

CORPORATE GOVERNANCE AND QUALITY OF PROFITS IN INDUSTRIAL ENTERPRISES

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Methods. This study is one of the field studies in which a descriptive-analytical approach is applied to study the impact of corporate governance laws on the quality of earnings. The study was conducted in industrial public joint-stock companies listed on the Oman Stock Exchange. As part of the study, the opinions of accountants and internal auditors of these organizations were also evaluated from the point of view of directors. The SPSS statistical program was used to analyze the obtained data.

Results. In the modern economy, corporate governance is one of the most important factors that determine not only the level of economic development of the country, but also the social and investment climate. Therefore, adherence to the principles of corporate governance, compliance with legal requirements and the effectiveness of the existing corporate governance system has become one of the important conditions for the attractiveness of business investment. Today, many researchers show an interest in the problems of corporate governance.

The goal of this study was to determine the role of corporate governance in achieving profit in industrial enterprises. To meet the study's goals, a set of 78 Jordanian industrial businesses were chosen, with a total of 120 managers, assistant directors, and department heads as the study population. With 60 data, a random sample of 50% of the study population was taken, and the total of 204 data was valid to be processed and analyzed after that using the statistical program (SPSSv.20) in the statistical analysis of these data. Various methods were used for statistical analysis, including: arithmetic averages, standard deviations, multiple regression analysis, stepwise regression analysis, inflation coefficient of variance, alpha-Kornibach coefficient.

Novelty. The study reached the following perceptions, which are the most important perceptions. The managers' visions about the dimensions of governance systems and their visions about the dimensions of achieving profits in independent Jordanian companies came to a high degree, and there is an effect of governance in achieving profits, as it shows a degree of 62.3% of variation in achieving benefits.

Practical value. The study recommends adopting the concept of high-performance systems and working in all its dimensions in all Jordanian communications and various activities, to achieve profits, by adopting rules of governance that may contribute to a broader understanding of governance in Jordan. This will contribute to a deeper understanding of management practices in Jordan and the selection of effective applications and skills to ensure profitability.

Keywords: Governance, quality, impact, performance, benefits, regression analysis, activities, various activities.

Statement of problem. Today, strategic power in many countries has ceased to be the privilege of the center, it has become the

property of all subjects of government, civil institutions, social organizations, regions, districts, cities, local communities and even

individual firms and industrial enterprises. A large layer of professional management-managers has appeared, in their practice they widely use the methods of strategic planning and conceptual thinking, which underlie the application and development of innovative socio-economic technologies [1]. Foreign experience allows us to identify six main strategic directions for changing local communities: mobilization, social education, social action, civic participation, public protection, development of local services. The question of choosing the direction of development of a particular community in accordance with the available economic and social resources is becoming increasingly important.

Not only in developed, but also in developing countries, in the course of political and economic changes, many social responsibilities have shifted to the local level, and international and non-governmental organizations are pursuing policies that are increasingly focused on local communities [2].

Not only a strong social policy of the center is needed, but also municipal social and economic policies, which should be implemented not only by local authorities (local governments), but also by municipal management, small municipal entrepreneurship.

One of the most important mechanisms for achieving the main goal - improving the quality of life – is the function of management coordination, which provides for cooperation and integration of the activities of local government, the population, municipal managers, entrepreneurs [2].

Similar indicators can be developed with reference to a specific municipal authority, taking into account all its features - demographic structure and social base, main directions of economic activity of local businesses, the level of development of corporate culture, local business customs.

The first thing you might encounter when studying corporate governance is terminology confusion. It turns out that corporate governance and corporate governance are not the same thing. All this is further aggravated by the fact that companies, like most authors [1], adhere to the point of view according to which

corporate governance focuses on the mechanics of doing business. The concept of «corporate governance» is broader. This means a system of interaction between many people and organizations on various aspects of the company's business, mainly between managers, owners (shareholders / investors), shareholders and other interested parties, etc.

The second concept assumes that corporate governance is «a system of management relations between interacting business entities regarding the subordination and harmonization of their interests, ensuring synergy of both their joint activities and their relationships with external counterparties in achieving the set goals» [4].

Aim of the paper. The current study aims to identify the effectiveness of applying governance to profits and their quality in the presence of some variables and various developments in business through the implementation of the field study on the companies included in the study.

Materials and methods. *Study problem and question.* Companies seek to achieve strategic success, high profits in their business, despite the great challenges they face due to the intensity of competition and the speed of change in the environment in which they operate. It is called governance and it is related to the practices related to performance and internal behavior that are internally compatible and externally appropriate, as these practices and policies help in obtaining high outputs, the most important of which is profits.

Based on the foregoing, the problem of the study emerges in the lack of clarity and awareness of the relationship between the work systems of rules and internal regulations on the one hand, and profits on the other hand in Jordanian industrial companies. Here lies the problem of the study in answering the following questions [13]:

The first question there a clear role for the existence of a clear organizational structure of authority and responsibility. Is for the quality of profits. In industrial companies?

Second question. Is there a clear effect of fairness and equality between shareholders and other stakeholders on the quality of Profits in industrial companies?

The third question. Is there a role for the board of directors to assume responsibilities and accountability for the quality of profits in industrial companies?

Objectives of the study. The main objective of the study lies in identifying the impact of governance in its various dimensions on profits in industrial companies: The main objective stems from the following sub-objectives:

1. To identify the level of application of high performance work systems in Jordan Telecom Company from the point of view of its managers.

2. Shed light on the concept of governance and its rules of application and the accounting dimensions of governance and its relationship to the quality of profits, as well as the concepts related to the quality and importance of profits and the evaluation of the quality of company profits.

3. Getting to know the opinions of financial managers, accountants and internal auditors in industrial companies in order to identify the positive aspects that help improve the quality of profits for public shareholding companies.

The importance of the study.

1. The study deals with topics characterized by relative modernity, which are represented in governance, which constitutes a main focus associated with practices and policies to improve the performance of industrial companies, which ultimately leads to raising the quality of profits.

2. It addressed the issue of governance systems and their role in achieving profits from an applied point of view, which did not receive sufficient attention in previous studies, as this study is considered one of the first studies that dealt with these topics and their application, especially in industrial companies.

3. The importance of the sector covered by the study, which is the industrial companies, which are considered a new and distinct breakthrough in providing service in a distinct and satisfactory manner for the local community in parallel with the public sector, as they have a major role in achieving sustainable development.

4. Providing a simple effort and adding qualitatively to the applied aspect of the

strategic thought of the independent bodies, by revealing the extent of the impact of the industrial companies' application of the principle of governance in contributing to achieving high quality of profits.

Study model. In order to achieve the objectives of the study, it is necessary to develop a model for the study that shows the most important variables and the relationship between these variables:

Study hypotheses:

The first sub-hypothesis:

H₁: Due to the existence of a defined organizational structure for the company of lines of authority and responsibility on the quality of profits in industrial companies, there is no statistically significant influence at the level of significance (0.05).

Second sub-hypothesis:

H₂: There is no statistically significant effect at the level of significance ($\alpha \geq 0.05$) for fairness and equality between Shareholders and other stakeholders on the quality of profits in industrial companies.

The third sub-hypothesis:

H₃: At the significance level (05.0), there is no statistically significant influence of the board of directors' assumption of obligations and accountability for it on the quality of earnings in industrial joint stock companies publicly traded on the Amman Stock Exchange.

Strategically oriented corporate the governance. At the moment, the task of breaking the vicious circle «Management of underdeveloped firms – an underdeveloped economy» has become urgent, without which the orientation of the economy towards modernization and innovative development is unthinkable. The importance of this problem for a particular project is expressed in the need to implement transformations that will not only overcome negatives and bring positive results, but also achieve, with the help of a system of institutional, economic, organizational and managerial metrics. The nature, consolidation and effective use of the potential of corporate governance, a technique of developing key decisions and controlling their implementation, as well as adjustments at the highest level – strategic management and control carried out by the owners of companies and their representatives [13].

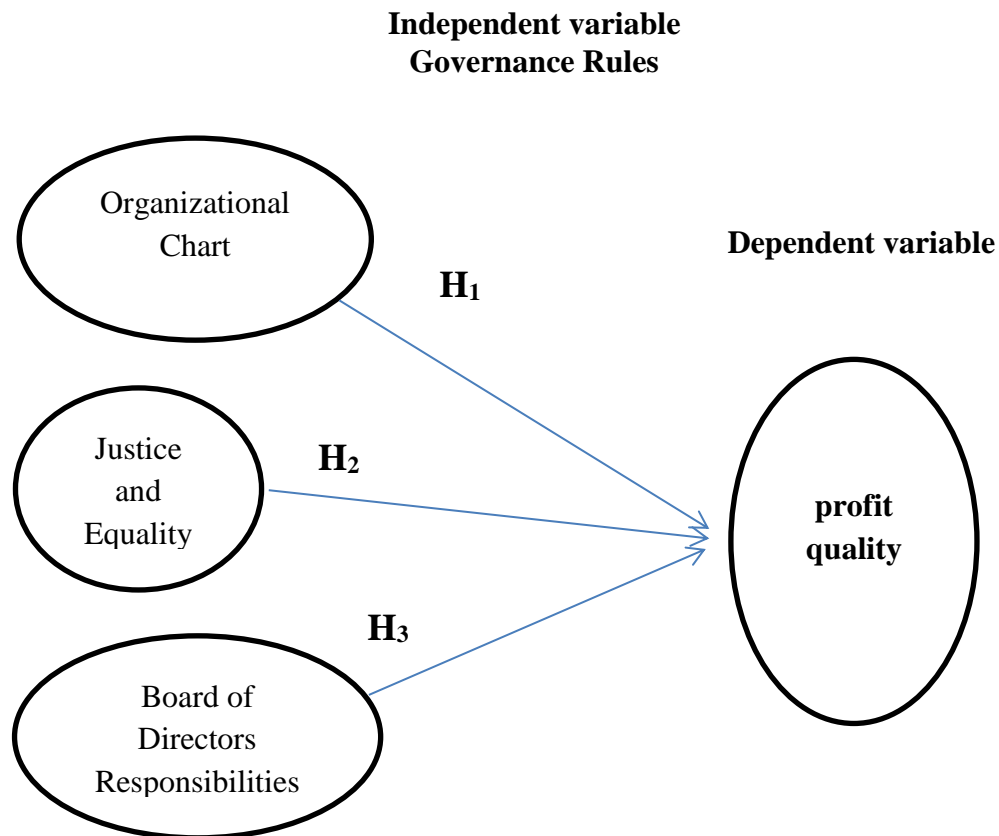


Figure 1. Study model

However, the classical system of corporate governance in modern conditions does not cope with its perhaps the most important function – the creation and implementation of effective corporate strategies. Of course, the basic mechanisms and principles of the classical system of corporate governance should be considered as a necessary, not a sufficient condition for building a company with high efficiency of corporate strategies. To achieve high efficiency in the execution of corporate strategies, the question of the process of forming corporate strategies is fundamental. In the concept of the classical system of corporate governance, the strategic function of the board of directors is interpreted as limited [15]

In accordance with it, this function is considered as the formation of a broad strategic direction of activities by directors and the establishment of a framework for management. In practice, this means that management is fully responsible for developing the strategy, and the board of directors only accepts or does not accept it. This state of affairs has a negative impact on the time to correct strategic decisions.

This abnormal cycle of correction is helping to drag the company into a crisis. Therefore, the classical system of corporate governance is not effective in the formation and implementation of strategies of corporations operating in an unstable business environment (see Fig.2).

Thus, more and more researchers have come to the conclusion that it is necessary to move to a new system of corporate governance [16, 17, 18, 19]. Different authors refer to it differently the fundamental difference from the present one is the understanding of the board of directors' role and the point of application of its members' efforts in the company's management, as well as the board of directors' position in regard to shareholders. This corporate governance system links the two most significant factors in the corporate governance equation, shareholders and board members, to decision-making processes. The new system's reforms are focused on the roles and actions of participants in the management process, rather than on the transfer of power. [20]. Since the focus in such a system is specifically on the strategic component of corporate governance,

the authors [20] She gave it a strategically oriented name.

The strategically oriented corporate governance system is based on the active involvement of the board of directors in the process of forming a strategic vision and choosing strategic alternatives for the company. It is characterized by a shift from reactive board behavior when a problem arises and errors occurring to a proactive one, aimed at preventing problems and shortening the cycle of correcting

strategic mistakes. There is a shift in emphasis in the tools for implementing corporate governance tasks: from the structure of the board of directors to the processes in their activities[20], from control and supervision over management to improving the decision-making process. Such a system is more flexible, therefore, in an unstable external environment, it is able to build efficient mechanisms for realizing interests and achieving strategic goals (see table 1).

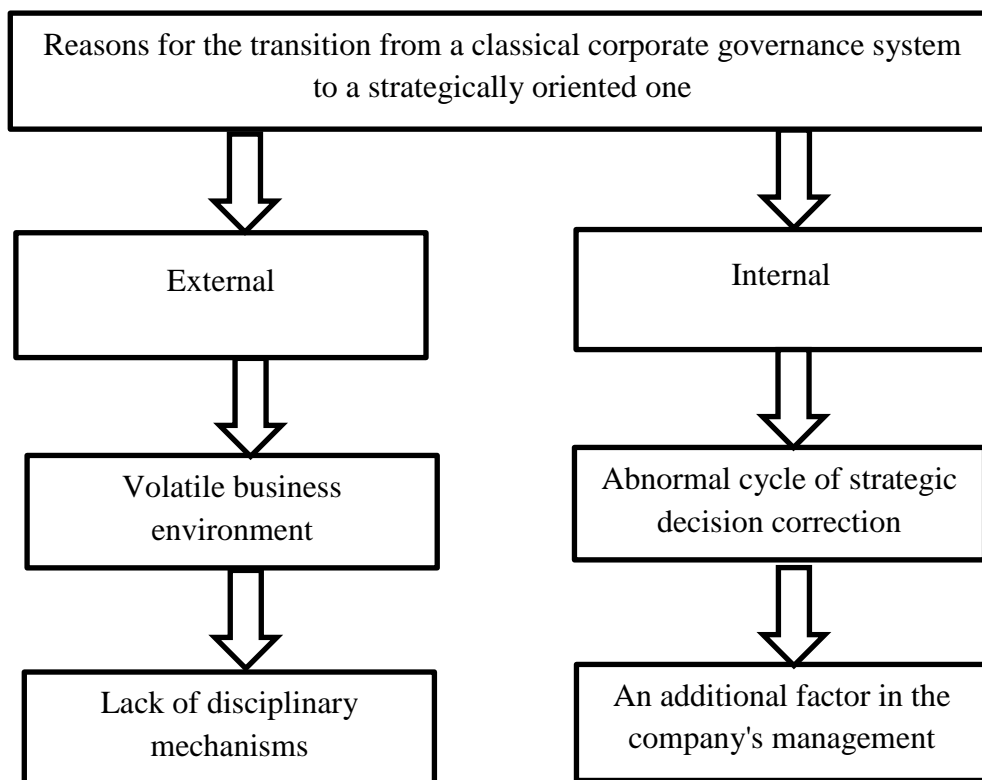


Figure 2. Reasons for the transition from a classic corporate governance system to a strategically oriented one

During the transition from a balanced corporate governance system to a strategically oriented one, the following significant changes should occur [21]:

- members of the board of directors should be influential professionals in the decision-making process as well as representatives of diverse stakeholders.- the procedures of the board of directors should be shifted from reporting issues and evaluating the effectiveness of past decisions to a broad and productive discussion of new decisions, strategies and company policies;

- members of the board of directors should have the most information available to them;

- members of the board of directors should devote a substantial part of their working time to work for the company;

- the work of a member of the board of directors should be paid accordingly, since the board becomes an active participant in the process of creating a joint-stock capital;

- the process of communication between management, the board of directors and capital market participants should be significantly improved;

–a more efficient, pluralistic and adaptive corporate decision-making process should be created [22].

Methodological substantiation of the analysis of the quality of profit. The analysis of qualitative factors in the formation of the company's profit is necessary from the point of view of the analysis of profit as an indicator characterizing the efficiency of the enterprise, as a source of payment of dividends to the owners, as an indicator linking the financial results and the quality of management in the organization.

Consider the methodology for analyzing

the quality of profit, including the traditional approach to assessing the quality of profit. The traditional approach boils down to a step-by-step analysis of the quality of profit based on well-known, common analysis methods. At the first stage analysis of the quality of profit should be analyzed the accounting policy of the enterprise and discretionary costs, and their impact on indicators of the quality of profit. The most important task of financial analysis is to identify the difference between the profit, which is reflected in the reporting of the enterprise and its real value, that is, filling the profit with a cash flow [23].

Table 1

Comparative characteristics of classical and strategically oriented corporate governance systems

Comparison criteria	Classic corporate governance system	Strategically oriented corporate governance system
Role of the council	Assign, monitor and, when necessary, replace management	Creation of an effective decision-making process, with a short cycle of identification and error correction
Council power	Sufficient power to oversee management and evaluate it effectively	Not a domineering approach, but an approach of trust, interaction
Principles for the formation of the composition of the council	Availability of independent directors, optimal size, separation of the positions of CEO and chairman of the board, individual competencies	Formation of the council in terms of collective competence (i.e., the competence of the council as a whole as a body), as well as its viability for the implementation of the decision-making process
Council independence	Independence as a mechanism to frankly assess management and eliminate ineffective trade-offs	Independence is a source of expertise to improve solutions
Interest	Concentration of capital and thereby significantly reducing conflicts of interest	Interest and focus on value growth
Assessment procedures	Management performance assessment procedures are based on the active use of external board members	Procedures that encourage open discussion, awareness among board members, and stakeholder engagement
Information security of the council	They only receive information that the management wants to provide	Board members have the right to receive information from any employee of the company

The reason for the discrepancy between these profit indicators lies in the applied accounting policy of the enterprise. Depending on the applied accounting policy, the indicator of the financial result may be different [24]. The accounting policy is developed by the enterprise independently, in accordance with the requirements of the provisions on accounting and on the basis of the rules for organizing accounting [21]. Profit regulation methods, also

independently determined by the enterprise on the basis of the same current general rules for organizing accounting, are reduced to the following provisions. First, the establishment of criteria for the recognition of assets as property, plant and equipment or inventory. In the event that an asset is recognized as a stock, the enterprise has more opportunity to control costs, since it is possible to vary the methods of attributing the cost of items with a service life

of less than 12 months to the cost of production of the enterprise. In this case, the process of accounting, sale and disposal of inventories is simplified.

Secondly, the rationale for the procedure for calculating depreciation on fixed assets.

The company, in accordance with the current regulation on accounting for fixed assets, can carry out accelerated depreciation of the active part of fixed assets. As a result, the cost of the used fixed assets is transferred to the newly created product in a shorter time, that is, it is reproduced. The cost of production, of course, increases, profits decrease, and the corporate income tax decreases. Third, the rationale for the procedure for calculating amortization on intangible assets.

The depreciation rate is determined by the company independently, based on the contractual relationship. Thus, the company has the ability to regulate the cost and profit of the company.

Fourth, the methods of writing off inventories to the cost of production. The choice of the method has a great influence on the cost of production and the profit of the enterprise. In an inflationary economy, the method of writing off at the average actual cost leads to an increase in the cost of production and a decrease in profit, and the method of writing off at the cost of the first purchases of material resources unjustifiably reduces the cost of production and increases the profit of the enterprise.

Fifthly, the method of distribution of indirect costs between accounting and calculation objects also affects the amount and, accordingly, the quality of the company's profit.

The distribution of indirect costs by objects of accounting and calculation can be carried out in proportion to the basic wages of production workers or in proportion to the production cost [23].

Sixth, one of the main ways to regulate profits is to change the maturity of deferred expenses. Reducing the maturity of deferred expenses leads to an increase in the cost of production for the reporting period.

Seventh, the enterprise independently forms reserves, including a reserve for future expenses and payments, managing its size and cost of production.

The most important aspect affecting the quality of profit is the estimation of discrete costs and expenses with an eye to the future. Discrete costs include maintenance and repair costs, advertising costs, R&D costs [24].

At the second stage of the analysis of the quality of profit, it is necessary to determine the influence of the factors of the cost volume of sales and the cost price on the increase in profit, that is, to carry out a factor analysis of the reduction in the cost of production and the growth of the profit of the enterprise. Reducing the cost of production plays a leading role in improving the quality of the company's profits.

This characterizes the intensive growth of profits, the way of using their own internal reserves [23].

The next stage in the analysis of the quality of profit is a marginal approach to assessing the financial result, which involves the differentiation of variable and fixed costs for the production and sale of products and services. This makes it possible to assess the dynamics of indicators such as the profitability threshold, financial strength margin, sales safety factor, to determine the effect of operating leverage and makes it possible to draw conclusions about the operational risk of the enterprise, that is, the risk of sales [25].

The next stage in the analysis of the quality of profit is the analysis and assessment of the composition and structure of other income and expenses, as well as taxes. In market conditions, other operations significantly affect the financial results of the enterprise and, in general, its financial condition.

The degree of participation of other operations in the formation of the overall financial result of the enterprise's activity can be estimated using the following ratios: result (profit or loss) from other operations to profit from sales, and other income to the company's revenue. Other income and expenses are income not related to the main activity of the enterprise, and they affect the profit of the enterprise in different ways, therefore these indicators should decrease. [26] Income is always a positive fact in the activities of an enterprise, but from the point of view of assessing the quality of profit, its presence confirms the existence of serious problems that ultimately negatively affect the final financial result. Of course, not all other

incomes reduce the quality of the profit. The market economy assigns a leading role in the storage of commodity stocks. In the event that a retail organization rents out free warehouse space, then we can talk about a high quality of profit due to the optimal distribution of goods with a minimum inventory to ensure uninterrupted operation, taking into account the level of costs for maintaining warehouse space. Analysis and assessment of the composition and structure of other income and expenses is the final stage in the traditional analysis of the quality of profit [8].

At present, to assess the quality of profit, the method of expert assessments is mainly used, which does not fully reflect the quality of profit, and, provided that qualified specialists are attracted, it requires additional costs. For organizations, it would be optimal to use a quantitative method for assessing the quality of profit, which is based on a point assessment [4]. As criteria can be defined features that affect the quality of profit. Each criterion is assigned a certain number of points, taking into account its significance, the total number of points is established, upon reaching which the quality of profit is considered high. You can also establish the number of points, upon reaching which the quality of profit will be considered good, satisfactory or low. The list of criteria for the quality of profit, and their weight should be established taking into account the specifics of the organization's activities.

The use of this method for assessing the quality of profit should contribute to a more correct assessment of the prospective solvency of the organization, and to reduce the risk of transactions.

The most accurate is a quantitative method for assessing the quality of profit, based on a coefficient assessment, on the assessment of indicators by special financial coefficients that characterize the quality of profit [16].

Profit is the result of the economic and financial activities of the enterprise. This result can be measured not only quantitatively, but also to evaluate its qualitative characteristics. This is especially important for medium and large enterprises with a stable business reputation in the market, attracting third-party investors to the implementation of projects, as

well as publicly placing their shares on the securities market.

Analyses of recent papers. A study (Fateh and Aishi, 2008) entitled: Corporate Governance as a Tool to Ensure the Truth of Information Financial and accounting systems and their impact on the level of market performance. This study aimed to highlight the importance of corporate governance as an organizational framework to ensure the integrity of The integrity of the presented financial information and to limit its use in a negative way that affects the interests of the permanent parties and the rights holders in the company. She also indicated that avoiding such crises in our Arab markets must inevitably pass through:

1. Reform accounting systems with more discipline and transparency.

2. Introducing effective corporate governance systems and obligating companies to apply them and the related state issuance of legislation and laws governing the capital market and companies. The state's legal framework must be protective, strong and flexible in order to ensure that such negative practices at the level of the market does not lead to concealing the loss of value and the lack of quality control practice, and thus conflicts. Benefit and lack of trust between permanent parties (especially investors).

A study (Abu-Ajeila and Hamdan, 2009) entitled: The impact of corporate governance on profit management (guideline) from Jordan). This study aimed to explore the extent to which the management of profits is practiced by the Jordanian industrial public shareholding companies listed on the Amman Stock Exchange. (Management Earnings) as one of the factors that paved the way for the emergence of the current financial crisis on the one hand, and then measuring the level of corporate governance within those companies, and then establishing a humiliating relationship, Companies to manage profits, on the other hand. The researchers used many statistical methods that fit the data of the study. Among the most important results that were obtained are the following:

1. Although the Jordanian industrial companies meet the requirements of corporate governance at a general level of 75%, there is a great discrepancy between the various

companies separately, in terms of low percentages of some companies in which the percentage of governance may reach 43%

2. It was discovered that profit management and corporate governance have an inverse connection, meaning that the higher the degree of corporate governance in a corporation, the more profit management is reduced. Based on the findings, the study recommended that all aspects of institutional support for Balhakh within industrial companies be worked on by leveraging the various constituent elements, as well as the independence of the Board of Directors and the Audit Committee, to help them carry out the tasks assigned to them, in order to avoid serious financial crises. These companies may be vulnerable due to weaknesses in the application of corporate governance standards inside them [5].

Study (2009, Stephens) entitled: The quality of corporate governance and internal control in light of Oxly pursuant to Section 302 of the Sarbanes Governance Corporate Code Quality and Internal Control under the Sarbanes Oxly Regime 320 This study aimed to examine is a significant impact of fairness and equality between shareholders and impact of the quality of corporate governance on its reporting On the deficiencies of internal control before the issuance of the Oxly Sarbanes Law (which obligated Acknowledgment of a weakness in internal control under Section 404 to reach a determination Factors affecting the company's disclosure of material weaknesses under the requirements of Section 302 of the Oxly Sarbanes Act, prior to the internal control review mandatory. The study found that the companies reviewed by the main auditors in industrial activity that has high quality audit committees is most able to Discovering deficiencies in internal control under Section 302 of the Sarbanes Act Oxly. (The study also found that companies that have a financial manager with financial experience and accountability that is more able to more accurately identify and classify the deficiencies of internal control As a material weakness which is the least degree of a material deficiencies[8].

Study (Al-Haddad, 2009) entitled: «Corporate Governance and Performance of

Jordanian Industrial Companies listed at Amman Stock Exchange». The goal of the study was to determine the extent to which there is a link between corporate governance and the performance of Jordanian industrial enterprises listed on the Amman Stock Exchange, as measured by organizational structure, profit, and proposed costs. It also attempted to uncover the key indicators that explain and clarify the nature of this relationship and can be used by Jordanian industrial firms to address agency issues. There are (96) Jordanian industrial enterprises listed on the Amman Stock Exchange in the study community (Amman Stock Exchange). A random sample of (44) companies was selected from the study population.

The study concluded mainly by confirming the board of directors' assumption of the responsibilities that must be carried out has a significant impact on the quality of profits in public shareholding industrial enterprises and the existence of a positive relationship between profitability as measured by either of the return on per share or the return on assets as a measure of profitability and the corporate governance of the two companies as an argument, as a response to the profitability of the two companies, as a measure of profitability and corporate governance of Jordanian industrial companies. In conclusion, there is a direct positive relationship between corporate governance and the performance of these companies [6]. Study (Dr. Hussain Yaraqi, Omar Ali Abdel Samad, 2011) entitled: «the reality of institutional governance in Medea University in 2011».

The research indicated that governance has a role to ensure the efficiency of the organization's management through its exploitation of its resources and its study of risks, which leads to achievement of the goals of the institution in the first place in addition to achieve the objectives of the parties related to it. Clear and transparent taxation, activating mechanisms for participation to implement governance, and an independent judicial system[28].

Study (Gill & Obradovich, 2012) entitled: «A study of the impact of corporate governance on the evaluation of American companies», published in Journal of Financial and Science

In 2012. This study showed the failure of corporate governance and financial leverage for a sample of eleven American business organizations during the period between 2009-2011 in the New York Stock Exchange. It negatively affects the value of the enterprise, and the results also showed a positive relationship between the audit committee, the size of the enterprise and the return on assets in the economic value of the enterprise [27].

This research appears due to the increasing interest in governance in the perspective of the government sector, according to which a set of laws, regulations and decisions are established that aim to control and monitor the work of institutions and companies in order to protect their property on the one hand, and achieve quality and excellence in performance on the other hand, through the selection of methods, which regulate the relationships between the main parties that affect performance and what is encouraged by governance in terms of optimal use of resources, achieving sustainable growth and encouraging productivity.

What distinguishes this study from previous studies:

1. It comes as a continuation of the previous studies that dealt with the issue of corporate governance in companies and institutions, which are trying to shed light on the extent to which companies are committed to applying corporate governance standards.

2. Focusing on corporate governance standards in general and in particular in private sector companies.

In order to protect its properties on the one hand and achieve quality, especially the quality of profits and excellence in performance on the other hand.

3. This study sheds light on the positive relationship between applying the principles of governance and improving. Performance, whether financial, functional or institutional.

4. This study was characterized as not only a theoretical study, but an applied study on reality implementation of governance in private sector institutions.

Study Approach. This is one of the field studies that used the researcher descriptive analytical approach to determine the impact of corporate governance laws on profit quality (a

field study in the industrial public shareholding businesses listed on the market of the Oman Securities Exchange). Supplement No. 3(, and from the Director's perspective, yen Financial These organizations' accountants and internal auditors, and then a statistical program (SPSS program) was utilized to assess the study's data in a realistic analytical aspect.

Study community. The study community consists of all 87 listed Jordanian industrial public shareholding companies. Questionnaires were distributed to all these companies, with an average of three questionnaires for each company. As it was distributed (261) questionnaires to financial managers, accountants and internal auditors. The total number of the retrieved questionnaires reached (198) with a rate of (9.75%) of the total number of questionnaires sent, and after sorting them, (4) questionnaires were excluded from them due to their incomplete filling out, or seventy-seven of the respondents were satisfied with that. These companies and the questionnaires that were subjected to the analysis at a rate of (3.74%) of the total community to which the questionnaires were distributed.

Data collection methods. The collection of this material study on two types of data sources are sources of primary and secondary sources primary data: It is the data obtained through the preparation of special questionnaire to the subject of this study, where covered all aspects that dealt with the theoretical framework and the questions and assumptions based on the study of current, Questionnaires were distributed to the study population by the researcher personally. As for the secondary, they are data obtained from library sources and literary references.

Data collection tool. In order to achieve the objectives of the study and pass its hypothesis, a questionnaire was designed that includes many questions related to the study questions and hypotheses, in addition to a number of questions that deal with the characteristics of community members.

The questionnaire consisting of two parts was used: The first was devoted to identifying the demographic factors of the respondents, including managers, financial managers and accountants. As for the second part, it was devoted to covering the variables of the study,

which are the impact of corporate governance on profits and their quality.

The five-point Likert scale was used:

- Totally agree: 5 marks,
- Agree: 4 marks,
- Neutral: 3 marks ,
- Don't agree : 2 marks,
- Totally don't agree: 1 mark.
- Three levels have been defined: high, medium and low.

When commenting on the arithmetic mean of the variables mentioned in the study form, according to the following equation:

The length of the category = (the upper limit of the alternative, the lower limit of the alternative) / the number of levels.

Validity and stability of the tool. To verify the stability of the measuring instrument, it was presented to experts and academics for consideration, as:

1. The apparent honesty test: it was presented to academic and specialized arbitrators, taking into account their observations and opinions.

2. Tool reliability test: to ensure the reliability of the results and the validity of the questionnaire as a data collection tool for the study, where the reliability of the data collection tool was tested is 88.5%.

The following table shows the stability coefficients for the study variables.

Table 2

The stability coefficients for the study variables

Paragraph	Variable	Cronbach's alpha coefficient
1 -7	Organizational Chart	88.81%
8-15	Justice and Equality	87.95%
16-23	Board Responsibilities	88.71%
1-23		88.5%

Data analysis and hypothesis testing. The results of the descriptive statistics of the study variables: The researcher used a number of descriptive statistical methods to analyze the results.

First: Arithmetic averages and standard deviations of the organizational structure variable questions.

Table 3 shows the arithmetic averages, standard deviations, and relative relevance of the organizational structure variables. The arithmetic averages and standard deviations of the items (1-7), as shown in Table (3), recorded a general arithmetic mean of (3.792343), with a substantial standard deviation of (0.679261), with positive replies for all positive expressions (0.679261). It was moderately high, with the exception of statement (4). It is also clear by examining the data in Table (5 -6) that the arithmetic averages and standard deviations ranged between (3.6546 -3.9124) and that statement No. (5), which states: «There is an effective organizational framework to control all aspects of corporate governance for corporate performance».

It is the highest among the averages of the answers, with a mean of (3.9124), and with a

standard deviation of (0.63373) and its relative importance was high, and the reason for this is that the existence of the structure The organizational is the basis for the application of the rules of governance and works on defining the responsibilities and powers For each job, which helps to adhere to the rules of governance, while statement No. (4), which states:

As: «The information provided by the system is characterized by a high degree of detail that the decision maker needs At the executive management levels, it is the lowest among the average answers, with an arithmetic average of (3.6546) The relative importance of this paragraph was medium, and the reason for this is that it is the least Influencing the application of governance rules. The researcher believes that it is necessary to provide an effective regulatory framework to control all aspects of corporate governance, as well as the board of directors periodically reviewing the organizational structure of the company and making recommendations for the required amendments to support the application of governance, and thus help to achieve the quality of profits in industrial public shareholding companies.

The arithmetic averages, standard deviations, and relative relevance
of the organizational structure variables

Serial Number	Paragraph	Arithmetic mean	Standard deviation	Relative importance	Ranking
1	There is an organizational structure and a job description that defines the responsibilities and authorities that contribute to the development of governance.	3.6856	0.75433	high	7
2	Written standards are relied upon when facing a new situation at work	3.7371	0.68889	high	5
3	There is a written description and distributed to the employees that clearly shows and defines the duties and responsibilities of each job.	3.8402	0.61940	high	4
4	The information provided by the system is characterized by a high degree of detail that the decision maker at the executive management levels needs.	3.6546	0.80754	Middle	7
5	An effective regulatory framework is available to control all aspects of corporate governance for corporate performance	3.9124	0.63373	high	1
6	The board of directors periodically reviewing the organizational structure of the company and making recommendations for the required amendments that support the implementation of governance	3.8660	0.60445	high	2
7	The system used provides brief and useful information for senior management levels when needed	3.8505	0.64649	high	3
organizational structure		3.792343	0.679261	high	

Second: Arithmetic averages and standard deviations of the equity and equality variable questions. Table 3 shows the results obtained.

The results in Table 4 reveal that in this study's mean comparison tool, the arithmetic averages and standard deviations of paragraphs (8-15) recorded a general arithmetic mean of (3.711) and a standard deviation of the mean of (0.713). 3) Where the result was found to be higher than the average degree (+3) but lower than the high degree (+4) This means that the study sample's reactions to most of the statements in the table were positive and to a high degree (3). As it becomes clear by reviewing the data in Table (4–6) that the averages

The arithmetic and standard deviations ranged between (3.912–3.438), and phrase No. (15) which states that «corporate governance works to protect the right of minority

shareholders to see all transactions with members of the board of directors or executive managers is the highest among the average responses, with an average My arithmetic amounted to (3.912), (with a standard deviation of (0.6377) and its relative importance was high, while statement No. (11) which states that «equality between shareholders and other stakeholders is taken into account» is the lowest among the average answers, with an average My calculation amounted to (3.438), and the relative importance of this paragraph was medium, and the standard deviation was (0.869) due to the companies' failure to comply with the laws that concerned the rights of stakeholders and their protection.

The researcher sees the importance of protecting the right of minority shareholders to see all transactions.

Arithmetic averages, standard deviations, and the relative importance of the equity and equality variable questions

Serial Number	Paragraph	Arithmetic mean	Standard deviation	Relative importance	Ranking
8	Corporate governance works to provide equality and justice among shareholders.	3.5928	0.70831	Middle	7
9	A policy is drawn up that regulates the relationship with the parties with special interests.	3.7784	0.68086	High	3
10	Shareholders have the right to vote in person or in absentia, taking into account the equal right to vote.	3.7423	0.70201	High	4
11	Equality between shareholders and other stakeholders is taken into account.	3.4381	0.86903	Middle	8
12	Corporate governance works to limit the abuse of power in the public interest	3.7371	0.68889	High	5
13	13 Corporate governance works to achieve fair treatment between all shareholders, whether large or small shareholders.	3.8402	0.61940	High	2
14	Corporate governance protects shareholders 14 from the consequences of trading in the financial market	3.6546	0.80754	Middle	6
15	Corporate governance works to protect the right of 15 minority shareholders to be informed of all transactions with members of the board of directors or executive managers.	3.9124	0.63773	High	1
Justice and Equality		3.711988	0.713721	High	

With members of the board of directors or executive managers, achieving fair treatment between all shareholders, whether large shareholders or small shareholders, and the importance of developing a policy that regulates the relationship with parties with special interests, which contributes to improving the quality of profits in industrial public shareholding companies.

Third: Arithmetic averages and standard deviations of the questions of the board of directors' variable responsibilities. Table 5 shows the results obtained.

Table 5 shows that the arithmetic means and standard deviations of the paragraphs are similar (16-2), It had a (3.710) general arithmetic mean and a (3.710) standard deviation (0.696), When this average is compared to the mean of the measurement instrument employed in this study, (3), it becomes clear that the result is greater than the average (+3) and lower than the high (+4). The majority of the phrases.

It is also clear by looking at the data in Table (4-8) that the arithmetic averages and standard deviations ranged between (3.866–3.582) (and that statement No. (16)

The average response, Informing the members of the Board of Directors of the entire requirements and standards of corporate governance helps the real application of corporate governance, has the greatest mean (3.866) and standard deviation of the average replies (0.604), and its relative importance was high, while the phrase No. (21) which states that: «The effective follow-up of the Board of Directors helps the company achieve its strategic plan», is the lowest among the average answers, with a mean of (3.582), and the relative importance of this paragraph was medium, and the standard deviation was. (0.70226).

The researcher considers the importance of informing the members of the board of directors of the full requirements and standards of corporate governance, and that the board of directors set the procedures related to the

formation of the committees emanating from it and define the tasks and the duration of their work and the powers granted to them, which

helps to achieve the quality of profits in the industrial public shareholding companies.

Table 5

Board of Directors' responsibilities variable questions

Serial Number	Paragraph	Arithmetic mean	Standard deviation	Relative importance	Ranking
16	The practical execution of corporate governance is aided by informing the members of the Board of Directors of all corporate governance criteria and standards.	3.8660	0.60445	High	1
17	The Board of Directors sets the procedures related to the formation of the committees emanating from it, defining the tasks, the duration of their work and the powers granted to them.	3.8505	0.64649	High	2
18	The reliance of the members of the Board of Directors on local and international accounting standards supports the application of governance rules	3.5928	0.70831	Middle	7
19	There is an effective follow-up system applied to the company's employees	3.799	0.672	High	3
20	The presence of an executive committee emanating from the board of directors supports the achievement of the company's strategic plan	3.7423	0.70201	High	4
21	The effective follow-up of the Board of Directors helps the company achieve its strategic plan.	3.5825	0.70226	Middle	8
22	Disclosure of the number of board sessions and the attendance rate of each member that supports the implementation of governance	3.6340	0.73765	Middle	5
23	The council works to achieve the necessary degree of accountability and follow-up through an effective system.	3.6186	0.80082	Middle	6
Board of Directors Responsibilities		3.710	0.690	High	

Study hypotheses test results. To assess the results and test the assumptions that the current study is founded on, the researcher used a variety of inferential statistics approaches. The results of the test are presented in the tables below.

H1. The existence of a clear organizational structure of lines of authority and responsibility on the quality of profits in public shareholding industrial enterprises has no statistically significant influence at the level of significance (0.050).

The Simple Linear Regression test was employed to assess the alternative hypothesis, and the findings are as follows, as given in the table 6.

The data in Table 6 show that the presence of a clear organizational structure for lines of authority and responsibility for profit quality has a statistically significant effect, and by comparing the values obtained in testing this hypothesis, it was discovered that the calculated T value (18.55) is greater than the tabular value (1.658), so the null *hypothesis H1* is rejected based on the decision rule. Or, alternatively, accepting the first sub-nihilism H and adopting the alternative hypothesis as follows: «The existence of a clear organizational structure of lines of authority and responsibility has a statistically significant effect on the quality of

profits in industrial public shareholding businesses at the significance level (0.05).

Is confirmed by the value of the significance level (Sig.) which is zero as it is less than (0.05) as the correlation coefficient R was (0.658), which indicates the existence of a positive correlation with 2 statistical significance at the level ($\alpha \geq 0.05$). R explains its ratio (0.433 from Variation in the dependent variable. That is, its value is (43.3 %) of the

changes in the profitability of companies of Jordan. is the result of the change in the level of the existence of a clear organizational structure of lines of authority and responsibility, and the value of the degree of influence in the direction of the relationship was β (0.078), meaning that the increaseOne in the level of having a clear organizational structure of lines of authority and responsibility leads to an increase in the level of The quality of profits with a value of (7.8%).

Table 6

Results of the Linear SimpleRegression Test for the first sub-hypothesis

The independent variable	Statistics	Profit quality
The impact of a clear organizational structure of lines of authority and responsibility on the quality of profits.	Calculated T value	18.550
	Slope value β	0.078
	Correlation coefficient (R)	0.658
	coefficient of determination (R ²).	0.433
	Significance level (Sig)	0.000
Statistical decision	Hypothesis rejected	

Note: * Statistical function at the level ($\alpha \geq 0.050$) or less, and the tabular value (T = 1.658).

Second sub-hypothesis test.

H₂ hypothesis: There is no statistically significant effect at the significance level ($\alpha \geq 0.05$) of fairness and equality between shareholders and other stakeholders on the

quality of profits in public shareholding industrial companies.

To test the alternative hypothesis, the Simple Linear Regression test was used, and its results are as follows, as shown in the table 7.

Table 7

Linear Simple Regression Test Results (for the second sub-hypothesis)

The independent variable	Statistics	Profit quality
The impact of justice and equality between shareholders and other stakeholders on the quality of profits.	Calculated T value	5.306
	Slope value β	0.034
	Correlation coefficient (R)	0.457
	coefficient of determination (R ²).	0.209
	Significance level (Sig)	0.000
Statistical decision	Hypothesis rejected	

Note: * Statistical function at the level ($\alpha \geq 0.050$) or less, and the tabular value (T = 1.658).

The statistics in Table 7 clearly show that justice has a statistically significant effect.

And, by comparing the numbers that were attained in verifying this hypothesis, it was discovered that the calculated T value (5.306) is greater than its critical or tabular value, which is (1.658) Hypothesis 2.01 is thus rejected based on the decision rule. The acceptance of the alternative hypothesis, which states: «There is a statistically significant effect of fairness and equality between shareholders and other stakeholders on the quality of profits in industrial public shareholding companies listed on the Amman Stock Exchange at the

significance level (0.05).», and this is confirmed by the value of the significance level (Sig.) which is zero as it is less than (0.05), (as the correlation coefficient R reached(0.457) which indicates the existence of a positive correlation R² with statistical significance at the level ($\alpha \geq 0.05$). The coefficient of determination R² explains the dependent variable's variance to the tune of 0.209 percent. That is, the value of the degree of influence in the direction of the relationship (0.034) is (20.9 percent) of the changes in the profitability of Jordanian public shareholding companies as a result of changes in the level of equity and equality between

shareholders and other stakeholders, and the value of the degree of influence in the direction of the relationship is (20.9 percent) of the changes in the profitability of Jordanian public shareholding companies as a result of changes in the level of equity and equality between shareholders and other stakeholders. the increase by one degree in the level of justice and equality between shareholders and other stakeholders leads to an increase in the level of quality of profits by a value of (4.3%).

The third sub-hypothesis test.

H3 hypothesis is a hypothesis that states: At the level of significance (0.05), there is no statistically significant effect of the Board of Directors' responsibilities on the quality of earnings in the industrial public shareholding businesses. The Simple Linear Regression test was employed to assess the alternative hypothesis, and the findings were as follows, as shown in the table 8.

Table 8

Linear Simple Regression Test Results (for the third sub-hypothesis)

The independent variable	Statistics	Profit quality
The impact of assigning responsibilities and accountability by the board of directors on the quality of profits	Calculated T value	6.287
	Slope value β	0.070
	Correlation coefficient (R)	0.498
	coefficient of determination (R^2).	0.248
	Significance level (Sig)	0.000
Statistical decision	Hypothesis rejected	

Table 8 shows that the assumption of responsibilities and accountability for them by the Board of Directors has a statistically significant impact on profit quality, and by comparing the values obtained in testing this hypothesis, it was discovered that the calculated T value (6.287) is greater than its critical value Or tabular, which is (1.658). As a result of the decision rule, the third sub-null hypothesis H3 is rejected, and the alternative hypothesis, «There is a statistically significant effect at the level of significance (0.05) to assume responsibilities and accountability from the The Board of Directors accepted the quality of profits in industrial public shareholding companies listed on the Amman Stock Exchange», is accepted.

The significance level (Sig.) is zero because it is less than (0.05), (where the correlation coefficient R was (0.457), which indicates a positive correlation R^2 with statistical significance at the level (0.050). The determination R explains the variance of the dependent variable with a coefficient of 0.248. , that is, its value is equal to 24.8% of changes in the profitability of public joint stock companies., the degree of influence in the direction of communication was (0.070), which means that an increase of one degree in the level of responsibility and accountability by the Board of Directors leads to an increase in the quality level of profit by (0.070) (7 percent).

Conclusions. The results and recommendation:

1. The results of the study indicated that there is a significant impact of applying the rules of governance on the quality of profits from the respondents' point of view, and to ensure the integrity and honesty of the information and the validity of the accounts provided. As well as to ensure the effectiveness of the accounting systems used, as the specialists agree on the necessity of providing good corporate governance systems and preventing the complicity of auditors with those who have relations and interests in the institution, such as members of the board of directors. and investors. This is consistent with the results of the study (Al-Fateh, Al-Ashi, 2008).

2. The results of the study showed that the organizational structure consistent with clear lines of authority and responsibility has a significant impact on the quality of profits in industrial public shareholding companies, and this was confirmed by a study (Abu Ajeila, Abu Hamdan, 2009).

3. The results of the study indicated that there is a significant impact of fairness and equality between shareholders and other stakeholders on the quality of profits in industrial public shareholding companies. This is in agreement with the study (Stephen, 2009).

4. The results of the study showed that the board of directors' assumption of the responsibilities that must be carried out has a significant impact on the quality of profits in public shareholding industrial enterprises. This is consistent with the study (Al-Haddad, 2009).

The most important recommendations that the researchers recommend:

1. Emphasizing the importance of applying the rules of governance in a manner consistent with the provisions of the law and complying with it, with the need for the company's board of directors to apply the highest professional performance standards to all profits, as it affects the company's activities.

2. Emphasizing the importance of providing an effective regulatory framework to control all aspects of corporate governance, as well as the Board of Directors periodically reviewing the organizational structure of the company and making recommendations for the required amendments to support the implementation of governance rules.

3. The Jordanian public shareholding industrial companies will continue to abide by equal treatment among all shareholders as it contributes to achieving equality between them, and enabling minority share holders to defend their rights infringement by company officials or majority shareholders.

4. The Jordanian industrial public shareholding companies clarify the structure of the board of directors and its legal duties, and clearly define the concept, requirements and conditions of the independence of the members of the board of directors.

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КОРПОРАТИВНЕ УПРАВЛІННЯ ТА ЯКІСТЬ ПРИБУТКУ НА ПРОМИСЛОВИХ ПІДПРИЄМСТВАХ

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Методологія дослідження. Це дослідження є одним із польових досліджень, в якому застосовано описово-аналітичний підхід для вивчення впливу законів корпоративного управління на якість прибутків. Дослідження проводилося в індустріальних публічних акціонерних компаніях, зареєстрованих на Оманській фондовій біржі. В рамках дослідження також було проведено оцінку думок бухгалтерів та внутрішніх аудиторів цих організацій з точки зору директорів. Для аналізу отриманих даних використовувалася статистична програма SPSS.

Результати. У сучасній економіці корпоративне управління є одним із ключових факторів, що визначають не лише економічний розвиток країни, а й соціальний та інвестиційний клімат. Дотримання принципів корпоративного управління, виконання правових вимог та ефективність існуючої системи управління стали важливими умовами для залучення бізнесових інвестицій. Відтак, багато дослідників виявляють інтерес до питань корпоративного управління.

Мета цього дослідження полягала у визначенні ролі корпоративного управління в досягненні прибутків промисловими підприємствами. Для цього було обрано 78 йорданських промислових компаній, до яких входили 120 керівників, заступників директорів та начальників відділів. Випадковою вибіркою було відібрано 50% від загальної кількості, що становило 60 осіб, а в результаті аналізу було оброблено 204 даних, що відповідали критеріям дослідження. Для статистичного аналізу застосовувалися різноманітні методи, серед яких:

середнє арифметичне, стандартне відхилення, множинний регресійний аналіз, покроковий регресійний аналіз, коефіцієнт варіації та коефіцієнт альфа-Кронбаха.

Новизна. Дослідження виявило, що погляди керівників щодо систем управління та їхнє сприйняття факторів досягнення прибутків у незалежних йорданських компаніях знаходяться на високому рівні. Було встановлено, що існує зв'язок між корпоративним управлінням та досягненням прибутків, оскільки воно показує рівень 62,3% варіації в досягненні переваг.

Практична значущість. Дослідження рекомендує впровадження концепції систем високої продуктивності у всіх сферах йорданського бізнесу для досягнення прибутків, ґрунтуючись на правилах корпоративного управління. Це сприятиме більш глибокому розумінню управлінських практик в Йорданії та вибору ефективних застосувань і навичок для забезпечення прибутковості.

Ключові слова: управління, якість, вплив, ефективність, переваги, регресійний аналіз, заходи, різноманітні види діяльності.

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