THE IMPACT OF CORPORATE GOVERNANCE MECHANISM ON FINANCIAL PERFORMANCE IN THE PALESTINIAN FIRMS LISTED IN THE STOCK EXCHANGE

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ABSTRACT

This study aimed to investigate the impact of corporate governance mechanisms specifically, ownership concentration on financial performance of all firms listed in the Palestinian Stock exchange, 220 observations from a total of 44 firms between the years 2017-2020, was taken, panel data method was used and the pooled Ordinary Least Squares (OLS) method was used, the results show that there was a positive and significant relationship between managerial ownership, large ownership and foreign ownership and financial performance (ROA, ROE, Tobin's Q), there is a negative significant relationship between foreign ownership and financial performance (ROE) in the Palestinian Stock Market, With regard to the intermediate variables, (financial leverage and size), the study showed a negative and significant relationship between the intermediate variables and financial performance.

Keywords: ROA, ROE, Tobin's Q, Large Ownership, Foreign Ownership, Managerial Ownership

INTRODUCTION

A few scientists annal the requirement for corporate governance mechanisms with the financial issues of significant organizations, this prompted the earnest requirement for specific traditions and controls and standards to accomplish validity and trust in the data contained in the budget reports (Bhagat & Bolton, 2019). Be that as it may, corporate governance measures are a long way from being a reaction to financial crisis. Corporate governance methodology have just arisen since public shareholding organizations and oagency theory arose (Urbanek, 2020).

Nor did the corporate Law in Palestine give a reasonable meaning of the obligations of the individuals from the Board of Directors (Karsh & Dua'a, 2019). The present circumstance is probably going to create evident turmoil when considering the organization responsible for its activities (Abdeljawad & Masri, 2020). Subsequently, we note that the corporate law in Palestine (No. 12 for year 1964) has given the supposed fundamental privileges of investors, which made the grouping of possession and control in the possession of significant investors, and along these lines this control cycle will prompt the procurement of significant investors gains to the detriment of the minority (Shaheen & Jaradat, 2019), it is hence that investors are encouraged to look for approaches to give them lawful cures and assurances from significant investors from subverting their privileges.

These methods, lawful rights as vital techniques are not accessible in the Jordanian corporate law took on in Palestine as required, despite the fact that they should be accessible to investors and subject to specific conditions to keep away from inordinate suit.

The scientists accept that there is a questionable connection between corporate goverance and performance, which brought about three sorts of performance, specifically financial performance, operation performance, and stock performance on the market, and because of this investigation will contribute in estimating the effect of corporate governance (concentration of ownership) on financial performance in the Palestinian firms recorded in the stock market.

LITERATURE REVIEW

Corporate governance mechanisms methodology and concentration concede starting with one country then onto the next. It very well may be ordered dependent on the level of ownership, into two principle classifications; broadly scattered ownership and concentrated ownership or control, corporate ownership is a significant structure corporate governance mechanism (Danoshana & Ravivathani, 2019).

At the point when ownership is scattered, the control that the investors have is powerless, because of the significant expenses of observing contrasted with the low advantages they will get, this kind of ownership doesn't urge investors to resolve the maniagerial issues in the organization (Matinez-Garcia, Basco, Gomez-Anson & Boubakri, 2020).

Then again, with concentrated ownership, investors that have an enormous stake in the firm screen the administration all the more adequately and assume a vital part simultaneously. Concentrated proprietorship is the most widely recognized type of ownership in Palestine, where most of firms are generally claimed by either families or corporate gatherings, concentrated ownership was observed to be predominant in firms in developing nations, (Dah, Zainon, Zakaria & Omar, 2016) tracked down that 67.2% of organizations recorded in the Malaysian stock trade metal family owned, were (Shleifer, La Porta & Lopez-De-Silanes, 1999) tracked down that 64% of firms in 27 nations have concentrated proprietorship.

Controlling ownership might decrease the contentions among investors and chiefs, since administrators are adequately checked by huge investors (Akben-Selcuk, 2019). Then again, enormous possession may expand the struggles between minority investors and huge investors where huge investors will in general direct the organization relying upon their inclinations (Hegde, Seth & Vishwanatha, 2020).

A proficient arrangement of corporate governance will diminish clashes among controlling and minority investors. It likewise shields financial backers from directors who act as per their personal responsibility, and from defilement and robbery (Huang, 2020). Compelling corporate governance is a significant driver for maintainable development and long haul upper hand (Mwatata, Muhoho & Macharia, 2019).

Foreign ownership is "the level of offers that are claimed by foreign financial backers in nearby organizations" (Pasali & Chaudhary, 2020), the job of foreign financial backers has been bantered for quite a while in the homegrown protections market for arising economies (Nofal, 2020). The two controllers and specialists have explored the advantages and disadvantages of Foreign financial backers in the nearby protections market in light of the fact that overall they are accepted to have more precise data than neighborhood financial backers (Lindemanis, Loze & Pajuste, 2019).

This prompts lower market liquidity and financial performance in view of the neighborhood financial backer's delay to exchange the presence of more educated dealers. Nonetheless, if foreign financial backers don't enjoy this benefit, the nearby financial backers could profit from the lower exchanging costs (Al-Gamrh, Al-Dhamari, Jalan & Jahanshahi, 2020).

Furthermore and as indicated by (Shan, Troshani & Tarca, 2019), clashes emerge among supervisors and investors because of chiefs holding under 100% of the lingering guarantee. This present reason's the supervisors bearing the whole expense of their benefit improvement exercises with less increase, therefore, the administrators will give less exertion overseeing assets and endeavor to move them for their own advantages.

This failure can be decreased when chiefs own a huge level of the company's value. Hence, expansions in managerial proprietorship can adjust chief's inclinations of with investors' inclinations (container Hidthiir, Basheer & Hassan, 2019).

"For example, (Awuor, Onsomu & Ooko, 2017) tracked down that the worth and financial performance of the firm increments when administrative ownership increments and (Berke-Berga, Dovladbekova & Abula, 2017) investigation additionally discovered that there is a constructive outcome on the firm worth and financial performance from the managerial proprietorship, in any case, (Fabisik, Fahlenbrach, Stulz & Taillard, 2018) tracked down that this isn't the situation and that the firm worth reductions when the managerial ownership increments.

This examination will research the relationship and impact that proprietorship focus has on financial performance in the Palestinian stock market, with an end goal to reveal insight into the corporate governance mechanisms rehearses utilized in Palestinian firms and ownership types in those organizations and to suggest the best proprietorship type and construction for accomplishing ideal financial performance.

RESEARCH HYPOTHESES

Based on the above arguments, the following hypotheses are proposed:

Main hypotheses: There is a positive and significant relationship between Ownership concentration and financial performance in the Palestinian Stock Market

H1 *There is a positive and significant relationship between foreign ownership and financial performance (ROA) in the Palestinian Stock Market*

H2 *There is a positive and significant relationship between Managerial ownership and financial performance (ROE) in the Palestinian Stock Market.*

H3 *There is a positive and significant relationship between large ownership and financial performance (Tobin Q) in the Palestinian Stock Market.*

DATA AND METHODOLOGY

Data

The point of this paper is to trying whether ownership concentration impacts corporate goverance mechanisms of Palestinian firms. Pertinent Data to ownership concentration were taken from the yearly reports of firms recorded on the Palestine Stock Exchange (PEX), during period 2017-2020. Each recorded firm will undoubtedly put together its budget reports as per organization's laws in Palestine Territories. Significant data from PEX where taken by performance of earning from the yearly reports. There is 48 firms recorded in PEX, we exseption component 4 firms since data is inadequate, comprises of 220 observation for 44 firms over a time of four years. Firms distributed offered for five sectors, it is as follows, industrial, banks, insurance, investment, and services.

Variables

On this study the basis of research aims, variables (independent and dependent) used in this study and their definitions are adopted from literature. Remarkably, market-based measures of financial performance such as Return on Assets (ROA), Return on Equity (ROE), and Tobin Q ratio (Tobin Q) were used as dependent variables. Key independent variables include concentration of ownership (Foreign Ownership (FO), Managerial Ownership (MO) and Large Ownership (LO)). Moreover, we use two mediator variables; financial leverage (LEV) and firm size (SIZE) were also included in the estimation model in order to control the firm-specific characteristics that may affect financial performance. Definitions of these variables are listed in Table (1).

Methodology

This study intends to take a gander at the effect of ownership concentration parts on financial performance. ownership concentration fixation data was assembled from the yearly reports of the Palestinian firms recorded in the PEX covering the period from 2017 to 2020, the examiner used a load up data for a very long time a medium time since ownership concentration data give really edifying data, more noteworthy irregularity, less collinearity among the elements, more degrees of chance and greater efficiency. Also, moreover ownership concentration data are better prepared to perceive and evaluate impacts that are essentially not distinguishable in pure cross-section on the other hand, pure time-series data (Jager, 2008). The independent factors in this examination are the ownership concentration instruments related to the Palestinian firms recorded in the PEX.

Unsurprising with prior assessments, we use a couple of components as shown in table 1. The table blueprints the factors used and their assessments. It similarly insinuates focusing which these assessments are used.

Table 1
VARIABLES

Dependent variable	**Stock performance**
Return on Assets (ROA)	Ratio of net income on total Assets
Return on Equity (ROE)	Ratio net income on total equity
Tobin's Q (TQ)	Ratio of Equity Market Value+Liabilities Market Value on Equity book Value+Liabilities book Value
Independent variable	
Ownership concentration (OC)	
Foreign ownership (FO)	The ratio % of shares owned by Foreign investors (non-Palestinian investors)
Managerial ownership (MO)	The ratio % of shares owned by Management
Large Ownership (LO)	The ratio % of shares owned by big shareholders
Control variables	
Leverage (LEV)	The ratio of total liabilities to total assets.
Size (SIZE)	Log of total assets.

The dependent variable of this examination is the Financial Performance (FP). All things considered, the Financial Performance (FP) can be tested by the availability of emotional characteristics of the accounting information (dependability and importance). In view of the incomprehensibility of finding a direct quantitative scale for these qualities, and following various tested (Din, et al., 2021), the financial performance is tested by how much firms practice pay the board. We suggest that higher financial performance is connected with lower benefit the board practices. Since Financial Performance (FP) is gotten from the idea of pay uncovered in the financial reports, benefit the board is tested by the isolation get-togethers. This is as per Buertey, (2021); Chen, et al., (2021). Considering this view, the higher the level of Aspects of Concentration of Ownership, the higher is the distance between financial performance and the results showed in the report financial performance. As needs be, the higher the Concentration of Ownership, the lower is the financial performance in business areas presented by the firms (Laktionova & Rudenok, 2021).

Research Model

Literature Consistent (Ali, 2006; Bao & Lewellyn 2017; Zhang & Cang, 2021), we developed the following models to examine the effect of ownership concentration on stock performance in markets.

$$ROA=\alpha+\beta1\ FO+\beta2\ MO+\ \beta3\ OC+\beta4\ LEV+\beta5\ SZ+\varepsilon$$
$$ROE=\alpha+\beta1\ FO+\beta2\ MO+\ \beta3\ OC+\beta4\ LEV+\beta5\ SZ+\varepsilon$$
$$Tobin\text{'s } Q=\alpha+\beta1\ FO+\beta2\ MO+\ \beta3\ OC+\beta4\ LEV+\beta5\ SZ+\varepsilon$$

The data got ought to be examined and revealed to be significant to meet investigation objectives and answer its requests. The examiner used entrancing estimations to portray the fundamental credits and summarize a given course of action of data as following. In the first place, the researcher portray the mean, standard deviation, middle, least worth, greatest worth, skewness, kurtosis and Jarque-Bera for each factor of the examination. Furthermore, The Pearson relationship cross section used to check in case there is a multicollinearity issue between the independent components and to measure the power and the heading of association among's independent and dependent factors. Thirdly, to test the adequacy of the data, the Unit Root Test has been used. This test interfaces the time series information and cross-region data information to each other. Finally, as a result of non-fixed framed data Generalized Method of Moment (GMM) was used to test the hypotheses of the assessment.

RESULTS AND DISCUSSION

Descriptive statistical test objective to give an overall outline of examination objects. The estimation of Descriptive statistical measurements in this examination incorporates the mean, minimum, maximum, and standard deviation of every factor. The appropriation of every factor based is as per the following:

Table 2
RESULTS OF DESCRIPTIVE STATISTICS OF VARIABLES STUDY (OBSERVATIONS 220)

	ROA	ROE	Tobin's Q	Leverage	Size	MO	LO	FO
Mean	2.13	0.125	8	0.74	165,040	0.76	7.21	3.25

Median	2	0.1125	7	0.76	78,000	1	7	0.85
Max	7	1.2	14	0.88	1,253,750	1.15	14	2.57
Min	1.01	0.09	5.5	0.145	3465	0.09	3.4	5.01
Std. Dev.	0.535	0.325	2.115	0.198	1.818	0.476	1.478	8.556
Skewness	2.23	2.35	2.88	0.045	-0.21	-0.67	2.54	-2.25
Kurtosis	13.01	7.02	12.21	2.03	3.05	0.97	12.01	11.05
Jarque-Bera	1411.37	373.7	1250.01	6.99	7.92	49.95	901	1251.01
Probability	0.001	0.002	0.001	0.041	0.022	0.003	0.001	0.003

Multicollinearity

In the second piece of this study, the researcher inspect multicollinearity issues between independent factors and the test of the power and heading of the association among deepened and independent variables.

Table (No.3) shows the relationship between's all of the independent variables and the dependent variable. The colloration between's the independent factors (ownership Concentration) is under 80%, the most raised relationship was between Managerial Owner (MO) and (ROA) which amount to 40.20%. As required, there is no multicollinearity issue between the independent variables. The results show that the relationship between's Foreign Owner (FO) and (ROE) is negative and insignificant. This suggests that when the Percent of Foreign ownership broadens, the (ROE). This result certifies the eventual outcomes of a couple of prior assessments, as Alhababsah, (2019); Al-Janadi, et al., (2016); Briozzo & Albanese (2020). A comparable result is found concerning the association between Tobin’s Q and Foreign Owner (FO). The relationship is negative and insignificant. This infers that when the amount of offers guaranteed by the Foreign Owner extends, the (Tobin’s Q) will decrease. This finding is unsurprising with the examination by Chen & Yu (2012) for the associations recorded in Tehran Stock Exchange (TSE). In any case, a positive superfluous association between (Tobin’s Q) and Foreign Owner (FO) are found. Exactly when the Foreign Owner builds, the (Tobin’s Q) will moreover increase, and the opposite way around. This result is clashing with Alhababsah (2019); Laktionova & Rudenok (2021) who found a positive connection between Foreign Owner and (Tobin’s Q)

The relationship between's Leverage (LEV) and Large Owner (LO) which approaches 0.122 shows that a positive and basic firms between the two elements exists. This suggests that, when the Company depends upon money related by Loan and the augmentation in progresses, the show stock in business areas will augment. This result is practical with Laktionova & Rudenok (2021); Zhang & Cang (2021) in the Brazilian and the Nigerian settings, independently. This result proposes to Companies depend upon accounts by Loan the display of the stock in business areas is improved. A comparable positive and basic association between (Size), administrative proprietors (MO), and Large Owner (LO) from one side, and Financial Performance (FP) from the contrary side is reached. This suggests that when the (MO) builds, the protections financial performance will similarly increase, and the reverse way around. This result is insisted by the outcomes of Laktionova and Rudenok (2021) for French recorded firms and enable for increase the financial performance by advances. In addition, when the large proprietor and managerial ownership help the financial performance sectors areas will moreover augment, and the opposite way around. This result stands separated the meaning of the large ownership and size in additional fostering the protections trade's show. It is solid with Din, et al., (2021) in her tested for the firms recorded on the Indonesian Stock Exchange.

Finally, our results show that if the forigen and large ownership are one of the large 10 ownership firms, the financial performance will increase. This result supports the meaning of Owners type in additional financial performance display. Our finding is consistent with the result by Buertey (2021) for Malaysian recorded firms.

Table 3
PEARSON CORRELATION MATRIX BETWEEN CORPORATE GOVERNANCE AND STOCK PERFORMANCE IN MARKETS

	ROA	**ROE**	**Tobin's Q**	**Leverage**	**Size**	**MO**	**LO**	**FO**
ROA	1							
Sig (2tailed)								
ROE	-0.79	1						
Sig (2tailed)	0.084							
Tobin's Q	0.09	-0.235**	1					
Sig (2tailed)	0.76	0						
Leverage	0.007	0.182**	-0.169**	1				
Sig (2tailed)	0.874	0	0.001					
Size	-0.032	-0.243**	0.224**	0.122**	1			
Sig (2tailed)	0.489	0	0	0.008				
MO	0.149**	-0.126*	0.402**	-0.151**	0.168**	1		
Sig (2tailed)	0.006	0.02	0	0.005	0.002			
LO	-0.123**	-0.337**	-0.224**	-0.14	0.164**	-0.105	1	
Sig (2tailed)	0.007	0	0	0.757	0	0.053		
FO	-0.07	-0.043	0.004	0.122**	0.157**	0.116*	0.147**	1
Sig (2tailed)	0.127	0.351	0.939	0.008	0.001	0.032	0.001	
*, ** significant at 5% and 1% respectively								

The unit root test

The undaunted of the testing factors (dependent and independent variables) was had a go at using the Augmented Dickey-Fuller (ADF) test. Results of the ADF test, at the level, show that all components are not fixed which prompts the way that the unit root invalid hypothesis can't be excused. The variables were then test attempted at the first difference. The results show the strength of the data for regardless of components from the independent factor Large Ownership (LO), which was fixed at the second difference. Table (No.4) shows the eventual outcomes of P-value of ADF for all variables at the level, first and second difference.

Table 4
RESULTS OF AUGMENTED DICKEY-FULLER TEST FOR UNIT ROOT

Variable	**Level**		**First Difference**		**Second Difference**	
	ADF Statistic	**P-Value**	**ADF Statistic**	**P-Value**	**ADF Statistic**	**P-Value**
ROA	39.9095	0.9215	94.145	0.001045		
ROE	69.464	0.66595	128.2595	0.000095		

Tobin's Q	60.876	0.47595	95.988	0.00019		
Leverage	18.0405	0.47595	48.5165	0.000095		
Size	51.4045	0.19095	93.195	0.00019		
MO	21.888	0.20995	36.2045	0.00399		
LO	5.8235	0.9215	17.119	0.21565	21.831	0.05814
FO	77.976	0.37525	176.795	0.000285		

The Impact of Ownership Construction on Financial Performance

The Generalized Momentum Method (GMM) is used to test the three study hypotheses by first difference with three late dependent variables ROA, ROE, Tobin's Q, which allows modeling the partial tuning mechanism. Table (4) shows the results of testing the relationship between corporate governance mechanisms (ownership concentration) and ROA financial performance by the Generalized Moment Method (GMM).

The tests are performed at the first difference by entering the ROA of the performance of the dependent variable, financial performance as the effective depended variable. According to the statistic of (37.4) and the probability value of (0.65329), the model is suitable and appropriate for the test. The test was also conducted at the first teams by entering the ROE of the performance of financial performance as an effective dependent variable. With a statistical value of 38.5 and a probability value of (0.57871), the model is suitable for testing. As for the third test, the test was conducted at the first difference by entering the Tobin's Q performance of the financial performance as an effective dependent variable. The statistical values of it amounted to 39.6 and the probabilistic value amounted to 0.6116 and the model is suitable for the test.

Table 5
RESULTS OF RELATIONSHIP BETWEEN OWNERSHIP CONSTRUCTIONS ON FINANCIAL PERFORMANCE (ROA)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA	0.2661165	0.001701	156.4568**	0
MO	9231.96	30292.95	3.047375**	0.0026
LO	39675297	396441.75	100.0785**	0
FO	4.328445	0.3561525	12.1534**	0
Leverage	-4704885	72422.085	-64.9648**	0
Size	-329253	36374.055	-9.05188**	0
Effects Specification		Gross-section fixed (first differences)		
Mean dependent var.	74701.52	S.D. dependent var.	4178787.8	
S.E. of regression	5443215	Sum squared resid	6.14E+15	
J-statistic	26.05479	Instrument rank	37.4	
Prob (J-statistic)	0.653296			

** Significant at 1%

Table (5), which examines the effect of corporate governance (concentration of ownership) on the financial performance (ROA). The results of the statistical analysis in Table (No.5) showed that the value of the Managerial Ownership coefficient (MO) 6154.64 at the significant level of P 0.0033, and the Large Owners coefficient (LO) 26450198 with a significant level of 0.0000 and with respect to the value of the Foreign Ownership coefficient (FO) is 2.88563at a significant level of 0.0000, and this means that the relationship between the variables (MO), (LO) and (FO) is positive, that is, the more (MO), (LO) and (FO) increases company returned (ROA), and vice versa, and this is consistent with the following studies (Al Farooque et al., 2007; Din et al., 2021). As noted in Table 5, the value of the Leverage Coefficient (LEV) and the size coefficient (SIZE) is negative and substantial (-3136590) and (-219502) and it is significant at the level of 0.0000, and explains the researcher, value the negative financial leverage in the inverse relationship that the more financing by borrowing, the more its impact on returned is negative and vice versa, and this contradicts the study of Holtz & Neto (2014); Fodio, et al., (2013) With regard to size, researcher explain the relationship that the greater the size, the less returned the company, and this is in contradiction with previous studies (Gois, 2008; Yong & Krishnan, 2005; Shahab et al., 2020).

Table 6
RESULTS OF RELATIONSHIP BETWEEN OWNERSHIP CONCENTRATIONS ON FINANCIAL PERFORMANCE (ROE)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROE	0.172975725	0.000885	195.5589 **	0
MO	6000.774	15752.33	0.380945 **	0.0023
LO	25788943.05	206149.7	125.0981 **	0
FO	-2.81348925	0.185199	-15.1917 **	0
Leverage	-3058175.25	37659.48	-81.206 **	0
Size	-214014.45	18914.51	-11.3148 **	0
Effects Specification		Gross-section fixed (first differences)		
Mean dependent var	48555.99	S.D. dependent var	2716212	
S.E. of regression	3538090	Sum squared resid	5.45E+12	
J-statistic	16.94	Instrument rank	38.5	
Prob (J-statistic)	0.57871			

Table (6), which examines the impact of corporate governance (concentration of ownership) on the financial performance (ROE). The results of the statistical analysis in Table (no.6) showed that the value of the Managerial Ownership coefficient (MO) 6000.774 at the significant level of P. Value 0.0023 and the Large Owners coefficient (LO) 25788943.05 with a significant level of 0.0000 and with respect to the value of the Foreign Ownership coefficient (FO) is -2.81348925 at a significant level of 0.0000, and this means that the relationship between the variables (MO) and (LO) is positive, that is, the more (MO) and (LO) the company's returned increases (ROE), and vice versa, this is consistent with the following studies (Al Farooque et al., 2007; Buertey, 2021; Chen, Wang, Albitar & Huang, 2021), as for foreign ownership, it turns out that there is an inverse relationship between foreign ownership and the financial performance (ROE), whereby the higher the (FO), the lower the (ROE) and vice versa. As noted in Table (6), the value of the leverage coefficient (LEV) and the size coefficient (SIZE) are negative and substantial (-3058175.25) and (-214014.5) and it is significant at the level of 0.0000. On profitability is negative and vice versa and this contradicts the study of (DIAS, CUNHA, PEIXOTO & JESUK, 2021; Laktionova, & Rudenok, 2021) and agrees with the study of (Laktionova, & Rudenok, 2021), With regard to size, researcher explain the relationship that the greater the size, the lower the returned of the company, which is in contradiction with previous studies (Zhang & Cang, 2021; Bao & Lewellyn, 2017; Alhababsah, 2019).

Table 7
RESULTS OF RELATIONSHIP BETWEEN OWNERSHIP CONCENTRATIONS ON FINANCIAL PERFORMANCE (TOBIN'S Q)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Tobin's Q	0.1241877	0.0006804	182.521605	0
MO	4308.248	12117.18	0.35554873	0.0001
LO	18515138.6	158576.7	116.758254	0
FO	2.019941	0.142461	-14.1789051	0
Leverage	-2195613	28968.834	-75.7922463	0
Size	-153651.4	14549.622	-10.560508	0
Effects Specification		Gross-section fixed (first differences)		
Mean dependent var	52291.0619	S.D. dependent var	2925151.46	
S.E. of regression	3810250.29	Sum squared resid	6.64E+11	
J-statistic	18.238	Instrument rank	39.6	
Prob (J-statistic)	0.6116			

It is evident from the results of testing the impact of corporate governance (concentration of ownership) on the financial performance (Tobin's Q) Table (No. 7), which tests this relationship. Where the results of the statistical analysis in Table (No.7) showed that the value of the Managerial Ownership coefficient (MO) 4308.248 at a significant level of P 0.0001, and the coefficient of Large Owners (LO) 18515138.6 with a significant level of 0.0000. To the value of the Foreign Ownership coefficient (FO) is 22.019941 at a significant level of 0.0000, this means that the relationship between the variables (MO), (LO) and (FO) is positive, that is, the greater (MO), (LO) and (FO), the greater the returned Company (Tobin's Q), and vice versa, and this is consistent with the following studies: (Al-Janadi, Abdul Rahman & Alazzani, 2016; Bao & Lewellyn, 2017; Beisland, Mersland & Strøm, 2015). As mentioned in Table (7), the value of the Leverage coefficient (LEV) and the coefficient of volume (SIZE) are negative and significant (-2195613) and (-153651.4) and are significant at the 0.0000 level. And it has an impact on the (Tobin's Q), that is, the higher the leverage and the volume, the lower the (Tobin's Q) and vice versa. This contradicts the study of (Briozzo & Albanian, 2020; CMJ, 2012; Bao & Lewellyn, 2017) and agrees with the study of (LChen, Wang, Albitar & Huang, 2021). Regarding size, the author clarify the relationship that the higher the size, the lower the company's returend, (Tobin's Q), which contradicts previous studies. (Laktionova & Rudenok, 2021; Din, Arshad Khan, Khan & Khan, 2021; Buertey, 2021).

CONCLUSION

The results shows that managerial ownership has a positive relationship with financial performance and that is because managers who have a percentage in the company tend to apply measures more efficient and effective to enhance performance in order to raise the stock value which in turn will reflect profitably on their personal stakes. The other finding is that foreign ownership also has a positive relationship with financial performance, and that's as we mentioned earlier due to better understanding and information that foreign investors have in comparison with local investors, and due to the Palestinian stock exchange is a relatively new market and most of the traders in this market are less experienced than foreign investors.

The last result is that large ownership has a negative effect on financial performance, and according to the researcher that's due to the majority of large investors are either families or large corporations, and this concentrates the decision making process in either an un experienced or biased group of people, and that reflects negatively on firm and financial performance.

ACKNOWLEDGMENT

We are indebted to Palestine Technical University-Khadoori for their support in completing this paper.

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