

Empirical Study to Measure the impact OF Corporate governance Mechanisms on Financial Performance in Listed Government- Owned Companies

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Abstract

The idea of the research is to find the relationship between corporate governance, and the financial performance of listed government-owned companies in UAE. the current study is that it will concentrate only on listed government-owned companies in UAE because of the recent corporate frauds and imprisonment and punishment by the courts of UAE. The sample of the study depends upon 60 listed government-owned companies during the period from 2018 to 2022. The results indicate that board independence and board financial experience, Audit committee and duality have a positive impact on the ROA indicator.

Key words: Corporate governance Mechanisms, Financial Performance, Board Director, Audit Committee, Internal Audit.

1. Introduction

1.1 Research problem

Financial performance of government listed companies in UAE has fluctuated over time. While some companies have experienced good performance, others have performed badly. Poor financial performance is believed to be caused by many factors. According to Almansour, Asad, and Shahzad (2016) corporate strategy and its implementation are among the factors that affect financial performance. In addition, it is also suggested that corporate governance is among other significant factors that can contribute significantly to financial performance. The theoretical foundation of

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the relationship between corporate governance and financial performance in this study was provided by the agency and institutional theory. The core of the agency theory is to resolve conflicts resulting from the separation of ownership and management control of corporate resources (Alkhuzai & Asad, 2018). The existence of such conflicts of interest between owners and managers may affect the quality of earnings, and, consequently, financial performance. Therefore, to control conflicts of interests and reduce agency costs, various internal and external tools, known as corporate governance, have been suggested.

The main concern with corporate governance in rising economies like the Gulf Council Countries is audits, corporate governance, threat, and compliance, where in businesses are having problems with these four areas (Agyemang-Mintah & Schadewitz, 2018). Scandals and corporate failures, such as SK Networks in South Korea, highlighted downfall of corporate governance mechanisms to make corporate audit better, corporate governance (Filatotchev, Liu, Lu, & Wright, 2011). In UAE, the inadequacy of high-quality audit, corporate governance practices causes inability of stakeholders to safeguard themselves from corporate frauds. Recently, UAE convicts 40 people and 8 companies of fraud (Gulf Insider, 2021). Therefore, the issues related to audit, corporate governance of corporate sector have come into question, as it is linked with the financial performance of businesses.

Audit activity performs crucial roles in establishing strong corporate governance since it is accountable for the correctness, transparency, and sufficiency of the financial reporting (Agarwal & Chadha, 2005; Gebrayel, Jarrar, Salloum, & Lefebvre, 2018; Alzeban, 2020). Merely the presence of it does not, however, imply that its job will always be as successful as it was intended to be. Additionally, some detractors believe an audit activity was created for "cosmetic purpose" (Bala, Amran, & Shaari, 2020; Jairoun, et al., 2022), and to fulfil the requirements. These frauds significantly influence financial performance of the corporate sector.

In UAE, the audit effectiveness has been questioned because of the corporate frauds (Alkhuzai & Asad, 2018). The institute observes with worry that some listed corporations are averse towards an audit committee that is independent in both form and substance, despite legislative support for its creation. Generally speaking, the empirical findings of (Temesgen & Estifanos, 2018; Gurzhii, Deshko, Gurzhii, Berlach, & Radyshenska, 2019; Axmedjanov, 2020; Dobrowolski, 2020; Lenz, Sarens, & Jeppesen, 2018; Gebrayel, Jarrar, Salloum, & Lefebvre, 2018; Ghaleb, 2021), have demonstrated that the audit activities' failure to effectively perform their tasks. Evidently, the

aforementioned remarks, objections, and actual findings have significantly increased concerns about the efficiency of audit and needs changes in it on urgent basis.

Previous studies on effectiveness of audit activities have examined audit committee effectiveness based on perception approach, (Asiriwa, Aronmwan, Uwuigbe, & Uwuigbe, 2018; Abdullah, Ismail, & Smith, 2018; Appuhami, 2018; Mertzanis, Balntas, & Pantazopoulos, 2019; Eulerich, Kremin, & Wood, 2019; Nowak, 2019). It has been suggested that the effectiveness of the audit should consider the audit characteristics (Buallay, 2018; Adegboye, Ojeka, Alabi, Alo, & Aina, 2020). Briefly said, recognising the features is crucial to determining the efficiency of the audit (Abdillah, Mardijuwono, & Habiburrochman, 2019).

In contemporary publicly traded corporations, ownership and control are segregated, which reduces shareholder input into management decisions. The decision-making process constantly gives managers the opportunity to impose their preferences (Lima, Barilari, Massone, & Pascual, 2022). Therefore, shareholders must depend upon the board of directors to question management choices and behaviours (Velte & Issa, 2019; Pererva, Kobielieva, Tkachova, Tkachov, & Diachenko, 2021). The idea of the research is to find the relationship between corporate governance, and the financial performance of listed government-owned companies in UAE (Marpaung, Kamello, & Ginting, 2022).

1.2 Research Objectives

The main study objective which as following:

1. Identifying the impact of corporate governance mechanisms on financial performance of listed government-owned companies in UAE.

1.3 Research Questions

In order to meet the research objective the study has the following research question:

1. What is the impact of corporate governance mechanisms on the financial performance of listed government-owned companies in UAE?

1.4 Significance of the Study

On the one hand, the practical important arise from the fact there are different frameworks that have been developed with reference to developed countries, developing countries, as well as Gulf Cooperation Council GCC, having a successful governance, regrettably, not been consistently attained in practice because the scenario kept on changing on regular basis. This is demonstrated by the wave of

company failures that have happened in the previous 20 years as a result of the breakdown of these controls and their violations by dishonest, self-serving employees.

1.5 Scope of the study

The scope of the current study is that it will concentrate only on listed government-owned companies in UAE because of the recent corporate frauds and imprisonment and punishment by the courts of UAE. The listed government-owned companies in the UAE encounter unforeseen challenges due to the changes in technology. Therefore, this research focuses on those challenges and how to the improvement in AGRC influence the financial performance for companies in UAE. Hence, The basic goal is to evaluate the financial performance of listed government-owned companies of UAE. As a result, corporate governance .The sample of the study depends upon 60 listed government-owned companies during the period from 2018 to 2022.

1.6 Structure of the Study

The thesis is organized into five chapters. They are as following:

- part two: in order to support research questions and research objectives, this chapter represent all available related prior studies. Review and discuss relevant literature related to this research. Therefore, this study explores the effect of the independent variables (corporate governance) on financial performance in listed government-owned companies in UAE. And a theoretical framework is discussed in the chapter, besides the theories that contributed in this research. As a consequence, the hypotheses are rested on the basis of the conceptual framework. Also, the research methodology is discussed in this chapter to outline how this study answer the research questions and verify its hypotheses.
- Part three data, which are collected, analyzed statistically in this chapter. With a description of data collection, unit of analysis, and its methods.
- Part four: this chapter represents a findings of the research

2. Literature review

In this section, the prior literature on the relationship between corporate governance mechanisms (board of directors, audit committee, internal auditing) and financial performance has been reviewed in order to identify the research hypotheses.

Pamungkas, I. D., & Puwantoro, M. P. S. (2023), The purpose of this study was to first examine the connection between corporate governance and business value, and then to examine that connection using financial performance as a mediating variable. The research's subjects are manufacturing companies in the consumer products industry that were listed on the Indonesia Stock Exchange between 2018 and 2020, totaling 105 samples.

The results showed that the tests in this study's conclusions point to a relationship between corporate governance and firm value and financial success. Financial performance has an impact on a company's worth. Financial performance acts as an intermediary factor in the relationship between Corporate Governance and the value of the organization.

While Abdullah, H., and Tursoy, T. (2023) investigated if CG characteristics in a shareholder- and insider-controlled system affected the financial performance of the firm. The audit committee, board of directors, and CEO dualities were the specific governance traits of interest. In order to evaluate the impact of CG on the financial performance of non-financial enterprises listed in Germany that are characterised by having a continental system of CG and are primarily controlled by a major number of shareholders.

The sample used in this study included 4169 firm-years' worth of observations, which were spread out over a lengthy period of 17 years (2002 – 2018). Publicly accessible annual company data are gathered. The results of the F.E. regression estimator demonstrated that during the chosen period, CG had a considerable impact on the company performance of non-financial enterprises listed in Germany.

A thorough analysis of the current literature regarding the corporate governance (CG) components of the Malaysian market was the goal of Khatib, et al(2022) .'s study. This study used a final selection of 125 studies from the Scopus and Web of Science databases and used a systematic literature review methodology. Result indicates that, as Malaysia's CG codes continuously modify, there have been a great deal of curiosity across scholars to conduct an indepth study about CG issues in Malaysia.

Widagdo, et al (2022, April) This study sought to determine how audit committee characteristics, financial performance, and listing age affected the reporting of carbon emissions by highly emitting corporations in Indonesia. The size of the audit committee and the frequency of its meetings were used to gauge its characteristics, while the financial performance was assessed using the Altman financial distress model. The greenhouse gas emissions disclosures were assessed using a checklist based on the CDP. 99 highly emitting

corporations that are listed on the Indonesia Stock Exchange are used in this study.

The number of audit committee meetings has a beneficial impact on the report on greenhouse gas emissions, according to the results of multiple regression analysis. The findings imply that the corporation will have greater incentives to disclose carbon emissions in its annual report or sustainability reporting, the more frequently the audit committee meets. The study sheds light on the capital market authority agency's legislation regarding the bolstering elements that might persuade listed firms to disclose their carbon emission.

Shatnawi, et al (2022), Finding out how the Audit Committee affects the financial performance (FP) of companies listed on the Amman Stock Exchange is the goal of this study (ASE). The moderating impact of enterprise risk management (ERM) between AC and FP in Jordan is also a goal of this study. This study analyses information from 92 chosen companies that have been listed in ASE for a total of nine years, from 2009 to 2017, including both the industrial and service sectors. STATA was used to examine the data.

The results showed a substantial correlation between AC and ROA, ROE, and Tobin's Q. Similar to how leverage and firm age have negative connections with ROA, ROE, and Tobin's Q, firm size has a positive link with all three. The evaluated model is capable of predicting 46.7% of the variation in all performance indicators and is statistically significant. The results indicated that ERM had a favorable moderating influence on how AC affected Jordan's ROA and ROE. It did not, however, enable the moderating function between Tobin's Q and AC. To enhance the FP, decision-makers must insist that ERM be implemented in Jordanian businesses.

The study, ElHawary, E. (2021) looks at how the size, independence, experience, gender diversity, and frequency of meetings of the audit committee affect the company's financial performance (ROA and ROE) in Egypt. In order to increase the effectiveness of the audit committee, the Egyptian Stock Exchange introduced a new listing criteria for its members' qualifications in 2016. The board of directors (BOD) and annual reports of the EGX 30 index non-financial listed firms in Egypt for the years 2016–2018 are the sources of the data. Panel data, cross-section data, and correlation analysis are all used to examine data. The results show that the size of the audit committee and the committee members' expertise are highly connected to ROA and ROE, respectively. ROA and ROE are unaffected by the other characteristics (independence, meetings, and gender diversity).

Using the literature on dynamic institutional theory, Brower, J., and Dacin, P. A. (2020) developed a set of theory-driven hypotheses about

how the institutionalization of corporate social performance (CSP) in the organizational field between 1991 and 2008 affects the relationship between CSP and corporate financial performance (CFP) for businesses in the market place .As a result of their higher CSP levels, early CSP adopters are more likely to experience greater company profitability and higher stock market valuation, according to the findings of our panel time series and dynamic linear estimate models. However, because they exceed market CSP expectations, they also frequently carry higher firm-idiosyncratic risk.The findings also show that CSP has become a weaker driver of both company profitability and stock market performance due to the considerable increase in CSP adoption and activities over time as CSP has institutionalized.

Buachoom, and Sun in 2020. On a sample of 452 companies enlisted on the Thai Stock Exchange between years 2000 and 2016, system GMM (generalised method of moments) is used as the baseline estimator methodology, and conventional least squares and fixed effects are used for robustness checks. Findings indicate that management ownership has a beneficial impact on performance but ownership patterns, specifically shareholding and family possession, seem to have little effect on market-based business performance.

Also ,Deslandes, Fortin, and Landry (2020) used archives from 289 Canadian listed companies for the 2011-2015 period to analyze correlation among companies' utilization of tax planning and a number of audit committee members' features, including liberation, expert knowledge, dedication, and gender balance. The researchers discovered a strong correlation between tax aggression and measures of knowledge and diligence. The audit committee's size, financial knowledge, and longevity all contribute significantly to limiting tax-aggressive behavior.

Additionally, Ado, et al. (2020) investigate the relationship between audit quality and the financial performance of Nigerian listed cement companies. According to the findings of their analysis, a positive figure suggests that as the proportion of firms audited by the Big 4 increases, so will financial performance (ROA), while auditor independence is also seen to be positively and statistically substantially connected to ROA.

Like this, it is yet unclear how audit committee traits and firm performance are related , Cassell, et al (2020) The relationship between new audit committee characteristics, audit committee member attendance at meetings, and member changes was investigated by Qamhan et al. in 2018. The annual reports of 74 companies listed on the Muscat Securities Market provided 370 observations for the study sample. Additionally, the results indicate a

bad correlation between earning management and audit committee member attendance. Moreover, a strong correlation exists between effective profit management and member appointments.

Khalid (2020) used a two-stage strategy, i.e. data collection and analysis, to identify the function of the audit and governance committee (AGC) for the efficiency of internal auditing in Bahrain's Islamic banks. Since such responders are essential to Islamic banks, questionnaires, and a review of the literature on AGC and internal auditor were undertaken. Additionally, it was advised that the governance committees and auditors of the Islamic bank might improve the efficiency of the internal auditors.

Alzeban (2020) investigated the function of audit committees (ACs), particularly observing if AC mediates the relationship between internal audit (IA) and firm performance, in shedding light on the efficiency of internal audit (IA) as a facilitator of the accomplishment of organizational objectives. Ordinary least squares (OLS) regression and mediation tests are used to evaluate the study's assumptions. Data are collected through survey questionnaires sent to chief internal auditors (CIAs) and from annual reports of 119 listed firms in Saudi Arabia (SA) and the United Arab Emirates (UAE). Additionally, results show that the impacts of IA independence and size on FP are mediated by the AC's independence and the presence of members with expertise in accounting and auditing. With regard to IA competency and FP, there isn't any evidence of this type of mediation. Additionally, AC meetings don't operate as a buffer between FP and IA characteristics.

Based on the above, the researcher can be illustrate the relation between CG and FP, as follows :

1. A conflict of interest between management and ownership may result from their separation. The agency theory suggests CG strategy as a way to resolve the conflict between the principal and the agent in order to prevent or minimize this. The main goal of the CG system is to resolve or lessen the conflict of interest among the potential stakeholders in the company, which lowers the cost associated with the agency problem. Having adequate monitoring or control methods could benefit businesses. The agency theory defines the custodian position as the everyday management of the company on behalf of the owners. Additionally, according to the theory, the audit committee's job is to supervise management and auditor activity to safeguard shareholders' interests. Consequently, CG has a significant impact on PF. Abdullah, H., & Tursoy, T. (2023)

2. According to research by Mahrani, M., and Soewarno, N. (2018), independent agents with high levels of knowledge are more likely to make objective decisions and perceive managerial monitoring as being

effective. This study discovered empirical proof that shows corporate governance practises do not significantly affect financial performance.

3. Enhancing the company's use of good corporate governance strives to increase shareholder welfare. One of the aspects that investors take into account when deciding whether to purchase shares of a firm is its financial performance. Investors' money is safe and secure thanks to the application of good corporate governance. can utilise financial performance to gauge a manager's success in controlling resources for the organisation. The most insignificant effect on financial performance is thought to be caused by Indonesia's adoption of good corporate governance.

4. In the meanwhile, good corporate governance will help it perform better financially because economic performance demonstrates sound financial management. A healthy and sustainable financial performance as well as investor protection are anticipated as a result of the implementation and further development of corporate governance. According to Mahrani, M., & Soewarno, N. (2018) institutional ownership is one of the variables that can affect financial performance. It is anticipated that large levels of investment will be able to monitor management performance more effectively, which will affect financial performance. Monitoring is done with the intention of helping management improve financial performance.

5. Corporate governance has an impact on financial performance, according to a study by Pamungkas, I. D., and Purwantoro, M. P. S. (2023). According to study by Kyere, Ausloos, & M. (2021), corporate governance also affects financial success. Al-Ahdal, W. M., et al. (2020) claim that company governance has a big impact on economic performance.

The relationship between company financial performance and CG is examined by Saidat, Silva, and Seaman (2018) with regards to board size and independence, audit committee independence, as the following:

2.1 Board of Directors

Among the key components of internal corporate governance processes is the board of directors (Baysinger & Butler, 2019). A vital monitoring function is provided by the Board, a crucial entity in internal governance, in order to deal with the agency issues that come with running a company. Due to the belief on managers having personal views and could least occasionally behave in the interests of the stakeholders, the board shall supervise and use its ability to track and oversee management to minimize conflict (Serna, Bowyer, & Gregory, 2022). The board of directors' primary responsibility is to advise management on how to proceed and to disapprove any bad

choices. Based on the above discussion, the following hypothesis has been formulated:

H1: Characteristics of the board of directors as one of the mechanisms of governance have significant impact on financial performance

2.1.1 Board Size

The size of the board, or number of directors, has a significant impact on how effective the board is (Alabdullah, Nor, Ahmed, & Yahya, 2018). A larger board would be more effective in supporting management in lowering agency costs brought on by ineffective management, which would produce better outcomes. Board diversity is preferable for corporate governance as they might help management make more decisions and are more difficult for a strong CEO to govern. (Karim, Manab, & Ismail, 2020). This has the effect of strengthening organisational management and performance while also improving governance. Larger boards offered access to additional connecting opportunities, as well as the added benefit of giving CEOs and other administrators access to a greater number of people who may serve as sources of guidance and advice. The boards' (Larger) space has also allowed for a general improvement in the board's diversity in terms of expertise, technical skills, ethnicity, and race. Based on the above discussion, the following sub-hypothesis has been formulated: H1-1 : Board size have significant impact on financial performance

2.1.2 Board independence

Independent directors offer objective opinions, particularly on matters of strategy, productivity, conflict resolution, as well as codes of conduct. Global reports from corporate governance committees have emphasised the importance of independent directors' roles (Zaman, Bahadar, Kayani, & Arslan, 2018). However, the "Companies Act" of the majority of the nations in the globe does not differentiate between the various kinds of boards regarding their obligations, and all directors remain legally equally and jointly liable for the choices and recommendations of a board. Based on the above discussion, the following sub-hypothesis has been formulated:

H1-2: Board independence have significant impact on financial performance

2.1.3 CEO Duality

The board's role as an internal corporate governance mechanism will directly influence ensuring acceptable performance (Mahrani & Soewarno, 2018). It is necessary for the board to supervise management, and management should be monitored and managed to

ensure that they have acted in accordance with all laws (Shahid, Abbas, Latif, Attique, & Khalid, 2020). There is speculation that board characteristics including CEO duality may have an impact on performance (Naciti, 2019; Alabdullah, Nor, Ahmed, & Yahya, 2018). Based on the above discussion, the following sub-hypothesis has been formulated:

H1-3: CEO Duality have significant impact on financial performance

2.1.4 Board experience

A dynamic board of directors can be formed to guarantee a sound corporate governance structure. The board is the highest-ranking decision-making body for a successful business operation. However, any form of deviation or moral hazard issue by the board or board members would have a negative effect on the company and, in certain situations, may even cause the corporation to go bankrupt. According to Bangladesh's corporate governance rules, the size of the boards of all publicly traded businesses may range from 5 to 20 (BSEC, 2018).following sub-hypothesis has been formulated:

H1-4: Board experience have significant impact on financial performance

2.2 Audit Committee

The board of directors, which is in charge of developing plans to enhance the company's financial stability, includes the members of the audit committee. Therefore, the board of directors and CEO would be better able to develop effective strategies for raising the performance of the company if the audit committee presented a fair image of the financial accounts to them. The audit committee is a crucial governance tool created to make sure that a company produces accurate, sufficient, and reliable data that investors and other external observers may use to evaluate the operation of the firm.. Bansal, N., & Sharma, A. K. (2016).Based on the above discussion, the following hypothesis has been formulated:

H2: Characteristics of the audit committee as one of the mechanisms of governance have significant impact on financial performance

2.2.1 Audit Committee Size

Higher equity ownership by committee members based on audit committees has the potential to diminish issues related to directors conspiring with management to manipulate earnings to their interests or inflated executive pay, that eventually hampers their interest too (Zhou, Owusu-Ansah, & Maggina, 2018). Companies frequently give outside directors' equity to align their interests with those of stakeholders and outside directors, that play role of shareholders'

agents as well (Erasmus & Coetzee, 2018). Director equity rewards are given out consistently with agency theory's projections (Poletti-Hughes & Briano-Turrent, 2019). Additionally, outside directors with higher equity frequently protect the interests of shareholders by more effectively reducing fraud litigation. Based on the above discussion, the following sub-hypothesis has been formulated:

H2-1: Audit Committee Size has significant impact on financial performance

2.2.2 Audit Committee Independence

Numerous instances of fraud and investor deceit have occurred both domestically (Satyam, Sahara, Saradha, etc.) and internationally (Enron Corporation, Global Crossing, WorldCom, Adelphia, Tyco, etc.). Due to the nature of these frauds, financial statements at the time did not reveal them. Bansal, N., & Sharma, A. K. (2016)

H2-2: Audit Committee Independence has significant impact on financial performance

2.2.3 Experience of audit committee

In order to provide organisational transparency through financial statements, the audit committee, which is the first line of defence for the board, must be constituted with professionals with understanding of professional accounting and finance (BSEC, 2018). The organisation of the audit committee significantly improves the functioning of the company. Therefore, adding non-executive directors to the audit committee is seen as a way to ensure greater responsibility and profit maximisation for the company .Fariha, R., et al (2022)

Based on the above discussion, the following sub-hypothesis has been formulated

H2-3: Experience of audit committee has significant impact on financial performance

2.2.4 Audit Committee Meetings

The attendance of the audit committee members at meetings is referred to as diligence. According to Alqatamin (2018), in the context of Jordan and Oman, the frequency of audit committee meetings has not been linked to company performance. The effectiveness of audit committees, which significantly affect the performance of the firm, has been demonstrated to be positively impacted by the frequency of meetings. Based on the above discussion, the following sub-hypothesis has been formulated:

Based on the above discussion, the following sub-hypothesis has been formulated

H2-4: Audit Committee Meetings have significant impact on financial performance

2.3 Internal Audit

The Institute of Internal Auditors emphasised that for the benefit of taxpayers, people using government services, and the general public, government officials, boards, CEOs, and management should be involved in national, regional, and local public sector internal audit operations. Since gaining a foothold in the management process in the 1970s, internal audit in both the public and private sectors of organisations has experienced a consistent organic expansion in various countries, such as Malaysia. Dzomira, S. (2020)

Based on the above discussion, the following hypothesis has been formulated:

H3: Internal auditing as one of the mechanisms of governance has significant impact on financial performance

3. Research Methodology

The study will estimate disclosure index and use the aforementioned approaches, including descriptive statistics, Pearson's correlations, and regressions, using Microsoft Excel and SPSS 25. Using the programs has made it easier for the researcher to establish significance levels, compute model coefficients, residuals, and R square, all of which are used to judge whether or not research hypotheses are validated. The method by which the variables used in research are measured is referred to as variable measurement. The methods employed in earlier investigations are used to measure the research variables in our study.

The dependent variable in this study is company performance, and two metrics—ROA and Tobin's Q ratio—were used as stand-ins for accounting performance. The classic accounting metric of return on assets (ROA) has been extensively employed in earlier research. In accordance with the research of Purba, et al. (2020), ROA is utilised to indicate how effectively the board of director uses its assets to increase shareholders value. Net income is multiplied by the organization's net capital to compute ROA. The values will be calculated from the annual reports published by the company. Tobin's Q ratio was chosen as the market performance metric as it offers a rough approximation of the worth of intellectual capital such as market dominance, reputation, management excellence, and expansion potential. As a result, it is frequently employed in numerous variations as a metric of financial performance in empirical studies of corporate governance.

3.1 Sample Selection Procedure

The UAE Presidency issued the UAE Commercial Companies Law 2021, which actual entry into force from January 2022, with the goal of contributing to the development of the country's business environment and capabilities, as well as improving the country's international competitive economic position, by enacting legislation regulating companies in accordance with global changes. especially those related to organizing governance rules, protecting the rights of partners and shareholders, supporting the flow of foreign investment, and promoting corporate social responsibility.

3.2 Models of the study

- Model(1): Within the framework of analyzing the study variables and formulating statistical hypotheses, the researcher can formulate the study models through the following presentation:

$$FP = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BIND_{it} + \beta_3 DUAL_{it} + \beta_4 BEXP_{it} + \beta_5 LnTA_{it} + \beta_6 LEV_{it} + \beta_7 ROE_{it} + \beta_8 Loss_{it} + \beta_9 Growth_{it} + \epsilon_{it} \quad (1)$$

Within the framework of the division of the first statistical hypothesis of the study, the researcher can re-divide the test model of the first statistical hypothesis of the study, and in addition to that, this division will avoid the problem of double linearity (if any). This is as follows:

- (H1-1) Model:

$$FP = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 LnTA_{it} + \beta_3 LEV_{it} + \beta_4 ROE_{it} + \beta_5 Loss_{it} + \beta_6 Growth_{it} + \epsilon_{it} \quad (1-1)$$

- (H1-2) Model:

$$FP = \beta_0 + \beta_1 BIND_{it} + \beta_2 LnTA_{it} + \beta_3 LEV_{it} + \beta_4 ROE_{it} + \beta_5 Loss_{it} + \beta_6 Growth_{it} + \epsilon_{it} \quad (1-2)$$

- (H1-3) Model:

$$FP = \beta_0 + \beta_1 DUAL_{it} + \beta_2 LnTA_{it} + \beta_3 LEV_{it} + \beta_4 ROE_{it} + \beta_5 Loss_{it} + \beta_6 Growth_{it} + \epsilon_{it} \quad (1-3)$$

- (H1-4) Model:

$$FP = \beta_0 + \beta_1 BEXP_{it} + \beta_2 LnTA_{it} + \beta_3 LEV_{it} + \beta_4 ROE_{it} + \beta_5 Loss_{it} + \beta_6 Growth_{it} + \epsilon_{it} \quad (1-4)$$

- Model(2): The second hypothesis of the study predicts an analysis of the impact different characteristics of the audit committee as one of the requirements of governance have on the financial performance of the company. The researcher can formulate the statistical model to test the second hypothesis as follows:

$$FP = \beta_0 + \beta_1 ACSIZE_{it} + \beta_2 ACIND_{it} + \beta_3 ACEXP_{it} + \beta_4 ACMEET_{it} + \beta_5 LnTA_{it} + \beta_6 LEV_{it} + \beta_7 ROE_{it} + \beta_8 Loss_{it} + \beta_9 Growth_{it} + \epsilon_{it} \quad (2)$$

The researcher can re-division the second statistical hypothesis test model of the study within the framework of the study's second statistical hypothesis; additionally, this division will allow avoiding the problem of double linearity (if any). This is as follows:

• (H2-1) Model:

$$FP = \beta_0 + \beta_1 ACSIZE_{it} + \beta_2 LnTA_{it} + \beta_3 LEV_{it} + \beta_4 ROE_{it} + \beta_5 Loss_{it} + \beta_6 Growth_{it} + \epsilon_{it} \quad (2-1)$$

• (H2-2) Model:

$$FP = \beta_0 + \beta_1 ACIND_{it} + \beta_2 LnTA_{it} + \beta_3 LEV_{it} + \beta_4 ROE_{it} + \beta_5 Loss_{it} + \beta_6 Growth_{it} + \epsilon_{it} \quad (2-2)$$

• (H2-3) Model:

$$FP = \beta_0 + \beta_1 ACEXP_{it} + \beta_2 LnTA_{it} + \beta_3 LEV_{it} + \beta_4 ROE_{it} + \beta_5 Loss_{it} + \beta_6 Growth_{it} + \epsilon_{it} \quad (2-3)$$

• (H2-4) Model:

$$FP = \beta_0 + \beta_1 ACMEET_{it} + \beta_2 LnTA_{it} + \beta_3 LEV_{it} + \beta_4 ROE_{it} + \beta_5 Loss_{it} + \beta_6 Growth_{it} + \epsilon_{it} \quad (2-4)$$

- Model(3): The third hypothesis of the study predicts an analysis of the impact of internal auditing on the company's financial performance. The researcher can formulate the statistical model to test the third hypothesis as follows:

$$FP = \beta_0 + \beta_1 INTERNAL\ AUDIT\ DEPT_{it} + \beta_2 ORGN\ MEMBERS_{it} + \beta_3 LEV_{it} + \beta_4 ROE_{it} + \beta_5 Loss_{it} + \beta_6 Growth_{it} + \epsilon_{it} \quad (3)$$

3.3 Descriptive Statistics

Before starting the statistical analysis, the researcher performed some procedures to verify the availability of the conditions of the statistical techniques which will be used. Byrne (2010) stated that data examination is a very important step before testing the measurement model especially when structural equation modeling is employed. The values of skweness and kurtosis refer to the extent to which data are normally distributed (Blanca et al., 2013). Table (3.1) shows the descriptive statistics for the study variables. This table contains the mean, standard deviation, skewness, and kurtosis for the items used to measure each variable as follow:

Table No. (3-1): Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
ROA	300	5.00%	35.00%	20.53%	8.51%	-0.071	-1.137
Tobins'Q	300	0.88	1.24	1.06	0.10	-0.060	-1.128
B.Size	300	3.00	9.00	6.06	2.05	-0.025	-1.324
B.Ind.	300	0.00	1.00	0.54	0.50	-0.152	-1.990
Dual.	300	0.00	1.00	0.54	0.50	-0.165	-1.986
B.Exp	300	0.00	1.00	0.53	0.50	-0.139	-1.994
AC.Size	300	3.00	9.00	5.81	1.95	0.110	-1.256
AC.Ind	300	0.00	1.00	0.50	0.50	-0.007	-2.013
AC.Exp	300	7.50%	49.90%	28.46%	12.13%	0.026	-1.169
AC.Meet	300	4.00	12.00	8.05	2.67	-0.002	-1.377
LnTA	300	2.39	15.42	9.12	3.71	-0.067	-1.150
LEV	300	35.00%	85.00%	58.88%	14.92%	0.073	-1.190
ROE	300	5.00%	35.00%	20.33%	9.37%	0.043	-1.309
LOSS	300	0.00	1.00	0.50	0.50	0.007	-2.013
GROWTH	300	2.37%	21.39%	11.65%	5.55%	0.039	-1.198
Valid N (listwise)	300						

3.4 Testing Hypotheses (Multiple regressions)

Multiple linear regression (MLR), also known simply as multiple regression, is a statistical technique that uses several explanatory variables to predict the outcome of a response variable. The goal of multiple linear regressions is to model the linear relationship between the explanatory (independent) variables and response (dependent) variables. In essence, multiple regressions are the extension of ordinary least-squares (OLS) regression because it involves more than one explanatory variable.

The researcher can shows the results of multiple regression as follow:

Testing the relationship between the directors' board characteristics and the financial performance indicators (H1):

The first hypothesis predicts the relationship between the directors' board characteristics and the financial performance indicators using regression model No.1, and the results revealed the table No.(3.2) as follow:

Table No. (3.2): Results of relationship between the directors' board characteristics and the financial performance indicators

	Panel A: ROA				Panel B: Tobins' Q			
	Coef.	T-Stat.	Sig.	VIF	Coef.	T-Stat.	Sig.	VIF
Cons.	2.725	3.512	0.001		0.971	26.377	0.000	
<i>B.Size</i>	2.429	2.325	0.000	1.065	0.005	2.725	0.000	1.065
<i>B.Ind.</i>	5.236	6.170	0.000	1.033	0.118	2.811	0.000	1.033
<i>Dual.</i>	1.827	2.769	0.000	1.133	0.189	4.942	0.000	1.133
<i>B.Exp</i>	2.598	2.958	0.000	1.138	0.007	2.222	0.000	1.138
LnTA	0.257	1.136	0.247	1.033	0.001	0.485	0.630	1.033
LEV	0.069	0.781	0.415	1.039	0.000	1.035	0.304	1.039
ROE	-0.048	-0.925	0.385	1.030	0.000	0.236	0.825	1.030
LOSS	1.325	1.423	0.156	1.028	-0.008	-0.711	0.470	1.028
GROWTH	0.009	0.125	0.981	1.022	0.002	1.489	0.119	1.022
<i>Firm Fixed Effects</i>	<i>Included</i>				<i>Included</i>			
<i>R2</i>	<i>52.80%</i>				<i>47.90%</i>			
<i>F-Value</i>	<i>47.581</i>				<i>52.367</i>			
<i>Model Sig.</i>	<i>0.000</i>				<i>0.000</i>			
<i>N</i>	<i>300</i>				<i>300</i>			

Additionally, regarding the sub hypotheses the researcher can analyse the relationship individually for each mechanism and its impact on the dependent variables, then building the final model by AMOS. Consequently, the results revealed the tables No.(3.3,3.4) as follow:

Table No. (3.3): Results of relationship between the directors' board characteristics and the financial performance indicators (Sub Hypotheses-ROA)

	Panel A: ROA				Panel B: ROA				Panel C: ROA				Panel D: ROA			
	Coe f.	T- Stat.	Sig.	VIF	Coef.	T- Stat.	Sig.	VIF	Coef.	T- Stat.	Sig.	VIF	Coef .	T- Stat.	Sig.	VIF
Cons.	2.7 28	4.238	0.000		14.23 7	5.335	0.000		15.776	5.513	0.000		16.0 18	5.814	0.000	
<i>B.Size</i>	0.2 68	2.451	0.000	1.014	---	---	---	---	---	---	---	---	---	---	---	---
<i>B.Ind.</i>	---	---	---	---	6.380	7.030	0.000	1.007	---	---	---	---	---	---	---	---
<i>Dual.</i>	---	---	---	---	---	---	---	---	3.022	3.108	0.002	1.02 3	---	---	---	---
<i>B.Exp</i>	---	---	---	---	---	---	---	---	---	---	---	---	4.50 3	4.712	0.000	1.03 0
LnTA	0.2 87	1.518	0.115	1.019	0.220	1.793	0.074	1.014	0.188	1.436	0.152	1.02 1	0.15 3	1.187	0.236	1.02 8
LEV	0.0 25	0.781	0.512	1.026	0.021	0.700	0.485	1.026	0.031	0.945	0.345	1.03 6	0.01 8	0.577	0.564	1.02 6
ROE	- 0.0 65	-1.055	0.322	1.016	- 0.069	-1.410	0.159	1.017	-0.047	-0.913	0.362	1.02 0	- 0.03 3	-0.641	0.522	1.02 7
LOSS	1.5 12	1.511	0.187	1.025	1.213	1.333	0.183	1.018	1.321	1.366	0.173	1.01 8	1.42 5	1.505	0.133	1.01 7
GRO WTH	- 0.0 10	-0.187	0.911	1.011	0.033	0.401	0.689	1.016	-0.010	-0.113	0.910	1.01 1	- 0.03 6	-0.423	0.672	1.01 6
<i>Firm Fixed Effect s</i>	<i>Included</i>				<i>Included</i>				<i>Included</i>				<i>Included</i>			
<i>R2</i>	<i>16.08%</i>				<i>40.20%</i>				<i>23.10%</i>				<i>30.10%</i>			
<i>F- Value</i>	<i>4.287</i>				<i>9.581</i>				<i>2.801</i>				<i>4.939</i>			
<i>Mode l Sig.</i>	<i>0.000</i>				<i>0.000</i>				<i>0.011</i>				<i>0.000</i>			
<i>N</i>	<i>300</i>				<i>300</i>				<i>300</i>				<i>300</i>			

Table No. (3.4): Results of relationship between the directors' board characteristics and the financial performance indicators (Sub Hypotheses –Tobins'Q)

	Panel A: Tobins' Q				Panel B: Tobins' Q				Panel C: Tobins' Q				Panel D: Tobins' Q			
	Coe f.	T-Stat.	Sig.	VIF	Coef .	T-Stat.	Sig.	VIF	Coe f.	T-Stat.	Sig.	VIF	Coe f.	T-Stat.	Sig.	VIF
Cons.	1.287	6.451	0.000		1.029	29.895	0.000		0.974	29.850	0.000		1.013	29.847	0.000	
<i>B.Size</i>	0.008	2.725	0.000	1.014	---	---	---	---	---	---	---	---	---	---	---	---
<i>B.Ind.</i>	---	---	---	---	0.111	2.418	0.000	1.007	---	---	---	---	---	---	---	---
<i>Dual.</i>	---	---	---	---	---	---	---	---	0.071	6.387	0.000	1.023	---	---	---	---
<i>B.Exp</i>	---	---	---	---	---	---	---	---	---	---	---	---	0.023	2.009	0.048	1.030
LnTA	0.008	1.412	0.455	1.019	0.003	1.251	0.408	1.014	0.001	0.548	0.584	1.021	0.001	0.791	0.430	1.028
LEV	0.003	0.247	0.762	1.026	0.001	0.418	0.712	1.026	0.000	1.064	0.288	1.036	0.000	0.365	0.716	1.026
ROE	0.004	0.237	0.857	1.016	0.004	0.347	0.825	1.017	0.000	0.155	0.877	1.020	0.000	-0.043	0.966	1.027
LOSS	-0.007	-0.421	0.669	1.025	-0.005	-0.588	0.621	1.018	-0.009	-0.830	0.407	1.018	-0.007	-0.578	0.564	1.017
GROWTH	0.003	1.421	0.121	1.011	0.003	1.421	0.387	1.016	0.002	1.681	0.094	1.011	0.002	1.482	0.140	1.016
<i>Firm Fixed Effects</i>	Included				Included				Included				Included			
<i>R2</i>	17.30%				13.10%				36.50%				16.50%			
<i>F-Value</i>	4.236				3.866				7.611				3.383			
<i>Model Sig.</i>	0.005				0.020				0.000				0.021			
<i>N</i>	300				300				300				300			

The above results indicate to the significance of the model in interpreting the changes in the dependent variable financial performance indicators (ROA & Tobins'Q) where (F = 4.287, 9.581, 2.801, 4.939 & 4.236, 3.866, 7.611, 3.383) with significance (P-Value = 0.000, 0.000, 0.011, 0.000 & 0.005, 0.020, 0.000, 0.021) which is less than 0.05. Furthermore, the VIF for all variables was less than 10 which is mean there is no multicollinearity.

Moreover, the Adjusted R Square is equal (16.08%, 40.20%, 23.10%, 30.10%) & (17.30%, 13.10%, 36.50%, 16.50%) consequently for ROA and Tobins'Q indicators which is mean that directors' board characteristics and the other control variables explain (16.08%, 40.20%, 23.10%, 30.10%) & (17.30%, 13.10%, 36.50%, 16.50%) from the change of the financial performance indicators (ROA & Tobins'Q). This result motivates further research in exploring more variables that may effect on the dependent variable financial performance indicators (ROA & Tobins'Q).

Regarding the independent variables of directors' board characteristics, results of the table (3.3 & 3.4) Panel A revealed that board size is significant, so it has a positive effect on the financial performance indicators (ROA and Tobin's Q). Consequently, the researcher can totally accept the first sub hypothesis in the alternative form as follow: H1-1 : Board size has a positive significant impact on financial performance.

For the board independence mechanism become clear it is significant and has a positive impact on the ROA indicator (where T-Stat. = 7.030, 2.418 >2; Sig. = 0.000, 0.000 < 0.05) according to results on table (4-4 Panel B) & (4-5 Panel B). Consequently, the researcher can totally accept the second sub hypothesis in the alternative form as follow: H1-2: Board independence has a positive significant impact on financial performance.

Additionally, the role duality mechanism it is significant and has a positive impact on the ROA indicator (where T-Stat. = 3.108 >2; Sig. = 0.002 < 0.05) according to results on table (4-4 Panel C), also it is significant and has a positive impact on the Tobin's Q indicator (where T-Stat. = 6.387 >2; Sig. = 0.000 < 0.05) according to results on table (4-5 Panel C). Consequently, the researcher can totally accept the third sub hypothesis in the alternative form as follow: H1-3: CEO Duality has a positive significant impact on financial performance.

Moreover, the financial experience mechanism it is significant and has a positive impact on the ROA indicator (where T-Stat. = 4.712 >2; Sig. = 0.000 < 0.05) according to results on table (4-4 Panel D), also it is significant and has a positive impact on the Tobin's Q indicator (where T-Stat. = 2.009 >2; Sig. = 0.048 < 0.05) according to results on table (4-5 Panel D). Consequently, the researcher can totally accept the fourth sub hypothesis in the alternative form as follow: H1-4: Board experience has a positive significant impact on financial performance.

Testing the relationship between the audit committee characteristics and the financial performance indicators (H2):

The second hypothesis predicts the relationship between the audit committee characteristics and the financial performance indicators

using regression model No.2, and the results revealed the table No(3.5) as follow:

Table No. (3.5): Results of relationship between the audit committee characteristics and the financial performance indicators

	Panel A: ROA				Panel B: Tobins' Q			
	Coef.	T-Stat.	Sig.	VIF	Coef.	T-Stat.	Sig.	VIF
Cons.	5.247	2.481	0.000		1.045	12.812	0.000	
<i>AC.Size</i>	0.987	4.236	0.000	1.092	0.010	2.425	0.000	1.092
<i>AC.Ind</i>	10.127	8.789	0.000	1.073	0.035	3.211	0.003	1.073
<i>AC.Exp</i>	0.265	3.711	0.000	1.082	0.001	2.111	0.013	1.082
<i>AC.Meet</i>	0.435	3.781	0.000	1.009	0.003	2.425	0.015	1.009
LnTA	0.475	1.711	0.125	1.022	0.002	0.651	0.618	1.022
LEV	-0.008	-0.215	0.745	1.031	0.003	0.433	0.742	1.031
ROE	0.018	0.266	0.723	1.028	0.004	0.055	0.956	1.028
LOSS	0.425	0.187	0.842	1.040	-0.015	-1.315	0.318	1.040
GROWTH	0.055	0.821	0.524	1.020	0.005	1.425	0.087	1.020
<i>Firm Fixed Effects</i>	<i>Included</i>				<i>Included</i>			
<i>R2</i>	<i>70.80%</i>				<i>45.60%</i>			
<i>F-Value</i>	<i>32.882</i>				<i>4.236</i>			
<i>Model Sig.</i>	<i>0.000</i>				<i>0.000</i>			
<i>N</i>	<i>300</i>				<i>300</i>			

The above results indicate to the significance of the model in interpreting the changes in the dependent variable financial performance indicators (ROA & Tobins'Q) where (F = 32.882 & 4.236) with significance (P-Value = 0.000 & 0.000) which is less than 0.05. Furthermore, the VIF for all variables was less than 10 which is mean there is no multicollinearity.

Moreover, it is obvious there are no significant effects of the control variables on the financial performance indicators. Consequently, the researcher can totally accept the second hypothesis in the alternative form as follow: H2: Characteristics of the audit committee as one of the mechanisms of governance have significant positive impact on financial performance.

Additionally, regarding the sub hypotheses the researcher can analyse the relationship individually for each mechanism and its impact on the

dependent variables, then building the final model by AMOS. Consequently, the results revealed the tables No.(3.6) as follow:

Table No. (3.6): Results of relationship between the audit committee characteristics and the financial performance indicators (Sub Hypotheses-ROA)

	Panel A: ROA				Panel B: ROA				Panel C: ROA				Panel D: ROA			
	Coe f.	T- Stat.	Sig.	VIF	Co ef.	T-Stat.	Sig.	VIF	Coe f.	T- Stat.	Sig.	VIF	Co ef.	T- Stat.	Sig.	VIF
Cons.	11. 025	3.565	0.000		12. 75 7	5.926	0.000		14. 704	4.936	0.000		15. 23 6	5.505	0.000	
AC.Size	1.1 40	4.693	0.000	1.011	---	---	---	---	---	---	---	---	---	---	---	---
AC.Ind	---	---	---	---	11. 27 6	15.127	0.000	1.036	---	---	---	---	---	---	---	---
AC.Exp	---	---	---	---	---	---	---	---	0.1 19	2.986	0.003	1.011	---	---	---	---
AC.Meet	---	---	---	---	---	---	---	---	---	---	---	---	0.0 48	2.111	0.000	1.002
LnTA	0.2 60	2.032	0.043	1.018	0.1 58	1.587	0.113	1.016	0.2 00	1.533	0.126	1.017	0.3 25	1.522	0.195	1.014
LEV	0.0 14	0.423	0.672	1.028	- 0. 00 1	-0.048	0.962	1.029	0.0 22	0.662	0.508	1.026	0.1 21	0.781	0.436	1.026
ROE	- 0.0 46	-0.901	0.368	1.019	- 0. 00 3	-0.073	0.942	1.025	- 0.0 53	-1.027	0.305	1.017	- 0. 06 9	-1.411	0.251	1.017
LOSS	1.6 44	1.734	0.084	1.019	0.0 26	0.035	0.972	1.033	1.2 17	1.254	0.211	1.022	1.4 18	1.215	0.125	1.017
GROWTH	- 0.0 15	-0.176	0.860	1.012	0.0 68	1.018	0.310	1.017	- 0.0 16	-0.180	0.857	1.012	- 0. 01 0	-0.067	0.911	1.012
Firm Fixed Effects	Included				Included				Included				Included			
R2	30.00%				66.90%				22.60%				16.80%			
F-Value	4.909				40.177				2.674				3.151			
Model Sig.	0.000				0.000				0.015				0.018			

<i>N</i>	<i>300</i>					<i>300</i>					<i>300</i>					<i>300</i>
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Table No. (3.7): Results of relationship between the audit committee characteristics and the financial performance indicators (Sub Hypotheses –Tobins'Q)

	Panel A: Tobins' Q				Panel B: Tobins' Q				Panel C: Tobins' Q				Panel D: Tobins' Q			
	Coe f.	T-Stat.	Sig.	VIF	Co ef .	T-Stat.	Sig.	VIF	Coe f.	T-Stat.	Sig.	VIF	Coe f.	T-Stat.	Sig.	VIF
Cons.	1.062	27.916	0.000		1.007	29.850	0.000		0.981	27.612	0.000		0.994	26.166	0.000	
<i>AC.Size</i>	0.007	2.184	0.030	1.011	---	---	---	---	---	---	---	---	---	---	---	---
<i>AC.Ind</i>	---	---	---	---	0.036	3.063	0.002	1.036	---	---	---	---	---	---	---	---
<i>AC.Exp</i>	---	---	---	---	---	---	---	---	0.002	3.356	0.001	1.011	---	---	---	---
<i>AC.Meet</i>	---	---	---	---	---	---	---	---	---	---	---	---	0.008	2.458	0.010	1.002
LnTA	0.001	0.884	0.377	1.018	0.001	0.903	0.367	1.016	0.001	0.850	0.396	1.017	0.003	1.025	0.311	1.014
LEV	0.000	0.497	0.620	1.028	0.000	0.219	0.826	1.029	0.000	0.432	0.666	1.026	0.001	0.478	0.718	1.026
ROE	0.000	0.367	0.714	1.019	0.000	0.025	0.980	1.025	0.000	0.153	0.878	1.017	0.005	0.311	0.855	1.017
LOSS	-0.008	-0.687	0.493	1.019	-0.011	-0.959	0.338	1.033	-0.010	-0.823	0.411	1.022	-0.017	-0.527	0.691	1.017
GROWTH	0.002	1.663	0.097	1.012	0.002	1.865	0.063	1.017	0.002	1.546	0.123	1.012	0.003	1.439	0.236	1.012
<i>Firm Fixed Effects</i>	<i>Included</i>				<i>Included</i>				<i>Included</i>				<i>Included</i>			
<i>R2</i>	<i>17.20%</i>				<i>21.00%</i>				<i>22.40%</i>				<i>15.20%</i>			
<i>F-Value</i>	<i>2.521</i>				<i>2.300</i>				<i>2.619</i>				<i>2.174</i>			
<i>Model Sig.</i>	<i>0.017</i>				<i>0.035</i>				<i>0.017</i>				<i>0.020</i>			
<i>N</i>	<i>300</i>				<i>300</i>				<i>300</i>				<i>300</i>			

Testing the relationship between the Internal auditing and the financial performance indicators (H3):

The third hypothesis predicts the relationship between the Internal auditing and the financial performance indicators using regression model No.3, and the results revealed the table No.(3.8) as follow:

Table No. (3.8): Results of relationship between the Internal auditing and the financial performance indicators

	Panel A: ROA				Panel B: Tobins' Q			
	Coef.	T-Stat.	Sig.	VIF	Coef.	T-Stat.	Sig.	VIF
Cons.	2.826	4.702	0.000		1.057	6.751	0.000	
<i>INTERNAL AUDIT DEPT</i>	1.485	2.127	0.000	1.412	0.229	2.706	0.000	1.371
<i>ORGN MEMBERS</i>	1.236	3.158	0.000	1.521	0.254	2.522	0.000	1.325
LnTA	0.221	1.412	0.125	1.216	0.002	1.074	0.284	1.226
LEV	0.037	0.558	0.418	1.022	0.000	0.348	0.728	1.027
ROE	-0.068	-1.022	0.369	1.015	0.000	0.292	0.770	1.066
LOSS	1.259	1.111	0.265	1.069	-0.006	-0.536	0.592	1.125
GROWTH	-0.015	-0.228	0.728	1.027	0.002	1.496	0.136	1.116
<i>Firm Fixed Effects</i>	<i>Included</i>				<i>Included</i>			
<i>R2</i>	<i>25.80%</i>				<i>32.10%</i>			
<i>F-Value</i>	<i>7.821</i>				<i>8.256</i>			
<i>Model Sig.</i>	<i>0.000</i>				<i>0.000</i>			
<i>N</i>	<i>300</i>				<i>300</i>			

4. Discussions and Conclusions

The first objective is “Identifying the impact of corporate governance mechanisms(board director , audit committee and internal audit) on

financial performance of listed government-owned companies in UAE. The statistical analysis results as follow :

Adjusted R Square is equal (16.08%, 40.20%, 23.10%, 30.10%) & (17.30%, 13.10%, 36.50%, 16.50%) consequently for ROA and Tobins'Q indicators which is mean that directors' board characteristics and the other control variables explain (16.08%, 40.20%, 23.10%, 30.10%) & (17.30%, 13.10%, 36.50%, 16.50%) from the change of the financial performance indicators (ROA & Tobins'Q). This result motivates further research in exploring more variables that may effect on the dependent variable financial performance indicators (ROA & Tobins'Q).

Regarding the independent variables of directors' board characteristics, the results revealed that board size is significant, so it has a positive effect on the financial performance indicators (ROA and Tobin's Q). Consequently, the researcher can totally accept the first sub hypothesis in the alternative form as follow: H1-1 : Board size has a positive significant impact on financial performance

For the board independence mechanism become clear it is significant and has a positive impact on the ROA indicator (where T-Stat. = 7.030, 2.418 >2; Sig. = 0.000, 0.000 < 0.05) according to results . Consequently, the researcher can totally accept the second sub hypothesis in the alternative form as follow: H1-2: Board independence has a positive significant impact on financial performance.

Additionally, the role duality mechanism it is significant and has a positive impact on the ROA indicator (where T-Stat. = 3.108 >2; Sig. = 0.002 < 0.05) , also it is significant and has a positive impact on the Tobin's Q indicator (where T-Stat. = 6.387 >2; Sig. = 0.000 < 0.05) according to results . Consequently, the researcher can totally accept the third sub hypothesis in the alternative form as follow: H1-3: CEO Duality has a positive significant impact on financial performance.

Moreover, the financial experience mechanism it is significant and has a positive impact on the ROA indicator (where T-Stat. = 4.712 >2; Sig. = 0.000 < 0.05) according to results , also it is significant and has a positive impact on the Tobin's Q indicator (where T-Stat. = 2.009 >2; Sig. = 0.048 < 0.05) according to results on table (4-5 Panel D). Consequently, the researcher can totally accept the fourth sub hypothesis in the alternative form as follow: H1-4: Board experience has a positive significant impact on financial performance

The results indicate that board independence and board financial experience, Audit committee and duality have a positive impact on the ROA indicator. This result is like some previous studies that

conducted in different contexts such as Merendino and Melville ,2019;Azzahra ,2020; Mnif and Znazen ,2020.

Regarding the independent variables of audit committee characteristics, there are significant positive effects of audit committee size, independence, the financial experience and meetings on the ROA indicator as one of the financial performance indicators (where T-Stat. = 4.236, 8.789, 3.711, 3.781 > 2; Sig. = 0.000, 0.000, 0.000, 0.000 < 0.05 Consequently). Additionally, there are significant positive effects of audit committee size, independence, the financial experience and meetings on the Tobins'Q as one of the financial performance indicators (where T-Stat. = 2.425, 3.211, 2.111, 2.425 > 2; Sig. = 0.000, 0.003, 0.013, 0.015 < 0.05).

Consequently, the researcher can totally accept the second hypothesis in the alternative form as follow: H2: Characteristics of the audit committee as one of the mechanisms of governance have significant positive impact on financial performance.

Regarding the independent variables of audit committee characteristics, the results revealed that audit committee size is significant, so it has a positive impact on the ROA & Tobins'Q indicators (where T-Stat. = 4.693, 2.184 >2; Sig. = 0.000, 0.030 < 0.05) Consequently, the researcher can totally accept the first sub hypothesis in the alternative form as follow: H2-1: Audit Committee Size has a positive significant impact on financial performance.

For the audit committee independence mechanism it is significant and has a positive impact on the ROA indicator (where T-Stat. = 15.127 >2; Sig. = 0.000 < 0.05) , also it is significant and has a positive effect on the Tobin's Q indicator (where T-Stat. = 3.063 >2; Sig. = 0.002 < 0.05) .Consequently, the researcher can totally accept the second sub hypothesis in the alternative form as follow: H2-2: Audit Committee Independence has significant positive impact on financial performance.

The audit committee financial experience mechanism it is significant and has a positive impact on the ROA indicator (where T-Stat. = 2.986 >2; Sig. = 0.003 < 0.05) , also it is significant and has a positive impact on the Tobin's Q indicator (where T-Stat. = 3.356 >2; Sig. = 0.001 < 0.05) .Consequently, the researcher can totally accept the third sub hypothesis in the alternative form as follow: H2-3: Experience of audit committee has significant positive impact on financial performance.

Moreover, the audit committee meetings mechanism it is significant and has a positive impact on the ROA indicator (where T-Stat. = 2.111 >2; Sig. = 0.000 < 0.05) according to results , also it is significant and has a positive impact on the Tobin's Q indicator (where T-Stat. = 2.458 >2; Sig. = 0.010 < 0.05) according to results .Consequently, the

researcher can totally accept the fourth sub hypothesis in the alternative form as follow: H2-4: Audit Committee Meetings has significant positive impact on financial performance.

The results indicate that audit committee size, audit committee independence and audit committee financial experience have a positive impact on the ROA indicator, But on the other side, the audit committee independence and audit committee financial experience also has a positive impact on the Tobins'Q indicator.

This result is like some previous studies that conducted in different contexts such as Pamungkas, I. D., & Puwantoro, M. P. S. (2023) Abdullah, H., and Tursoy, T. (2023); ElHawary, E. (2021) the relationship between corporate governance and firm value and financial success. Financial performance has an impact on a company's worth. Financial performance acts as an intermediary factor in the relationship between Corporate Governance and the value of the organization and the number of audit committee meetings has a beneficial impact on the financial reporting.

Regarding the independent variables of internal auditing, there are significant effects of internal auditing effectiveness and internal auditing members on the ROA indicator as one of the financial performance indicators (where T-Stat. = 2.127, 3.158 > 2; Sig. = 0.000, 0.000 < 0.05 Consequently). Also, there are significant effects of the internal auditing variables on the Tobins'Q as one of the financial performance indicators (where T-Stat. = 2.706, 2.522 > 2; Sig. = 0.000, 0.000 < 0.05).

Consequently, the researcher can totally accept the third hypothesis in the alternative form as follow: H3: Internal auditing as one of the mechanisms of governance has significant impact on financial performance. This result like with some previous studies that conducted in different contexts such as (Yusuf & Kanji, 2020; Chen, Lin, Lu, & Zhou, 2020; Akther & Xu, 2020; Alzeban, 2019).

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