, and to adopt new instructions that attract the foreign investments. It is thus expected that privatisation and foreign ownership can influence the performance of firms in Jordan.
Control Variable

Company Attributes

The existence of a number of variables may justify and influence firm's performance level. However, almost all concluded a mixed relationship between company size and debt contract (Das and Zhang, 2003; Nikolaev, 2010).

These are alsothe most common attributes of company on the level of performance (Das and Zhang, 2003; Nikolaev, 2010).

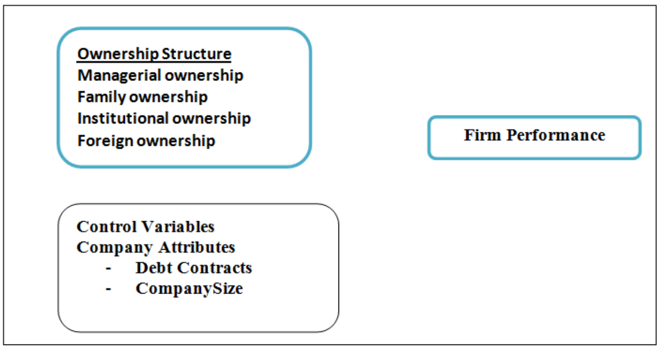
Company Size

Company size has been found to impact the degree of firm performance (Mehrani *et al*., 2010). Compared to their smaller counterparts, large companies are often believed to hire more accounting staff, and possess more resources and cutting-edge accounting information systems. Al-Sahli (2009) and Hamdan (2010) further added that large companies generally have resilient corporate governance. Additionally, larger companies also appear more significant tothe audience. In particular, Al-Tahat (2010) stated that it is likely that large companies will be tracked by a lot of analysts. These analysts expect reliable information from these companies so that they could affirm review their expectations. As such, it is more likely that larger companies will create and sustain internal control systems that are more effective and sophisticated as opposed to their smaller counterparts (Beasley *et al*., 2000). This reduces the possibility of earnings manipulations bythe management.

Hamdan and Abzakh (2011) concluded that firms of small size demonstrate high level of performance in their financial reports as opposed to the financial reports produced by large firms. Based on the past studies (Sultana, 2012; Yunos *et al*., 2010; Hamdan and Abzakh, 2011; Hamdan, 2010) firm size influence the firm performance. Burgstahler and Dichev (1997) documented that size of company plays diverse roles in earnings changes or managing earnings. As evidenced by Das and Zhang (2003), small companies make adjustment to earnings so that they could report one more cent of earnings per share through rounding up. Further, Lee and Choi (2002) and Siregar and Utama (2008) added that size ofcompany can influence the inclination of a company in managing earnings. The authors further stated that smaller companies have more inclination to manipulate earnings to prevent from reporting losses. Conversely, many scholars are in favor of larger company sizes when it comes to achieving superior performance. As reported by Singh and Whittington (1975) and Serrasqueiro, Macas and Nunes (2008), large companies are more likely toexploit economies of scale and obtain greater negotiation power over their clients and suppliers. In the context of Spain, Diaz and Sanchez (2008) concluded that the SMEs were more efficient compared to their large counterparts, and this conclusion in line with the prior studies which found an inverse relationship existing between company size and performance.

Debt Contracts

Nikolaev (2010 and Vasvari (2006) refer debt contract asan agreement in which a company agrees to payback funds to a lender. It is generally acknowledged that debt contracts contain contractual benefits that prevent the bondholders from the undertakings that would have their wealth transferred to the shareholders for instance, too much dividend disbursements and risk shifting investments (Smith and Warner 1979). There are a number of factors that motivate the directors to satisfy the requirement for losses recognition's timeliness. First of all, as indicated by Diamond (1991), having a good reputation is crucial to a company in restricting the debt cost and ingetting into the markets of public debt. Secondly, as reported by Basu (1997) and Qiang (2007), the threat oflawsuit may affect the timely loss recognition. Further, since accounting figures assist in contracting requirements, the usage of agreements in firms should there for bring about a greater necessity for the timely acknowledgement of earnings' losses (Watts & Zimmerman, 1986).



Here, bondholders appear to be more inclined to offer better motivations for such recognition and its auditors especially when the debt contracts are grounded on accounting-based agreements. Furthermore, it is common for debt contracts to require an external auditor. This is in order to attain confirmation on its compliance to the signed agreement. This however, could possibly put the auditor to lawsuit risks. Researches on the linkage between debt contract and performance have yielded inconclusive outcomes. As an example, Nikolaev (2010) documented a positive linkage between number of covenants and performance. Meanwhile, the study by Hamdan (2011) amongst the Kuwaiti listed firms concluded that debt contracts impart impacts on financial reports and performance. Comparatively, Vasvari (2006) stated that conservatism reduces financial covenants. More so, the study by Begley *et al*. (2009) in this subject could not conclude the relationship. Further, Callen *et al*. (2010) study reported that borrowers that use high conservatisms level and tight covenants mostly incur lower interest rates as opposed to borrowers that display low performance level and practice loose covenants.

Conclusion

This conceptual work theorizes the relationshipbetween ownership structure and firm performance in the context of developing economy, namely The Kingdom of Jordan. Thus, it contributes to the present body of knowledge on ownership structure-firm performance relationship. It can equally be a useful guide for stakeholders and policy makers in Jordan on how they can boost the firm performance for the consequent betterment of the nation's economy.

REFERENCES

Achmad, T., Rusmin, R., Neilson, J. and Tower, G. 2009. The iniquitous influence of family ownership structures on corporate performance. *The journal of global business Issues*. 3 (1), 41-49.

Ahmed Haji. A. and Mubaraq, S. 2015. The implications of the revised code of corporate governance on firm performance. *Journal of Accounting in Emerging Economies*, 5(3), pp. 350 – 380.

Aitken, Brian J. and Ann E. Harrison, 1999. Do Domestic Firms Benefit from Direct Foreign Investment? Evidence from Venezuela. American Economic Review, 89, 605-618.

Al-Fayoumi, N., Abuzayed, B., and Alexander, D. 2010. Ownership Structure and Earnings Management inEmerging Markets: The Case of Jordan. *International Research Journal of Finance and Economics,* 38, 28-47.

Ammann, M., Oesch, D. and Schmid, M.M. 2011. Corporate governance and firm value: internationalevidence.*Journal of Empirical Finance*, 18(1), 36–55.

Anderson, R. C. and Reeb, D. M. 2003. Founding-family ownership and firm performance: evidence from the S&P 500. *The Journal of Finance*, 58, 1301–1327.

Arnold, J. and Javorcik, B. S. 2005. Gifted Kids or Pushy Parents? Foreign Acquisitions and Plant Performance in Indonesia. CEPR Discussion Papers, Working Paper 5065:1–36.

Baydoun, N. Maguire, W., Ryan, N. and Willett, R. 2013. Corporate governance in five Arabian Gulf countries. *Managerial Auditing Journal*, 28(1), 7–22.

Berk, J. B. and DeMarzo, P. M. 2007. *Corporate finance*. Pearson Education.

Bhagat, S.and Bolton, B. 2008. Corporate governance and firm performance. *Journal of corporate Finance*,14(3),257–273.

Bhattacharya, P.S. and Graham, M. 2007. Institutional Ownership and Firm Performance: Evidence from Finland. Retrieved from: http://ssrn.com/abstract=1000092

Bilyk, O. 2009. Foreign Ownership and Firm Performance: A Closer Look at Offshore-OwnedCompanies in Ukraine. Master Thesis (Kyiv School of Economics).

Bowen, D. E. and Ostroff, C. 2004. Understanding HRM–firm performance linkages: The role of the “strength” of the HRM system. *Academy of management review*, *29*(2), 203-221.

Burkart, M., Panunzi, F. and Shleifer, A. 2003. Family firms.*Journal of Finance*, 58(5), 2167-202.

Carcello, J. V., Hermanson, D. R. and Ye, Z. (Shelly). 2011. Corporate Governance Research in Accounting and Auditing: Insights, Practice Implications, and Future Research Directions. *Auditing: A Journal of Practice & Theory*, *30*(3), 1–31.

Chaganti, R. and Damanpour, F. 1991. Institutional ownership, capital structure and firm performance. *Strategic Management Journal,* 12, 479-491.

Charfeddin, E, L. and Elmarzougu, A. 2011. Institutional Ownership and Firm Performance: Evidence from France. Retrieved on: 16 April 2016 at https://www.researchgate.net/publication/228293240_Institutional_Ownership_and_Firm_Performance_Evidence_from_France

Chen, Z., Cheung, Y. L., Stouraitis, A. and Wong, A. W. S. 2005. Ownership 316 concentration, firm performance and dividend policy. *Pacific-Basin Finance Journal*, 73,431-449.

Cho, M. H. 1998. Ownership structure, investment, and the corporate value: an empirical analysis. *Journal of Financial Economics*, *47*(1), 103-121.

Chu, W. 2009. Family ownership and firm performance: Influence of family management, family control and firm size. *Asia Pacific Journal of Management*, Springer, DOI 10.1007/sl0490-009-9180-l.

Clay, D. G. 2001. Institutional Ownership, CEO Incentives, and Firm Value.Ph.D.Dissertation, University of Chicago.

Coffee Jr, J. C. 1999. Privatization and corporate governance: The lessons from securities market failure. *Journal of Corporate Law*, 25, 1.

Core, J. E. and Larcker, D. F. 2002. Performance consequences of mandatory increases in executive stock ownership. *Journal of Financial Economics,* 64, 317–340.

Cui, H. and Mak, Y.T. 2002. The relationship between managerial ownership and firm performance in high R&D firms. *Journal of Corporate Finance*, 8(4), 313.

Daily, C. M., Dalton, D. R., Cannella, A. A. 2003. Corporate governance: Decades of dialogue and data. *Academy of management review*, 28(3), 371-382.

Dalton, D. and Kesner, I. 1985. Organizational performance as an antecedent of inside/outside chief executive succession: An empirical assessment. *Academy of Management Journal*, 28(A), 749-762.

Davies, J. R., Hillier, D. and McColgan, P. 2005. Ownership structure, managerial behavior and corporate value. *Journal of Corporate Finance*, 11(4), 645-660.

Dekker, J., Lybaert, N., Steijvers, T. and Depaire, B. 2015. The effect of family business professionalization as a multidimensional construct on firm performance. *Journal of Small Business Management*, 53(2), 516–538.

Demsetz, H. and Lehn, K. 1985. The structure of corporate ownership: Causes and consequences. *Journal of Political Economy*, *93*(6), 1155-1177.

Denis, D. K. and McConnell, J. J. 2003. International corporate governance.*Journal of financial and quantitative analysis*, 38(01), 1-36.

Djankov, S. & Murrell, P. 2002. Enterprise Restructuring in Transition: A Quantitative Survey.*Journal of Economic Literature,* 15, 739-792.

Dyck, A. and Zingales, L. 2004. Private benefits of control: An international comparison. *The Journal of Finance*, 59(2), 537-600.

Erkens, D. H., Hung, M. and Matos, P. 2012. Corporate Governance in the 2007-08 Financial Crisis: Evidence from Financial Institution Worldwide. Available at http://ssrn.com/abstract=1397685.

Fahlenbrach, R. and Stulz, R.M. 2009. Managerial ownership dynamics and firm value. *Journal of Financial Economics,* 92, 342–361.

Fama, E. F. and Jensen, M. C. 1983. Separation of ownership and control. *The Journal of Law & Economics*, *26*(2), 301-325.

Fan, J. P. H. and Wong, T. J. 2002. Corporate ownership structure and the informative-ness of accounting earnings in East Asia. *Journal of Accounting and Economics*, 33(3), 401- 425.

Fleming, G., Heaney, R. and McCosker, R. 2005. Agency costs and ownership structure in Australia. *Pacific-Basin Finance Journal*, 13(1), 29-52.

Francis, B, I. Hasan and Wu, Q. 2012. Do Corporate Boards Affect Firm Performance?New Evidence from the Financial Crisis.Bank of Finland Research Discussion Papers.

Ganguli, S.K. and Deb, S.G. 2015. Board Composition, Ownership Structure and Firm Performance: New Indian Evidence in a Unique Regulatory Environment. Retrieved on April 2016 at http//:10.1017/CBO9781107415324.004.

Ghosh, C. and Sirmans, C. F. 2003. Board Independence, Ownership Structure and

Gorriz, C. G. and Furnas, V. S. 1996. Ownership structure and firm performance: Some empirical evidence from Spain. *Managerial and Decision Economics*, 17(6), 575-586.

Gorton, G. and Kahl, M. 1999. Blockholder identity, equity ownership structures, and hostile takeovers (No. w7123). National bureau of economic research.

Gugler, K. 1998. Corporate ownership structure in Austria. *Emprica*, 25, 285- 307. DOI: 10.1023/ A:1006967517368

Hamdan, A. 2012. Factors Affecting Accounting Conservatism When Preparing Corporate Financial Reports: Evidence from Jordan. *Jordan Journal of Business Administration. 8,* (1), (2012), 22-41

Hermalin, B. E. and Weisbach, M. S. 1991. The Effects of Board Composition and Direct Incentives on Firm Performance, *Financial Management*, 20 (4), 101-12.

Holderness, C. G. 2003. A survey of block holders and corporate control. *Economicpolicy review*, 9(1).

Jensen, M. C., Meckling, W. H. 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3, 305–360.

JSC, Jordanian Securities Commission 2009. Corporate governance code for shareholding companies listed on Amman Stock Exchange. 1-16. Retrieved from: http://www.sdc.com.jo/arabic/images/stories/pdf/corporate _governance_co mpanies.pdf.

Khatab, H., Masood, M., Zaman, K., Saleem, S. and Saeed, B.(2011). Corporate governance and firm performance: A case study of Karachi Stock Market.*International Journal of Trade, Economics and Finance*, 2(1), 39-43.

Li, X. and Sun, S.T. 2015. Managerial Ownership and Firm Performance: Evidence From the 2003 Tax Cut. Retrieved from http://ssrn.com/abstract=2285638.

Lowenstein, L. 1991. Why managers should (and should not) have respect for their shareholders. *Journal of Corporation Law,* 17, 1-27

Marashdeh, Z. M. S. 2014. The Effect of Corporate Governance on Firm Performance in Jordan. *University of Central Lancashire*, *PhD Thesis* (March).Retrieved from http://jwc.jxnu.edu.cn:8080/kc/gsjr/file/The Impact of Corporate Governance on Firm Performance.pdf.

McConnell, J. J. and Servaes, H. 1990. Additional evidence on equity ownership and corporate value. *Journal of Financial Economics,* 27, 595-612.

Morck, R., Shleifer, A. and Vishny, R. W. 1988. Management ownership and market valuation: An empirical analysis. *Journal of financial Economics*, 20, 293-315.

Morck, R., Yeung, B. and Yu, W. 2000. The information content of stock markets: why do emerging markets have synchronous stock price movements? *Journal of financial economics*, 58(1), 215-260.

Munisi, G. and Randøy, T. 2013. Corporate governance and company performance across Sub-Saharan African countries. *Journal of Economics and Business,* 70:92–110.

Naser, K. and Mokhtar, M. Z. 2004. Determinants of corporate performance of Malaysian companies. In *Fourth Asia Pacific Interdisciplinary Research in Accounting Conference, Singapore* (Vol. 1, No. 1, pp. 16-25).

Ng, C. Y. M. 2005. An empirical study of the relationship between ownership and performance in a family-based corporate environment. *Journal of Accounting, Auditing and Finance*, 20(2), 121-146.

Pathan, S. and Faff, R. 2013. Does board structure in banks really affect their performance? *Journal of Banking & Finance*, 37, 1573–1589

Performance: Evidence from Real Estate Investment Trusts. *The Journal of Real Estate Finance and Economics*, 26, 287-318.

Petkova, N. 2008. Does Foreign Ownership Lead to Higher Firm Productivity? Mimeo.

Rechner, P. L. and Dalton, D. R. 1991. CEO duality and organizational performance: a longitudinal analysis. *Strategic Management Journal*, 12(2), 155- 160.

Reddy, K., Locke, S., Scrimgeour, F. and Gunasekarage, A. 2008. Corporate governance practices of small cap companies and their financial performance: an empirical study in New Zealand, *International Journal of Business Governance and Ethics,* 4(1), 51–78. http://dx.doi.org/10. 1504/IJBGE.2008.017891

Seifert, B., Gonenc, H. and Wright, J. 2005. The international evidence on performance and equity ownership by insiders, block holders, and institutions. *Journal of Multinational Financial Management*, 15(2), 171-191.

Shanikat, M. and Abbadi, S. S. 2011. Assessment of corporate governance in Jordan: an empirical study. *Australian Accounting Business and Finance Journal*, 5(3), 91-1063.

Shleifer, A. and Vishny, R. W. 1997. A survey of corporate governance. *The Journal of Finance,* 52(2), 737-783.

Shyu, J. 2011. Family ownership and firm performance: evidence from Taiwanese firms.*International Journal of Managerial Finance*, 7(4), 397 – 411.

Škare, M. and Hasić, T. 2016. Corporate governance, firm performance, and economic growth – Theoretical analysis. *Journal of Business Economics and Management*, *17*(1), 35–51. http://doi.org/10.3846/16111699.2015.1071278.

Stulz, R.M. 1988. Managerial control of voting rights: Financing policies and the market for corporate control. *Journal of Financial Economics,* 20, 25-54.

Wintoki, M.B., Linck, J.S. and Netter, J.M. 2012. Endogeneity and the dynamics of internal corporate governance. *Journal of Financial Economics,* 105, 581–606.

Zureigat, Q. M. 2011. The effect of ownership structure on audit quality: Evidence from Jordan. *International Journal of Business and Social Science*, *2*(10).

****