



**An-Najah National University  
Faculty of Graduate Studies**

**THE IMPACT OF BOARD OF DIRECTORS'  
CHARACTERISTICS AND OWNERSHIP  
STRUCTURE ON FINANCIAL  
SUSTAINABILITY: EMPIRICAL EVIDENCE  
FROM PALESTINE AND AMMAN EXCHANGE**

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**This Thesis is Submitted in Partial Fulfilment of the Requirements for the Degree  
of Master of Accounting, Faculty of Graduate Studies, An-Najah National  
University, Nablus – Palestine.**

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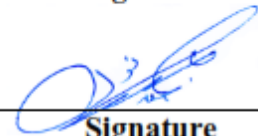
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## **Dedication**

To the one who guided the hearts and minds of humanity to a safe haven, the first teacher of humanity, **our prophet Muhammad** (peace and blessings be upon him).

To the one who struggled, fought, and endured hardships. To the one whom no words or languages can do justice to... **my dear father** (may God prolong his life).

To the one who lit my path, to the fountain of love and giving, to the most precious and sincere of loved ones... **my dear mother** (may God bless her soul).

To the one who was my shadow when fatigue befell me, **my beloved husband**.

To the seed of my heart and the hope of tomorrow, **my beloved sons, Muhammad, Adam, and Taim Allah**.

**To my brothers and sisters**, the source of my pride and honour, and their sons and daughters.

To those who are connected to me by kinship, the fragrance of friendship, and the roses of love.

To the brothers and sisters with whom I am gathered in the field of work... my esteemed colleagues.

To the soil of Palestine and the fragrance of its pure air.

To the most precious of all, our holy Jerusalem.

To the righteous martyrs, the valiant prisoners, and the wounded. Blessings,

To every hand and heart that walked with me on the path of achievement, to all of them I dedicate this study, praying to God that it will be a window of knowledge and a card of insight...and that it will benefit us and be benefited by us.

## **Acknowledgment**

Praise be to God, Lord of the Worlds, with good and blessed praise. May blessings and peace be upon the most honourable of creation and messengers, our prophet Muhammad, and upon his good and pure family and companions.

I extend my sincere thanks, appreciation, and deep gratitude to my thesis supervisors, **Dr. Ghassan Daas** and **Prof. Abdul Nasser Nour**, who tirelessly guided me and provided me with the feedback that contributed to make this work in the best possible way. May God reward them abundantly on my behalf.

I also extend my sincere thanks and appreciation to all my Doctors in the Accounting Department at An-Najah National University for the honour of benefiting from their vast knowledge and rich experience

## Declaration

I, the undersigned, declared that I submitted the thesis entitled:

# **THE IMPACT OF BOARD OF DIRECTORS' CHARACTERISTICS AND OWNERSHIP STRUCTURE ON FINANCIAL SUSTAINABILITY: EMPIRICAL EVIDENCE FROM PALESTINE AND AMMAN EXCHANGE**

I declare that the work provided in this thesis, unless otherwise referenced, is the researcher's own work, and has not been submitted elsewhere for any other degree or qualification.

**Student's Name**

**Amneh Omar Ibrahim Hardan**

**Signature:**



**Date:**

**17/09/2025**

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# **THE IMPACT OF BOARD OF DIRECTORS CHARACTERISTICS AND OWNERSHIP STRUCTURE ON FINANCIAL SUSTAINABILITY: EMPIRICAL EVIDENCE FROM PALESTINE AND AMMAN EXCHANGE**

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## **Abstract**

This study explores the relationship between board characteristics, ownership structure, and financial sustainability measured by Return on Assets (ROA) and Operational Self-Sufficiency (OSS). The research methodology employs panel data analysis using secondary data. The statistical analysis was conducted using the Pooled Ordinary Least Squares (OLS) regression method, the final sample for the study was selected from companies listed on the stock exchanges in Palestine and Jordan, the total number of the sample reached 113 companies distributed over non-financial companies. The findings show that the gender diversity has a positive impact on both ROA and OSS, this points to the importance of diverse perspectives in achieving long-term sustainability. However, board size and CEO duality don't have a significant effect, these results suggest that increasing the size of boards or combining the roles of CEO and chairman may not have an impact on financial results, the striking result is that the frequency of board meetings had mixed results: While it led to increased short-term profitability (ROA), it negatively impacted long-term sustainability (OSS).

Board independence has a negative impact on OSS but has no effect on ROA, multiple board memberships and effective board committees were found to enhance both ROA and OSS as they bring diverse expertise and strengthen governance practices.

Regarding ownership structure, Concentration ownership improved profitability (ROA) but had no significant impact on OSS, that means a focus on short-term gains over long-term sustainability. Foreign ownership has a positive impact on OSS but not ROA but is not significant, while institutional ownership showed no significant effects on ROA but has a significant negative impact on OSS, this may reflect different trends among institutional investors.

These findings underscore the importance of a balanced governance approach, where diversity, expertise, and effective oversight are prioritized to achieve both financial performance and sustainability. Companies should focus on enhancing gender diversity and encouraging multiple board memberships while carefully managing board independence and meeting frequency to avoid inefficiencies.

**Key words:** Board Characteristics, Ownership structure, Financial Sustainability, Palestine, Jordan.

# Chapter One

## Introduction and Literature Review

### 1.1 General Background

Ensuring sustainability and making decisions to achieve it are primarily corresponding with effective corporate governance. Strong corporate governance guarantees sustainability, which in turn drives corporate growth (Mukherjee & Sen, 2019).

However, financial sustainability is highly important due to its impact on the long-term growth and continuity of companies. Financial sustainability information enables investors and shareholders to better understand how the company manages financial risks associated with environmental, social, and governance dimensions. Therefore, understanding how to prepare and focus on financial sustainability reporting represents a significant challenge for companies in emerging environments, where they need to balance financial performance with environmental and social sustainability to achieve sustainable growth (Rahim, 2017).

The importance of financial sustainability is particularly evident in challenging circumstances such as pandemics, as exemplified by the COVID-19 outbreak, which disrupted the operational activities of corporate entities and impacted major economies worldwide (Günther, Gleißner, & Walkshäusl, 2020). Such incidents erode investor confidence, making them hesitant to further invest in institutional entities. Corporate entities are designed to operate indefinitely and expand their operations to gain more market share. In the absence of additional investment through appropriate stock and bond issuance, sustainable growth must be maintained (Adebayo, Onikoyi, Kareem, & Lamidi, 2021). It is worth noting that sustainable corporate growth represents the highest and most optimal level that businesses can achieve, enabling them to increase their income without depleting their financial resources (Nor, Ramli, Marzuki, & Rahim, 2020).

The board of directors has an important role in building corporate governance frameworks and agency theory primarily through its supervisory and oversight functions. It is responsible for defining the strategic direction of the company, overseeing management's activities and ensuring alignment with stakeholder interests. In corporate governance the board establishes policies, procedures, and controls to guide operations and decision-

making, while also monitoring compliance with regulations and evaluating performance for accountability. Within agency theory, the board acts as a representative of shareholders, working to mitigate conflicts between shareholders and management by aligning their interests. Through mechanisms such as executive compensation and risk management oversight, the board ensures that management acts in the best interests of shareholders to maximize value. In essence, the board of directors plays an important role and contribution in corporate governance, through providing important oversight and guidance for long-term sustainability and success; (Nguyen & Huynh, 2023; Shamil, Shaikh, Ho, & Krishnan, 2014; Ntim & Soobaroyen, 2013).

The distribution of ownership Structure among shareholders, including institutional investors, foreign investors, and concentrated ownership can impact the alignment of interests between stakeholders and the company's financial sustainability goals. For example the institutional investors may advocate for sustainable business practices and long-term value creation while concentrated ownership by insiders may prioritize short-term gains over sustainability (Karim, Naeem, & Ismail, 2023; Raimo, Vitolla, Marrone, & Rubino, 2020; Bentivogli & Mirenda, 2017; Crinò & Onida, 2007).

Corporate governance practices and ownership structure play an important role in shaping organizational behavior and performance and their specific impact on financial sustainability remains unclear, particularly in the context of emerging economies such as Palestine and Jordan, so the main challenges lies in distinguishing how differences in board composition affect decision-making processes and governance effectiveness, and thus impact financial sustainability. Therefore, this study aims to make an important scientific contribution by exploring the impact of board characteristics and ownership structure on financial sustainability through an applied analysis of companies listed on the Amman and Palestine Stock Exchanges, which represent two emerging economies, the study seeks to contribute to how companies adapt to challenges associated with corporate governance to achieve long-term sustainability, the study also highlights the essential role of effective governance in enhancing companies' resilience and ensuring financial sustainability, highlighting the strategic importance of embedding sustainability principles within corporate structures, particularly in developing environments characterized by complexity and volatility.

## **1.2 Problem Statement**

Corporate governance is considered one of the key factors determining the financial performance of institutions, although many previous studies have examined the relationship between board characteristics and ownership structures on the one hand, and financial performance, corporate sustainability, and sustainable growth on the other (Munir, Khan, Usman, & Khuram, 2019; Mukherjee & Sen, 2019). However the important role that governance mechanisms may play in supporting long-term financial sustainability in emerging economies remains under investigation, which means the ability of the organization to continue performing its operations efficiently without excessive reliance on external financing. As such it is a more accurate measure of the company's efficiency and performance than financial performance alone, as financial sustainability is a deeper field for measuring corporate performance (Nor, Ramli, Marzuki, & Rahim, 2020; Okoye, Erin, Ahmed, & Isibor, 2017).

Empirical evidence shows that companies with effective governance often exhibit higher levels of transparency and accountability, and pursue long-term strategies that contribute to financial stability and resilience to economic crises. Conversely, the absence of appropriate governance mechanisms leads to weak oversight and increased management risks, threatening an organization's ability to achieve sustainability, some recent literature emphasizes that effective risk management and specialized and independent boards of directors are essential factors in supporting sustainable growth and enhancing investor confidence (Abdelhaq, Dwekat, Atout, & Nour, 2024; Mohammad, Nour, & Al-Atoot, 2024; Nour, et al., 2024; Basalat, Koni, & Nour, 2023).

Despite growing interest in corporate governance, the actual impact of board composition and ownership structure on financial sustainability remains unclear in the context of emerging economies such as Palestine and Jordan, where the private sector faces unique regulatory, institutional, and economic challenges. Differences in ownership patterns (institutional, foreign, or concentrated) add further complexity to aligning stakeholder interests with sustainability goals. Hence, there is an urgent need for field studies that can help uncover the nature of the relationship between these variables and the extent of their impact on corporate sustainability.

Although previous research has addressed the relationship between corporate governance and firm performance, there is still limited focus on how board characteristics and ownership structure specifically influence financial sustainability. These governance variables and ownership structure ensure long-term stability, transparency, and efficient resource management, making their examination essential for understanding firms' ability to sustain operations and growth over time.

Accordingly, this study aims to fill this research gap by comparing the impact of governance characteristics and ownership structure on financial sustainability among companies operating in Palestine and Jordan, seeking to answer the following main question:

How do board characteristics and ownership structure affect financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE)?

### **1.3 Research Questions**

Main Research Questions:

How do board characteristics influence the financial sustainability of companies listed on the Palestine Exchange (PEX) and Amman Stock Exchange (ASE)?

How does ownership structure affect the financial sustainability of companies listed on the Palestine Exchange (PEX) and Amman Stock Exchange (ASE)?

The following sub-questions emerge from the main question:

1. How does gender diversity in corporate governance bodies influence financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE) ?
2. What is the relationship between board size and financial sustainability in companies listed on the Palestine Exchange (PEX) and Amman Stock Exchange (ASE)?
3. How does the frequency of board meetings impact financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE)?
4. What is the effect of CEO duality on financial sustainability in companies listed on the Palestine Exchange (PEX) and Amman Stock Exchange (ASE)?

5. How does board independence influence financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE)?
6. What is the impact of the academic background of board members on financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE)?
7. What is the impact of the multiple membership of board members on financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE)?
8. What is the effect of Committees effectiveness on financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE)?
9. How does foreign ownership affect financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE)?
10. What is the relationship between concentration ownership and financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE)?
11. How does institutional ownership influence financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE)?

#### **1.4 Importance of Study**

The study on the impact of board characteristics and ownership structure on financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE) holds significant importance for several reasons:

**Enhancing Financial Stability:** Since financial sustainability is a key factor in ensuring companies' continuity and ability to adapt to various economic challenges, then understanding the factors that contribute to financial sustainability such as board characteristics and ownership structure enhances companies' stability and helps them continue to achieve their strategic goals and achieve long-term growth, especially in environments characterized by volatility and uncertainty, such as those in developing economies.

Informing policy and regulation: Findings from this study can inform policymakers and regulators about the effectiveness of existing governance mechanisms in companies and highlight areas for improvement, and this can lead to the development of policies and regulations that promote better governance practices, ultimately contributing to the overall health and development of the companies listed on the Palestine Exchange (PEX) and Amman Stock Exchange (ASE).

Strengthening Corporate Governance: Investigating the relationship between board characteristics, ownership structure, and financial sustainability can provide insights into the role of corporate governance in companies listed on the Palestine Exchange (PEX) and Amman Stock Exchange (ASE). By identifying the most effective governance practices, companies can strengthen their internal controls, accountability mechanisms, and decision-making processes, that leading to improved financial performance and sustainability.

Facilitating Strategic Decision-Making: The study can help companies in Palestine and Jordan make informed strategic decisions regarding board composition, ownership arrangements, and governance structure, by understanding how these factors influence financial sustainability, companies can tailor their strategies to better align with their long-term goals and objectives.

This study differs from previous literature by providing a comparative analysis between companies in Palestine and Jordan, two under-researched emerging markets. It integrates board characteristics and ownership structure dimensions to assess their influence on financial sustainability, using robust statistical methods, the research also fills a gap in studies focusing on dual-market governance environments, providing valuable implications for policy and corporate reform.

### **1.5 Objectives of Study**

The following sub-objectives emerge from the main objective:

1. Examine How does gender diversity in corporate governance bodies influence financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).

2. investigate the relationship between board size and financial sustainability in companies listed on the Palestine Exchange (PEX) and Amman Stock Exchange (ASE).
3. Explore How does the frequency of board meetings impact financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).
4. Examine the effect of CEO duality on financial sustainability in companies listed on the Palestine Exchange (PEX) and Amman Stock Exchange (ASE).
5. Explore How does board independence influence financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).
6. Explain the impact of the academic background of board members on financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).
7. Examine the impact of the multiple membership of board members on financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).
8. Examine the effect of Committees effectiveness on financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).
9. Explain How does foreign ownership affect financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).
10. Investigate the relationship between concentration ownership and financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).
11. Explain How does institutional ownership influence financial sustainability in companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).

## 1.6 Literature Review

Financial sustainability represents the organization's ability or institution to support its financial health and capacity to stay in the long term. This sustainability concerns managing financial resources efficiently to provide the ability of an organization to meet its financial liabilities, continue operating, and reach its future and current objectives. In the context of Microfinance Institutions (MFIs), financial sustainability is important for their continued requirement of financial services to underserved populations such as small business owners and low-income people, and this includes generating sufficient revenues to cover operational costs, effectively managing risks, and keeping acceptable levels of capital to support growth and withstand economic downturns. Financial sustainability is a fundamental factor of consideration to shareholders, regulators, and clients, as it ensures stability and flexibility for MFIs in achieving their social mission and contributing to overall economic development (Okoye, Erin, Ahmed, & Isibor, 2017).

As underlined by Adebayo, Onikoyi, Kareem, & Lamidi (2021), the corporate governance influence mechanisms on the sustainable growth of manufacturing firms, especially during financial crises, is important. Also the study underlines the significance of including larger and more diverse boards of directors comprising individuals with various knowledge, skills, and experiences to guide them through challenging times. Additionally, the researchers recommend keeping a robust board structure with independent directors to supervise management decisions that align with the company's objectives.

In the context of global financial crises, financial management in the world trends emphasizes the importance of sustainability for the future of companies. Following the failures of numerous companies, sustainability disclosure, and financial sustainability, or sustainable growth, have become crucial fields to investigate to achieve economic success and maintain investor trust (Pizzi, Del Baldo, Caputo, & Venturelli, 2022; Calabrese, Suparaku, Santovito, & Hysa, 2023), specifically, financial sustainability means being self-sustaining both operationally and financially before applying the mechanisms of governance and its operations (Uchenna, Adedayo, Ahmed, & Isibor, 2020). Additionally, the most important factor attracting investors when making investment decisions is a company's sustainable growth, especially in the absence of additional investment through the issuance of shares and bonds. Financial sustainability signals to

investors to make investment decisions because it is a key part of the firm's mission to thrive and remain competitive for their promoters and other stakeholders (Rahim, 2017). On the other hand, another factor that can support financial sustainability is related to internal dimensions such as effective corporate governance. Strong corporate governance can lead companies to guarantee sustainability, which in turn drives corporate growth (Mukherjee & Sen, 2019). In the same argument, the failure and weakness in management, weak internal control mechanisms, and lack of adequate risk management lead to the need for applying new good corporate governance structures and improvements in financial sustainability (Chenuos, Mohamed, & Bitok, 2014; Adeyemi & Fagbemi, 2010; Uzoren, 2010).

According to (Nguyen & Huynh, 2023; Shamil, Shaikh, Ho, & Krishnan, 2014; Ntim & Soobaroyen, 2013) the board of directors plays an important role in providing a strong framework for corporate governance mechanisms through its supervisory and oversight functions. The board is responsible for ensuring alignment with stakeholder interests and reducing the agency problem as a representative of shareholders. By working to mitigate conflicts between shareholders and management, the board aligns their interests effectively.

On the other hand, another factor that can provide strong circumstances for applying the best practices of governance is the distribution of ownership structure, including institutional investors, foreign investors, and concentrated ownership. These diverse ownership structures can enhance corporate governance by obtaining in different perspectives, expertise, and monitoring capabilities. For example, institutional investors often have significant resources and expertise to influence management decisions, while foreign investors can bring international best practices and standards. Concentrated ownership, where a large portion of the company's shares is held by a few investors, can lead to more effective monitoring and control over management actions (Karim, Naeem, & Ismail, 2023; Raimo, Vitolla, Marrone, & Rubino, 2020; Bentivogli & Mirinda, 2017).

Board characteristics provide an important role in supporting corporate governance and, consequently, the financial sustainability of firms, in addition the board of directors is responsible for making key strategic decisions and ensuring effective oversight of management, which directly influences a company's financial health and long-term

sustainability, so enhancing effective decision-making and governance within companies depends on gender diversity in corporate governance bodies (Barako & Brown, 2008), and leading to better corporate performance and improved governance practices (Handajani, Subroto, Sutrisno, & Saraswati, 2024). Some argue that larger boards provide greater oversight and reduce agency costs by bringing diverse expertise and perspectives, which can improve decision-making and mitigate conflicts of interest (Said, Hj Zainuddin, & Haron, 2009; Laksmana, 2008).

The frequency of board meetings can enhance communication and coordination among board members, contributing to a common understanding of the company's goals and challenges (Gafoor, Mariappan, & Thiyagarajan, 2018). CEO duality, where the roles of chairman and CEO are combined, has been debated extensively in corporate governance. Agency theorists argue that CEO duality compromises board functions and independence (Ntim & Soobaroyen, 2013; Chau & Gray, 2010; Said, Hj Zainuddin, & Haron, 2009). While some characteristics support sustainability in companies, such as board independence and academic background (Githaiga & Kosgei, 2023), board independence improves economic performance by enhancing the quality of decision-making (Core, Holthausen, & Larcker, 1999). Additionally, experience and knowledge enhance the ability of board members to make informed financial decisions and improve overall company performance (Nguyen & Huynh, 2023).

Managerial behaviour, strategic decisions, and overall firm performance are also influenced by the company's distribution and type of ownership. Foreign ownership has garnered significant interest due to its potential to enhance economic performance and firm behaviour, thus it can enhance certain performance metrics (Crinò & Onida, 2007), Increasing accountability, reducing information asymmetry, and motivating major shareholders to utilize reports for performance evaluation and attracting investors are results of applying ownership concentration (Yuen, Liu, Zhang, & Lyu, 2009), On the other hand, institutional investors, due to their substantial shareholdings, play an important role in corporate governance by effectively monitoring management activities (Karim, Naeem, & Ismail, 2023). Then, the ownership structure in general provides an important opportunity to support good governance, which also supports financial sustainability and performance. According to Liu, Miletkov, Wei, & Yang (2015), multiple corporate board memberships refer to individuals serving on the boards of

multiple companies. Multiple memberships can facilitate the exchange of knowledge and experiences between companies, strengthen relationships and networks, and improve the quality of corporate governance.

Thus a diverse and qualified board can improve the quality of decision-making by applying diverse insights and experiences (Asad, Akbar, Li, & Shah, 2023; Ali, et al., 2022; An, Chen, Wu, & Zhang, 2019; Kanadli, Bankewitz, & Zhang, 2018). Increasing transparency and effective communication within the Council enhances the ability to deal with financial challenges and achieve strategic goals. Frequent meetings and regular reviews of performance also contribute to improving control and supervision, which supports financial sustainability by ensuring informed and organized decision-making.

It includes ownership distribution between individual and institutional owners, foreign ownership, and institutional concentration. An effective ownership structure promotes transparency and accountability by influencing how the company is managed and owners are supervised. Institutional ownership provides strong oversight, which improves company strategies and helps better manage financial risks. Foreign ownership may bring new expertise and knowledge, enhancing innovation and financial performance (Bayong, Bawuah, & Amoah, 2024; Park, Pathan, Stathopoulos, & Marwick, 2024; Nguyen, Trinh, & Chen, 2024; Piosik & Genge, 2019; Liu, Laing, & Zhang, 2017). While a high concentration of ownership can enhance adherence to good practices and reduce problems associated with information concealment and financial manipulation. Then, by improving the quality of governance and enhancing transparency and accountability, board characteristics and ownership structure contribute to enhancing the financial sustainability of companies supporting their ability to achieve sustainable growth and success.

### **Key Theories Linking Board Characteristics, Ownership Structure, and Financial Sustainability**

Several influential theories support the academic understanding of how board characteristics and ownership structure impact financial sustainability. The dominant frameworks are agency theory, resource dependence theory, stakeholder theory, stewardship theory, and institutional theory, so these theories help guide empirical research and policy recommendations across diverse contexts.

Agency Theory emphasizes managers' (agents') versus owners' (principals') interest conflict, and it asserts that effective governance mechanisms such as board independence, board composition, and concentrated ownership can help decrease agency costs, improve monitoring, and raise accountability, resulting in financial sustainability (Alshareef & Sulimany, 2024; Alshareef, 2024; Naciti, 2019; Waheed & Malik, 2019).

Resource Dependence Theory assumes that boards are providers of essential resources, including experience, knowledge, and external linkages. A networked board with heterogeneous members can enable organizational resilience, strategic ability, and legitimacy, thereby resulting in better financial performance (Jabin, 2025; Alshareef, 2024; Waheed & Malik, 2019; Naciti, 2019).

Stakeholder Theory expands the focus of governance from shareholders alone, with the argument that effective boards balance the interests of all stakeholders, employees, investors, and the community to achieve sustainable outcomes and strengthen organizational reputation (Jabin, 2025; Naciti, 2019; Waheed & Malik, 2019).

Stewardship Theory offers a substitute, wherein managers become responsible stewards of the resources of the company when motivated and empowered. Certain board structures, such as CEO duality and leadership style supportive of it, can enable strategic alignment and long-term financial viability (Naciti, 2019; Waheed & Malik, 2019).

Finally, Institutional Theory highlights the influence of external environmental pressures, such as regulatory frameworks, social norms, and cultural expectations, on the design and effectiveness of governance frameworks. It presumes that institutional environments affect the way board characteristics and ownership arrangements are coordinated with sustainable corporate behavior (Saona, Muro, & Alvarado, 2020; Waheed & Malik, 2019; Naciti, 2019).

## **1.7 Hypotheses Development**

### **Gender diversity**

the gender diversity on corporate governance bodies plays a prominent role in enhancing effective decision-making and governance within those companies. In the context of previous studies, that shown the participation of women on boards of directors contributes significantly to enriching the pool of available expertise and enhancing diversity in

visions and knowledge as revealed by a study conducted by (Barako & Brown, 2008). Therefore, it can be concluded that enhancing gender diversity in corporate governance bodies can play an effective role in enhancing corporate performance and improving governance practices. Handajani, Subroto, Sutrisno, & Saraswati (2014) emphasize the significant contribution of board diversity in enhancing organizational culture, mitigating fraud risks and reducing agency costs. Compelling evidence provides support for the idea that gender diversity enhances the financial sustainability of microfinance institutions. Moreover, female CEOs and directors appear to exert a positive influence on board effectiveness, as previous studies indicate (Mersland & Strøm, 2009; Kyereboah-Coleman & Biekpe, 2006).

The Research of Siele (2009) explains the presence of gender diversity in the Board of Directors plays a prominent role in improving practical performance, increasing productivity, and achieving added value. The research also indicates that women generally have more optimistic expectations regarding executive responsibilities, which may positively impact the board's performance in achieving the desired goals. These results indicate the importance of gender diversity in administrative boards and its positive impact on organizational performance and achieving strategic goals.

Companies with female board members enjoy better representation and understanding of their customer base, which can lead to strategic advantages and improved financial results (Nguyen & Huynh, 2023; Mersland & Strøm, 2009) affirm that a significant presence of women on the board can assist in attracting and retaining clients, particularly since many clients of microfinance institutions are women. Consequently, a higher proportion of female directors is expected to enhance the financial performance of microfinance institutions. Also, Githaiga & Kosgei (2023) found that board gender diversity is positively and significantly associated with sustainability reporting.

However, the study conducted by Uchenna, Adedayo, Ahmed, & Isibor (2020) presents findings indicating that there is no significant relationship between corporate governance mechanisms, gender diversity, and financial sustainability. Pucheta-Martínez & Gallego-Álvarez (2020) found that female directors have a useful impact on company performance.

In Palestine, with regard to the representation of both genders on the company's board of directors, Resolution Law No. (42) of 2021 regarding companies, Article (172) stipulated that the board of directors be representative of both genders, with at least one third of the members being women if possible. On the other hand, based on the Corporate Governance Code for Shareholding Companies Listed on the Amman Stock Exchange(2017), every company must have a board of directors that includes the optimal number of competencies, taking into account a balanced mix of ages, genders and different experiences.

Based on the previous information provided, we can formulate the following hypothesis:

**H<sub>1</sub>: There is a positive impact of gender diversity in financial sustainability within companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).**

### **Board Size**

The existing literature about board size shows divergent perspectives presenting nuanced insights into the debate. One school of thought supports larger boards of directors, contending that they provide greater oversight and reduce agency costs.

Supporters argue that larger boards present a diverse scope of perspectives and expertise, which can improve decision-making and mitigate potential conflicts of interest. Conversely, an opposing viewpoint indicates that smaller boards may be more effective as they enable quicker decision-making and foster stronger cohesion among members. Critics of larger boards argue that they may suffer from coordination challenges and decision-making inefficiencies due to their size. However, supporters counter that larger boards can draw upon a wider pool of talent and experience, potentially leading to more robust governance procedures. Thus, the relationship between board size and corporate performance is complex and context-dependent needing careful consideration of various factors such as industry dynamics, firm size, and regulatory environment (Said, Hj Zainuddin, & Haron, 2009; Laksmana, 2008).

Larger board size is frequently associated with improved sustainability reporting and financial performance, especially in non-financial firms, banks, and nonprofits. Larger boards can provide diverse expertise, broader perspectives, and enhanced resource access,

which support better sustainability practices and financial outcomes (Pasha, Aiwan, & Akhtar, 2024; Zhou & Wenyi, 2024; Anyigbah, Kong, Edziah, Ahoto, & Ahiaku, 2023; Razaq, Alhassan, & Omole, 2023; Wijayanti & Setiawan, 2023; Rahman, Zahid, & Khan, 2021). But in emerging markets and Islamic banks, larger boards positively influence sustainability disclosures and reporting (Pasha, Aiwan, & Akhtar, 2024; Razaq, Alhassan, & Omole, 2023; Wijayanti & Setiawan, 2023). For nonprofits, larger boards correlate with greater endowment reserves and financial audits, signaling stronger financial sustainability (Klein, Blau, & Hill, 2024; Zhou & Wenyi, 2024).

A larger board size often indicates greater diversity of perspectives and expertise, allowing for more comprehensive decision-making and strategic oversight. With a diverse set of skills and experiences among board members, companies may benefit from improved governance and strategic guidance, leading to better financial outcomes (Nguyen & Huynh, 2023). According to the study by Shamil, Shaikh, Ho, & Krishnan (2014), there is a documented positive association between board size with sustainability reporting, similar to the study by (Zureigat, Al\_Hazimeh, Batayneh, & Alrawashedha, 2024) board size has a positive relationship with financial performance.

Some studies find no significant relationship or even a negative effect of board size on financial sustainability, especially when boards become too large, leading to coordination challenges and slower decision-making (Maimako, Latiff, & Yusoff, 2024; Kamarudin, Ariff, Azmi, & Suffian, 2024; Lim, Tanpoco, Cordova, & Atendido, 2023; Disli, Yilmaz, & Mohamed, 2022; Agrawal & Lakshmi, 2020). In the new study by Zureigat, Al\_Hazimeh, Batayneh, & Alrawashedha (2024), it is indicated that board size has a highly significant positive impact on financial performance, this means that a larger board size is associated with better financial performance.

In Palestine and based on Resolution Law No. (42) of 2021 regarding companies, Article (172), a public joint-stock company shall be managed by a board of directors whose members shall not be less than five and not more than thirteen members. On the other hand, based on the Corporate Governance Code for Shareholding Companies Listed on the Amman Stock Exchange(2017), the minimum number of board members must not be less than three members and not more than thirteen members.

Based on the literature review provided, the hypothesis could be:

**H<sub>2</sub>: There is a positive impact of board size on financial sustainability within companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).**

### **Board Meetings**

The number of board meetings held can enhance communication and coordination among board members, which helps achieve a common understanding of the goals and challenges facing the company. In addition the presence of financial experts on the board can contribute to providing appropriate financial advice and guidance to improve the company's performance and achieve its financial goals. Thus transparency and accountability are enhanced, and the company can make better decisions based on accurate financial analyzes and constructive discussions among board members (Gafoor, Mariappan, & Thiyagarajan, 2018).

The research by Nguyen & Huynh (2023) provides empirical evidence suggesting that several characteristics of the board of directors positively influence corporate financial performance. Specifically, factors such as board meeting frequency, are identified as having a favorable impact on financial performance.

In the field of corporate governance, the frequency of board meetings emerges as a significant factor in the study conducted by (Hamad, Mhammad, Mahmood, & Khzir, 2021), their research uncovers a relationship between board meeting frequency and financial performance, revealing an unexpected outcome compared to previous studies' findings. It was found that increasing the frequency of board meetings has a negative impact on the company's return on assets. This suggests that while regular board meetings are essential for effective governance, an excessive number of meetings may lead to inefficiencies in the decision-making process or indicate underlying organizational challenges that hinder financial performance.

In Palestine, Article (191) of Resolution Law No. (42) of 2021 regarding companies stipulates that the Board of Directors must meet regularly to ensure that it carries out the tasks and duties assigned to it, leaving the minimum number of meetings during the year to be determined by the bylaws of each company. On the other hand, based on the

Corporate Governance Code for Shareholding Companies Listed on the Amman Stock Exchange(2017), the Board of Directors must meet adequately and promptly to perform its duties and responsibilities at least once every three months to discuss important issues related to the company's performance.

Based on the literature reviewed, the hypothesis for Board Meetings is as follows:

**H<sub>3</sub>: There is a significant positive impact of the frequency of board meetings on financial sustainability within companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).**

### **CEO duality**

CEO duality which refers to the combined role of chairman and CEO in firms, has been a subject of debate in corporate governance. Agency theorists argue that CEO duality compromises board functions and independence. To address this concern, some propose a dual leadership structure, where the roles of chairman and CEO are separated. So there are multiple studies across different countries and industries find that CEO duality where the CEO also serves as board chair, tends to reduce financial performance and sustainability. This is often attributed to weakened board oversight, increased agency costs, and reduced checks and balances, supporting agency theory (Ramadanti, Mulyasari, & Astuti, 2023; Mukherjee & Sen, 2022; Ali, et al., 2022; Mubeen, Han, Abbas, & Hussain, 2020; Naseem, Lin, Rehman, Ahmad, & Ali, 2020).

In contrast, some research finds no significant relationship between CEO duality and financial performance, suggesting that the effect may depend on other factors such as industry, firm size, or governance context (Dahlia & Permatasari, 2024; Elsayed, 2007; Baliga, Moyer, & Rao, 1996). In certain contexts, such as during crises (e.g., COVID-19) or in firms with high information costs, CEO duality can improve decision-making speed and coordination, leading to better financial outcomes in the short term (Enam, Shajar, & Das, 2023; Gan & Erikson, 2022; Hassan, Houston, Karim, & Sabit, 2022). Family firms may also benefit from CEO duality due to alignment with family interests (Kitiwong, Prasertsoontorn, Ratsamewongjan, Inya, & Jiraporn, 2025; Oussii & Klibi, 2023).

Previous studies show conflicting results regarding the relationship between CEO duality and voluntary disclosure or sustainability reporting. These discrepancies can be explained

by the presence of several factors that may influence this relationship. These factors include the different cultural and legal context between countries, industry structure and company-specific variables, in addition to the different research methodologies used to study this relationship.

In Palestine, the Palestinian Corporate Governance Code (2009) stipulates that it is preferable for the Chairman of the Board or any member of it not to exercise executive duties in the company in order to preserve independence and distribute powers and responsibilities. On the other hand, based on the Corporate Governance Code for Shareholding Companies Listed on the Amman Stock Exchange (2017), the Chairman of the Board of Directors may not combine his position with the position of General Manager or any executive position in the company, in order to ensure the independence of the Board of Directors from the executive management.

Based on the literature reviewed, the following hypothesis is proposed regarding CEO duality and its impact on financial sustainability:

**H4: CEO duality has a significant effect on financial sustainability within companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).**

#### **Board of Directors independency**

Corporate governance plays an important contribution in shaping the behaviour and performance of companies, influencing their sustainability practices and financial outcomes. In recent years scholars have increasingly focused on understanding the relationship between corporate governance mechanisms and various dimensions of corporate performance, including sustainability reporting and financial performance.

Multiple studies across different countries and sectors find that a higher proportion of independent directors is associated with improved long-term financial sustainability and performance, often through better oversight, reduced agency costs, and enhanced decision-making (Nguyen L. , 2025; Maimako, Latiff, & Yusoff, 2024; Pham & Ho, 2024; Zureigat, Hazimeh, Batayneh, & Alrawashedh, 2024). Githaiga & Kosgei (2023) conducted a study to explore the relationship between board independence and sustainability reporting. Their findings revealed a noteworthy and positive correlation between these two variables, indicating that companies with greater board independence tend to engage more in sustainability reporting practices. Board independence refers to

the extent to which board members are free from undue influence or conflicts of interest allowing them to make decisions in the best interests of the company and its stakeholders.

The positive association found by Githaiga & Kosgei (2023) suggests that independent boards are more likely to prioritize sustainability initiatives and communicate their efforts to stakeholders through comprehensive reporting mechanisms, so this underscores the significance of board independence in fostering corporate transparency, accountability, and sustainable business practices.

The study by Hamad, Mhammad, Mahmood, & Khzir (2021) revealed a positive relationship between board independence and the financial performance of companies. The study indicated that boards with a higher proportion of independent members often exhibit superior financial performance indicators, such as shareholder returns and earnings per share profitability. This positive relationship can be attributed to the critical role played by independent voices and diverse perspectives on the board. By sharing their ideas and expertise, independent board members can enrich decision-making processes, enhance management oversight, and ultimately deliver greater value to shareholders. This underscores the importance of board independence as a key factor in improving companies' financial performance.

Adebayo, Onikoyi, Kareem, & Lamidi (2021) investigated the impact of corporate governance mechanisms on the sustainable growth of manufacturing firms in Nigeria during the financial crisis period, the study found that board independence exhibited a positive association with corporate sustainable growth. Specifically, the presence of independent directors on the board was linked to improved corporate performance. Therefore the study underscores the importance of maintaining a board structure that includes independent directors to enhance oversight and ensure that management decisions align with the company's long-term objectives.

Also, the study by Pucheta-Martínez & Gallego-Álvarez's (2020) found that the independence of directors has a beneficial impact on company performance.

In Palestine, Article (172) of Resolution Law No. (42) of 2021 regarding companies stipulates that a member of the board of directors must be independent. On the other hand, According to the Corporate Governance Code for Shareholding Companies Listed

on the Amman Stock Exchange (2017), the Board of Directors must include a sufficient number of independent members, not less than one-third of the members.

The hypothesis for the impact of board independence on financial sustainability within organizations could be formulated as follows:

**H<sub>5</sub>: There is a significant positive impact of board independence on financial sustainability within companies listed on the Amman and Palestine Stock Exchanges.**

### **Academic background**

Board members with higher levels of education may bring valuable experience and knowledge to the board. Their educational background may include related fields such as finance, accounting, or business administration, allowing them to contribute insights that positively impact financial decision-making and overall company performance (Nguyen & Huynh, 2023).

Previous research by (Tan, Kamarudin, Noordin, & Rahim, 2019; Gafoor, Mariappan, & Thiyagarajan, 2018; Assenga, Aly, & Hussainey, 2018) has consistently highlighted the positive impact of board members' academic background on business performance. Specifically variables such as the education level of board members have been identified as significant factors contributing to improved business outcomes. This implies that board members with higher levels of education possess the cognitive abilities necessary for effective decision-making, strategic planning, and problem-solving within the organization. Additionally, Hsu, Chen, & Cheng (2013) emphasized the importance of education in enhancing board members' capabilities in processing information, recognizing new insights, and understanding abstract concepts. Furthermore, Katmon, Mohamad, Norwani, & Farooque (2019) found that a higher education level among board members is associated with enhanced Corporate Social Responsibility (CSR) disclosure practices, indicating the role of education in promoting transparency and responsible business practices. However, Tjahjadi, Soewarno, & Mustikaningtiyas (2021) provided a contrasting perspective by suggesting that boards with lower education levels may be linked to poorer environmental sustainability performance underscoring the importance of academic background in addressing specific business challenges such as environmental sustainability concerns.

The contradictions in the findings of studies regarding the impact of board members' academic background on business performance may stem from variations in research methodologies, contextual factors, sample heterogeneity, time frames, measurement issues, and interaction effects. These factors contribute to the complexity of the relationship under investigation highlighting the need for further research to elucidate the underlying mechanisms and contextual nuances involved.

In Palestine, the Palestine Corporate Governance Code (2009) indicated that board members should have at least a university degree and have appropriate experience in the company's field of work. On the other hand, based on the Corporate Governance Code for Shareholding Companies Listed on the Amman Stock Exchange(2017), members of the Board of Directors must have the academic qualifications and practical experience that enable them to carry out their duties and responsibilities efficiently and effectively.

Based on the literature reviewed, the hypothesis regarding the impact of board members' academic background on Financial Sustainability can be formulated as follows:

**H<sub>6</sub>: The academic background of board members significantly influences financial sustainability within companies listed on the Amman and Palestine Stock Exchanges.**

### **Multiple memberships of the Board of Directors**

Multiple corporate board memberships refer to an individual's participation on the boards of more than one company, so this topic is of great importance in corporate governance, as it has positive and negative impacts on both the companies involved and the individuals involved.

On the positive side, multiple membership can lead to the exchange of knowledge and experiences between companies, strengthen relationships and networks, and improve the quality of corporate governance. On the negative side, multiple memberships may lead to conflicts of interest, lack of focus on any one company, and difficulty managing time (Liu, Miletkov, Wei, & Yang, 2015).

The findings from Liu, Miletkov, Wei, & Yang (2015) align with the essence of the CSRC's 2001 Guidelines, which mandated that listed company boards should include a minimum of one-third independent directors. Overall, the study suggests that the dual

membership of board members, along with their independence, contributes to enhancing company performance.

the presence of members holding multiple positions in the boards of different companies enhances decision-making and the implementation of best practices, thereby contributing to achieving more sustainable financial results in the long term.

Fama & Jensen (1983) noted that multiple board memberships are an important procedure for the future because if the multiple board memberships contain the most successful managers, a common outcome of a functioning market for top managers can be effective corporate governance.

Also, Saleh, Iskandar, & Rahmat (2005) found that the multiple directorships support a significant governance mechanism in earnings management mitigating. Additionally, strong corporate governance helps prevent future issues with profit management, protecting the careers of board members within the administrative job market.

According to Adams, Hermalin, & Weisbach (2010), a board of directors with multiple memberships is a reflection of the respective manager's capabilities. Better-skilled managers tend to serve on more outside boards compared to their lower-skilled counterparts, while the least-skilled managers do not receive outside directorships. This implies that boards with multiple memberships enhance efficiency and governance due to the high skill levels of their members.

In the recent research Jahan, Lubberink, & Van Peursesem (2021), evidence suggests that prestigious multiple board memberships positively impact firm performance, thereby contributing to long-term sustainability.

In Palestine, Article (179) of Resolution Law No. (42) of 2021 regarding companies stipulates that a member of the board of directors can be a member of the boards of directors of at most five companies at the same time. On the other hand, according to the Corporate Governance Code for Shareholding Companies Listed on the Amman Stock Exchange(2017), a board member must allocate sufficient time to perform his duties and responsibilities. Therefore, he may not be a member of the boards of directors of a large number of companies.

Based on the literature reviewed, the hypothesis regarding the impact of multiple memberships of the board of directors on Financial Sustainability can be formulated as follows:

**H7: The multiple membership of the board of directors positively impacts the financial sustainability of companies within companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).**

### **Committees Effectiveness**

Committees are integral components of organizational structures, playing crucial roles in decision-making, oversight, and governance processes, the effectiveness of these committees is paramount to the overall success and performance of an organization, based on the study by PVVS & Palaniappan (2016), the consolidation or separation of roles between the CEO and the Chairman of the Board, along with the effectiveness of the audit committee, have an impact on the financial performance of the company. Additionally, sound governance mechanisms can also support a positive impact on financial performance, such as the effectiveness of the audit committee, and an effective audit committee should include qualified and knowledgeable members, with a majority being independent (Vera-Munoz, 2005; Abbott, Parker, & Peters, 2004).

Lary & Taylor (2012) displayed the significant role of audit committee effectiveness in financial reporting and auditor independence. They find that a higher level of audit committee independence and competence is significantly associated with a reduction in financial restatements, indicating improved accuracy and integrity in financial statements.

But on the contrary, according to the study of Alqatamin, (2018), the frequency of audit committee meetings (a measure of committee effectiveness) has been shown to have a statistically insignificant positive impact. Thus, it can be generally stated that the efficiency of committees affects the financial performance of companies and supports sustainability.

In Palestine, Article (188) of Resolution Law No. (42) of 2021 regarding companies stipulates that public shareholding companies must form committees emanating from the Board of Directors, the most important of which is the Audit Committee. On the other hand, based on the Orporate Governance Code for Shareholding Companies Listed on the

Amman Stock Exchange(2017), the Board of Directors shall establish specialized committees to assist it in performing its duties and responsibilities. These committees must have the independence, efficiency, and effectiveness necessary to enable them to perform their duties to the fullest extent possible.

Based on the literature reviewed, the hypothesis regarding the effect of Committees effectiveness on Financial Sustainability can be formulated as follows :

**H<sub>8</sub>: The effectiveness of committees positively influences financial sustainability within companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).**

### **Foreign ownership**

Foreign ownership has been a subject of interest in academic research due to its potential implications for economic performance and firm behavior. Crinò & Onida (2007) examine the influence of foreign participation on economic performance in Lombardy, a key region for Foreign Direct Investment (FDI) in Italy. Their study explores various aspects of economic performance, such as capital intensity, knowledge-intensity, productivity, wages, returns on investments, and financial structure. They find that foreign multinationals in Lombardy demonstrate higher levels of knowledge-intensity, productivity, and wage rates compared to domestic firms. Despite these advantages, foreign multinationals tend to experience lower returns on investments. Propensity score estimation confirms these differences, particularly in the manufacturing sector, suggesting a genuine impact of foreign participation. In the services sector, advantages enjoyed by multinationals are attributed to industry location patterns, larger firm sizes, and a tendency to invest in already high-performing national firms.

Benfratello & Sembenelli (2006) conducted a study to assess the influence of foreign ownership on productivity in Italian firms while meticulously addressing potential sources of endogeneity. Employing the GMM-System estimator, they analyzed Total Factor Productivity (TFP) among a broad spectrum of companies in Italy, meticulously controlling for unobserved heterogeneity, input simultaneity, and measurement errors. Their investigation yielded insights suggesting that foreign ownership, after meticulous control measures, does not exhibit a significant impact on productivity. However, when considering the simultaneity of the ownership variable, they found nationality to be a

consequential factor, particularly observing higher productivity among firms under US ownership compared to those under national ownership. This nuanced finding challenges the conventional wisdom of the standard internalization theory of foreign direct investment, indicating that the transfer of technology may be contingent upon pronounced differences between the recipient and investment countries. The study underscores the imperative of accounting for simultaneity in scrutinizing the relationship between foreign ownership and productivity.

Foreign ownership can significantly impact a firm's economic performance, as highlighted by (Bentivogli & Mirenda, 2017). Their study investigates the presence of a foreign ownership premium by comparing Italian firms owned by foreign entities with purely domestic firms. Results indicate that foreign-owned companies exhibit superior performance in terms of size, profitability, and financial stability. This premium tends to strengthen over time and is particularly pronounced in the service sector. However, the advantage diminishes if the foreign investor operates from a fiscal haven.

The hypothesis for the impact of foreign ownership on financial sustainability could be:

**H<sub>9</sub>: There is a significant positive impact of foreign ownership on financial sustainability within companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).**

This hypothesis posits that firms with higher levels of foreign ownership are expected to exhibit greater financial sustainability compared to firms with lower levels of foreign ownership.

### **Concentration ownership**

The relationship between ownership concentration and corporate reporting quality is multifaceted, with divergent perspectives existing in academic literature. Ownership concentration, referring to the distribution of ownership within a company, has been subject to debate regarding its influence on the accuracy and reliability of corporate reports. Proponents of the first view argue that higher ownership concentration positively impacts reporting quality by fostering increased accountability, reducing information asymmetry, and motivating major shareholders to utilize reports for performance evaluation and investor attraction, however contrasting viewpoints suggest that

concentrated ownership may lead to reduced disclosure incentives and potential manipulation of financial data for personal gain, thereby diminishing the reliability of corporate reports. Notably a study by (Yuen, Liu, Zhang, & Lyu, 2009) supports the notion that major shareholders may rely less on official reports due to their access to internal information, challenging the premise of ownership concentration positively influencing reporting quality. In conclusion the relationship between ownership concentration and corporate reporting quality is nuanced, influenced by factors such as regulatory environment, industry dynamics, and the motivations of major shareholders, warranting further exploration in academic research.

In the research of Liu & Anbumozhi (2009) investigated the influence of ownership concentration on corporate environmental information disclosure among Chinese listed companies, they sought to understand how ownership structure affects the level of environmental disclosure, the study revealed that ownership concentration had a significant impact on the extent of environmental information disclosed by companies. Specifically the firms with higher ownership concentration tended to provide less environmental data to the public compared to those with more dispersed ownership. This suggests that concentrated ownership may lead to reduced transparency and accountability regarding environmental performance, also the findings underscore the importance of considering ownership structure as a determinant factor in environmental disclosure practices highlighting the need for greater transparency and stakeholder engagement in corporate environmental reporting.

Jensen & Berg (2012) investigated the differences between companies practicing traditional sustainability reporting (TSR) and those adopting integrated reporting (IR), emphasizing the role of ownership concentration. Employing institutional theory, they aimed to identify potential determinants of IR adoption and test their relevance empirically. Their findings indicated that ownership concentration was a significant determinant distinguishing IR companies from those engaging in TSR, and this suggests that firms with higher ownership concentration may be more inclined to adopt integrated reporting practices compared to those with dispersed ownership structure.

Raimo, Vitolla, Marrone, & Rubino (2020) conducted a study aiming to explore the relationship between ownership structure and the quality of integrated reporting (IR), by

using agency theory as a framework, so the findings revealed that institutional ownership had a positive impact on the quality of integrated reports, while ownership concentration, managerial ownership, and state ownership had negative effects. These results were consistent with the alignment of integrated reports with the (IR) framework, also this study provides valuable insights into the role of ownership structure in shaping IR policies and practices.

The hypothesis for the impact of Concentration ownership on financial sustainability could be:

**H<sub>10</sub>: There is a significant negative impact of ownership concentration on financial sustainability within companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).**

This hypothesis suggests that the degree of ownership concentration within a company influences its financial sustainability.

### **Institutional ownership**

Institutional investors with their substantial shareholdings play an important role in corporate governance by monitoring management activities cost-effectively. Their professional expertise and resources enable thorough evaluations of companies' performance and engagement with corporate leadership to advocate for strategic improvements, thereby enhancing accountability and fortifying financial markets (Karim, Naeem, & Ismail, 2023).

Ownership by institutional investors refers to the significant stake these investors hold in a company, granting them greater influence and control over corporate decisions compared to individual investors, with substantial holdings institutional investors actively monitor corporate management activities, leveraging their resources, expertise, and access to information to assess company performance thoroughly, they engage in dialogue with management, advocating for changes to enhance shareholder value. Additionally institutional investors vote on key corporate matters at shareholder meetings, exerting significant influence due to the size of their holdings, so this ownership structure enables institutional investors to engage in closer monitoring activities and exert substantial pressure on corporate management to prioritize shareholder interests (Velte,

2022; Raimo, Vitolla, Marrone, & Rubino, 2020).

To address information asymmetry firms with high institutional ownership are inclined to enhance the quality of information disclosure, this proactive approach is adopted by management to bridge the gap in information between themselves and shareholders, with institutional investors holding significant stakes, management recognizes the importance of transparent communication to build trust and confidence among investors. Consequently, firms with high institutional ownership are more motivated to provide comprehensive and accurate information to ensure transparency and mitigate uncertainties in the market so this strategic effort contributes to fostering a favorable environment for investors and reflects positively on the firm's reputation and performance (Barako, Hancock, & Izan, 2006).

The hypothesis regarding institutional ownership and financial sustainability could be formulated as follows:

**H<sub>11</sub>: Institutional ownership has a significant positive impact on financial sustainability within companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE).**

### **Theoretical Basis for Each Control Variable**

Control variables, such as financial leverage, liquidity, asset efficiency, and firm size, are typically included in financial sustainability models to account for firm-specific factors that may influence outcomes independently of the relevant primary variables. The selection of these variables is based on established financial theories and empirical evidence.

Financial Leverage:

Leverage, according to Trade-Off Theory and Agency Theory, captures the level of risk and capital structure decisions of the firm. Too much leverage can amplify financial risk and affect profitability as well as sustainability and thus is a critical control factor in performance models (Baker, Hoeyer, & Wurgler, 2020; Yadav, Pahi, & Gangakhedkar, 2021; Nor, Ramli, Marzuki, & Rahim, 2020; Al-Slehat, 2019; Fajaria & Isnalita, 2018).

#### Liquidity:

Based on Liquidity Preference Theory and Resource-Based View, liquidity is the ability of a firm to satisfy short-term obligations. Adequate liquidity ensures operational resilience and serves as a financial pressure shock absorber with an effect on financial performance (Akbar & Nugraha, 2025; Jihadi, et al., 2021; Runis, Arifin, Masud, & Kalsum, 2021; Bărbuță-Mișu, Madaleno, & Ilie, 2019; Fajaria & Isnalita, 2018).

#### Asset Efficiency:

Measuring asset efficiency (generally as a ratio, e.g., Return on Sales or asset turnover) is categorized by Efficiency Theory as a measure of how intensively a firm makes use of its assets to generate revenues, also effective asset usage is linked with profitability and viability (Akbar & Nugraha, 2025; Susanti, Pardomuan, Setiani, Winardi, & Sanimuthi, 2021; Yadav, Pahi, & Gangakhedkar, 2021; Fajaria & Isnalita, 2018).

#### Firm Size:

Law of Proportionate Effect (Gibrat's Law) and Resource Dependence Theory assume that large firms experience economies of scale, superior access to resources, and greater market power, all of which have implications for financial performance and survivability. Firm size is also used to control for firm heterogeneity (Akbar & Nugraha, 2025; Omri, Neffati, & Guenichi, 2024; Wijayanti & Setiawan, 2023; Runis, Arifin, Masud, & Kalsum, 2021; Yadav, Pahi, & Gangakhedkar, 2021; Yadav, Pahi, & Goyari, 2020; Nguyen, Dang, Phan, & Nguyen, 2020; Al-Slehat, 2019).

## **Chapter Two**

### **Research Methodology**

#### **2.1 Research Design**

Since this study is classified as social science studies, which can be quantitative, qualitative, or a combination of both, it will be a quantitative study, and information about the variables of the study will be obtained through the annual reports of companies listed on the Palestine Exchange (PEX), and Amman Stock Exchange (ASE) during the years 2018-2023.

#### **2.2 Sources of Data**

Data sources are either primary or secondary. In this research, with regard to the independent variables (Board of Directors characteristics and ownership structure) as well as the dependent variable (Financial Sustainability), we will rely on secondary sources of data, as they will be collected from the published annual reports of companies listed on the Palestine and Amman Exchanges during the years 2018-2023.

#### **2.3 Population and Sample**

The main objective of this research is to examine the impact of the board of directors' characteristics and ownership structure on the financial sustainability in companies listed on the Palestine and Amman exchanges during the years 2018-2023. Hence, the study population includes all industrial, services and investing companies listed on the Palestine and Amman stock exchanges during the study period.

On the other hand, the study sample will be selected based on specific criteria:

1. The company be listed on the stock exchange during all years of the study (2018-2023).
2. All of its annual reports are published for all years of the study, and it is possible to access them and obtain all information related to the variables of the study.

**Table (2.1)***Selected sample Table*

Country	Palestine			Jordan		
	Selected sample	Excluded	Population	Selected sample	Excluded	Population
Services	8	1	9	39	6	45
Industry	11	0	11	45	4	49
Investment	10	2	12	-	-	-
Total	29	3	32	84	10	94

The final sample for the study was selected from companies listed on the stock exchanges in Palestine and Jordan, the total number of the sample reached 113 companies distributed over three sectors: services, industry and investment.

Some companies were excluded from the study due to unavailability of necessary data for certain periods or not being listed on the stock exchange.

In Palestine, the selected sample included 29 companies, while 3 companies were excluded out of 32 listed companies. In Jordan, the selected sample included 84 companies, with the exclusion of 10 companies out of 94 listed companies, so this sample contributed significantly to achieving the objectives of the study by providing an accurate representation of companies in the three sectors according to the availability of data.

#### **2.4 Variables and Their Measurement**

For this study, there are three types of variables used: (1) Independent variables, (2) dependent variables Committees are integral components of organizational variable, and (3) control variables. The board of directors' characteristics (, gender diversity, board size, board meetings per year, CEO duality, board directors' independency, academic background Multiple Memberships of the Board of Directors, Committees Effectiveness) and ownership structure variables (foreign ownership, concentration ownership, and institutional ownership) are the independent variables.

Financial sustainability represents the dependent variable. This variable is measured by two indicators, the first indicator is Return on Assets (ROA) that is a financial metric used to gauge a company's profitability in relation to its total assets, ROA is a key indicator of how efficiently a company utilizes its assets to generate earnings, a higher ROA signifies

better asset utilization and operational efficiency, indicating strong financial performance, and the second indicator is Operational Self-Sufficiency (OSS) which is a vital metric for assessing an organization's financial robustness and efficiency, OSS measures the extent to which an organization's operating income can cover its operating expenses. Essentially, it indicates how well the organization can sustain itself financially without external support. A higher OSS signifies greater efficiency and self-sustainability suggesting that the organization generates enough income to meet its operational requirements.

The integration of Return on Assets (ROA) and Operational Self-Sufficiency (OSS) metrics offers a multifaceted approach to evaluating an organization's financial viability and operational efficiency. ROA, a measure of profitability assesses the organization's ability to generate profit from its total assets, indicative of efficient resource allocation and financial stability. In contrast OSS emphasizes operational efficiency by gauging the organization's capacity to cover operating expenses with operating income, reflecting prudent expense management and reduced reliance on external funding. Combining these metrics provides a comprehensive evaluation of the organization's financial sustainability (Okoye, Erin, Ahmed, & Isibor, 2017).

Finally, financial leverage, liquidity, asset efficiency, firms' size are included in the regression model as control variables to avert misspecification of the regression model.

**Table (2.2)***Variables and Their Measurement Table*

<b>Independent variables (board directors characteristics and ownership structure)</b>		
<b>Independent variables</b>	<b>Definition</b>	<b>Reference</b>
Gender diversity	Gender diversity refers to the proportion of females among the members of a board of directors.	(Oluwadamisi, 2021; Basalat et al., 2023).
Board Size	Board Size indicates the total count of members comprising a board of directors.	(Nguyen & Huynh, 2023; Abdelhaq et al., 2024)
Board Meetings per year	Board Meetings per year represents the total count of meetings held by the board of directors within a given year.	(Hamad, Mhammad, Mahmood, & Khzir, 2021)
CEO duality	CEO duality is represented as a binary variable: it is coded as 1 if the CEO also serves as a member of the board, and 0 if the CEO does not hold a board position.	(Abdeljawad & Masri, 2020; (Jalal, Alkoni, & Nour, 2023)
Board of Directors” independency	Board of Directors’ independence is defined as the proportion of outside directors relative to the total number of board members.	(Cho & Chung, 2022)
Academic background	Academic background denotes the percentage of directors holding a minimum of a master degree within an organization's leadership.	(Sun, & Gu, 2023; Songini et al, 2021)
Multiple memberships of the Board of Directors	assigns a value of 1 if there is multiple membership and a value of 0 otherwise	(Liu, Miletkov, Wei, & Yang, 2015)
Committees Effectiveness	is based on the frequency of meetings, specifically the number of committee meetings held during the year.	(Alqatamin, 2018; PVVS and Palaniappan, 2016)
Foreign ownership	foreign ownership was measured as the percentage of the total shares owned by non-Palestinian or Jordanian investors in the company	(Bentivogli & Mirenda, 2017).
Concentration ownership	Concentration ownership refers to the accumulation of shares held by the certain largest shareholders within a company.	(Adebayo et al, 2021)
Institutional ownership	Institutional ownership refers to the proportion of outstanding shares held by institutional investors, encompassing both domestic and foreign financial institutions and trust funds.	(Hsu, Chen, & Cheng, 2013)
ROA (Return on Assets)	ROA is measured by dividing NOI/ATA (where NOI represents Net Operating Income, and ATA represents Average Total Assets).	(Okoye et al.,2017; Oyewale and Adewale, 2014)
OSS (Operational Self Sufficiency)	Financial Revenue – (Financial Expense + Net Impairment Loss + Operating Expense)	Okoye et al. (2017)
Financial Leverage (DTA)	Debt to Assets Ratio = Total Liabilities/Total Assets of the firm.	(Ilham, 2019)
Liquidity (CR )	- Current Ratio (CR) = Current Assets / Current Liabilities.	(Şahin A.and Ergün B., 2018; (Hirzallah, Nour, Daas, & Nour, 2024)
Asset Efficiency (ROS )	ROS = Net Income / Total Sales.	(El Madbouly's, 2022)
Firm's Size (Size )	Natural Log (Total Assets).	(Rahim, 2017).

## 2.5 Data Analysis Techniques

Two kinds of data techniques used in this study: (1) descriptive statistics and (2) inferential statistics. Descriptive statistics, such as maximum values, minimum values, means and standard deviation used to describe the independent dependent and other control variables of this study. In addition, a correlation test will be used to evaluate the strength of the linear relationship between the different variables of the study.

On the other hand the variance inflation factor (VIF) used to test if the problem of multicollinearity exists. Moreover, multiple linear regression techniques using the pooled Ordinary Least Squares (OLS) method used to examine the impact of board of directors' characteristics and ownership structure on financial sustainability in companies listed in Palestine and Amman exchanges for the period 2018-2023.

The research model equation be represented as follows:

$$\text{ROA} = \beta_0 + \beta_1(\text{Gender Diversity}) + \beta_2(\text{Board Size}) + \beta_3(\text{Board Meetings per Year}) + \beta_4(\text{CEO Duality}) + \beta_5(\text{Board of Directors' Independence}) + \beta_6(\text{Academic Background}) + \beta_7(\text{Multiple Memberships of the Board of Directors}) + \beta_8(\text{Committees Effectiveness}) + \beta_9(\text{Foreign Ownership}) + \beta_{10}(\text{Concentration Ownership}) + \beta_{11}(\text{Institutional Ownership}) + \beta_{12}(\text{Financial Leverage}) + \beta_{13}(\text{Liquidity}) + \beta_{14}(\text{Asset Efficiency}) + \beta_{15}(\text{Firm Size}) + \varepsilon.$$

$$\text{OSS} = \gamma_0 + \gamma_1(\text{Gender Diversity}) + \gamma_2(\text{Board Size}) + \gamma_3(\text{Board Meetings per Year}) + \gamma_4(\text{CEO Duality}) + \gamma_5(\text{Board of Directors' Independence}) + \gamma_6(\text{Academic Background}) + \gamma_7(\text{Multiple Memberships of the Board of Directors}) + \gamma_8(\text{Committees Effectiveness}) + \gamma_9(\text{Foreign Ownership}) + \gamma_{10}(\text{Concentration Ownership}) + \gamma_{11}(\text{Institutional Ownership}) + \beta_{12}(\text{Financial Leverage}) + \beta_{13}(\text{Liquidity}) + \beta_{14}(\text{Asset Efficiency}) + \beta_{15}(\text{Firm Size}) + \varepsilon.$$

Where:

- ROA: Return on Assets
- OSS: Operational Self-Sufficiency
- $\beta_0, \beta_1, \dots, \beta_{11}$ : Regression coefficients for independent variables in the model predicting ROA

- $\gamma_0, \gamma_1, \dots, \gamma_{11}$ : Regression coefficients for independent variables in the model predicting OSS
- Gender Diversity, Board Size, Board Meetings per Year, CEO Duality, Board of Directors' Independence, Academic Background, Multiple Memberships of the Board of Directors, Committees Effectiveness, Foreign Ownership, Concentration Ownership, Institutional Ownership: Independent variables
- Firm Size, Financial Leverage, Liquidity, Asset Efficiency: Control variables
- $\varepsilon$ : Error term representing unexplained variation in the dependent variable

## Chapter Three

### Research Results

#### 3.1 Descriptive Analysis

The analysis begins with traditional descriptive statistics, which examines the initial characteristics of the data. Table 3.1 shows summary data for 678 observations over six years (2018-2023), with main measures such as mean, median, maximum, minimum, standard deviation for all independent, dependent and control variables under study (Uchenna, Adedayo, Ahmed, & Isibor, 2020).

**Table (3.1)**

*Descriptive Analysis Table*

<b>Variable</b>	<b>Mean</b>	<b>p50</b>	<b>Min</b>	<b>Max</b>	<b>SD</b>
Operational Self-Sufficiency (OSS)	0.81	0.17	-0.33	11.77	1.97
Return on Assets (ROA)	0.01	0.02	-0.30	0.22	0.08
Gender Diversity (GD)	0.06	0.00	0.00	0.50	0.11
Board Size (BS)	8.28	8.00	4.00	18.00	2.64
Board Meetings (BM)	7.04	6.00	0.00	26.00	2.90
CEO duality	0.08	0.00	0.00	1.00	0.27
Independency (IND)	0.27	0.27	0.00	1.00	0.27
Academic Background (AB)	0.41	0.40	0.00	0.91	0.19
Multiple Memberships (MM)	0.97	1.00	0.00	1.00	0.17
Committees Effectiveness (CE)	13.50	16.00	0.00	43.00	8.87
Foreign Ownership (FO)	0.04	0.00	0.00	0.99	0.15
Concentration Ownership (CO)	0.66	0.71	0.00	1.00	0.23
Institutional Ownership (IO)	0.49	0.49	0.00	1.00	0.31
Financial Leverage (FL)	0.43	0.38	0.01	1.54	0.28
Liquidity (LIQ)	2.15	1.26	0.05	20.50	2.86
Asset Efficiency (AE)	-0.14	0.03	-29.39	4.06	1.58
Firm Size (FS)	7.52	7.51	5.61	9.32	0.65

Regarding OSS, the mean value of 0.81 indicates that the level of financial sustainability on average is positive but not very high, and the value of the median (p50) of 0.17 reflects that half of the companies have a financial sustainability score of less than 0.17, which indicates that most values are in an almost low range, the minimum (Min) -0.33 shows the presence of companies with negative financial sustainability due to certain conditions

or challenges, and the maximum (Max) 11.77 indicates that some companies achieve very high financial sustainability, Finally, the standard deviation (SD) of 1.97 indicates a large variation in financial sustainability scores between companies.

The ROA (Return on Assets) the mean and median are 0.01 and 0.02 this indicates a low return on assets, while the minimum and maximum ranged between -0.30 and 0.22, which means that some companies suffer significant losses while others achieve moderate positive returns due to unusual circumstances, the standard deviation (SD) is 0.08, and this result reflects relatively limited variation in performance.

Gender Diversity variable has the mean is 0.06 and indicates a very low presence of women on boards of directors, and the standard deviation (SD) is 0.11 reflects a slight variation between companies, and the maximum value was 0.50, Board Size has a mean value of 8.28 and this is the average number of board members the minimum and maximum range is between 4 and 18, which shows great variation between companies regarding the board size, the standard deviation (SD) was 2.64 and indicates moderate and normal variation in the number of members.

According to Board Meetings the mean was 7.04 meetings annually and median was 6, and the minimum is 0 this shows that some companies did not hold any meetings according to the report disclosed by the company itself, the maximum was 26, and this number shows serious professional activity for some companies, Finally, the standard deviation (SD) was 2.90.

CEO Duality (Dual CEO position) the mean 0.08 indicates that the percentage of companies in which the CEO combines two functions (management and presidency) is low, and the values for this variable indicate that this situation in companies rarely occurs because it conflicts with corporate governance.

For Board Independence the mean of 0.27 shows that the percentage of independent members is low, and the rest of the indicators in general indicate that companies have a board of directors that has an independent character.

For Academic Background, the mean (0.41) and the median (0.40) indicate that the proportion of members with an academic background is moderate on average. The maximum (0.91) and standard deviation (0.19) reflect that most companies have boards

with a strong academic background and higher education, but for Multiple Memberships, the mean (0.97) and other indicators reflect that most members hold memberships in other companies.

For committees Effectiveness the mean (13.50) shows that the average effectiveness is moderate, and the standard deviation (8.87) indicates a high variation between companies. While Foreign Ownership the mean (0.04) and the other indicators in the table reflect a decline in foreign ownership.

The Ownership Concentration variable showed a mean of 0.66, a median of 0.71, and a standard deviation of 0.23 this indicates that ownership is concentrated in the hands of a small number of shareholders. Institutional Ownership showed a mean and median of 0.49, with a standard deviation of 0.31 reflecting a relative balance between institutional and non-institutional ownership.

As for the control variables, Financial Leverage had a mean of 0.43, a median of 0.38, a minimum value of 0.01, a maximum value of 1.54, and a standard deviation of 0.28 this indicates that companies depending on debt on an average basis, according Liquidity, it had a mean of 2.15 and a median of 1.26. The minimum and maximum values were 0.05 and 20.50, respectively, with a standard deviation of 2.86. This reflects good liquidity on average, while some companies may also have exceptionally high liquidity.

Asset Efficiency has the mean is -0.14, and the median is 0.03, which shows low asset efficiency on average, the minimum value was -29.39, reflecting that some companies have very low efficiency, the maximum value is 4.06 indicating that a few companies have high asset efficiency, and the standard deviation is 1.58. Finally firm Size (Company Size) has a mean of 7.52 and a median of 7.51 showing that the average size of companies in the sample is relatively large, and the minimum and maximum values were 5.61 and 9.32, respectively indicating that company sizes are generally close, with a standard deviation of 0.65.

**Table (3.2)***Descriptive Analysis Table for Palestine*

<b>Variable</b>	<b>Mean</b>	<b>p50</b>	<b>Min</b>	<b>Max</b>	<b>SD</b>
Return on Assets (ROA)	0.03	0.04	-0.30	0.20	0.06
Operational Self-Sufficiency (OSS)	1.00	0.23	-0.29	10.43	1.91
Gender Diversity (GD)	0.07	0.00	0.00	0.50	0.10
Board Size (BS)	8.37	8.00	4.00	13.00	2.26
Board Meetings (BM)	5.56	6.00	1.00	12.00	1.70
CEO duality	0.31	0.00	0.00	1.00	0.46
Independency (IND)	0.01	0.00	0.00	0.25	0.05
Academic Background (AB)	0.40	0.36	0.00	0.80	0.19
Multiple Memberships (MM)	1.00	1.00	1.00	1.00	0.00
Committees Effectiveness (CE)	2.24	3.00	0.00	6.00	2.01
Foreign Ownership (FO)	0.03	0.00	0.00	0.49	0.10
Concentration Ownership (CO)	0.64	0.71	0.00	0.94	0.22
Institutional Ownership (IO)	0.59	0.65	0.00	0.94	0.27
Financial Leverage (FL)	0.38	0.37	0.01	0.73	0.19
Liquidity (LIQ)	2.28	1.48	0.05	13.46	2.32
Asset Efficiency (AE)	0.02	0.11	-15.29	4.06	1.41
Firm Size (FS)	7.52	7.49	5.88	8.94	0.66

ROA (Return on Assets), the mean is 0.03, with a minimum of -0.30, indicating loss-making companies, the standard deviation of 0.06 indicates little variation among companies, OSS (Operational Self-Sufficiency), the mean is 1.00, but the median is only 0.23, indicating the presence of extreme values (such as a maximum of 10.43) that raise the mean, Gender Diversity, the mean is low 0.07, with a median of 0.00, indicating that most companies do not have women on their boards.

Board Size has an average of 8 members, which is a reasonable number, and the distribution appears to be nearly normal due to the closeness of the mean and median, and Board Meetings have an average of 5.56 meetings per year, which is a good number indicating moderate board activity, also CEO Duality is 31% of companies have dual CEO and board chair positions, according to the average 0.31.

Independency was very low 0.01 meaning that there were very few independent board members in this sample, Academic Background: 40% of board members had an academic background, which is a good number, Multiple Memberships was constant at 1.00, meaning each member served on only one board, and Committee Effectiveness had a relatively low mean 2.24, and a standard deviation of 2.01, indicating significant variation across companies in committee effectiveness, Foreign ownership was very low 3%, meaning most companies are owned domestically, Ownership Concentration & Institutional Ownership indicate that most ownership is concentrated and institutional. Financial Leverage had a mean of 0.38, indicating a moderate reliance on debt financing. Liquidity had a mean of 2.28, with high values such as the maximum 13.46, Asset Efficiency had a very low mean and a very low minimum -15.29, indicating that some companies have problems using their assets effectively, Firm Size was medium 7.52, with a small deviation 0.66, indicating similarity in firm sizes.

**Table (3.3)***Descriptive Analysis Table for Palestinian Sectors*

Variable	Mean			p50			Min			Max			SD		
	Services	Industrial	Investment	Services	Industrial	Investment	Services	Industrial	Investment	Services	Industrial	Investment	Services	Industrial	Investment
ROA	0.04	0.05	-0.09	0.05	0.05	0.02	-0.12	-0.07	-6.11	0.12	0.19	0.20	0.05	0.05	0.79
OSS	1.00	1.00	1.00	0.12	0.47	0.10	-0.06	0.01	-0.29	6.28	4.65	10.43	1.66	1.25	2.60
GD	0.04	0.05	0.11	0.00	0.00	0.09	0.00	0.00	0.00	0.17	0.20	0.50	0.06	0.07	0.14
BS	8.56	8.18	8.43	7.00	8.00	9.00	6.00	5.00	4.00	13.00	11.00	13.00	2.38	1.96	2.49
BM	5.94	5.39	5.45	6.00	6.00	6.00	3.00	1.00	4.00	12.00	7.00	6.00	2.56	1.53	0.75
CEO	0.25	0.18	0.50	0.00	0.00	0.50	0.00	0.00	0.00	1.00	1.00	1.00	0.44	0.39	0.50
IND	0.01	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.25	0.00	0.03	0.07	0.00
AB	0.43	0.41	0.36	0.43	0.40	0.33	0.00	0.11	0.17	0.80	0.80	0.75	0.22	0.21	0.13
MM	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00
CE	2.10	3.38	1.10	3.00	4.00	0.00	0.00	0.00	0.00	4.00	6.00	4.00	1.70	2.04	1.46
FO	0.06	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.49	0.04	0.29	0.16	0.01	0.08
CO	0.59	0.63	0.69	0.68	0.72	0.71	0.00	0.26	0.19	0.93	0.86	0.94	0.29	0.20	0.17
IO	0.57	0.60	0.60	0.68	0.66	0.59	0.00	0.12	0.03	0.93	0.91	0.94	0.31	0.25	0.25
FL	0.37	0.36	0.39	0.44	0.30	0.39	0.07	0.13	0.00	0.72	0.71	0.73	0.23	0.17	0.19
LIQ	2.52	2.64	1.71	1.48	2.11	1.38	0.02	0.00	0.17	13.46	9.01	8.97	3.21	2.11	1.48
AE	0.08	0.16	-0.20	0.16	0.09	0.08	-6.13	-0.75	-15.29	1.03	1.41	4.06	0.99	0.35	0.21
FS	7.71	7.41	7.40	7.40	7.55	7.74	7.10	5.88	5.89	8.94	8.10	8.90	0.61	0.56	0.78

The table contains descriptive statistics for a number of financial and governance variables across three sectors: services, industry, and investment. Regarding financial performance – Return on Assets (ROA), the services and industry sectors were close (0.04, 0.05), indicating positive returns. Investment had a negative mean -0.09 and a maximum loss of -6.11 with a high standard deviation 0.79, indicating high volatility in profitability in this sector. In terms of operational efficiency and sustainability - OSS and AE, OSS has the highest mean in the industrial sector 1.00, but investment shows significant variation (SD = 2.60), indicating poor stability, regarding AE (asset efficiency), the investment sector clearly suffers (mean = -0.20) with the lowest value - 15.29, reflecting poor use of assets to generate revenue.

Regarding governance – diversity, independence, meetings, gender diversity (GD) is low in all sectors, and highest in investment 0.11, CEO duality is relatively high in investment 0.50, which may indicate a concentration of power, independence (IND) is very weak (approximately 0.00 or 0.01), number of meetings (BM) is more regular in services sector, and lower in investment 5.45, which may reflect weak management follow-up.

Regarding ownership and control, foreign ownership (FO) is almost non-existent in industry 0.00 and slightly higher in services (0.06), while institutional ownership (IO) and concentrated ownership (CO) are relatively high, especially in the investment sector (CO=0.69), indicating a lack of diversity in the ownership structure. Other financial indicators, such as financial leverage (FL), were stable across sectors (0.36-0.39), and liquidity (LIQ) in services and industry showed good liquidity (above 2), while investment was low 1.71, with significant variation (SD = 1.48), Company size (FS) was larger in the services sector and smaller in the industrial sector, which is natural given the nature of operations, in general, the investment sector suffers from high volatility, weak profitability, and low asset utilization efficiency, while the service sector is more stable in terms of performance, liquidity, and meetings.

**Table (3.4)***Descriptive Analysis Table for Jordan*

<b>Variable</b>	<b>Mean</b>	<b>p50</b>	<b>Min</b>	<b>Max</b>	<b>SD</b>
Return on Assets (ROA)	0.01	0.01	-0.30	0.22	0.09
Operational Self-Sufficiency (OSS)	0.74	0.15	-0.33	11.77	1.98
Gender Diversity (GD)	0.06	0.00	0.00	0.50	0.11
Board Size (BS)	8.24	8.00	4.00	18.00	2.76
Board Meetings (BM)	7.56	7.00	0.00	26.00	3.05
CEO duality	0.00	0.00	0.00	0.00	0.00
Independency (IND)	0.36	0.40	0.00	1.00	0.25
Academic Background (AB)	0.41	0.40	0.00	0.91	0.19
Multiple Memberships (MM)	0.96	1.00	0.00	1.00	0.20
Committees Effectiveness (CE)	17.38	17.00	0.00	43.00	6.75
Foreign Ownership (FO)	0.04	0.00	0.00	0.99	0.17
Concentration Ownership (CO)	0.66	0.71	0.00	1.00	0.24
Institutional Ownership (IO)	0.45	0.41	0.00	1.00	0.32
Financial Leverage (FL)	0.45	0.38	0.01	1.54	0.30
Liquidity (LIQ)	2.11	1.14	0.05	20.50	3.02
Asset Efficiency (AE)	-0.20	0.02	-29.39	1.70	1.63
Firm Size (FS)	7.52	7.51	5.61	9.32	0.65

Table 3.4 shows the descriptive statistics for the sample of Jordanian companies, where a set of variables related to financial performance, governance structure, and institutional characteristics were measured, the average return on assets (ROA) is found to be around 0.01, indicating poor financial performance, with some companies reporting losses of up to -30% and others reporting profits of up to 22%, the standard deviation is 0.09, indicating moderate variation in profitability levels. As for the Operational Sustainability Index (OSS), its average was 0.74, which is less than 1, meaning that most companies do not cover their operating expenses from their revenues, the large standard deviation (1.98) and the wide range between the lowest and highest values (-0.33 to 11.77) reflect a significant disparity between companies in their ability to achieve self-sufficiency.

On the other hand, the results indicate weak gender diversity in boards of directors (GD = 0.06), as 94% of board members are male, which is consistent with the low minimum and median for this variable (0.00), the size of the board of directors (BS) is on average

8 members, which is a moderate number, while the average number of meetings (BM) is about 7.56 meetings annually, which indicates a reasonable level of administrative follow-up, as for the CEO duality variable, it was completely absent in the Jordanian sample 0.00, reflecting a clear commitment to separating management and oversight, and the percentage of independent members (IND) reached an average of 36%. Regarding the academic background of the board members (AB), the results indicate that 41% of the members have an academic background, while the percentage of members who hold membership in more than one board of directors (MM) reached approximately 96%, this may confirm that multiple memberships may play an effective role in sustainability and profitability. There is also an increase in the average effectiveness of the board committees (CE) to 17.38, which reflects good activity. However, the percentage of foreign ownership (FO) remains weak 4%, while the data shows the dominance of concentrated ownership (CO = 0.66) and institutional ownership (IO = 0.45), which may indicate the control of a small group of shareholders over the decision-making process. As for other financial indicators, the average financial leverage (FL) is 0.45, indicating a moderate reliance on debt financing, while liquidity (LIQ) shows a good average 2.11, despite high variance (SD = 3.02), as for asset efficiency (AE), it is negative -0.20, indicating a weak use of assets to generate revenues, with extreme cases of low efficiency reaching -29.39, finally, the average firm size (FS) is approximately 7.52, reflecting the presence of medium to large sized companies within the sample.

**Table (3.5)***Descriptive Analysis Table for Jordanian Sectors*

Variable	Mean		p50		Min		Max		SD	
	Industrial	Services, Investment	Industrial	Services, Investment	Industrial	Services, Investment	Industrial	Services, Investment	Industrial	Services, Investment
ROA	-0.01	0.03	0.00	0.02	-0.59	-0.18	0.84	0.33	0.12	0.07
OSS	0.84	1.01	0.08	0.26	-3.92	-11.67	87.11	13.05	6.31	2.39
GD	0.03	0.08	0.00	0.00	0.00	0.00	0.33	0.50	0.08	0.13
BS	7.61	8.85	7.00	9.00	4.00	5.00	18.00	16.00	2.63	2.75
BM	6.85	8.23	6.00	7.00	3.00	0.00	15.00	26.00	1.79	3.77
CEO	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IND	0.40	0.33	0.40	0.33	0.00	0.00	1.00	0.80	0.25	0.24
AB	0.39	0.43	0.40	0.43	0.00	0.00	0.90	0.91	0.18	0.20
MM	0.98	0.95	1.00	1.00	0.00	0.00	1.00	1.00	0.15	0.23
CE	15.26	19.64	16.00	19.00	4.00	0.00	25.00	73.00	4.63	8.75
FO	0.08	0.01	0.00	0.00	0.00	0.00	0.99	0.18	0.23	0.04
CO	0.64	0.68	0.71	0.71	0.00	0.14	0.99	1.00	0.25	0.23
IO	0.41	0.50	0.37	0.52	0.00	0.00	0.99	1.00	0.30	0.33
FL	0.49	0.42	0.44	0.34	0.01	0.01	2.57	0.96	0.37	0.27
LIQ	2.21	2.11	1.34	1.06	0.06	0.04	15.31	34.24	2.29	4.24
AE	-0.24	-0.16	0.00	0.03	-13.27	-29.39	1.70	1.59	1.09	2.01
FS	7.29	7.74	7.26	7.62	5.61	6.18	9.32	9.18	0.63	0.59

The table reflects important differences between the industrial, service, and investment sectors with respect to firm performance, governance characteristics, and financial structure.

**Return on Assets (ROA)** The industrial sector shows a slightly negative performance with an average of -0.01, while the services and investment sector achieves a positive performance 0.03, indicating a higher efficiency in using assets to generate profits within the services and investment sector, compared to profitability challenges in the industrial sector, **Operational Self-Sufficiency (OSS)** The services and investment sector achieves a higher average 1.01 compared to the industrial sector 0.84, which reflects a better ability to cover operating costs, despite the high dispersion (SD = 6.31 in the industrial sector and 2.39 in the services sector), which indicates the presence of companies with differences in operational efficiency, regarding gender diversity (GD), it is still weak in both sectors, but it is relatively higher in the services and investment sector 0.08 compared to the industrial sector 0.03, which may indicate a relatively more open environment in the non-industrial sector, Regarding board size and number of meetings, the services and investment sector has larger (BS = 8.85) and more active (BM = 8.23 annual meetings) boards compared to the industrial sector (BS = 7.61, BM = 6.85), which may reflect stronger governance and greater oversight. Effectiveness of the sub-committees (CE), the effectiveness of the committees in the services and investment sector is high 19.64 compared to the industrial sector 15.26, with a large disparity (SD = 8.75 versus 4.63), indicating a higher interest in activating governance roles in the non-industrial sector. **Foreign Ownership (FO)**, the industrial sector stands out as more attractive to foreign investors 8% compared to services and investment 1%, which is an indicator of foreign interest in productive sectors.

**Institutional and Concentrated Ownership** It is noted that concentrated and institutional ownership is slightly higher in the services and investment sector (CO = 0.68, IO = 0.50) compared to the industrial sector (CO = 0.64, IO = 0.41), which may indicate a greater role of institutions in guiding the decisions of service and investment firms. **Financial leverage (FL) and liquidity (LIQ)**, industrial firms tend to have a higher use of debt (FL = 0.49) compared to services and investment (0.42), while services show higher liquidity and greater dispersion (LIQ = 2.11, SD = 4.24), which may indicate different financing policies depending on the nature of the activity. **Asset Efficiency (AE)**, both sectors suffer

from low operational efficiency (negative values), but the industrial sector performs worse (-0.24 vs. -0.16), which confirms the need to improve the use of assets to generate revenue, firm Size (FS), Service and investment firms have a relatively larger size (FS = 7.74) compared to industrial 7.29.

### **3.2 Corelation Matrix**

in general Correlation analysis or relationship matrix is used to test the problem of multicollinearity that may arise between the independent variables. This problem may occur when the independent variables are related to each other, which may lead to distortion of the results regression (Hair, Black, Babin, & Anderson, 2010). In other words, if there is a high correlation between the independent variables It can lead to unreliable results. Table 3.6 shows the explanation of the correlation matrix how the independent variables relate to each other in this study.

**Table (3.6)**

*Correlation Matrix Table*

	OSS	ROA	Gender~y	BoardS~e	BoardM~s	CEOdua~y	Indepe~y	Academ~d
OSS	1							
ROA	0.2490*	1						
Gender Dive~y	0.1046*	0.1442*	1					
Board Size	0.2639*	0.1314*	0.0265	1				
Board Meeti~s	-0.0032	0.1146*	0.011	0.0277	1			
CEOduality	0.0863	0.038	0.0083	-0.0123	-0.1548*	1		
Independency	-0.1910*	-0.1483*	-0.1432*	-0.092	0.2525*	-0.3030*	1	
AcademicBa~d	0.1301*	-0.0252	0.0087	0.2020*	-0.0179	-0.1510*	0.0643	1
MultipleMe~s	0.0387	-0.065	-0.1488*	0.1339*	-0.0154	0.0513	0.1796*	0.0389
Committees~s	0.0556	0.0284	-0.0844	0.1160*	0.6329*	-0.4080*	0.5098*	0.0478
ForeignOwn~p	0.0568	0.013	-0.035	-0.0288	-0.0673	-0.0312	-0.0188	-0.0214
Concentrat~p	-0.0342	0.1059*	0.0412	-0.1241*	-0.1733*	-0.1206*	-0.2612*	-0.0106
Institutio~p	0.0415	0.0829	-0.1109*	-0.0271	-0.1876*	0.0056	-0.4520*	0.0885
FinancialL~e	0.1607*	-0.3347*	-0.089	-0.0673	0.0619	-0.1153*	0.1093*	0.053
Liquidity	-0.0303	0.3266*	0.1238*	0.0525	-0.0017	0.0114	-0.1577*	-0.0924
AssetEffic~y	0.0685	0.3863*	0.0313	0.1137*	0.0181	0.0716	-0.0845	-0.0422
FirmSize	0.6093*	0.2559*	-0.003	0.3055*	0.0755	0.0539	-0.1748*	0.0575

	Multip~s	Commit~s	Foreig~p	Concen~p	Instit~p	Financ~e	Liquid~y	AssetE~y	FirmSize
MultipleMe~s	1								
Committees~s	0.0825	1							
ForeignOwn~p	-0.2929*	-0.0536	1						
Concentrat~p	-0.2427*	-0.1443*	0.1951*	1					
Institutio~p	-0.1110*	-0.1762*	0.2667*	0.6458*	1				
FinancialL~e	0.1570*	0.1043*	-0.0378	0.0836	0.0036	1			
Liquidity	-0.4851*	-0.0425	0.0958	0.1213*	0.0237	-0.4351*	1		
AssetEffic~y	-0.0315	-0.0348	0.0246	0.0796	0.0642	-0.1976*	0.0917	1	
FirmSize	-0.013	0.1392*	0.1376*	0.093	0.2270*	0.1587*	-0.0439	0.0796	1

\*, \*\*, \*\*\* indicates significance at 10, 5 and 1 percent level, respectively.

The relationship between OSS (sustainability proxy) and Firm Size is very strong and positive 0.6093, indicating that larger firms perform better, a correlation between return on assets (ROA) and asset efficiency is 0.3863, which means that asset efficiency positively correlates with return on assets. The relationship between concentrated ownership and institutional ownership is strong and positive 0.6458, indicating that institutions typically hold larger stakes in firms with concentrated ownership.

On the other hand, the relationship between liquidity and leverage is negative -0.4351, indicating that firms with high liquidity rely less on debt. The relationship between board independence and concentrated ownership is negative -0.2612, which may indicate that increasing concentrated ownership reduces directors' independence. The correlation between liquidity and multiple memberships is negative -0.4851, meaning that companies with board members holding multiple memberships may have less liquidity.

Also, there is a positive correlation between ROA and Firm Size (0.2559), indicating that larger firms have higher returns on assets. The relationship between board size and OSS is positive 0.2639, indicating that larger board size may contribute to improved financial sustainability. The relationship between CEO Duality and Independency was negative -0.3030, which indicates that combining the positions of CEO and Chairman of the Board of Directors reduces board independence. The relationship between gender diversity and OSS is positive 0.1046, which means that gender diversity may have a slight correlation with financial sustainability. Also, there is a positive correlation between academic background and board size 0.2020, suggesting that larger boards may include members with strong academic backgrounds. Finally, the relationship between committees and board meetings is positive 0.6329, which indicates that an increase in the number of committees is associated with an increase in board meetings.

### **3.3 Regression Analysis**

Regression analysis is an important statistical tool for studying relationships between variables and identifying potential causal effects. In the context of panel data, which includes multiple observations of the same units over time, several analytical models are available, including the pooled simple linear regression model (Pooled Ordinary Least Squares). – (Pooled OLS) (Stock & Watson, 2007). The Pooled OLS model is considered appropriate in cases where individual differences between units are not important or when

there are no fixed or random effects affecting the dependent variable. This model assumes that the data are homogeneous, and that the relationship between the independent variables and the dependent variable is constant across units and time, and Pooled is characterized OLS is simple and easy to interpret, and this model suits this study because it deals with companies from two countries and several economic sectors and the goal is to study the phenomenon in general (Maimako, Latiff, & Yusoff, 2024; Stock & Watson, 2007; Wooldridge, 2002).

**Table (3.7)***Regression Analysis*

<i>Variables</i>	ROA			OSS			Collinearity Statistics (VIF)
	Coefficient ( $\beta$ )	t-stat	p-value	Coefficient ( $\beta$ )	t-stat	p-value	
Gender Diversity	0.063 ***	2.560	0.011	1.570 **	2.170	0.030	2.690
Board Size	-0.001	-1.040	0.296	0.015	0.640	0.520	2.520
Board Meetings	0.004 *	4.020	0.000	-0.069 *	-2.840	0.005	2.090
CEO duality	-0.010	-1.240	0.217	0.350	1.370	0.172	2.050
Independency	-0.013	-0.900	0.370	-1.488 *	-4.800	0.000	1.800
Academic Background	0.007	0.500	0.618	1.209 **	3.000	0.003	1.650
Multiple Memberships	0.077 *	3.570	0.000	0.796 **	2.470	0.014	1.590
Committees Effectiveness	0.000	-1.010	0.314	0.026 **	2.010	0.045	1.410
Foreign Ownership	-0.012	-0.700	0.486	0.673	1.940	0.053	1.370
Concentration Ownership	0.041 **	2.450	0.015	-0.384	-0.820	0.414	1.340
Institutional Ownership	-0.014	-0.980	0.326	-1.000 *	-2.620	0.009	1.300
Financial leverage	-0.071 *	-5.930	0.000	0.857 *	3.690	0.000	1.240
Liquidity	0.007 *	6.890	0.000	0.037 **	2.270	0.024	1.130
Asset Efficiency	0.015 *	2.700	0.007	0.054 **	2.210	0.028	1.120
Firm Size	0.036 *	6.100	0.000	1.696 *	9.510	0.000	1.080
_cons (Intercept)	-0.350 *	-6.920	0.000	-12.638 *	-8.750	0.000	
F-Statistic		0.000			0.000		
R-squared		38%			44%		
Number of obs		678			678		

\*, \*\*, \*\*\* indicate significance at 10, 5, and 1 percent level, respectively.

## **Interpretation of findings**

This research aimed to analyze the attached data and results and link them to the hypotheses, and focus on the relationship between board characteristics and ownership structure on the one hand, and financial sustainability (which can be expressed by ROA and OSS) on the other hand.

The F-statistic's p-value of 0.000 indicates that the regression models are statistically significant at a 99% confidence level, this means that the independent variables collectively explain a significant portion of the variability in both ROA and OSS.

R-Squared (38% for ROA, 44% for OSS), For ROA, the R-squared of 38% suggests that the independent variables explain 38% of the variance in ROA, and For OSS, an R-squared of 44% implies that 44% of the variance in OSS is explained by the independent variables also.

Collinearity statistics, or the Variance Inflation Factor (VIF), it used to detect multicollinearity in regression analysis, so multicollinearity occurs when two or more independent variables in a regression model are highly correlated, which can lead to unreliable and unstable estimates of regression coefficients. In this study results there is no multicollinearity in regression because the values for all variables are less than 5 (James, Witten, Hastie, Tibshirani, & Taylor, 2023; James, Witten, Hastie, & Tibshirani, 2013).

### **Gender Diversity (H1)**

Results:  $\beta = 0.063$  (for ROA),  $\beta = 1.570$  (for OSS)

So the results show a positive impact on the financial sustainability of both ROA and OSS with strong levels of statistical significance (p-value = 0.011 for ROA, and p-value = 0.030 for OSS) and the results confirm the validity of the first hypothesis (H1), as gender diversity in the board of directors Management has a significant positive impact on financial sustainability.

The results of the current study are similar to the results of similar studies such as the research of (Mersland & Strøm, 2009; Kyereboah-Coleman & Biekpe, 2006), which confirmed that the presence of women on boards of directors enhances performance

effectiveness, especially in microfinance institutions, and attracts clients, also the Siele (2009) study found that gender diversity on boards of directors improves practical performance and increases productivity, and the Githaiga & Kosgei (2023) study confirmed that gender diversity is positively related to sustainability reports.

On the other hand, the studies by (Uchenna, Adedayo, Ahmed, & Isibor, 2020; Aliani & Zarai, 2012; (Zem Zem & Ftouhi, 2013) results indicates that there is no statistically significant relationship between governance mechanisms, gender diversity, and financial sustainability. While Pucheta-Martínez & Gallego-Álvarez (2020) found that women on boards have a positive impact on corporate performance.

Having gender diversity on the board of directors supports greater visibility of sustainability issues, as women are typically more interested in contributions that highlight their performance in society and business.

From the Resource Dependence Theory perspective, gender-diverse boards to enhance the firm's access to special skills, perspectives, and external networks, strengthening decision-making and strategic resilience that drive sustainable results. Stakeholder Theory also supports this finding by suggesting that female board members tend to prioritize social responsibility, ethical governance, and stakeholder interests, which promote organizational reputation and long-term financial stability.

## **Board Size (H2)**

Results:  $\beta$  -0.001 (for ROA),  $\beta$  0.015 (for OSS) but the effect is not statistically significant (p-value 0.05), and therefore the results do not support the second hypothesis (H2), as board size did not show a clear effect on financial sustainability.

The results of the current study did not align with the findings of previous studies, which generally indicated a positive relationship between board size and sustainability performance or financial performance, for example the study by (Shamil, Shaikh, Ho, & Krishnan, 2014) also upheld a good relationship between board size and CSR reporting, also Zureigat et al. (2023) reported that board size is positively correlated with financial performance, while a recent paper by Zureigat et al. (2024) reported that board size positively and importantly affects financial performance.

Also studies of (Chenuos et al., 2014; Sharma, 2006;and (Uchenna, Adedayo, Ahmed, & Isibor, 2020) shows that board size has a significant impact on financial sustainability.

Naturally, the size of the board of directors supports sustainability issues, as previous studies have indicated. However, in the current study, the small sample size and the number of observations may be the reason for the unclear results.

### **Board Meetings (H3)**

Results: B 0.004 (ROA),  $\beta$  -0.069 (OSS).

There exists a significant positive and statistically significant contribution (p-value 0.000) to ROA but also a significant negative contribution (p-value 0.005) to OSS and so the results partly supported the third hypothesis (H3) because the frequency of board meetings is shown to support profitability (ROA), but may have an adverse effect on full feasibility (OSS).

The results of the current study are partly in line with the results of previous studies, for example the study by Nguyen & Huynh (2023) supports the existence of a positive effect of the number of board meetings on the financial performance of companies, as the frequency of meetings was identified as a factor that has a positive impact on financial performance, and the study by Hamad, Mhammad, Mahmood, & Khzir (2021) reports a different result, by finding that increasing the frequency of board meetings may negatively impact ROA.

Also, Nasution, Diantimala, & Rizal, 2024; Arora, Sharma, & Mehta (2023) confirm that frequent board meetings are associated with improved financial performance and sustainability, they provide a platform for strategic discussions, risk management, and decision-making, which are crucial for navigating financial challenges, especially during crises like the COVID-19 pandemic, in the other word these studies provide a significant positive impact of Board Meetings on financial performance and sustainability.

Thus, based on these conflicting and different findings, we can state that too many meetings could result in the lack of efficiency in the decision-making process, and ultimately leading to the financial instability over long term.

According to Agency Theory philosophy, the frequent board meetings strengthen monitoring and control the management and reduce agency costs and improving operational efficiency, which explains the positive association with profitability (ROA). However, Stewardship Theory suggests that excessive oversight or too many meetings may interfere with managerial autonomy and strategic focus, leading to inefficiencies and lower long-term sustainability (OSS).

#### **CEO Duality (H4)**

Results:  $\beta = -0.010$  (for ROA),  $\beta = 0.350$  (for OSS). According to the results, the effect is not statistically significant ( $p\text{-value} > 0.05$ ), and this indicates that the results do not support the fourth hypothesis (H4), as CEO duality did not have a significant effect on financial sustainability.

The results of previous studies were mixed, for example the study by (Shamil, Shaikh, Ho, & Krishnan, 2014) found a positive relationship between board size and leadership duality with sustainability reporting, and Alia & Mardawi (2021) found a negative relationship between CEO duality and social responsibility disclosure, in other words, the results of the current study were not statistically significant and were not consistent with previous studies.

Also, CEO duality, where the CEO also serves as the board chair, is generally found to have a negative impact on financial performance. Studies indicate that separating these roles can improve financial outcomes by enhancing board independence and reducing conflicts of interest (Al-Sraheen, 2020; Jermias, 2008).

Naturally, CEO duality does not affect sustainability or harm performance, as duality can deprive companies of dual oversight over their operations. In other words, governance rules stipulate that the person who executes a business should not be the same person who oversees it, which could increase the chances of corruption and fraud.

#### **Board Independence (H5)**

Results:  $\beta = -0.013$  (for ROA),  $\beta = -1.488$  (for OSS), the results of the analysis for the independence variable indicate that the effect is not significant on ROA, but it has a negative and significant effect on OSS ( $p\text{-value} = 0.000$ ), and therefore the results do not support Hypothesis 5 (H5), and suggest that board independence may negatively affect

overall sustainability (OSS).

So, these results are consistent with a study by Uchenna, Adedayo, Ahmed, & Isibor (2020), Bradbury et al., (2006), and Vafeas, (2000), that concludes board independence has a negative impact on financial sustainability.

Board independence is positively associated with financial sustainability and performance. Independent directors can provide unbiased oversight and strategic guidance, which enhances financial reporting quality and reduces performance variability (Rizavi, Rehman, W, Ali, & ARSHAD, 2025; Al-Sraheen, 2020).

Based on the current results and the results of previous studies, it can be said that the independence of members does not contribute to achieving sustainability or influencing profitability. In other words, it appears that independent members do not play an effective or influential role in companies.

From the perspective of Agency Theory, board independence is expected to enhance oversight and reduce managerial opportunism, and improving financial performance and sustainability. However, the current study's findings showing an insignificant effect on profitability (ROA) and a significant negative effect on overall sustainability (OSS), that suggest that independent directors may not be effectively performing their monitoring role.

### **Academic Background (H6)**

Results:  $\beta$  0.007 (ROA),  $\beta$  1.209 (OSS). Based on the available results, the effect is significant and statistically valid on OSS (p-value 0.003), but is not valid on ROA, and the available results partially corroborate the 6th hypothesis (H6), that academic background plays ameliorative role in OSS, but not in ROA.

The results of the current study are consistent with the results of previous studies in a similar context, for example in the field of financial performance, the study by Nguyen & Huynh (2023) indicates that the academic background associated with fields such as finance and accounting contributes positively to the financial performance of companies, and studies such as (Gafoor, Mariappan, & Thiyagarajan, 2018), (Assenga, Aly, & Hussainey, 2018), Tan et al. (2019) established that higher level of board members are

associated to better institutional performance, ultimately, Tjahjadi, Soewarno, & Mustikaningtyas (2021) confirmed that boards with low education are associated with poor performance in environmental sustainability.

According to the results of the current study, it is clear that an academic background will support long-term sustainability opportunities, but it will not necessarily enhance profitability, because the scientific knowledge of members will support effective strategic decision-making.

Resource Dependence Theory supports this view by emphasizing that directors with strong academic backgrounds bring valuable cognitive and informational resources that strengthen firms' adaptability and external legitimacy.

### **Multiple Memberships (H7)**

Results:  $\beta = 0.077$  (for ROA),  $\beta = 0.796$  (for OSS). The results indicate that there is a positive and statistically significant effect on both ROA and OSS ( $p$ -value  $< 0.05$ ), and this confirms that the results support the seventh hypothesis (H7), so multiple board memberships have a significant positive impact on financial sustainability.

The result of the present study is consistent with the study of Jahan et al. (2021) argue that prestigious and multiple memberships positively impact corporate performance and support long-term sustainability.

On the other side, Multiple board memberships can provide directors with broader perspectives and networks, potentially benefiting the firm. However they may also lead to conflicts of interest and reduced focus on any single board's responsibilities, which can negatively impact financial sustainability (Maimako, Latiff, & Yusoff, 2024).

Multiple Memberships will support sustainability and profitability because they reflect the diversity of expertise on the board, and thus companies will benefit from the diverse experiences of members.

The relationship between multiple board memberships and financial sustainability can be explained depending on Resource Dependence Theory (RDT), so according to this Theory, directors who serve on multiple boards act as important channels for acquiring external resources, knowledge, and strategic insights, and enhancing both profitability

(ROA) and overall sustainability (OSS).

### **Committees Effectiveness (H8)**

Results:  $\beta = 0.000$  (for ROA),  $\beta = 0.026$  (for OSS). The results indicate that the effect is positive and statistically significant only on OSS (p-value = 0.045), as the results partially support the eighth hypothesis (H8), so the effectiveness of committees enhances OSS, but does not affect ROA.

According to previous studies, the results are mixed, the results of the current study agreed with each other and contradicted each other for example, the study of PVVS & Palaniappan (2016) indicates that the effectiveness of the audit committee positively affects the financial performance of the company, and the study of Vera-Munoz (2005) and Abbott et al. (2004) also confirm that an effective audit committee requires qualified and independent members to achieve a positive impact on governance and financial performance, but, the Alqatamin (2018) study indicated that the frequency of audit committee meetings (as an indicator of its effectiveness) has a positive, but not statistically significant, effect on financial performance.

Committees' effectiveness naturally affects sustainability because they provide oversight and accountability services while not contributing to profit-related matters, so there is no impact on profitability.

From the Agency Theory perspective, effective board committees such as audit, risk, and governance committees, and others, play an important monitoring role that helps reduce information asymmetry and managerial opportunism, and ensures transparency, accountability, and better resource utilization. In line with Stakeholder Theory, effective committees ensure that the interests of diverse stakeholders, including shareholders, employees, and regulators, are adequately represented and protected.

### **Foreign Ownership (H9)**

Results:  $\beta = -0.012$  (for ROA),  $\beta = 0.673$  (for OSS).

The results for this variable are mixed, a positive effect appeared on OSS (p-value = 0.053), but a negative effect on ROA and it is not significant for both, so the results don't support the ninth hypothesis (H9), so foreign ownership may not contribute to enhancing

financial sustainability.

The results of the current study agreed with some studies, as previous studies showed some contradiction in the results for example, the study of Benfratello & Sembenelli (2006) confirmed that foreign ownership did not appear to have a significant impact on productivity, while the study of Bentivogli & Mirenda (2017) discovered that foreign-owned companies are characterized by greater size, higher profitability, and better financial stability.

Foreign ownership can positively impact financial performance by introducing new capital, expertise, and global best practices. This is supported by studies showing that foreign ownership enhances firm value and financial sustainability in various markets, including Saudi Arabia and Korea (Naidu, 2024; Kee & Mi, 2016; Topal, 2016).

Also, foreign ownership was found to positively influence firm performance, aligning with the resource dependence theory, which posits that external resources can enhance a firm's capabilities (Queiri, Dwaikat, & Qubbaj, 2021).

In more closed economies such as Palestine, and weaker economies such as Jordan, foreign ownership may not contribute significantly to corporate performance, as the economic and investment environment is not conducive to foreign investors.

According to Resource Dependence Theory, foreign investors can provide valuable external resources such as capital, international expertise, and advanced management practices, so that potentially strengthen a firm's strategic capabilities and sustainability.

### **Concentration Ownership (H10)**

Results:  $\beta = 0.041$  (for ROA),  $\beta = -0.384$  (for OSS).

The results indicate that there is a positive and statistically significant effect on ROA (p-value = 0.015), but the effect is negative and not significant on OSS, and therefore the results do not support the tenth hypothesis (H10), so ownership concentration positively impacts profitability (ROA), but may have a negative impact on overall sustainability.

Previous studies did not address financial sustainability directly, but were related to related topics, and the results were mixed. For example, the study by Raimo, Vitolla,

Marrone, & Rubino (2020) indicate that institutional ownership positively affects the quality of integrated reporting, and the Jensen & Berg (2012) study indicates that ownership concentration plays a role in companies' adoption of integrated reporting compared to traditional sustainability reporting (TSR).

According to Yuen, Liu, Zhang, & Lyu (2009) the effect of ownership concentration on corporate reporting quality may be negative, and ownership concentration also negatively affects the level of environmental disclosure from the point of view of (Liu & Anbumozhi, 2009).

Ownership concentration improves profitability in the short term, but it can deprive companies of diversified investment opportunities, which can harm long-term sustainability. Therefore, it is essential that ownership concentration be at a level that does not harm sustainability, and investment and the purchase of company shares should be encouraged.

Agency theory focuses on the conflict of interest between owners and management, and asserts that increased ownership concentration enhances management oversight and reduces agency costs, thereby increasing short-term financial performance (profitability). However, ownership concentration may limit diversification and sustainable investments, which explains the negative and insignificant impact on financial sustainability.

### **Institutional Ownership (H11)**

Results:  $\beta = -0.014$  (for ROA),  $\beta = -1.000$  (for OSS)

There is a negative and statistically significant effect on OSS (p-value = 0.009), but not significant on ROA, then the explanation is that the results do not support the eleventh hypothesis (H11) because the institutional ownership have a negative impact on OSS.

The results of the current study differed with the results of previous studies such as the study of (Velte, 2022; Raimo, Vitolla, Marrone, & Rubino, 2020; Barako, Hancock, & Izan, 2006), as these studies addressed various topics primarily related to corporate value and long-term performance, and their results indicated that institutional ownership enhances long-term financial performance.

Under normal circumstances, institutional ownership enhances long-term financial performance, but the results were surprising in our case study. This may be due to the economic and political situation of Palestine, and Jordan is also considered a developing country.

Institutional theory focuses on the influence of the external environment, such as regulations, social norms, and institutional pressures, on firm behavior and ownership structure. This explains why their impact on short-term profitability is insignificant, while their impact on financial sustainability appears to be negative.

### **3.4 Additional Analysis**

this section presented an additional regression analysis that aims to test the impact of a set of variables related to Board of Directors' Characteristics and Ownership Structure on both financial performance (measured by return on assets (ROA)) and operational sustainability (Operating Self-Sufficiency - OSS) using a robust regression model, with a focus on comparing the results between Palestine and Jordan.

**Table (3.8)***Regression Analysis for Jordanian and Palestinian companies*

Variables	Jordan		Palestine	
	(OSS) Coefficient ( $\beta$ )	(ROA) Coefficient ( $\beta$ )	(ROA) Coefficient ( $\beta$ )	(OSS) Coefficient ( $\beta$ )
Gender Diversity	1.552*	0.088***	0.077*	1.887
Board Size	-0.024	-0.003**	-0.001	0.135***
Board Meetings	-0.102***	0.002	0.001	-0.019
CEO Duality	(omitted)	(omitted)	-0.019**	0.307
Independency	-1.041***	0.018	0.229***	1.043
Academic Background	1.296**	0.021	0.022	2.736***
Multiple Memberships	0.53	0.064***	(omitted)	(omitted)
Committees Effectiveness	0.048**	0.002**	0.004***	-0.03
Foreign Ownership	-0.19	-0.019	0.032	5.140***
Concentration Ownership	0.253	0.094***	-0.103**	-0.629
Institutional Ownership	-0.693	-0.026*	0.039	-2.238
Financial Leverage	0.607**	-0.081***	-0.087***	0.126
Liquidity	0.024	0.007***	0.003*	0.014
Asset Efficiency	0.022	0.011**	0.022***	0.099***
Firm Size	1.723***	0.044***	0.013***	1.450***
R-squared	42%	40%	60%	66%
Number of Observations	504	504	174	174

\* Significant at the 10% level ( $p < 0.10$ ), \*\* Significant at the 5% level ( $p < 0.05$ ), \*\*\* Significant at the 1% level ( $p < 0.01$ ).

Note: Multiple Memberships and CEO Duality are omitted because of collinearity.

The variable “CEO Duality” was automatically excluded from the model due to the presence of the problem of multicollinearity with one or some of the other variables, which means that its effect cannot be estimated in the presence of a high similarity with other variables.

This section will begin with the sample of Palestinian companies. Before starting with the regression model, a multivariate normality test was conducted, which showed that the data do not follow a normal distribution ( $\text{Prob} > \text{chi}^2 = 0.0000$ ). The heteroskedasticity test also showed the presence of a heteroskedasticity problem ( $\text{Prob} > \text{chi}^2 = 0.0000$ ), which justifies the use of robust standard errors to avoid biasing the results.

Regarding the regression results in the case of Palestine the results indicate that the ROA model explains 60% of the variance in performance, while the OSS model explains about 66% of the variance, which are good ratios indicating the suitability of the two models to the data.

For Jordan, the regression results indicate that 42% of the variation in OSS and 40% of the variation in ROA can be explained by the independent variables included in the model, as shown by the coefficient of determination (R-squared). The F-statistic was significant at the 1% level in both models, indicating the overall model fit and that the variables combined contribute to explaining the dependent variable.

In the case of Palestine, the regression results showed that several variables have a clear significant impact on financial performance as measured by ROA, it was found that board independence has a positive and statistically significant impact on profitability, as the presence of independent board members enhances the effectiveness of oversight and governance, it was also found that CEO duality negatively impacts performance reflecting the importance of separating administrative and oversight powers. In the same context, it has been shown that the effectiveness of the Board's committees contributes to improving return on assets thus enhancing the role of organizational structures in guiding performance.

For Jordan case, the results of the regression model related to operational sustainability indicate that there are a number of variables that significantly affect the ability of companies to cover their operating expenses (OSS), it was found that the variable “academic background of board members” has a positive and statistically significant effect, which reflects the cognitive role of academic competencies in supporting the making of important decisions related to sustainability.

Regarding ownership structure for Palestinian case, the results revealed that ownership concentration negatively impacts financial performance, potentially reflecting problems with unilateral decision-making and reduced transparency, regarding financial leverage the results showed a significant negative relationship meaning that heavy reliance on debt weakens an organization's ability to achieve profitability.

In Jordanian case, the results also showed that the effectiveness of board committees was also positively related to OSS, demonstrating the importance of activating the roles of supervisory committees in improving internal control and monitoring operational performance. On the other hand, company size was strongly and positively related to the level of self-sufficiency reflecting the ability of large companies to better leverage their resources to support financial sustainability. In contrast, the results showed a negative and significant relationship between board member independence and the OSS index, a result that may indicate that independent members may not have sufficient knowledge of the local operating environment or effective influence. Also, the number of board meetings had a clear negative effect, which may reflect that frequent meetings are not always associated with improved performance, and may be linked to internal problems or organizational complexities, as for financial leverage, it had a significant positive effect which may indicate that companies that use debt financing appropriately can support their operations more stably in the local Jordanian context.

In Palestinian case, the asset efficiency variable also showed a highly significant positive effect, indicating the importance of efficient resource utilization in enhancing financial performance. Finally, a positive and significant effect was observed for firm size, with larger firms being associated with higher financial performance due to economies of scale and stronger market position.

For Jordanian case, regarding the ROA model, gender diversity on the board of directors was shown to have a strong, positive, and significant impact on financial performance, reflecting increased transparency within the board. Committee effectiveness also showed a positive impact, reinforcing the notion that the activation of internal committees positively impacts profitability, On the other hand, multiple board memberships were found to be positively related to ROA, a finding that supports the idea that board members with diverse experience and relationships may bring added value to the organization, Ownership concentration was also associated with a strong, positive relationship with performance, suggesting that concentrated ownership may help improve oversight and reduce opportunistic behavior.

In the Palestinian case, the results of the operational sustainability model revealed that there are certain institutional and organizational variables that significantly impact an organization's ability to cover its operating costs. Board size was found to be positively and significantly associated with OSS, indicating that having a sufficient number of members may contribute to a diversity of expertise and improve the quality of strategic decisions, the results also showed that the academic background of board members had a very significant and positive impact, highlighting the importance of academic training in supporting the continuity of institutional performance.

In Jordanian case, financial leverage had a statistically significant negative effect, confirming that heavy reliance on debt financing reduces net profits. Similarly, firm size showed a positive and significant effect, reflecting that larger firms benefit from efficiencies of scale. Finally, the asset efficiency variable showed a positive and significant relationship, reflecting the direct impact of efficient asset use on improving profits. For the Palestinian case, foreign ownership was also positively and strongly associated with operational sustainability, indicating that the entry of external investors can enhance the strength of the organization and its ability to finance its operations from its own resources. Likewise, the asset efficiency variable maintained its positive and statistically significant effect, just as in the ROA model. Company size also showed a strong positive impact on OSS, reflecting the ability of large organizations to achieve financial balance without relying on external sources.

### **3.5 Comparison Summary**

In Palestine, some variables appear to have a greater and more pronounced impact, such as operational efficiency of assets, academic background, foreign ownership, and company size. In Jordan, governance variables such as board meetings, independence, and leverage clearly have an impact.

**Divergent Effects:** Some variables have opposite effects between the two countries, such as ownership concentration (positive in Jordan and negative in Palestine).

The study results also indicate clear differences between the impact of corporate governance mechanisms in Jordan and Palestine on financial performance and operational sustainability, while the results in Palestine showed a higher level of model explanation (R-squared of 60% for ROA and 66% for OSS), the model in Jordan provided relatively

less explanation (40% and 42%, respectively) this indicates that the selected variables are more influential in the Palestinian context despite the small sample size. Another important finding is that asset efficiency and firm size were common factors with a significant positive effect in both countries, confirming their importance in enhancing performance regardless of the local context.

The reason for some differences in results between the two countries can be attributed to the uniqueness of the regulatory and economic environment in each country, these differences highlight the need to understand the various constraints, as institutional conditions, shareholder behavior, and local regulations play a significant role in shaping the effectiveness of corporate governance see table (3.9) in appendix (D).

## **Chapter Four**

### **Research Conclusion**

#### **4.1 Conclusion**

This study aimed to explore the relationship between board characteristics, ownership structure, and financial sustainability, as measured by Return on Assets (ROA) and Operational Self-Sufficiency (OSS), the results provide considerable insight into the impact of governance mechanisms on financial sustainability of firms.

Based on their regression analysis the results indicated that the gender diversity has a positive and significant impact on ROA and OSS as a diversified board promotes better decision making and ultimately better financial results, and corroborate previous work highlighting the benefits of female representation on governance for performance and sustainability improvement.

Nevertheless, board size did not have a statistically significant effect on financial sustainability, even in contrast to previous work reporting that larger boards are associated with higher performance. Similarly, CEO duality did not have a statistically significant effect indicating that the dual role of CEO and board chairperson may not necessarily impact financial outcomes.

The frequency of board meetings yielded mixed outcomes that, positively enhanced profitability (ROA) and negatively environmental sustainability (OSS), this implies that although frequent meetings may increase short-term profitability, they may ultimately cause inefficiencies that erode long-term sustainability.

Board independence showed a negative and significant effect on OSS but no significant effect on ROA, this therefore suggests that the potentially protean nature of corporate boards may mean that highly idiosyncratic boards may not always fit in with the level of operational self-sufficiency necessary for sustained long-term survival. On the other hand, the academic background of board members led to a positive effect of OSS but exerted no significant effect of ROA, which points to the significance of governance expertise.

Multiple board memberships positively and significantly impacted both ROA and OSS, this suggesting that members with diverse affiliations bring valuable expertise and networks that enhance financial sustainability. Furthermore, the ability of board committees was positively related to OSS, thereby supporting the function of committees in mediating effective governance practices.

Ownership structure yielded mixed results, concentrated ownership had a positive effect on profitability (ROA) but did not have a statistically significant effect on OSS, that also suggesting that concentrated ownership even by large shareholders, may focus on short-term financial performance rather than long-term sustainability. Foreign ownership, while positively influencing OSS did not show a significant impact on ROA. Institutional ownership also exhibited no significant effect on financial sustainability, reflecting the varied interests and strategies of institutional investors.

#### **4.2 Recommendations**

Based on the results of the study and its analysis, the following recommendations can be made to contribute to enhancing financial sustainability and improving corporate performance:

Companies should promote women's representation on boards of directors, because the results showed that gender diversity has a positive impact on both return on assets (ROA) and operational self-sufficiency (OSS), that meaning that gender diversity enhances decision-making and improves financial performance and sustainability in the long term.

Companies should balance the number of board meetings, as increasing the number of meetings may enhance short-term profitability (ROA) but may negatively impact operational self-sufficiency (OSS).

Companies should review the degree of independence of the board of directors, because the results have shown that excessive independence may negatively affect operational self-sufficiency (OSS) because excessive independence may reduce coordination between board members and executive management affecting the efficiency of operations.

Companies should appoint board members with strong academic backgrounds, especially in areas such as finance and accounting, as results have shown that these backgrounds enhance operational self-sufficiency (OSS) because academic expertise contributes to improving the quality of strategic decisions and enhancing financial sustainability.

Companies should encourage and support board members to participate in other board memberships, as results show that multiple memberships enhance both profitability (ROA) and operational self-sufficiency(OSS) because the multiple memberships provide diverse expertise and networks that enhance financial performance and sustainability.

Companies should enhance the effectiveness of subcommittees, such as the Audit Committee and the Governance Committee as results showed that the effectiveness of these committees enhances operational self-sufficiency (OSS) because effective committees contribute to improving internal control and strategic decision-making.

Companies should review their ownership structure, especially with regard to ownership concentration and foreign ownership, as the results showed that ownership concentration enhances profitability (ROA) but may not have a positive impact on operational self-sufficiency(OSS). This can be explained by saying that focusing on concentration ownership may enhance operational sustainability, but the balance between short- and long-term interests must be taken into account.

Companies should enhance transparency in disclosing financial and non-financial information, including sustainability reports, because transparency enhances investor confidence and improves the company's reputation, which contributes to enhancing financial sustainability.

Develop policies and legislation that encourage increased women's participation on boards of directors, to enhance the quality of decision-making and improve financial performance and long-term sustainability.

Issuing regulations to control ownership concentration and foreign ownership to ensure a balance between short-term profitability and long-term sustainability.

Impose mandatory policies for companies to disclose financial and non-financial information, including sustainability reports, to enhance investor confidence and support

financial sustainability.

Future studies should be conducted to explore other factors that may influence financial sustainability, such as industry-specific variables and macroeconomic conditions.

According to the results, it was found that profitability and sustainability agreed in some variables and contradictions occurred in some other variables this reflects the importance of enhancing the balance between profitability and sustainability. Therefore, companies must achieve a balance between achieving profitability in the short term and sustainability in the long term because excessive focus on short-term profitability may harm financial sustainability in the long term.

### **4.3 Implications of Findings**

The paper makes a contribution to the literature about corporate governance and sustainability by describing the complex impact of the Board composition and ownership structure, the findings underscore the need for a balanced approach to governance, where diversity, expertise and effective oversight are prioritized to achieve both profitability and sustainability goals.

On a practical level, however, companies need to concentrate on enriching gender diversity and incentivizing multiple board memberships in order to enhance financial results. Additionally, the results indicate that extreme board independence and the frequency of board meetings need to be controlled very carefully to prevent inefficiencies that could damage sustainability.

### **4.4 Limitations and Future Research**

Though the research offers some useful information, it is neither free from limitation. The analysis focused on specific governance mechanisms and their impact on financial sustainability, leaving other potential factors unexplored, such as industry-specific variables, macroeconomic conditions, and firm-specific characteristics. A future study may look into these, several of which are built, and examine patterns of governance mechanisms across industries and contexts. Furthermore, longitudinal studies may enable further understanding of the causal relationship between governance and financial sustainability.

## List of Abbreviations

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<b>Abbreviations</b>	<b>Meaning</b>
CEO	Chief executive officer
ROA	Return on Assets
ROE	Return on Equity
PSE	Palestine Stock Exchange
ASE	Amman Stock Exchange
OSS	Operational Self Sufficiency
Sig.	Significance
Std. dev.	Standard deviation
Std. error	Standard error
GD	Gender Diversity
BS	Board Size
BM	Board Meetings
CEO	CEOduality
IND	Independency
AB	Academic Background
MM	Multiple Memberships
CE	Committees Effectiveness
FO	Foreign Ownership
CO	Concentration Ownership
IO	Institutional Ownership
FL	Financial Leverage
LIQ	Liquidity
AE	Asset Efficiency
FS	Firm Size

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## Appendices

### Appendix (A)

#### Reg OSS

Reg OSS						
Linear	regression	Number of obs	=	678		
		F(15, 662)	=	12.32		
		Prob > F	=	0		
		R-squared	=	0.4442		
		Root MSE	=	1.4815		
		Robust				
OSS	Coefficient	std. err.	t	P>t	[95% conf.	interval]
Gender Diversity	1.570141	0.722914	2.17	0.03	0.15066	2.989621
Board Size	0.0148121	0.0230197	0.64	0.52	-0.0303882	0.0600124
Board Meetings	-0.0692806	0.0244243	-2.84	0.005	-0.117239	-0.0213221
CEO duality	0.3497257	0.2559722	1.37	0.172	-0.1528896	0.852341
Independency	-1.487831	0.3097186	-4.8	0	-2.09598	-0.8796821
Academic Background	1.209085	0.4029017	3	0.003	0.4179661	2.000204
Multiple Memberships	0.7962124	0.3227046	2.47	0.014	0.1625645	1.42986
Committees Effectiveness	0.025959	0.0129318	2.01	0.045	0.0005666	0.0513513
Foreign Ownership	0.6727404	0.3471243	1.94	0.053	-0.008857	1.354338
Concentration Ownership	-0.3839048	0.4700805	-0.82	0.414	-1.306933	0.5391237
Institutional Ownership	-0.9999622	0.3813326	-2.62	0.009	-1.748729	-0.2511952
Financial Leverage	0.8569894	0.2319636	3.69	0	0.4015163	1.312463
Liquidity	0.036669	0.0161669	2.27	0.024	0.0049245	0.0684135
Asset Efficiency	0.0537881	0.0243822	2.21	0.028	0.0059124	0.1016638
Firm Size	1.695759	0.1783123	9.51	0	1.345633	2.045885
cons	-12.63849	1.44423	-8.75	0	-15.47431	-9.802664

Reg ROA						
Linear	regression	Number of obs	=	678		
		F(15, 662)	=	16.24		
		Prob > F	=	0		
		R-squared	=	0.3773		
		Root MSE	=	0.06483		
		Robust				
ROA	Coefficient	std. err.	t	P>t	[95% conf.	interval]
Gender Diversity	0.0632913	0.0247087	2.56	0.011	0.0147744	0.1118082
Board Size	-0.0011403	0.0010913	-1.04	0.296	-0.0032832	0.0010025
Board Meetings	0.0042559	0.0010583	4.02	0	0.0021779	0.0063338
CEO duality	-0.0095578	0.0077312	-1.24	0.217	-0.0247384	0.0056227
Independency	-0.0133074	0.0148414	-0.9	0.37	-0.0424492	0.0158344
Academic Background	0.0068007	0.0136115	0.5	0.618	-0.0199263	0.0335276
Multiple Memberships	0.0770125	0.0215565	3.57	0	0.0346851	0.1193399
Committees Effectiveness	-0.0004408	0.0004377	-1.01	0.314	-0.0013001	0.0004186
Foreign Ownership	-0.011805	0.0169343	-0.7	0.486	-0.0450564	0.0214464
Concentration Ownership	0.0412258	0.0168339	2.45	0.015	0.0081716	0.07428
Institutional Ownership	-0.0136527	0.0138914	-0.98	0.326	-0.0409291	0.0136237
Financial Leverage	-0.0711621	0.0119939	-5.93	0	-0.0947127	-0.0476115
Liquidity	0.0073049	0.0010603	6.89	0	0.005223	0.0093868
Asset Efficiency	0.0147853	0.0054832	2.7	0.007	0.0040187	0.0255519
Firm Size	0.0360186	0.0059015	6.1	0	0.0244307	0.0476066
cons	-0.3500284	0.0505666	-6.92	0	-0.4493187	-0.2507382

**Appendix (B)**  
**Summary Result of Regression Jordan**

<i>Variables</i>	OSS			ROA		
	Coefficient ( $\beta$ )	t-stat	p-value	Coefficient ( $\beta$ )	t-stat	p-value
Gender Diversity	1.552	1.880	0.060	0.088	3.260	0.001
Board Size	-0.024	-0.840	0.404	-0.003	-1.990	0.047
Board Meetings	-0.102	-3.040	0.002	0.002	1.160	0.248
CEO duality	(omitted)	(omitted)	(omitted)	(omitted)	(omitted)	(omitted)
Independency	-1.041	-3.040	0.003	0.018	1.010	0.315
Academic Background	1.296	2.420	0.016	0.021	1.250	0.213
Multiple Memberships	0.530	1.270	0.203	0.064	2.700	0.007
Committees Effectiveness	0.048	2.130	0.033	0.002	2.370	0.018
Foreign Ownership	-0.190	-0.620	0.537	-0.019	-1.020	0.308
Concentration Ownership	0.253	0.480	0.628	0.094	4.700	0.000
Institutional Ownership	-0.693	-1.620	0.106	-0.026	-1.780	0.076
Financial Leverage	0.607	2.470	0.014	-0.081	-5.940	0.000
Liquidity	0.024	1.490	0.137	0.007	5.800	0.000
Asset Efficiency	0.022	1.230	0.219	0.011	2.310	0.021
Firm Size	1.723	7.120	0.000	0.044	5.650	0.000
_cons (Intercept)	-13.003	-6.760	0.000	-0.453	-7.210	0.000
F-Statistic		0.000			0.000	
R-squared		42%			40%	
<b>Number of obs</b>		504			504	

\*\* significant at 5% level

Note: CEOduality omitted because of collinearity.

**Appendix (C)**  
**Summary Result of Regression Palestine**

<i>Variables</i>	ROA			OSS (robust)		
	Coefficient ( $\beta$ )	t-stat	p-value	Coefficient ( $\beta$ )	t-stat	p-value
Gender Diversity	0.077	1.950	0.054	1.887	0.960	0.339
Board Size	-0.001	-0.350	0.729	0.135	2.840	0.005
Board Meetings	0.001	0.310	0.759	-0.019	-0.250	0.803
CEO duality	-0.019	-2.380	0.018	0.307	1.240	0.218
Independency	0.229	3.160	0.002	1.043	0.480	0.632
Academic Background	0.022	1.080	0.283	2.736	3.950	0.000
Multiple Memberships	(omitted)	(omitted)	(omitted)	(omitted)	(omitted)	(omitted)
Committees Effectiveness	0.004	2.740	0.007	-0.030	-0.560	0.575
Foreign Ownership	0.032	1.040	0.299	5.140	4.000	0.000
Concentration Ownership	-0.103	-2.310	0.022	-0.629	-0.290	0.775
Institutional Ownership	0.039	1.080	0.280	-2.238	-1.350	0.180
Financial Leverage	-0.087	-3.920	0.000	0.126	0.180	0.854
Liquidity	0.003	1.830	0.069	0.014	0.320	0.751
Asset Efficiency	0.022	9.970	0.000	0.099	4.750	0.000
Firm Size	0.013	2.640	0.009	1.450	8.800	0.000
_cons (Intercept)	-0.017	-0.420	0.678	-10.690	-8.140	0.000
F-Statistic		0.000			0.000	
R-squared		60%			66%	
Number of obs		174			174	

\*\* significant at 5% level

Note: Multiple Memberships omitted because of collinearity.

## Appendix (D)

### Tables

**Table 3.9**

*Regression Analysis for Jordanian companies*

<i>Variables</i>	<b>OSS</b>			<b>ROA</b>		
	<b>Coefficient (<math>\beta</math>)</b>	<b>t-stat</b>	<b>p-value</b>	<b>Coefficient (<math>\beta</math>)</b>	<b>t-stat</b>	<b>p-value</b>
Gender Diversity	1.552	1.880	0.060	0.088	3.260	0.001
Board Size	-0.024	-0.840	0.404	-0.003	-1.990	0.047
Board Meetings	-0.102	-3.040	0.002	0.002	1.160	0.248
CEO duality	(omitted)	(omitted)	(omitted)	(omitted)	(omitted)	(omitted)
Independency	-1.041	-3.040	0.003	0.018	1.010	0.315
Academic Background	1.296	2.420	0.016	0.021	1.250	0.213
Multiple Memberships	0.530	1.270	0.203	0.064	2.700	0.007
Committees Effectiveness	0.048	2.130	0.033	0.002	2.370	0.018
Foreign Ownership	-0.190	-0.620	0.537	-0.019	-1.020	0.308
Concentration Ownership	0.253	0.480	0.628	0.094	4.700	0.000
Institutional Ownership	-0.693	-1.620	0.106	-0.026	-1.780	0.076
Financial Leverage	0.607	2.470	0.014	-0.081	-5.940	0.000
Liquidity	0.024	1.490	0.137	0.007	5.800	0.000
Asset Efficiency	0.022	1.230	0.219	0.011	2.310	0.021
Firm Size	1.723	7.120	0.000	0.044	5.650	0.000
_cons (Intercept)	-13.003	-6.760	0.000	-0.453	-7.210	0.000
F-Statistic		0.000			0.000	
R-squared		42%			40%	
Number of obs		504			504	



جامعة النجاح الوطنية  
كلية الدراسات العليا

## أثر خصائص مجلس الإدارة وهيكل الملكية على الاستدامة المالية: دليل تجريبي من بورصتي فلسطين وعمان

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إشراف

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قُدمت هذه الرسالة استكمالاً لمتطلبات الحصول على درجة الماجستير في المحاسبة بكلية الدراسات  
العليا في جامعة النجاح الوطنية في نابلس، فلسطين.

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# أثر خصائص مجلس الإدارة وهيكل الملكية على الاستدامة المالية: دليل تجريبي من بورصتي فلسطين وعمان

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## الملخص

تهدف هذه الدراسة إلى استكشاف العلاقة بين خصائص مجلس الإدارة، هيكل الملكية، والاستدامة المالية، والتي تم قياسها من خلال العائد على الأصول (ROA) والاكتماء الذاتي التشغيلي (OSS). تعتمد منهجية البحث على تحليل البيانات اللوحية باستخدام البيانات الثانوية، وأجري التحليل الإحصائي باستخدام أسلوب الانحدار التجميعي باستخدام المربعات الصغرى العادية (OLS)، وتم اختيار العينة النهائية للدراسة من الشركات المدرجة في بورصتي فلسطين والأردن، وبلغ عدد العينة الإجمالي 113 شركة موزعة على ثلاث قطاعات وهي الخدمات والصناعة والاستثمار. أظهرت النتائج أن تنوع الجنس له تأثير إيجابي على كل من ( ROA ) و (OSS)، مما يشير إلى أهمية وجود وجهات نظر متنوعة في تعزيز الاستدامة طويلة الأجل. ومع ذلك، لم يكن لحجم مجلس الإدارة أو ازدواجية دور الرئيس التنفيذي (CEO duality) تأثير معنوي، مما يشير إلى أن زيادة حجم المجالس أو دمج دور الرئيس التنفيذي ورئيس مجلس الإدارة قد لا يؤثر بشكل مباشر على النتائج المالية.

من النتائج اللافتة أن تكرار اجتماعات مجلس الإدارة كان له تأثيرات مختلطة: فبينما أدى إلى زيادة الربحية قصيرة الأجل (ROA)، كان له تأثير سلبي على الاستدامة طويلة الأجل (OSS)، ربما بسبب عدم الكفاءة. كما أظهرت النتائج أن استقلالية مجلس الإدارة كان لها تأثير سلبي على (OSS) ولكن ليس لها تأثير على (ROA)، مما يشير إلى أن المجالس المستقلة للغاية قد لا تتماشى دائمًا مع متطلبات الاستدامة التشغيلية.

على الجانب الآخر، كان للخلفية الأكاديمية لأعضاء مجلس الإدارة تأثير إيجابي على (OSS)، مما يؤكد أهمية المعرفة والخبرة في مجال الحوكمة.

كما وجدت الدراسة أن تعدد العضويات في المجالس وفعالية لجان المجلس يعززان كل من (ROA) و (OSS)، حيث يجلبان خبرات متنوعة ويعززان ممارسات الحوكمة الفعالة. فيما يتعلق بهيكل الملكية، أدت الملكية المركزة إلى تحسين الربحية (ROA) ولكن ليس لها تأثير معنوي على (OSS)، مما يشير إلى تركيزها على المكاسب قصيرة الأجل بدلاً من الاستدامة طويلة الأجل. بينما كان للملكية الأجنبية تأثير إيجابي على (OSS) ولكن ليس على (ROA)، ولم تظهر الملكية المؤسسية أي تأثير معنوي على (ROA) ولكن كان لها تأثير سلبي معنوي على (OSS)، مما قد يعكس تبايناً في أولويات المستثمرين المؤسسيين.

تُظهر هذه النتائج أهمية اتباع نهج متوازن في الحوكمة، حيث يتم تعزيز التنوع، الخبرة، والرقابة الفعالة لتحقيق كل من الأداء المالي والاستدامة. يجب على الشركات التركيز على تعزيز التنوع الجنسي وتشجيع تعدد العضويات في المجالس، مع إدارة استقلالية المجلس وتكرار الاجتماعات بعناية لتجنب عدم الكفاءة.

**الكلمات المفتاحية:** خصائص مجلس الإدارة، هيكل الملكية، الاستدامة المالية.