

Ownership Structure and the Failure or Success of Firm Performance: Evidence from Emerging Market; Cross-sectional Analysis

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ABSTRACT

This research have tried to assess and investigate the impact of control tools characterized by Ownership structure and firm performance in the listed firms in UAE and test the matter in influential the performance of these firms. I choose non-financial firms in the year 2020 with to testing the sample of the present work. To investigate the variables of the current work, I used regression by using SPSS to test such variables. The results revealed that ownership structure has real impact on firm performance . Furthermore, firm size has effect on firm performance. This work is considered as a rare study that have been tested its variable in the Middle East.

KEYWORDS: *Keywords: Control mechanisms, Firm performance, Middle East*

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I. INTRODUCTION

Corporate governance practices (CGP) are concerned with the relations between different parties related to the companies, inside and outside parties (Alabdullah, 2020; Alabdullah, Yahya & Ramayah, 2014; Alabdullah et al, 2021; Alabdullah, et al., 2014; Alabdullah, 2016a,b; Alfadhil et al, 2013; Alfadhil and Alabdullah, 2016; Crifo, Escrig-Olmedo, & Mottis, 2019). They are essential to enhance of the owners of the companies. (CGP) has very important impact on the developing and developed markets that has positive impact on the efficiency of the economy of the country (e.g., Ahmed et al, 2021; Alabdullah, 2019; Alabdullah et al., 2020; Alabdullah, 2018, 2019; Alabdullah, 2016c,d 2017; Alabdullah , Laadjal & AlAsadii, 2018). Such practices lies in their mechanisms enhance companies' profitability for the all kind of sectors (Alabdullah, 2019; Alabdullah et al., 2014; Cadbury Report, 1992; Alabdullah, 2019; Brickley & Zimmerman, 2010).

In more specifically, In developing countries such practices got great attention because of the several scandals that happened in several countries around the world Alabdullah, Ries, & Thottoli, (2019) and Solomon & Solomon, (2008) and Alabdullah, et al., (2018). Worthy practices are essential for increasing the value of companies via using for example ownership structure to help enhancing the economy of any country, which is very important matter that several authors have recommended about its importance (e.g., Bai et al., 2004; Alabdullah et al., , 2021; Alabdullah, Ries, & Thottoli, 2019; Alabdullah, 2016; Alabdullah, et al., 2018; Alabdullah, et al., 2018; Alabdullah, et al., 2016; Alabdullah, Yahya, & Ramayah, 2014b; Rechner & Dalton, 1989; Hebble & Ramaswamy, 2005; Brennan & Solomon, 2008; Widiatmika and Darma, (2018) ;Yermack, 1996; Alabdullah, 2020; Alabdullah, Yahya & Ramayah, 2014b; Alabdullah et al., 2020; Alabdullah, 2020; Alabdullah et al., 2018; Alabdullah & Ries, 2019; Alabdullah, 2019; Alabdullah, Nor, & Ries, 2018; Alabdullah, 2016; Alabdullah et al., 2016; Alabdullah, et al, 2021 ;Zheka, 2006).

The research is very significant because the world is unstable due to unexpected pandemic (Corona virus as a huge Crisis) that negatively affect all countries Alabdullah et al, (2020). These are serious testing may address via testing several corporate governance practices (CGP) (Ahmed, Islam, Zuqibeh, & Alabdullah, 2014; Mensi et al., 2017; Ahmed, & Zuqibeh, 2013; Alabdullah et al., 2019 ;Ahmed et al., 2020; Asmild et.al , 2019; Ahmed, Amran et al., 2018; Ahmed, Islam, & Alabdullah, 2014; Ahmed et al., 2019; Alabdullah, 2019; Ahmed et al, 2019; Ahmed et al., 2018).

II. LITERATURE REVIEW

Several studies in both developed and developing countries take in to account that CGP are subject in the all countries around the world (Nor, et al., 2020; Alfadhil and Alabdullah, 2016; Alabdullah, 2016d; Almashhadani, 2020,2021; Duong, Evans, and Truong 2020; Alfadhil and Alabdullah, 2013; Alabdullah et al, 2021; Alabdullah, et al., 2014b; It roles is to develop firm performance as mentioned by the literature based on several theories that may be the successful in achieving several goals as revealed by (Kivaya, Kemboi and

Odunga, 2020; Susanti, Andhani and Zulaihati, (2019) ; Jamel, Albogami, Abdulaal, and Aljohani, (2021); Bahoo, Ahmed, Shoukat and Ahmad, 2019; Haq, Zhao, and Rehman, 2020).

Based on literature such as Alabdullah (2016b); Alabdullah et al. (2018); Essia, 2014; Rechner _Dalton, 1989; Yermack, 1996; Alabdullah et al. (2018) the structure of the ownership is an instrument to support the positive notions of agency theory.

III. METHOD

This work dealt with a sample of the middle East countries for the year of 2020 with collection useful data in this year to deal with its variables and factors. My study dealt with data of one year which means it is cross sectional study to test its variables of the ownership structure and return on equity ROE to measure firm performance.

IV. RESULTS

Regression Results of Model

The findings on performance by ROE in the current Model

$$ROE = \alpha + B_1 FRO + B_2 FZ + \varepsilon$$

Such results of such a model cannot be dealt with its elements because the results of ANOVA revealed that the model is not Significant with value of 0.421.

V. CONCLUSION

This work investigates the effect of CGP factors linked to ownership structure and its influence on firm performance. CGP have been reflected several important matters to several companies for all sectors. Internationally, companies around the world have suffered from several scandals in all sectors. These scandals have gotten negative reaction by developed and developing countries and makes shareholders have to deal with companies have a strong CGP. A very little empirical studies investigated the relationship between CGP and firm performance by choosing ROE in the countries in the Middle East.

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