

THE ROLE OF CORPORATE GOVERNANCE AND ITS IMPACT ON THE SHARE PRICE OF INDUSTRIAL CORPORATIONS LISTED ON THE AMMAN STOCK EXCHANGE

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ABSTRACT: *This study examined the principles of corporate governance, and make them known and its importance, and to achieve the goal of this study was to develop a questionnaire composed of (70) items, was distributed to a sample study, the study population consisted of industrial corporations listed on the Amman Stock Exchange, and number (70) Company, and was the study sample directors general and their deputies, managers, administrators and financial exclusively, working in industrial companies totaling (280) as director, due to the large size of the sample was selected a random sample of each company to be the research sample, and by (50%) of them, totaling (140) director in companies included in the study, and after the completion of the identification of the study sample were distributed to them (140) questionnaires were retrieved (125) to identify them, and the percentage of questionnaires suitable for statistical analysis of (112) to identify, has been used by researchers in the study, a set of statistical methods, available in the program Statistical Package for Social Sciences (SPSS), including style regression, and correlation analysis to test the hypotheses. The most important results of the study, that there is an application of the principles of corporate governance in industrial corporations listed on the Amman Stock Exchange. There is increase understanding and awareness of the departments of industrial companies to contribute to the principles of corporate governance. Therefore, this will contribute significantly to the upgrading and advancement of the price of the stock in the companies mentioned. One of the main recommendations recommended by this study , constantly industrial corporations listed on the Amman Stock Exchange to apply the principles of corporate governance, and the continuation of industrial corporations in adherence to the principles of corporate governance, in particular, the principle of the role of stakeholders in corporate governance, and the principle responsibilities of the Board of Directors, and the principle of disclosure and transparency, as they have a significant impact on the share price of the company.*

KEYWORDS: Corporate Governance, Share Price, Stakeholders, Industrial Companies.

INTRODUCTION

The Organization for Economic Cooperation and Development (OECD) is the founder of Corporate Governance. In 1998, council requested the Organization for Economic Cooperation and Development in the organization that the organization in conjunction with the national governments to the members of the organization and other international organizations, and the private sector, to develop a set of principles and guidelines for corporate governance , it also has to take advantage of effortless number of non-member countries in the organization in addition to the effort of the World Bank , the International Monetary Fund , and the business sector and other parties on the subject of corporate governance, the issuance of principles in

1999 , and the longer these principles as the basis for countries , companies when developing foundations appropriate for the application of the concept of corporate governance(7).

After the financial collapses of major U.S. companies in 2002, the Sarbanes-Oxley Act were issued, which focused on the role of corporate governance in the elimination of financial and administrative corruption faced by many companies. So that can be done through an activate of the role which play by non-executive directors on the boards of companies, and focus on the need to be the majority of the members of the Board of Directors of the non-executive members, with a clear definition of responsibilities within the Board of Directors or its committees inside like the Audit Committee, and remuneration Committee and the Finance Committee (17).The process of stock trading in the financial markets became one of the methods that work on the development of the economy. It also supports companies in growth and development. Finally, it was the reason for the expansion of the companies, as well as the transformation of international companies, and ordered them to follow international accounting standards to contemporary with developments in technology and globalization. Therefore, information technology has become the most important motivation in the modern era for companies that seek to use it for control instead of industrial capability used in past. Which was considered the main objective seeking to achieve, and in order to achieve the requirements of the financial markets has become binding on companies that want to be listed on the Amman Stock Exchange (ASE). It has an adherence to standards international accounting in terms of size , capital , and disclosure standards, because the companies listed on the Amman Stock Exchange plays an important and vital role in supporting the national economy of Jordan and increase the effectiveness and value of these companies leads to increase the gross national product of the national economy of Jordan. Corporate governance plays an important role in the stability of financial markets, and increase the competitiveness of public shareholding companies through enhanced transparency, improved corporate governance, and to achieve a balance of interests between the company's management, shareholders, employees, creditors and other parties of interest, which means lowering the cost of capital, and access to lower-cost sources of funding for future projects of the company.

Objectives of the study

This study seeks to achieve the following objectives

- 1- to identify the extent to which the inter-relationship between corporate governance, and the share price.
- 2- to know the intellectual and organizational corporate governance
- 3- to identify the factors affecting the share price.
- 4- to measure the impact of the application of the principles of corporate governance on the share price in the Jordanian industrial corporations listed on the Amman Stock Exchange.

Problem of the study

The stock prices in the financial market are characterized by fluctuations and wide, which requires an appropriate model to explain these fluctuations in a scientific manner. Therefore, fluctuation and variation in the prices of industrial stocks contributing pays to question about the causes of this volatility. This study was to identify the principles of corporate governance that may affect the stock price, industrial companies listed at the Amman Stock Exchange. To ensure that it has become one of the possibilities of modern seeking to achieve the greatest return on the share price, and is considered the ASE of the markets in which aspires to apply the concept of corporate governance in listed companies to provide investment opportunities safe and true to its investors, so the study will seek to answer the following questions:

- 1- What is the impact of the application of the principle of ensuring the existence of a basis for an effective framework for corporate governance on the share price in the industrial corporations listed on the Amman Stock Exchange?
- 2- What is the impact of the application of the principle of equity and the main functions of the owners of property rights on the share price in the industrial corporations listed on the Amman Stock Exchange?
- 3- What is the impact of the application of the principle of equal treatment of shareholders on the share price in the industrial corporations listed on the Amman Stock Exchange?
- 4- What is the impact of the application of the principle of the role of stakeholders in corporate governance on the share price in the industrial corporations listed on the Amman Stock Exchange?
- 5- What is the impact of the application of the principle of disclosure and transparency on the share price in the industrial corporations listed on the Amman Stock Exchange?
- 6- What is the impact of the application of the principle responsibilities of the Board of Directors on the share price in the industrial corporations listed on the Amman Stock Exchange?

Study Theoretical Frame

The company can obtain the necessary funding when has an expansion of its business through borrowing, but the company will be forced after a while to pay out the loan with the interests of it, and thus bear the company's financial obstacles are huge, but the company can obtain funding through issuing shares of the ownership of the company is entitled to any investor purchased so as to achieve the opportunity to sell these shares at high prices in the future (9). Therefore, cannot be conceived without a joint stock company that is issuing the shares, the stock may be limited in some of the companies on the ordinary shares, so the ordinary shares is a tool that should be available to fund joint-stock companies. The tool is being the most common and widely used in the dealings of the financial markets. There is no doubt that the stock could be the owner of the rights or ownership interest in the company and this share is set at the number of shares owned by the number of shares in issue (5). Therefore, our study divided to the following sections, the next one related to the Literature review and previous studies. Section four deals with research methodology, section five explains data collections, section six deals with study instrument, while section seven explain statistical techniques, and finally sections eight and nine deal with results and conclusion respectively.

LITERATURE REVIEW AND PREVIOUS STUDIES

The concept of corporate governance is the separation of ownership and management in the public shareholding companies. Investors are seeking to invest their capital in profitable enterprises in order to get profits later. But many of them do not have the time, the necessary expertise to run the company, and to ensure get the return on investment. As a result, it employs investors experienced employees in management to continue the company's business daily taking into account the increase profit and improve their performance in the long term (12). One of the main conditions to achieve the goals of governance, is the availability of established principles contribute to the establishment of a sound system enhances the chances of success, economic reform, and regulatory framework for companies. Organization for Economic Cooperation and Development has developed a set of guidelines and standards, known as the (corporate governance principles) in conjunction with international organizations related, and national governments, and the application of these principles has become a way to boost

confidence in the companies of professional commitment to the principles of corporate governance measures to reduce corruption, transparency and accountability and thus affected the growth of the economy(16).It has grown in recent years the importance of governance to achieve both economic development and legal immunity, and social well-being of economies and societies. At the economic level growing importance of corporate governance follows (14):

- 1- to ensure an adequate amount of reassurance for investors and shareholders to achieve an adequate return on their investment, while working to preserve their rights.

- 2- to provide sources of funding for local or global companies , either through the banking system, or cite money, especially in light of the increasing speed of the movement of capital flows.

- 3- to ensure the efficient application of the privatization program. Also, directing good ones proceeds to optimal use, in order to prevent any of the corruption cases that may be linked to this.

- 4- to maximize shareholder value of the company, and to strengthen competitive companies in the global financial markets, and especially in light of the development of tools, and new financial mechanisms, and the occurrence of mergers or acquisitions, or a sale to an anchor investor.

- 5- to avoid slipping into the accounting and financial problems, including works on strengthening the activity of companies operating economy, and preventing the occurrence of landslides devices banking, capital markets or local and international assistance in achieving development and economic stability.

Therefore, corporate governance principles have been divided to six key principles as described by the Organization for Economic Cooperation and Development (OCED), as follows (16):

The first principle: ensure that there is a basis for an effective framework for corporate governance.

The second principle: the rights of shareholders and the main functions of the owners of property rights.

The third principle: equal treatment of shareholders.

The fourth principle: the role of stakeholders in corporate governance.

The fifth principle: disclosure and transparency.

The sixth principle: the responsibilities of the Board of Directors.

The Central Bank of Jordan has issued a guide on Corporate Governance (2007) and to be applied from the date (31/12/2007). This guide contains the terms and procedures of each bank must be disclosed in the annual report in a manner commitment (2).

The Securities Commission Jordanian companies listed on the Amman Stock Exchange, has been issued of corporate governance principles and made it binding on the companies listed on the stock exchange to disclose the application of these principles. Which be applied as of (1/1/2009) (4).

Subsequently, the Securities Commission issued a detailed index of the principles of corporate governance, have been identified mandatory rules, and guidelines (11).

Then Companies Control Department issued a Corporate Governance Manual of Jordan (private equity firms, and limited liability companies, and public companies not listed on the stock exchange) on the basis of a memorandum of understanding signed with the International Finance Corporation (IFC) in the year (2011). Specially, targeted small businesses, and medium are not covered by the principles of corporate governance issued by the Central Bank and the Securities Commission (3).

There are numerous studies on corporate governance and share price in the past few years was such as:

Zaloom's study (2013) entitled: "Disclosure of commitment to implement guidelines on corporate governance and its impact on the value of the company - Empirical Study on service companies listed and traded on the ASE," This study aimed to explore the extent of the obligation to apply guidelines on corporate governance in service companies Jordanian public shareholding, through classification guidelines on corporate governance into four groups as The study aimed to test the impact of the rules guiding their own, and to achieve the objectives of the study were used method of content analysis (content) of the reality of the annual reports of companies service, through the application of index specially prepared for companies, and reached the study sample (109) Company for the year (2013), and the researcher used multiple regression analysis to show the impact of guidelines on corporate governance in the company's value, and the study found that the highest level of commitment was to the rules guiding the special disclosure and transparency (95%), and less reached the level of commitment to the rules guiding the special meetings of the General Authority (86%). With regard to the rules guiding the corporate governance of the four above in the value of a company in the service companies of Jordan, the study found that there is no trace of these rules for each group in the value of the company, to the lack of awareness of the importance of the rules of corporate governance in the value of the company by investors and regulators, which may be the reason The main lack of this effect.

Mnassir's study (2013) entitled: "The impact of the application of the rules of corporate governance on the performance of service companies Jordanian public shareholding", the aim of this study was to investigate the effect of the application of the rules of corporate governance on the performance of service companies to contribute to Jordan, in addition to the stand over the application of the rules of corporate governance by comparing the disclosure in corporate services contained in the annual reports with the disclosure requirements of the Securities Commission. To achieve the objectives of the study, the researcher adopted questionnaire to disclose the extent of the application of guidelines for corporate governance issued by the Securities Commission as an indicator to measure the application of the rules of corporate governance, corporate performance was measured by financial ratios. The results showed that the group governance rules related to disclosure and transparency has ranked first in terms of the application of rule sets corporate governance services of Jordan, followed by a set of rules of governance relating to the rights of shareholders, then set governance rules relating to the board of directors ranked third, while came a set of rules relating to meetings of the General Authority rank recent study found to work on the application of the rules of corporate governance relating to the rights of shareholders because of their impact on the return on assets and return per share, the researcher recommended that companies abide by the rules of corporate governance relating to the Nominating Committee and bonuses to ensure to meet the current and future needs of the companies and councils. Uwuigbe's study (2013) entitled Corporate Governance and the stock price: Evidence from listed companies in Nigeria:

Most companies in Nigeria adopt corporate governance practices without really knowing the resultant effects on share price. Although there have been numerous research efforts on corporate governance and company performance in Nigeria, little has been done concerning finding out the effects of the corporate governance practices of listed Nigerian companies on share price, which is one of the most obvious aspects of company affairs. This study therefore aims to find out the relationship between corporate governance practices and share price. The corporate governance mechanisms under study are ownership structure and the audit committee, while share prices over a three-year period have been related to these mechanisms. The sample size comprises thirty companies listed on the Nigerian Stock Exchange, while the

regression and correlation analysis were used to test the hypotheses. The empirical findings suggest that ownership structure have a negative association with share price, whereas the audit committee is positively related to share price. The study recommends that board members' shareholding should be regulated to ensure an optimal share price disposition.

Ezzine's study (2012) entitled: Analysis of accidental Saudi companies to discuss the impact of corporate governance on the performance of the stock price during the financial crisis: The study aimed to find the effect of corporate governance mechanisms on the performance of Saudi companies during the recent financial crisis, and the sample included 96 companies listed in the Saudi market from companies' communications, information technology, industrial investment, the multilateral Investment, cement, media, electronic publishing, industry petrochemicals, retail, construction, construction and real estate investment. It was for the years (2007-2008). The study concluded that results of which there is an inverse relationship between the size of Board of Directors, and the separation of the positions of Chairman of the Board and the Executive Director with the performance of the share price. However, it did not reach any link between the Board of Directors, and the performance of companies.

This study has been characterized from previous studies:

Through the previous view of the results of previous studies in the field of corporate governance, and financial performance and accounting disclosure, and determine a fair price, and earnings management is evident that most of the previous studies dealt with the study of corporate governance, and the standards set by the Basel Committee in its conference for corporate governance, and studies focused on partial aspects of corporate governance, such as: market efficiency and accounting disclosure, and earnings management. So marked this study from other studies that it included several topics related to studying the level of commitment of industrial corporations listed on the Amman Stock Exchange to apply the principles of corporate governance and its impact on the stock price, and the study of priority impact of every precept of governance on the share price, it is also contained new variables from previous studies, such as the principles of corporate governance and share price.

RESEARCH METHODOLOGY

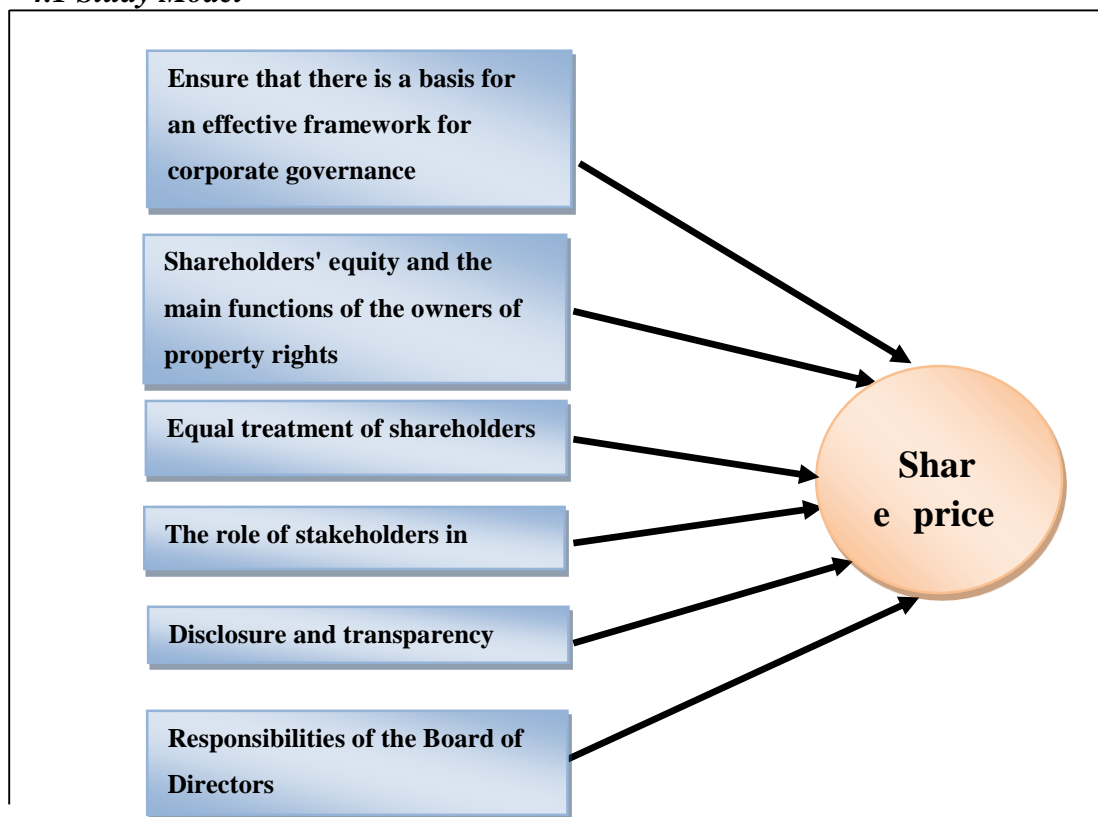
The Research Problem is centered in the following: What's the impact of the application of the principles of corporate governance on the share price in the industrial corporations listed on the Amman Stock Exchange? " What is the impact of the application of the principle of ensuring the existence of a basis for an effective framework for corporate governance on the share price in the industrial corporations listed on the Amman Stock Exchange?, What is the impact of the application of the principle of equity and the main functions of the owners of property rights on the share price in the industrial corporations listed on the Amman Stock Exchange?, What is the impact of the application of the principle of equal treatment of shareholders on the share price in the industrial corporations listed on the Amman Stock Exchange?, What is the impact of the application of the principle of the role of stakeholders in corporate governance on the share price in the industrial corporations listed on the Amman Stock Exchange?, What is the impact of the application of the principle of disclosure and transparency on the share price in the industrial corporations listed on the Amman Stock Exchange?, What is the impact of the application of the principle responsibilities of the Board of Directors on the share price in the industrial corporations listed on the Amman Stock Exchange?

The importance of research is presented through the following:

1. Building and conscious thought about corporate governance and its impact on the share price.
2. Highlighting the impact of corporate governance on the share price.
3. Measure the impact of corporate governance principles combined six on the share price in the industrial companies operating in Jordan.
4. Find out how to apply these principles in industrial corporations listed on the Amman Stock Exchange.

The study relied on a descriptive approach for the purpose of description of the responses of the sample of the study about their views on the level of corporate governance in industrial corporations listed on the Amman Stock Exchange, has been the use of the analytical method to measure the impact of the application of corporate governance on the share price in the industrial corporations listed on the Amman Stock Exchange, through the use of statistical methods to test the suitability hypotheses of the study.

4.1 Study Model



4.2 Research Hypotheses

The current study examines the following hypotheses in null form:

Ho: No statistically significant effect when the level of significance ($\alpha \leq 0.05$) the principles of corporate governance on the share price in the industrial corporations listed on the

Amman Stock Exchange.

This hypothesis can be divided to the following null hypotheses:

Ho₁: There is no statistically significant effect at the level of significance ($\alpha \leq 0.05$) the principle of ensuring the existence of a basis for an effective framework for corporate governance on the share price in the industrial corporations listed on the Amman Stock Exchange.

Ho₂: No statistically significant effect at the level of significance ($\alpha \leq 0.05$) the principle of equity and the main functions of the owners of property rights on the share price in the industrial corporations listed on the Amman Stock Exchange.

Ho₃: There is no statistically significant effect at the level of significance ($\alpha \leq 0.05$) the principle of equal treatment of shareholders on the share price in the industrial corporations listed on the Amman Stock Exchange.

Ho₄: No statistically significant effect at the level of significance ($\alpha \leq 0.05$) the principle of the role of stakeholders in corporate governance on the share price in the industrial corporations listed on the Amman Stock Exchange.

Ho₅: No statistically significant effect at the level of significance ($\alpha \leq 0.05$) the principle of disclosure and transparency on the share price in the industrial corporations listed on the Amman Stock Exchange.

Ho₆: No statistically significant effect at the level of significance ($\alpha \leq 0.05$) of the principle responsibilities of the Board of Directors on the share price in the industrial corporations listed on the Amman Stock Exchange.

Sampling

The sample of the study directors general, their deputies, managers of administrative, and financial exclusively, working in industrial companies totaling (280) as director. Due to the large size of the sample was selected a random of each company to be (50 %) of them, totaling (140) director in companies included in the study. After the completion of the identification of the study sample, questionnaires distributed to them, to determine the percentage of them recovered, and the percentage of valid questionnaires for statistical analysis. As shown in Table (1) as follows:

Table (1)Valid, collected, and distributed questionnaires

Job	Distributed	Collected	Response rate	Valid Questionnaires	Percentage of valid Questionnaires
Senior management	70	58	82.9%	50	86.2%
Middle management	70	67	95.7%	62	92.5%
Total	140	125	89.3%	112	89.4%

Data collection:

To achieve the purposes of the present study aimed to identify the level of application of corporate governance and its impact on the share price in the industrial corporations operating in Jordan listed on the ASE, the researcher adopted two types of primary sources of data collection, namely:

A - Primary Data:

It is designed to identify and collect data through field visits exploratory, interview and departments of industrial corporations operating in Jordan listed on the Amman Stock Exchange included in the study.

B - Secondary Data:

It is data that has been obtained through sources and references available in the libraries of the Jordanian universities , as well as previous studies relevant to the preparation of the conceptual and theoretical framework for the study of example: Arab and foreign sources, research and review of the literature , magazines and studies on the subject of corporate governance , the stock price of companies operating in the industrial contribution Jordan listed on the ASE , with the aim of preparing the theoretical framework for the study. Documents related to data and information on the price of shares of industrial companies operating in Jordan contribution listed on the ASE. Benefit from data released by the Amman Stock Exchange and is available on the web sites.

Study Instrument

After the completion of the study to determine the problem, questions and hypotheses, researchers prepared a questionnaire and develop a way cover all variables model. The study instrument included in its final form to the following parts:

Personal and occupational characteristics: These are characteristics (sex, and scientific specialization, and educational qualification, position and career, and the number of years of experience, and professional certification).

Independent variables : The principles of corporate governance , namely, (ensure that there is a basis for an effective framework for corporate governance , shareholders' equity and the main functions of the owners of property rights, equal treatment of shareholders , role of stakeholders in corporate governance, disclosure and transparency, the responsibilities of the Board of Directors) .

Dependent variable: The dependent variable was share price for industrial companies listed on the Amman Stock Exchange.

Study Instrument scale

Five points Likert scale has been selected, for being one of the most metrics used to measure the opinions and responses, due to its ease of understanding , indicates where the study sample under test for the extent of their agreement for each paragraph of the questionnaire as follows:

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

A scale has been adopted to measure of the degree evaluation of the study sample with the principles of corporate governance, is divided into three levels, where the calculated cut-off grade and by dividing the product of the difference between the highest value of the scale (5) and the lowest value in it (1) at three levels, namely, that the cut-off grade are as follows: $\{(1.5 / 3 = 1.33)\}$.

Thus, the three levels as follows:

A - Low degree of agreement (1 - 2.33).

B - The degree of agreement Medium (2.34 - 3.67).

C - A high degree of agreement (3.68 - 5).

Test standard was identified amounting of (3) through dividing the sum of the highest value for the scale (5) and the lowest value in which (1) over (2), that is $(5 + 1) / 2 = 3$, and for the purpose of diagnosis of positive and negative responses to the study sample, and as follows:

Limit of the response negative are (1 - 2.99).

Limit of the response positive are (3 - 5).

Therefore, study instrument which is directed to study sample subjects in industrial corporations operating in Jordan is consisted of (70) items. As described in Appendix 1.

Instrument Validity

Face validity has been verified through a group of experts and referees who had experience and knowledge in accounting and methodology of scientific research and applied statistics to take advantage of their expertise and their stocks of knowledge, making the tool more accurate and objective measurement. It has reached the number of (10). The purpose behind questionnaire was to verify the affiliation of paragraphs to the variables of the model, and the paragraphs language formulation accuracy. It has been taking into account all the observations of experts and referees, where been reworded some paragraphs of questionnaire and delete others of them, and add some of the other paragraphs of the dimensions of the variables of the model, so that the questionnaire was prepared in its final form contained in Appendix No. (1).

Instrument Reliability

To check the reliability of study tool, the researchers were using Cronbach Alpha instrument variables reliability coefficients (to measure the internal consistency of the questionnaire paragraphs). The percentage of stability of the instrument overall was (92%), which is very high in order to approve study results, the mean percentage that the internal consistency of the vertebrae high, since the acceptable percent to generalize Humanities and Social Research results are (60%) or more, and as shown in Table (2) as follows:

Table (2)

Results of study instrument reliability test (internal consistency of the questionnaire paragraphs)

Variables model study	No. of paragraphs	Cronbach's alpha Reliability coefficient	Reliability percent
Ensure that there is a basis for an effective framework for corporate governance	10	0.842	%84.2
Shareholders' equity and the main functions of the owners of property rights	10	0.815	%81.5
Equal treatment of shareholders	10	0.730	%73.0
The role of stakeholders in corporate governance	10	0.717	%71.7
Disclosure and transparency	10	0.694	%69.4
Responsibilities of the Board of Directors	10	0.799	%79.9
Share price	10	0.795	%79.5
The instrument as a whole	70	0.920	%92.0

Statistical Techniques

After the completion of data process, the researchers were coded and entered for computer program for the purpose of extracting statistical results needed. It was drawing on some statistical methods available in statistical packages for Social Sciences (SPSS), in order to process the data that have been obtained through field study of the surveyed sample; specifically the researchers were used statistical methods the following:

1- Cronbach's alpha coefficient: it was used to test the reliability of the study instrument which the data were collected, in other words, is used to test (internal consistency of the paragraphs of the questionnaire).

2- Frequencies and percentages: they are used to identify the characteristics of the study sample of accountants and auditors in industrial companies operating in Jordan contribution listed on the ASE.

3- Mean: it is used to identify study sample subjects responses level on the principles of corporate governance in industrial corporations operating in Jordan.

4- Standard deviation: it is used to determine the dispersion of the study sample answers from the values of the mean average.

5- Test (VIF) Variance Inflation Factors: This test is used to verify the existence of the problem of overlapping multiple linear (Multicollinearity) between the independent variables.

6- Test Kolmukrov - Samir Nov: (One-Sample K-S Test) was used to verify that the data variables of the study are subject to the normal distribution (Distribution Normal) or not.

7- Simple linear regression analysis: has been used to measure the impact of every principle of corporate governance principles each separately on the share price in the industrial corporations listed on the Amman Stock Exchange.

8- Multiple linear regression analysis of the progressive (Stepwise): it was used to measure the impact of the principles of corporate governance on the share price in the industrial corporations listed on the Amman Stock Exchange.

RESULTS

Results of the main test the hypothesis

No statistically significant effect at the level of significance ($\alpha \leq 0.05$), with the principles of corporate governance on the share price in the industrial corporations listed on the Amman Stock Exchange. The results of testing the hypothesis major general, having a statistically significant effect at the level of significance ($\alpha = 0.05$), three of the principles of corporate governance and of b (the principle of equal treatment of shareholders, and the principle responsibilities of the Board of Directors, and the principle of ensuring the existence of a basis for an effective framework for corporate governance), on the share price in the industrial corporations listed on the Amman Stock Exchange. It is clear from the previous result to increase awareness of the departments of industrial companies and contribute to awareness of the principles of corporate governance, will contribute significantly to the upgrading and advancement of the price of the stock in the companies mentioned.

Test results of the first sub- hypothesis

The results of the first sub- test the hypothesis, having a statistically significant effect at the level of significance ($\alpha = 0.05$), for the principle of ensuring the existence of a basis for an effective framework for corporate governance on the share price in the industrial corporations listed on the Amman Stock Exchange. It is clear from this that the increased awareness of the departments of industrial companies contributing to the principle mentioned, will contribute significantly to raising the price of the stock in the companies mentioned and promotion.

Table (3) the results of the first test of the hypothesis

T Calculated	T Scheduled	T Significant	Result of the hypothesis	Mean
16.899	1.96	0.000	Reject	3.97

Test results of the second sub- hypothesis

The results of the second sub- test the hypothesis , the presence of statistically significant effect at the level of significance ($\alpha = 0.05$), the principle of equity and the main functions of the owners of property rights on the share price in the industrial corporations listed on the Amman Stock Exchange . It is clear from this that the increased awareness of the departments of industrial companies contributing to the principle mentioned, will contribute significantly to the advancement of the price of the stock in the companies mentioned .

Table (4) the results of the second test of the hypothesis

T Calculated	T Scheduled	T Significant	Result of the hypothesis	Mean
13.665	1.96	0.001	Reject	4.24

Test results of the third sub- hypothesis

The results of the third sub- test the hypothesis , the presence of statistically significant effect at the level of significance ($\alpha = 0.05$), for the principle of equal treatment of shareholders on the share price in the industrial corporations listed on the Amman Stock Exchange. It is clear from this that the increased awareness of the departments of industrial companies and contributes to realization of the principle in question, will contribute significantly to the advancement of the price of the stock in the companies mentioned.

Table (5) the results of the third test of the hypothesis

T Calculated	T Scheduled	T Significant	Result of the hypothesis	Mean
34.268	1.96	0.001	Reject	4.17

Test results of the fourth sub- hypothesis

The results of the fourth sub- hypothesis testing, and the presence of statistically significant effect at the level of significance ($\alpha = 0.05$), for the principle of disclosure and transparency on the share price in the industrial corporations listed on the Amman Stock Exchange. It is clear from this that the increased awareness of the departments of industrial companies contributing to the principle mentioned, will contribute significantly to the advancement of the price of the stock in the companies mentioned .

Table (6) the results of the fourth test of the hypothesis

T Calculated	T Scheduled	T Significant	Result of the hypothesis	Mean
12.406	1.96	0.001	Reject	4.26

Results of the Fifth Sub- Hypothesis

The results of testing the hypothesis sub- fifth, having a statistically significant effect at the level of significance ($\alpha = 0.05$), the principle of the role of stakeholders in corporate governance on the share price in the industrial corporations listed on the Amman Stock Exchange. It is clear from this that raise the awareness of the departments of industrial companies contributing to the principle mentioned, will contribute significantly to the advancement of the price of the stock in the companies mentioned.

Table (7) the results of the fifth test of the hypothesis

T Calculated	T Scheduled	T Significant	Result of the hypothesis	Mean
17.244	1.96	0.001	Reject	3.95

Test results sixth sub- hypothesis

The results of the sixth sub- test the hypothesis , the presence of statistically significant effect at the level of significance ($\alpha = 0.05$), for the principle responsibilities of the Board of Directors on the share price in the industrial corporations listed on the Amman Stock Exchange. It is clear from this that the increased awareness of the departments of industrial companies contributing to the principle mentioned, will contribute significantly to the advancement of the price of the stock in the companies mentioned .

Table (8) the results of the sixth test of the hypothesis

T Calculated	T Scheduled	T Significant	Result of the hypothesis	Mean
17.826	1.96	0.001	Reject	4.35

RECOMMENDATIONS

According to what has been presented in the theoretical framework of this study, which was obtained from the reality of the statistical analysis of the data, the following recommendations have been out of industrial companies to contribute to Jordan:

- 1- The study recommends working to raise awareness among managers in the industrial corporations listed on the Amman Stock Exchange and deepen about the principle (ensure that there is a basis for an effective framework for corporate governance) similar to the principles of corporate governance, the other , due to receiving a ranked sixth and last, on the scale of assessment of the study sample of managers in the companies mentioned, because it enhances the control system to activate the process of corporate governance .
- 2- The study recommends the need to the attention of departments of industrial corporations listed on the Amman Stock Exchange on some paragraphs of corporate governance principles of paragraphs (54, 43, 32, 21, 20,3), paragraphs like the other principles of corporate governance , due to their access to mattresses last on the ladder evaluation of the study sample of the managers , and their estimates of these paragraphs in the companies mentioned, and that the importance of these paragraphs at the level of the work of the companies mentioned .
- 3- Study recommends working to deepen the awareness of managers and their cultures in industrial corporations listed on the Amman Stock Exchange on paragraph (3) of the vertebrae variable (share price) similar to other paragraphs, due to their access to ranked tenth and last on the ladder evaluate managers and their perceptions of her, and that its importance on working-level managers in the companies mentioned.

- 4- The study recommends constantly industrial corporations listed on the Amman Stock Exchange to apply the principles of corporate governance, and work to develop methods applied.
- 5- The study recommends the need for companies listed on the Amman Stock Exchange to work to raise the level of governance to reflect the true value of the shares; to motivate investors to invest in the financial market.
- 6- The study recommends working on granting wider powers to the stakeholders and a greater role in the exercise of the supervisory role of the Administration; thus contributing to the support of investors and encourages them.
- 7- The study recommends the need for companies listed on the Amman Stock Exchange to work to raise the level of corporate governance because of their significant impact on the earnings growth achieved for the company, and thus support the financial position of the company, giving a positive outlook for investors and analysts about the company's future.
- 8- The study recommends working on training sessions, and workshops for managers in industrial corporations listed on the Amman Stock Exchange, discusses the most important concepts of modern corporate governance and principles, because these principles of impact and clear, and explicit on the share price in the companies mentioned, also reached by the main results of the study hypothesis and assumptions Sub-Committee.
- 9- The study recommends the need for future studies similar in other companies, which is the study of the principles of corporate governance, and measures the impact of these principles on the financial distress, the competitive advantage of companies, and financial performance.

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Appendix 1

Questionnaire

Dear Respondent:

Greetings:

The researchers have conducted a study titled (the role of corporate governance and its impact on **the share price** in the industrial corporations listed on the Amman Stock Exchange), a field study on industrial corporations in Jordan listed on the Amman Stock Exchange,

Kindly requested to answer all the questions you deem fit and that through Department

1. General manager
2. Deputy Director-General
3. Financial Director
4. Managing Director

We are confident that the best source to gain access to the required information, the fact that you people of experience and competence. Please kindly answer the questions attached, note that they will be dealing with these answers confidentially, and that use will be for research purposes only, hoping to return the results of this study benefit industrial corporations listed on the Amman Stock Exchange and scientific institutions together, with my sincere thanks and appreciation to you for your of effort in order to accomplish this study.

Section I: personal information and functional:

• Please kindly put signal (X) at the appropriate choice:

- 1- Sex: Male Female
- 2- Scientific specialization: Accounting Business Administration Financial and other banking
- 3- Qualification: Diploma Bachelor Masters Doctorate

4- Job title: Director General of the Deputy Director-General Managing Director Financial Director

5- Years of Experience: Less than 5 Years 6-10 Years 11-15 years 16 + years

6- Professional Certificate: CPA CMA JCPA CIA

First: management

1- Principle of ensuring the existence of a basis for an effective framework for corporate governance:

Paragraphs		5	4	3	2	1
1	No follow-up committees on the implementation of the principle of ensuring the existence of a basis for an effective framework for corporate governance in the company.					
2	Seeking senior management to work to achieve the company's vision and mission.					
3	The audit committees work in isolation from interference in its administration.					
4	Errors are detected and work to correct them quickly and in accordance with the principles of corporate governance.					
5	Is the division of responsibilities between the executive and supervisory and regulatory fairly and according to the needs?					
6	Company's management is working on improving the company's reputation with the public.					
7	The company is educating workers of the importance of the principles of corporate governance.					
8	There regulatory system in an efficient and effective company.					
9	Promotes an effective framework for the governance system of internal control.					
10	Are preparing periodic reports on the management of the company's commitment to apply the principles of corporate governance.					

2- Principle of equity and the main functions of the owners of property rights:

Paragraphs		5	4	3	2	1
11	Reservation protect the rights of shareholders in obtaining benefits and profits without delay					

12	Allowing shareholders to nominate themselves for the presidency of the company's board in the event of availability of the required conditions.					
13	Can allow shareholders to participate freely in the meetings of the General Assembly regular and non- regular.					
14	Shareholders can suggest topics for inclusion in the agenda of the Board of Directors.					
15	Allows shareholders to choose the way the distribution of profits, whether in cash or shares.					
16	Shareholders can vote in the General Assembly meetings via the Internet.					
17	Any shareholder is entitled to review the Audit Committee in order to get any inquiry about the financial situation of the company.					
18	Shareholders can obtain data on the financial and non-financial full and uncompromised.					
19	Shareholders have the right to express their opinion on the financial statements.					
20	Can allow shareholders access to some information, whether financial or non-financial.					

3- Principle of equal treatment of shareholders:

Paragraphs		5	4	3	2	1
21	Are taking into account the views of shareholders by senior management in meetings of the Board of Directors.					
22	Are dealing with shareholders equally and without discrimination by the senior management of the company.					
23	All shareholders are compensated for damages caused to them by giving information that is inaccurate or false.					
24	Available mechanisms and means of effective substitutes for the rights of shareholders and the main functions of the equity holders in the company.					
25	Are the rights of shareholders and the main functions of the owners of property rights in the company through the accounting disclosure about their dealings private?					
26	Available to the shareholders in the company equal voting rights for each class of shareholders and bondholders.					

27	Board of Directors maintains the rights of minority shareholders in the company, whether financial or non-financial.					
28	Are allowing a minority of shareholders to vote on important decisions and take the key in the company.					
29	There are laws and regulations define the contribution of natural persons in the company.					
30	There is a ceiling agreed in the Board of Directors determines the percentage contribution of stakeholders.					

4 - The principle of disclosure and transparency:

Paragraphs		5	4	3	2	1
31	Is the organizational structure of the company's board and management sequencing and functional clarity and transparency?					
32	Audit committees to disclose all data and important decisions contained in the annual report of the company.					
33	Is to disclose all financial statements and non-financial in the annual report of the company in a clear and comprehensive.					
34	Are disclosed responsibilities and tasks entrusted to the board of directors and executive management in the annual reports?					
35	Are preparing lists of quarterly or semi-annual show the company's financial and non-financial.					
36	Is to disclose the risks that could threaten the future of the company and its continuation, and the position of the Board of Directors, including in the annual reports.					
37	Disclosure of information is available for shareholders and stakeholders without delay.					
38	Not disclosed the names of the major shareholders and the percentage of their contribution and gripped in the company.					
39	Not disclosed the number of times the meeting of the members of the Board of Directors and the most important decisions that resulted from meetings in the annual reports.					

40	Are disclosed on the effectiveness of internal control systems.					
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5- Principle role of stakeholders in corporate governance:

Paragraphs		5	4	3	2	1
41	Information is disclosed to all stakeholders by relationship only with all the clarity and transparency.					
42	Are approved salaries and wages of employees in the company and in accordance with laws and regulations and without the intervention of senior management?					
43	Are the views of staff by senior management and regular meetings with them?					
44	Bondholders saw all the information within the company, whatever the degree of confidentiality.					
45	There is a special committee charged with granting employees their financial allowances and bonus.					
46	Is to involve bondholder's policies and decisions of the senior management of the company.					
47	There are laws and regulations safeguard the rights of bondholders and lenders within the company.					
48	Be allowed for employees, without exception, that they are shareholders or investors in the company.					
49	There are effective working mechanism between stakeholders and the Board of Directors to ensure the continuity of the company.					
50	Stakeholders are given adequate compensation for the damage caused to them, or when their rights are violated.					

6- Principle responsibilities of the Board of Directors:

Paragraphs		5	4	3	2	1
51	There are criteria for selecting members of the senior management, to be qualified scientific university.					
52	Are elected members of the board and senior management according to their previous experience and their CV.					

53	The members of the board of directors of the company and the performance of their duties in the light of the laws and regulations without interfering with the work of others.					
54	Is the separation of the positions of Chairman of the Board of Directors and the Executive Director?					
55	Supervised by the Board of Directors on the organizational structure of the company in terms of exercising the powers and responsibilities.					
56	Put the senior management of the company objectives and strategies and work to develop them.					
57	The Board of Directors for the formation of audit committees in accordance with the standards of their own, and their work is independent of the administration.					
58	The Board of Directors formed any committees it deems appropriate in order to conduct the work and achieve the goals of the company.					
59	The Board of Directors to develop plans and programs relating to staff training and development.					
60	The members of the senior management of the process of overseeing the executive management to the fullest and without any bias.					

Paragraphs relating to the dependent variable (the share price):

Paragraphs		5	4	3	2	1
61	Contribute to the application of the principles of corporate governance in the company to enhance stock prices in trading markets.					
62	Shareholders are involved in decision-making and take on increasing the company's capital by issuing new shares.					
63	Are disclosed dividends to all shareholders and for all categories of the company's shares?					
64	Are disclosed net realized gains to all shareholders and all segments of the company's shares?					

65	Shareholders are entitled to obtain information about the retained earnings relating to all classes of shares before buying them.					
66	The outlook for the future of the company and the strength of its financial impact on the share price in the market.					
67	All shareholders are entitled to get the required information about the company's shares before buying them and for all categories.					
68	Board of Directors is working to develop a comprehensive plan for the supervision and follow-up prices of the company's shares.					
69	Are disclosed annual results for the share prices of the company's schedule?					
70	Not disclosed any heavy selling of the shares of the company with accuracy and transparency.					