PalArch's Journal of Archaeology of Egypt / Egyptology

DO BOARD OF DIRECTORS DETERMINANTS HAVE EFFECT ON THE COMPANY PERFORMANCE? EMPIRICAL EVIDENCE FROM UAE

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Aref Abdullah Ahmad Khorrami, Ebrahim Mohammed Al-Matari, Adeeb Abdulwahab Alhebry, Adam Mohamed Ahmed Omer: Policy to reduce penal punishment-- Palarch's Journal of Archaeology Of Egypt/Egyptology 17 (11), 84-101. ISSN 1567-214x

Keywords: board of directors, firm performance, multiple regression and UAE county.

Abstract

Corporate governance (CG) issues have been a subject among researchers for over three decades, owing to the rising occurrence of global economic crises. The current study examines the relationship between the corporate governance process (characteristics of board size, board meeting, board independence, international board member) and performance of listed companies in the UAE during 2012-2014. Data from the annual reports of 26 non-financially listed companies in the Abu Dhabi Security Exchange Market (ADJ) and 18 non-financial companies in the Dubai Financial Market (DFM) were collected to analyze this model for the study. This analysis used panel data methods from 44 companies with 132 observations to analyze the data. Strong size and leverage as variables of influence. On the basis of data findings, Return on Assets (ROA) measured random effects model were applied to inspect the effects of the prognosticators on corporate output. The statistical findings indicate important ties between Board meetings, board size, the independence of board members and ROA members of international board members. This study offers various guidelines for regulator (Capital Market) and UAE companies as well as suggestions for future scientific research.

1. Introduction

Every business irrespective of its size needs investment for the development and the growth. This need of investment is fulfilled by the investors, who want to assure themselves that the business is financially viable, and their investment will be secured before investing in any business. They also want to make sure that the business has the potential payback and their investment will be yield them

positive results and generate income for the long term (Al-Manaseer, Al-Hindawi, Al-Dahiyat, & Sartawi, 2012; Khan, Nemati, & Iftikhar, 2011).
Stakeholders don't want to investment in those companies, which having weak balance sheet and unstable financial position. This is not only hindering in the growth of the sector in which the firm practices but also slow down the economy of a country. The financial crises in 1997 and 1998, in Asia and more recently crises happened in America and Europe which involve Enron, WorldCom and Adhold have seriously dented the investor's confidence in corporate institutions, legislative bodies and other agencies. Had the companies applied appropriate utilisation of the code of cooperate governance? The financial positions would have been transparent, and this critical situation could have been avoided.
The main reason for these crises was acquiring short-term debts through their operations and other sources. Different methods of accounting were used to hide the debts of company from the investors. After the collapse of Enron, WorldCom and Adhold, systematic investigations were carried out and the alternation and manipulation of financial statements was identified as the primary reason for such disasters. After these disasters, new mechanisms were devised to protect investors' interests by adhering to appropriate managing pratices (Bøhren & Strøm, 2010; Brown & Caylor, 2006; Khanchel, 2007; Means, 2017; Mohamad Mokhtar et al., 2009).

2. Literature Review

2.1 Size of the Board and Firm Performance

The board 's top characteristics are the size of the board thoroughly analysed in relation to its effects on the Board 's effectiveness. (Jensen, 1993). Study conducted by Nanka-Bruce (2011) and (Khatab et al., 2011), stated that the number of directors serving on the board is stated in the size of a board. It is, in reality, the key internal government mechanism that primarily oversees management decisions (Al-Manaseer et al., 2012; Al-Matari, Al-Swidi, & Fadzil, 2012: Al-Matari, 2019 and Al Matari & Mgammal, 2019).
The board of directors is composed of a group of selected workers to oversee the operations of the company. In addition, the Board can also be business owners and managers. The members of the committee holding these positions are often called internal or executive directors, while those not individually or external directors are identified (Shao, 2010). Furthermore, the board of directors' exists because of law that mandate firms to keep it and also because, it is an effective market tool to resolve the contracting issues in organization (Bozec, 2005). The board oversees effective CG practice by ensuring that management is doing its job (Farrar, 2005; Nuryanah, Islam, 2011). The board primarily monitors the performance of management as the possession and separately control the company issues (Jensen & Meckling, 1976). This makes the board of directors' the heart of the CG mechanism, and it is one of the top mechanisms that the shareholders can be utilise to keep an eye on top level management (John & Senbet, 1998).

2.2 Independence of the Board and Firm Performance

Independence of the board is the measure of board characteristic, and it is a topic that also has attracted significant attention among the research circles. According to the Koufopoulos, Zoumbos, Argyropoulou, and Motwani (2008) and Adjaoud, Zeghal, and Andaleeb (2007), Board independence is the paramount component of CG that promotes the oversight of firm performance. The independence of the board of directors is a non-executive number of independent directors who are on the board compared to the total amount of directors shown by Al-Matari et al. (2012), Lawal (2012), and Al Matari and Mgammal (2019) and Uadiale (2010). In particular, a non - executive Independent director is one who is outside the management role not associated and affiliated to the company (Clifford & Evans, 1997). There have been several corporate charters that stipulated the election of the board of directors' by the stakeholders to monitor management and support in the firms' strategic planning. (Belkhir, 2009) added to the responsibilities by stating that the board must be responsible for executing management monitoring in an effective manner and it should function independently of management. In this regard, several academicians and professionals have reached a consensus as to the fact that the external directors may assist in reinforcing the board of directors' effectiveness in monitoring that duties are done, and the firm value is improved. The notion is justified by the fact that external directors have a higher tendency to advocate for the internal shareholders' interests (Belkhir, 2009). Also, regarding the Corporate Governance Code No. 518 (2009) in UAE, "the board has to have at least one-third of members shall be independent members, and a majority of members shall be non-executive members who shall have technical skills and experience for the good of the Company".

2.3 Board Meeting and Firm Performance

This part provides most dynamic board characteristics and its number of meetings of board. The board meeting states to the frequently meetings of boards during a year. Regarding to UAE Corporate Governance Code No. 518 (2009), At least one time every two months the board of directors shall meet. Past studies have focused on studying the factors such as board independence and board size, as they have become a pertinent in organization beacause they reflect the collectively act of the board through their resolution. In this regards, frequent meetings lead to higher chances of many different decisions by the board and timely outcomes (Khan & Javid, 2011). Moreover, the board effectiveness is indicated through the meetings of board, where the frequent board meetings will be enhanced the more firm performance as frequent board meetings indicate more monitoring and review opportunities for the management performance (Al-Matari, Al-Swidi, & Fadzil, 2014; Al-Matari et al., 2012; Hsu, Petchsakulwong, 2010).

Aligned with the above claim, the board of directors' who have frequent board meetings often have to resolve issues regarding the declining performance of the firm ((Evans, Evans, & Loh, 2002). In similar studies, the authors reported that the greater frequent meetings, the more likely the performance of the firm would be better e.g., (Jackling & Johl, 2009; Lipton & Lorsch, 1992). Additionally, Conger, Finegold, and Lawler (1998) and A Kyereboah-Coleman (2007) highlighted that the period of board meetings is a significant source for enhancing the efficiency of the corporate board. Obviously, the above studies conclude that regular meetings of the board are likely to result in improved company efficiency and the likely exercise of its tasks, in line with the interests of the shareholders.

In a related study, Vafeas (2000) revealed that board meetings frequency is important as with increased in frequency the board can work towards improving the operating firm performance. This shows that the board must be ready to have frequent meetings when the circumstances require for strict management monitor and control (Khanchel, 2007; Shivdasani & Zenner, 2004). Moreover, the frequently of the board meeting is a measure of the board intensity and is a pertinent aspect mentioned in the resource dependence theory that is linked with CG as well as performance.

Frequent board meetings organized by the board that indicate increased in firm performance. Considering the above studies, frequent board meetings has positive relationship on firm performance. In different countries, several studies revealed a significant optimistic relative among board meetings and firm performance, but this study is distinct from the prior studies. In that, it reviewed studies on the relationship between the two developed and developing nations and found positive results in the former context (e.g., Evans et al., 2002; Gavrea & Stegerean, 2012; Khanchel, 2007; Liang, Xu & Jiraporn, 2013) as well as in the latter context (e.g., (Hsu et al., 2010; Kamardin, 2009; Kang, Kim & Journal, 2011; Khan & Javid, 2011; Sahu & Manna, 2013).

Along with the perspective from the resource dependence theory as discussed above, this study also compares the study results with the postulation of the agency theory. Jensen (1993), one of the pioneering protagonists of the agency theory, found that routine task occupies most of the time on board meetings and this limits the time for external directors to arrange significant and important control on management. He proposed that boards be relatively inactive as higher boards are poorly performed. This has been backed up by Jackling and Johl (2009) who found that increased activity of the board often leads to weak performance, which is related to enhancing the operating performance in the future and to counter the lag effect. In a more balanced view, Khanchel (2007) revealed that boards need to counter the frequency of cost with the benefits while Rebeiz and Salameh (2006) the frequency of the meeting of the Board was secondary to the efficiency of the board. In other words, higher frequency of board meetings specifies that the board is playing an inappropriate operational role of governing management rather than firm management. On the basis of the above studies and the results, the frequency of board meetings and firm performance are expected to be negative.

However, research on board meetings and firm success in developed and developing countries neglect. A negative relationship was reported by Danoshana and Ravivathani (2014), Mohd (2011), García-Sánchez (2010), Kamardin (2009) and Qinghua, Pingxin, and Junming (2007).

Contrasting to the advocates of the resource dependency theory and the agency theory, other researchers Gavrea and Stegerean (2012), Kyereboah-Coleman (2007) and Mohd (2011) dedicated their work to study the association among the meetings of board and company performance revealed no relationship (insignificant relationship) between the variables.

In sum, this section managed to review and discuss some board features namely, board independence; board size and board meetings contrary to prior studies that directly inspected the board characteristics and firm performance.

2.4 Foreign Member on the Board and Firm Performance

This section provides the relevant variables that will assist the academics, practitioners and policymakers develop the code of CG and its application. This study covers different CG mechanisms that work towards improving the performance of firm. Additional, the directors board is measured to be the top governance mechanism of internal, facilitates the alignment between the interests of stakeholders, management and disciplines management teams (Barnhart, Marr & Rosenstein, 1994; Park & Shin, 2004). From this, the most substantial issues that are faced by current organisations is having a foreign member on the board.

In relation to the above, board diversity is operative in improving the performance of the board and for making informed decisions. This variable is measured against the total number of board member by the proportion of foreigners on the board. Foreign directors offer invaluable knowledge regarding contextual issues in foreignmarkets, and thus, their contribution is needed in quality of decision-making strategies (Zahra & Filatotchev, 2004). Moreover, they are less vulnerable to being tied to companies and company management (Van der Walt & Ingley, 2003).

Based on the agency perspective, diverse nationalities on the board are expected to enhance its monitoring responsibility and lead to the higher firm performance. Similarly, Oxelheim, and Randøy (2002) Revealed that the members of the international board have an important effect on company success and that an outside member demonstrates greater management oversight and disclosure commitment. Ultimately, this leads to improving firm reputation in the market and the firm's superior value. Foreign directors on the board of family firms are believed to contribute valuable knowledge and expertise, efficient monitoring responsibility, the required expertise and diversity, particularly for global companies.

This is supported by the finding of Miletkov, Poulsen, and Wintoki (2011) in that countries where weaker legal and governance institutions, could import directors as this would enhance the firm governance level and mitigate the cost of capital by indicating the firm's inclination towards higher governance standards through the foreign directors' on the board.

Contrastingly, directors of foreign could entail high costs as they may hail from multiple cultures, speak multiple languages and may be actually away from the firms on whose boards they are positionedin and they may request for higher and advanced level of compensation for the inconvenience caused by being on the board of directors' outside their country.

In resource dependence theory, foreign directors on the board provide ample foreign knowledge and experience to assist firms in resolving issues within multinational firms and to assist employees in dealing with issues of foreign policy (Stern, 1979). Moreover, foreign directors assure foreign investors and provide them with confidence in investing. In developed countries, papers that explored the connection among foreign directors and firm performance are still lacking. This also applies to developing markets. This applies. The relationship between foreign directors and company performance was recorded negatively among these studies by Miletkov et al. (2011), whereas other studies like Ruigrok, Peck, and Tacheva (2007) revealed no relationship between the two variables. As a whole, there is a deficiency of studies that tested this relationship. More specifically, Miletkov et al. (2011) study, the authors investigated the foreign directors' firm performance relationship in 98 countries with a sample comprising of 20,000 firms and data gathered was from the year 2005. The study employed the OLS regression for the analysis of the linkage among foreign directors' and firm performance. They found an insignificant association among these variables.

Meanwhile, Ruigrok et al. (2007) study, the authors investigated the influence of foreign nationality and gender on the corporate board in Swiss firms. They employed the control variables of directors' age and tenure, and a sample of 210 publicly registered firms in Switzerland for the year 2003. The study indicates that, considering the significance of the variable, international Participants increase company results, but only a few studies devoted to the researcher 's best knowledge about this variable.

2.5 Control Variables

The literature regarded firm characteristics such as corporate size and debt as variables of influence. For instance, some studies e.g., (Al-Matari et al., 2014; Al-Matari et al., 2012; Chiang & Lin, 2011; Fooladi & Nikzad, 2011; García-Meca & Pedro Sánchez-Ballesta, 2011; Herly, 2011; Kang et al., 2011; Khan & Javid, 2011; Liang, Lin & Huang, 2011; Najid & Rahman, 2011; Shan & McIver, 2011) examined the company size and debt as control variables in relation to their influence on firm performance. Other prior studies tested the industry in terms of firm performance, and these include those conducted by Bozec (2005) and Cho and Kim (2007).

2.5.1 Firm Size

In the case of companies with unique characteristics, this variable is chosen as a control variable. Patro, Lehn and Zhao (2003) stated that growth and firm size are significant elements of the size of the board and its structure. They established that firm size is associated to the board size directly and indirectly to the growth opportunities proxy. This indicates that firm size influences company performance. The company size is frequently used in empirical studies as a control variable to CG e.g. (De Andres, Azofra, & Lopez, 2005; Ghosh, 2006).

2.5.2 leverage

In empirical studies focusing on CG-financial performance relationship, Leverage is a variable which has thoroughly been considered as a control variable. These include Chiang et al. (2011), Herly (2011), Khatab et al. (2011), Kyereboah-Coleman and Biekpe (2006), Najid and Rahman (2011) and Shah and & Hussain (2012), Al-Matari et al. (2014); Al-Matari et al. (2012). In Alsaeed’s (2006) study, firm leverage was measured through the division of the total liabilities of the firm by its total costs.

3. Research Methodology

3.1 Research Design

The purpose of this study was to define the relationship between CG elements (i.e. board directors, board size characteristics, board independence), as independent variables and company performance (ROA) as dependent variables in an effort to achieve the research goals.

3.2 Data Collection Procedures

To reiterate what was earlier mentioned, the study data regarding CG and company performance are collected from the firm’s yearly reports that are included in the list of the UAE trading stock market website, the “Abu Dhabi Securities Exchange (ADX), (https://www.adx.ae) and Dubai Financial Market (DFM), (https://www.dfm.ae)”. In particular, data concerning corporate governance was gathered from the portion clarifying on the corporate data and the CG statements from the directors’ profile. In the meantime, the company's performance statistics have been compiled from the company balance sheet statement; income statement and cash flow statement within the annual reports.

3.3 Population and Sample

Panel data spanning three years (2012-2014) was employed in this study for several reasons as previously discussed. The ADX and DFM list 128 companies divided into groups on the basis of similarities. The study focused on the category of non-financial firms that are included in the list of the ADX and DFM (https://www.dfm.ae). ADX has 26 non-financial companies’ data available, and

DFM has 18 non-financial firms' data spanning the three chosen years. The study included the entire non-financial firms numbering 44 from 2012-2014. Hence, the overall observations of the present study are 132 data points.

3.4 Unit of Analysis

This particular research, the objective is to investigate the relation hypothesised in the corporate unit level, and as such, the unit of analysis is the organisation that is represented by each non-financial firm listed on the "Dubai Financial Market (DFM) and Abu Dhabi Securities Exchange (ADX)".

3.5 RESEARCH FRAMEWORK

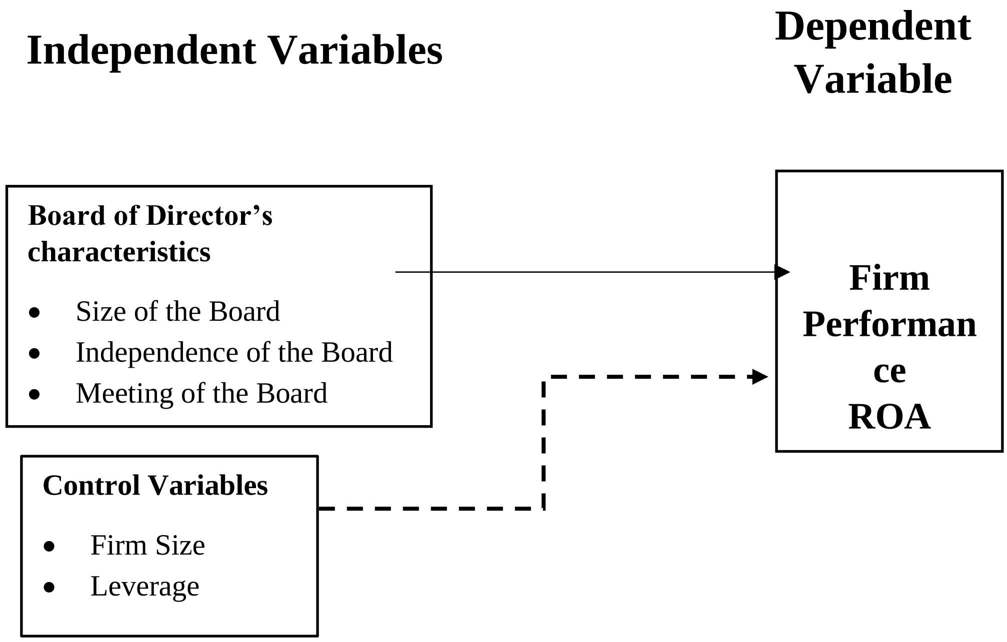


Figure 1: Research Framework

3.6 Hypotheses Development

This section addresses the relationship of the company's performance as an independent variable via ROA, as well as corporate governance, including the features of the independent board of directors, board size and the board meetings.

3.6.1 The Board Size and Firm Performance

The size of the board is deemed to influence its strength observation in that, the larger the board, the more capability it has to control activities of top management activities (Abdullah, 2004). John et al. (1998) reported that, board size presents the numbers of directors positioned in the corporate boards. It is reviewed as the heart of the mechanisms of CG and its primary means with which stakeholders can control top management indirectly. On the other hand, in a related study, Lipton and Lorsch (1992) presented that, success of effective monitoring of management can be achieved with the upsurge in size of the board. Hence, based on the above discussion, this study proposes that:

H1: Size of the board is closely linked to company's profitability.

3.6.2 Board Independence and Firm Performance

Another board measurement feature is board independence, and practitioners and researchers have studied it extensively. The independence of the board shall be described as a ratio of non-executive independent board members to the overall group of members (Lawal & Finance, 2012; Uadiale, 2010). According to the UAE rule of Corporate Governance No. (518) of 2009, it is mandatory that "at least one-third of members shall be independent members and a majority of members shall be non-executive members who shall have technical skills and experience for the good of the company". In particular, the primary role of independent directors is to provide monitoring and control all the firms' activities in an effective manner on the board, and also to minimise the opportunistic behaviours coming from management and the allocation of the firm assets (Pandya & Policy, 2011; Rouf, 2011). Following hypothesis is demonstrated from the above debate and theoretical perspective.

H2: The independence of the Board has a positive correlation with firm value.

3.6.3 Meeting of the Board and company Performance

Meeting of the board states to the number of meetings held by the board on a yearly basis. With regards to the UAE CG Code No. (518) of 2009, "the board of directors' shall meet at least one time in every two months at the written notice of the board of directors' chairman or at a request in written form made by the at least two members of the board because it has become vital to companies". The meetings held by the board are significant owing to the fact that such meetings are held for the sake of the company, and it signifies a process that requires the collective action of the board (passing of resolution). Moreover, Vafeas (2000), the frequency of Board meetings, which has been revealed is an important task, would possibly increase its organizational efficiency at further Board meetings. Therefore, the boards should have an increased quantity of board meetings if the circumstances require high monitor and control (Khanchel, 2007; Shivdasani & Zenner, 2004). Thus, it is reasonable to hypothesise:

H3: Board meetings has a relationship with firm performance.

3.6.4 Foreign Member on the Board and Firm Performance

The diversity of board mentions the range of board directors separately. Diversity comes in two types, named as observable and non-observable diversity. Observable diversity encapsulates the board members gender, ethnicity, race and age, whereas non-observable diversity covers variety in their knowledge, values, education, perception and characteristics of personality as described in prior studies. The board diversity is a pertinent component of the successful board in terms of their role of strategic control. The number of international board members, gender and age, among other items, can be calculated. The following hypothesis checks this analysis add to the literature:

H4: Foreign board members have a connection with the company.

4. Results and Discussion

4.1 Descriptive Statistics

Table 1 represents the independent variables' descriptive statistics. These statistics consist of standard deviation; mean; minimum and maximum.

Table 1: Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
BS	118	5.00	12.00	7.8983	1.77538
BI	118	.33	1.00	.7016	.21321
BM	118	2.00	11.00	6.3644	1.42424
FMOB	118	.00	2.00	.1780	.44590
FIRMSIZE	118	116072.00	2288625041.00	330422897.1441	574570045.07360

LEVERAGE	118	4.71	89.90	40.9999	18.56273
ROA	118	-56.80	27.81	4.5255	9.65950
Valid N (listwise)	118				

Table 1 summarizes the findings of a descriptive study of UAE firms, with a mean board size mean value of around 8 (8) members of a maximum eighteen (18) members and 5 (5) members of a minimum. Prior studies showed by Al-Matari, Al-Swidi, Fadzil and Al-Matari (2012) in Oman, Al-Matari et al. (2012) and Ghabayen (2012) in Saudi Arabia and Al-Matari et al. (2012) in Kuwait found the sample of eight (8), eight (8) and six (6) respectively. In this study, sample of board size was similar to the pervious study. The results demonstrate that the listed firms' board of directors adheres to the stipulations of the CG code. The effectiveness of the practices of CG is deemed to be the function of the board, where the foremost role is to management monitoring and their activities (Farrar, 2005; Nuryanah et al., 2011). The board also has a major monitoring role as the company's control and ownership are distinct from each other (Jensen & Meckling, 1976).

Regarding Board Independence (BORADIN), the outcome shows in Table 1. It reports that the board independence's mean value is 70% with a minimum of 33% and a maximum of 1 (100%), suggesting that the board of ADX and DFM firms comprises of a combination of board member both non-executive and executive. This is aligned with the UAE established regulations that stipulate that one third of its members shall be autonomous board members and, as the Board Independence is responsible for the oversight and management of the companies, the rest of them are non-executive members. (Lin, 2011). Study conducted by Nuryanah et al. (2011) stated that Global corporate practices mandate that the board should include independent members. This is because agency cost mitigates by the independent directors through the supporting effective monitoring and strategic planning (Means, 2017).

The results in Table 1 also portrays that the board meeting's mean (BOARDME) is around six (6) times annually with minimum of two (2) and maximum of fourteen (14) times. The Code of CG of UAE (2009), specifies that in a minimum of two months the board of directors shall meet once. The number of board meetings annually illustrates how successful the management system is to show countless opportunities and opportunities to track and monitor the management's performance and ultimately to improve it (Hsu et al., 2010). This is similar to the statement provided by Evans et al. (2002) who claimed that the board of directors' frequently increase the quantity of board meetings to resolve issues of firm performance. Moreover, Lipton and Lorsch (1992) and Jackling and Johl (2009) reported that the higher meetings' frequency will display higher better performance of the firm. This is supported by Kyereboah-Coleman (2007) and Conger et al. (1998) who demonstrated that board time is the key source of change for the inefficient way of the corporate board.

The International Member (BO FORE) results are presented in Table 1. The average value on the Board in the UAE stock market is 17%, with a minimum of zero (0) and a limit of 2.0% (200%). In view of the nationalities, the board diversity will work to improve Board supervision for optimal output according to the resource dependency theory and agency theory. Similarly, Oxelheim et al. (2002) evidenced the optimistic and important effects on the business results of international board members. They added that with foreign members on a board, the board is more committed to monitor management, to enhance transparency, accountability and reputation in the financial markets and in turn, to display value of firm. In the item of family firms, foreign directors can offer value in the form of information and knowledge, which greatly contributes to the board's efficient monitoring.

4.2 Correlation Analysis

Table2: Correlations

Variable	BS	BI	BM	FMOB	ROA
BS	1				
BI	.158	1			
BM	.153	.283**	1		
FMOB	-.053	-.124	.112	1	
ROA	.066	-.127	.150	-.071	1
**. "Correlation is significant at the 0.01 level (2-tailed)".					

Table 2 displays the effects of the study of the individual correlation used for an estimation and explanation of the strength of the relationship of variables. The value of the coefficient of correlation (r) demonstrates the strength of the variables relationship and determining this strength. Study conducted by Hair, Black, Babin and Anderson (2010) mentioned that the 0 value of correlation show no relationship whereas, the +1.0 and -1.0 value of correlation signified the positive and negative relationship respectively. Moreover, Cohen (2013) interpreted the correlation(r) between 1.0 and 0 as following; the value of correlation between ±0.1 and ±0.29 demonstrates the weak relationship, between ±0.30 and ±0.49, meaning a moderate relation and a broad relationship exhibits greater than ±0.50.

The outcome of Table 2 indicates board size and board independence shows negative relation with the return on assets (ROA) but not significant. The result of particular study presented that all values of correlations are not greater than 0.80. This acceptable standards for goodness is fit according to Gujarati (2009), the matrix of correlation should not more than 0.80 to certify that the multicollinearity problem is not occur in particular study. In addition , Table 2 hypothesized a positive, yet not important relationship with the return on assets (ROA) in the Board meeting and board independence. Contrarily, significant positive relation exists among board size and foreign members.

4.3 Testing the Normality of the Error Terms

In the study of Pallant (2013), he states that linearity refers to the residuals representing a straight-line relationship with the predicted values of the dependent variable. Linearity was tested using dispersion plots in this analysis. The histograms verified normality and the normality likelihood plot (p-plots) of the regression residual standard and the skewness and kurtosis values of Kolmogorov – Smirnov. Figures 2 and 3 present normal distribution of data – and its insignificant deviation through the normal curve.

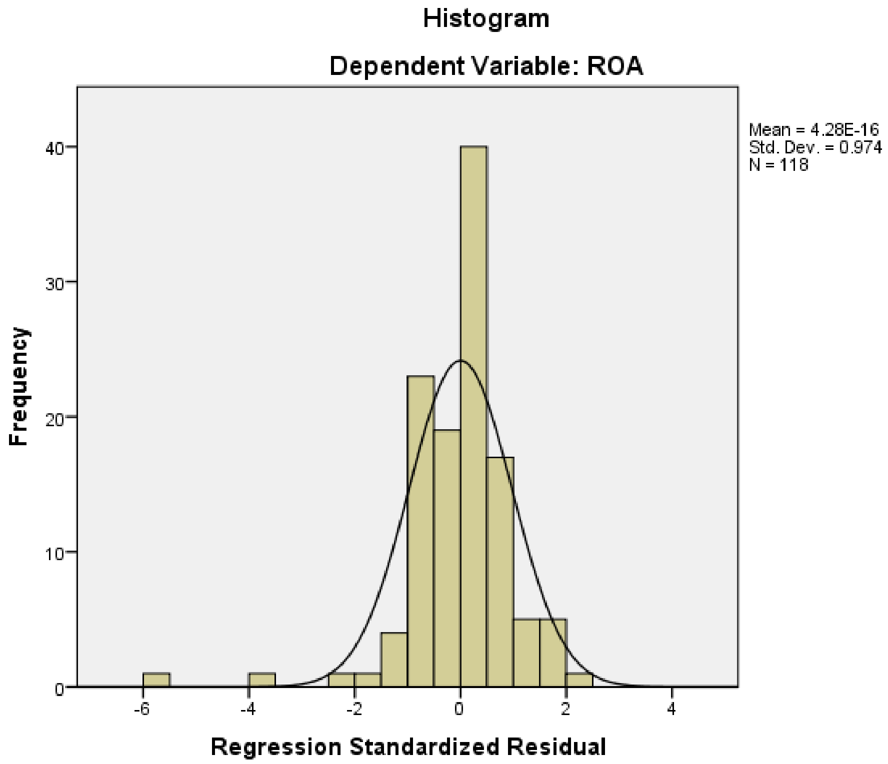


Figure 2

Regression Residuals' Histogram

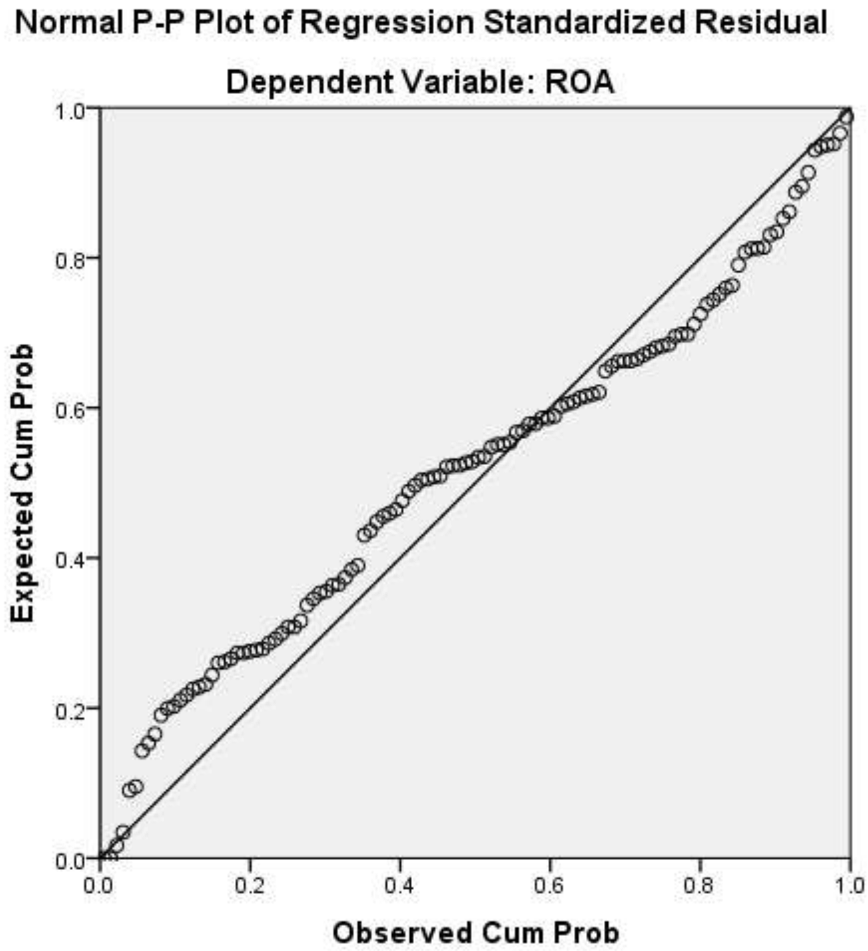
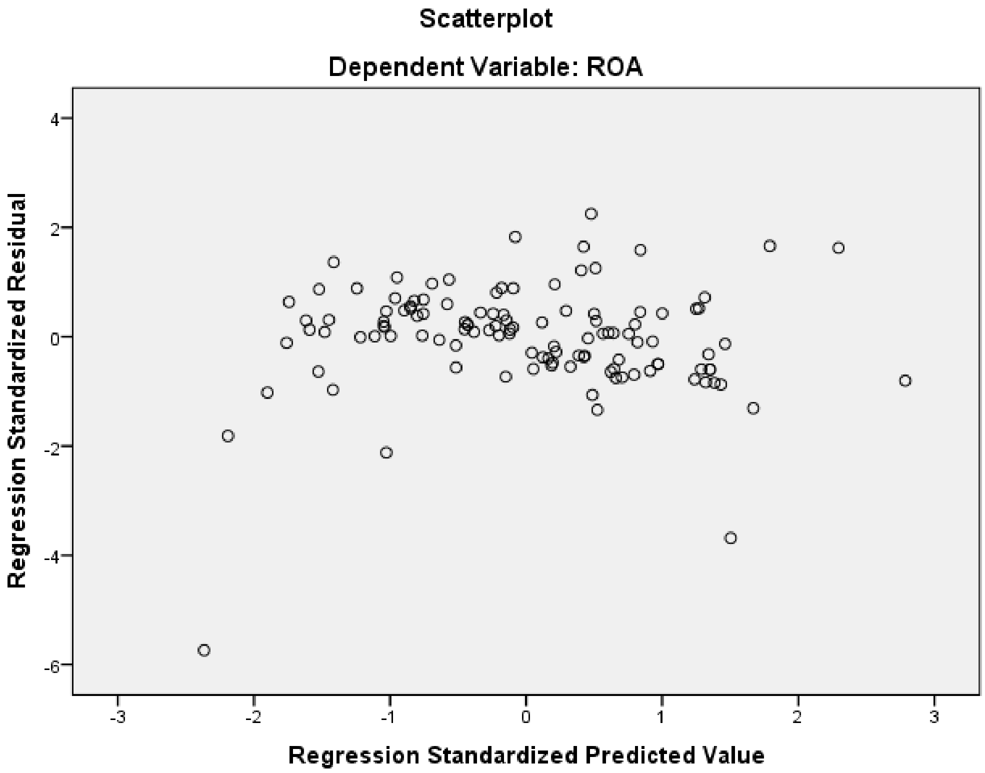


Figure 3
Normal Probability Plot

4.4 Homoscedasticity

Homoscedasticity is connected to the issue of non-response bias, and in the current study, there is no such issue as the researcher made. Sure, that the respondents were suitably selected as recommended by Bryman and Bell (2007) and all responses were obtainedin a timely manner.



4.5 Model (ROA as Dependent Variable)

Table 4: *Regression Results of Model (Dependent= ROA)*

Variables	Standardized Coefficients Beta	t-value	Sig.	Collinearity Statistics Tolerance	VIF
Board size	.134	1.392	.167	.829	1.206
Board independence	-.177	-1.865	.065	.859	1.165
Board meeting	.307	3.120	.002	.798	1.252
FMOB	-.092	-1.018	.311	.947	1.055
Firm size	.193	1.981	.050	.813	1.230
Leverage	-.179	-1.750	.083	.738	1.355
R2			0. 142		
Adjusted R2			0. 096		
F-value			3.065		
F-Significant			0.000		
Durbin Watson statistics			1.761		

5. Conclusion and Recommendations for Future Research

The study explored the relation between structures of CG defined by Board of Directors (board size and board independence for the corporate success of the publicly-listed companies in Emirates for both the ADX and DFM markets).

This study comprised of non-financial sectors at the end of 2012, 2013 and 2014. The study was inspired to fill the literature gap, particularly in UAE context. The current study sheds light on the CG mechanisms that affect firm performance, which is important particularly because the Emirates culture and business environment are unique. However, despite the uniqueness of the Emirates as an investment environment that encourages local and foreign investors alike to invest with minimal risk, the results did not completely support the proposed hypotheses. This may be explained by the lack of practical implications in some listed firms necessitating the mandate of the application of CG mechanisms. The Stock Market Regulator must also amend the code in order to be consistent with the global performance enrichment code of corporate government.

The resource dependence theory is deemed to be the most applicable theory among UAE firms, as within such firms, board diversity brings the performance enhancement via the members' qualification and experience and the foreign members within it. In comparison, in the world of UAE companies the theory of the agency is not sufficient. Despite the tradition of CG among the businesses, the processes can be strengthened. Another alternative logical argument could be that the corporate governance code should be more versatile for its application to different types of business. Some stipulated requirements such as the duties of the board, its independence and diversity involving experience, qualifications, foreign members, commitment, among many others may not be sufficient as incentives to businesses to enable them to float their market shares.

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