

# Corporate Governance and Firm Performance: Evidence from Saudi Arabia

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global  
future  
**begins**  
here

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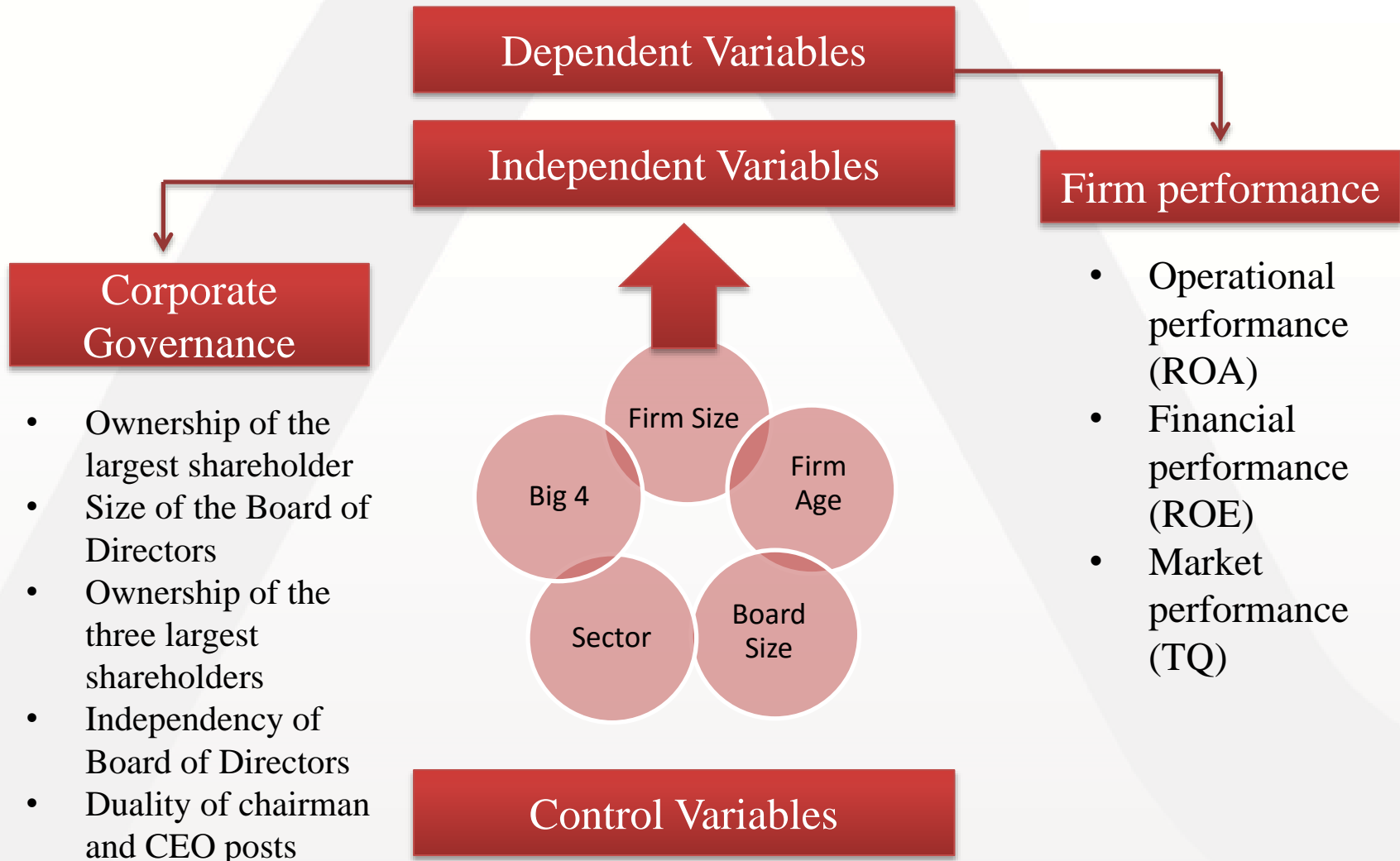
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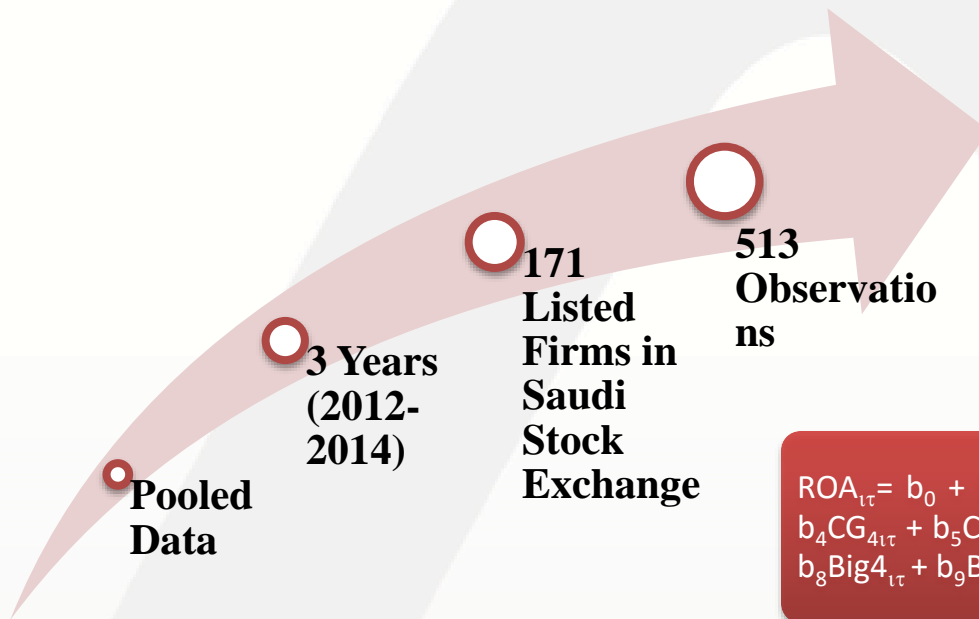


The impact of corporate governance is expected to affect the firm's performance which is one of main issues for the stakeholders as it' helps them to identify the factors that affect the performance and to consider those factors as indicator for firm's success or failure.

This study aims to contribute to previous studies that investigate the impact of corporate governance practices on firm's **financial** , **operational** and **market** performance.



# Fixed Effect Regression Model



$$ROA_{it} = b_0 + b_1CG_{1it} + b_2CG_{2it} + b_3CG_{3it} + b_4CG_{4it} + b_5CG_{5it} + b_6LnAssets_{it} + b_7Age_{it} + b_8Big4_{it} + b_9BSize_{it} + b_{10}Sctr_{it} + \varepsilon_{it}....$$

$$ROE_{it} = b_0 + b_1CG_{1it} + b_2CG_{2it} + b_3CG_{3it} + b_4CG_{4it} + b_5CG_{5it} + b_6LnAssets_{it} + b_7Age_{it} + b_8Big4_{it} + b_9BSize_{it} + b_{10}Sctr_{it} + \varepsilon_{it}....$$

$$TQ_{it} = b_0 + b_1CG_{1it} + b_2CG_{2it} + b_3CG_{3it} + b_4CG_{4it} + b_5CG_{5it} + b_6LnAssets_{it} + b_7Age_{it} + b_8Big4_{it} + b_9BSize_{it} + b_{10}Sctr_{it} + \varepsilon_{it}....$$

# Analysis Tests



# Conclusion

		ROA		ROE		TQ	
	label	variables	Relationship	Sig	Relationship	Sig	Relationship
Independent Variables	CG <sub>1</sub>	Ownership of largest shareholder	+	x	-	x	+
	CG <sub>2</sub>	Ownership of largest three shareholders	-	x	-	x	<u>sig</u>
	CG <sub>3</sub>	Size of board of directors	+	x	+	x	<u>sig</u>
	CG <sub>4</sub>	Independency of board of directors	+	x	+	x	-
Control Variables	LnAssets	Firm Size	-	x	+	x	-
	Age	Firm Age	+	<u>Sig</u>	+	<u>sig</u>	-
	Big4	External Auditor	+	<u>sig</u>	+	<u>sig</u>	+
	BSize	The Size of board of directors	-	x	-	x	-

- The study recommends that Corporate Governance Regulations in Saudi to be strictly implemented to assure that all listed companies in stock exchange are adopting it.
- Also the study advises the capital market authority to conduct a workshop about the importance of corporate governance in companies listed in Saudi exchange to increase the awareness of the significant of corporate governance in the investment decisions and for the firms 'performance.
- Moreover, the stakeholders such as investors, shareholders, creditors and debtors are recommended to increase their knowledge about the term of corporate governance and its importance in the business.
- Generally, we suggest that organizers like capital market authority, the government authorities, external auditors and stock exchange organizer to take the corporate governance into consideration to assure more transparency in disclosers.