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The Extent of the Application of the Rules of Governance on Industrial Public Joint- Stock Companies Enlisted in Amman Stock Exchange

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Summary
This study aims to study the extent of applying the governance standards on the public joint-stock industrial corporations listed in Amman stock market. Some concepts of governance have been discussed, the principles of governance clarified, identify the criteria, objectives and the importance of governance. We used a questionnaire to point out the extent the companies apply the principles and criteria of governance and make sure if the corporate separated the duties of the Executive Director and Finance Director for the purpose of prevention fraud or embezzlement of the shareholders funds, as well as to achieve the separation between the job of the Chairman of the Board of Directors and his Deputy, and allow publishing realistic reports of the auditors in respect of the performance of the Jordanian companies, which are the basics and fundamentals of institutional governance and the most important result concluded by the study. It has been found that the Jordanian companies are still (up to date) suffer from the conflict of interests between the its Board of Directors, remaining shareholders and family companies, beside the singularity of the management in taking the decisions to their own interests supported by various financial legislations. the study recommended that the companies listed on the stock market in Jordan to upgrade the application level of corporate governance rules effectively, so that would encourage investors to invest in the companies that provide protection for shareholders, deal in transparency, full disclosure in financial reports and independent of boards of directors.

Methodology of the Study

Introduction

The term “governance’ attracted the attention in the 1990s as a result of the fallout of the global economy and financial and accounting collapse of a number of international companies.
As a result of many issues and problems associated with the abuse of power and lack of transparency and disclosure of the financial situation of many companies worldwide emerged, governance standards started to be developed.

The attention increased in recent years on the subject of transparency and disclosure by stakeholders because of its role in providing information that will improve understanding and the importance of the financial instruments and its performance in the companies to provide specific information for use, appropriate accounting policies, and consequent risks, and risk management policy to control such risks. Disclosure plays significant role in the provision of information that helps investors in this regard.

Problem of the Study:

The question of the study in embodied in the answers of the following questions:

1- Will all the laws developed by the management be to the benefit of the entity, shareholders and workers?
2- What problems the companies encounter with the workers in the development of laws?
3- Can the laws assist to enhance and link the relationship between the management and the workers?
4- Is the trend of applying the institutional governance in the public joint-stock companies considered a positive solution to its problems?
5- Will the commitment of the public joint-stock companies in applying the law, and the compliance of the Board of Directors to the rule of professional conduct enable the companies to solve their problems?
6- Is it very important successful to apply governance in the industrial companies?
7- Is the governance considered an effective tool in the industrial company?

The Significance of the Research:

The significance of the study comes out of the followings:

1. Proving that achieving justice between the owners of the project in one project where the institutional governance constitutes the guarantee for the continuity of the project and eliminate the conflict, which ended by entities failure.
2. The significance of the research is due to the subject of corporate governance currently featured prominently the interest of investors, governmental regulatory authorities, auditors and interested parties

in the community.

3. Since the concept of corporate governance has become recently as a reforming catchword, also a part of the political and economic orientation of Governments raised various mechanisms to deal with a combination of administrative, accounting, professional and ethical factors.

Objectives of the Study

Objectives of the study show its importance which can be summarized in the following points:

1. Points out the size of the conflict of interest between management of the public joint-stock industrial corporations and its shareholders.
2. Points out the amount of assistance provided by governance in public joint-stock industrial corporations to find out positive solutions to their problems and conflicts between the interests of its shareholders.
3. Points out that the applicable laws assist the joint-stock industrial companies to enhance and link the relationships between the management and the shareholders.

The Region of Study (Boundaries):

Jordan – Amman "Jordanian public joint-stock industrial companies listed in the Amman stock exchange.

Hypotheses of the Study:

1- The public join-stock industrial corporations do not encounter any contradiction between its Board of Directors and rest of shareholders.

2- Governance of the public joint-stock industrial corporations does not help in finding out solutions to their problems as well as to the contradiction between its Board of Directors and the rest shareholders.

3- The pertaining laws of public joint-stock industrial corporations would not help to kink and enhance the relationship between the management and the shareholders.

Methodology of the Study

The study relies on descriptive desktop method aiming to collect data and previous relevant studies in the area of study to create adequate theoretical background about corporate governance and the analytical method based on the study of the application of governance standards through a questionnaire development.

Previous Studies:

The study of Hussein and Mohammad, 2012, titled "**the impact of the governance corporate on the transparency, disclosure and quality of the financial statements under the financial accounting system.**

In recent years a series of accounting and financial deficiency in many companies took place due to the lack of proper practice, in terms of management and supervision, as well as the lack of transparency and negligence in the application of accounting principles, which achieve disclosure and transparency, besides concealing the accounting information of real financial conditions of the corporation. These collapses resulted to the loss of confidence in the different financial markets and investors have ignored such markets. That also led to loss of confidence in the accounting and audit bureaus due to the lack of confidence in accounting information the financial statements contained. This leaded to the adoption of corporate governance concept to face the financial and accounting corruption most of the companies suffer, in particular that relates to the preparation of the financial statements. Algeria initiated the adoption of financial accounting system conform to the international standards to enhance the mechanisms of corporate governance through the principles of disclosure, transparency, and quality of the accounting information.

So, we sought in this research to attempt the study the impact of the corporate governance on the disclosure, transparency and quality of the financial statement under the adoption of financial accounting system and presentation the integrated relations among these elements.

The Study conducted by Al-Ghazawi, 2010, titled "the corporate governance and its impact on the level of disclosure of the accounting information". It is an empirical study on the public joint-stock corporations in the Kingdom of Saudi Arabia.

This study aimed to demonstrate the impact of corporate governance on the level of disclosure in the financial statements of the public joint-stock companies in the Kingdom of Saudi Arabia. The study, for achieving its objectives, collected, processed and analyzed (89) public joint-stock companies in Saudi Arabia. The data were analyzed the same through the disclosure indicator in the financial statements. The study used descriptive statistical evidentiary methods by using Multiple Regression Analysis model. The study could reach to the following important conclusions:

The results showed that the highest level of disclosure was in the financial statements of the cement sector, which was found 77%, while the lowest level of disclosure was in the hotels and tourism sector with 56%. It was found that there is a positive relationship of statistical significance between the proportion of the family possession in the public joint-stock companies and the general level of disclosure in the financial statement.

Akram Bodaghi, Ahmad Ahmadpour(2010), The Effect of Corporate Governance and Ownership Structure on Capital Structure of Iranian Listed Companies

This paper presents the relationship between corporate governance and capital structure of listed companies from Tehran Stock Exchange. Measures of corporate governance employed are board size, board composition, and CEO/Chair duality. Impact of shareholding on financing decisions has also been examined by using institutional shareholding. Similarly influence of controlled variables like firm size and profitability on firms' financing mechanism is also investigated. Results reveal that board size is significantly negatively correlated with debt to equity ratio. However corporate financing behavior is not found significantly influenced by CEO/Chair duality and the presence of non-executive directors on the board.

However, control variables firm size and return on assets are found to have a significant effect on capital structure. Therefore results suggest that corporate governance variable alike size and ownership structure play important role in determination of financial mix of the firms.

Kose John,(2008) Corporate Governance and Financing Policy: New Evidence

Prior research has often taken the view that entrenched managers tend to avoid debt. Contrary to this view, we find that firms with weak shareholder rights, as measured by the Gompers et al. (2003) governance index, actually use more debt finance and have higher leverage ratios. To address the potential endogeneity of the governance index, we use both instrumental variables analysis and the exogenous shock to corporate governance generated by the adoption of state anti-takeover laws. We find that managers increase leverage when they are less vulnerable to takeovers. We provide several explanations by showing that entrenched managers receive better access to debt markets and subsequently finance with more debt, perhaps as an outcome of their conservative investment policy. We also find support that such link is due in part to the use of debt as an entrenching device.

The Theoretical Framework

The Definition of Governance

Although the use of this term is modern but it appears a long time ago. The theoretical and historical ground of corporate governance refer first to the Agency theory in 1932 (Théorie d'agence, Principal-Agent) by the US Berls and Means. They observed a separation between the ownership of the company's capital, control process and directed supervision within the companies and such separation has implications on the performance of the corporate as the term governance term is deemed "the way of exercising the power of rational management".[1]

Governance is the system by which the companies are run and control their activities".[2] The International Finance Corporation (IFC) is defined as "a set of relationships among the managers of the company and Board. The Economic Cooperation and Development Organization define Governance as the management, shareholders and other shareholders and stakeholders.[3]

It is also defined as a set of laws, regulations and resolutions aim to achieve the quality and Excellency in performance through the proper and effective selections to achieve the plans and objective of the company.[4]

In other words, governance means the system, i.e. the existence of systems that govern and regulate the relationships between the major parties which influence the performance. It includes the components that strengthen the institution at long-term and determination the responsibility and responsible person. [5]

The need for governance appeared in many advanced and developing economies through the last few decades, in particular post the economic collapse and financial crises in a number of countries in East Asia, Latin America and Russia in 1990s in 1990s of the twentieth century, as well as the US economy which recently has witnessed financial and accounting collapses during 2002.

The unprecedented transfer on money across the borders increased. The expansion of the companies' size, separation of ownership from the management resulting to weak control mechanisms on the managers' conduct, in addition to that many companies fell in financial crises, most important East Asia countries In the late 1990s, and then continued after that crisis, perhaps the most prominent of which is the crisis of Enron WorldCom Inc. in the United States in 2001. The interesting world governance.[6]

1- Abdul Wahhab Nasr Ali, Shihatah Sayyed Shehatah, Auditing and governance corporate in the environment of contemporary Arab and international business", Dar Al Jamieyah, Egypt, 2012 p 15.
2- Abor, J., (2011), *Corporate Governance and Financing Decisions of Ghanaian Listed Firms*, Corporate Governance: International Journal of Business in Society, 7.
3- Aglietta, M., and Rébérioux, A., 2010*Corporate Governance Adrift: a Critique of Shareholdervalue*, Cheltenham: Edward Elgar.
4- Beasley Scott& Brigham ,Eugene ; principles of finance, London, southwestern,2011
5- Core, et.al.,(2011), " Does Weak Governance Cause Weak Stock Returns: an Examination of Firm Operating Performance and Investors, Expectations?",2011.
6- Abdul Wahhab Nasr Ali, Ali Shehata Sayyed Shehata "Audit corporate accounts and governance in the contemporary Arab and international business environment" ,Dar Al-Jamieyah, Egypt, 2012, P. 15.

Corporate Governance[7]

In general, the concept of corporate governance refers to the rules and criteria that define the relationship between the management of the company in one hand and the shareholders and stakeholders or the parties associated parties in the company (bondholders, workers, suppliers, creditors, and consumers in the other hand). The third reason is due to the ambiguity of this term as it is still in the formation stage and many of its rules and standards are at the stage of review and development. However, there is a semi-agreement between researchers and practitioners on its most important determinants as well as the standards of evaluation.

The corporate governance rules and regulations aim to achieve transparency, justice and granting the right to questioning the management of the company, therefore the achievement of protection of all the shareholders, and bondholders, taking into account the interests of the laborers and labor and mitigate the abuse of power in non-public interest, leading to the development of investment and encourage its flow as well as the development of savings and maximize the profitability, creating new opportunities. These rules also emphasize the importance of compliance with the provisions of law and ensure that the review of the financial performance and administrative structures enable the accountability of the management in front of the shareholders with the formation of audit committee from non-members of the executive Board of Directors who shall have multi duties and jurisdictions to achieve the independent control on the execution. [8]

Rules of the Governance of the Public Joint-stock Companies [9]

In order to achieve the mission of the Securities Commission and its commitment to develop its legislation according the state of art international practices, keep up with all the latest developments in Arab and international financial markets, the Commission issued a manual of the corporate governance rules of the stock companies listed in Amman stock exchange, on 29/07/2008, which contain some mandatory rules, based on the legal binding texts in valid legislations enforce the stock companies to abide and pilot guidance that can be applied through method of comply or explain (non-compliance). The objective of this method in the past was to give the companies enough time to adapt to the corporate governance principles to promote awareness of these principles, and thus gradually achieve full compliance.

Whereas the importance of applying the governance principles in the company's management became an urgent need in the light of globalization. Economic openness and crises, and the last years showed that the economy of many countries have stumbled as a result of the lack of good governance, leading to severe damages to the shareholders, creditors and suppliers and others. The most important rules of corporate governance are [10]:

1- Separation and non-combination between the Chairman Board of Directors and any other executive position in the company, provided that there should be no relative relationship between the Chairman and any executive member in the company.
2- Two members, at least, of the board of directors, must be independent (independent member is defined in details in the guidance/ manual of the corporate governance rules.
3- The Board of Directors shall form two standing committees, one of which shall be called the Audit Committee (as set out in Clause 15 of the disclosure instructions) and the other shall be called nomination and remuneration committee. The members of the two committees shall be of non-executive Board members. The committee members shall be three, at least, provided that the majority of them will be independent, and headed by independent member.
4- The most important duties of nomination and remuneration committee:
    - Indentifies the needs of the company of competencies at the level of the senior executive managements, staff and the bases of their choice.
    - Develops policies of rewards, benefits, incentives and salary of the members of the Board of Directors, executive management and all employees of the company and are annually reviewed and approved by the Board of Directors.
5- Each of the two committees (audit and nomination and awarding) shall provide the Board of Directors its decisions and recommendation, as well as a report related to their works to the ordinary General Assembly meeting.

6- The duties of the Board of Directors must include:
    - Developing written operating procedures of corporate governance rules, review and assess their application annually.

7- Aglietta, M., and Rébérioux, A., 2010*Corporate Governance Adrift: a Critique of Shareholder value*, Cheltenham: Edward Elgar.
8- Brown, Lawrence & Saylor, Marcus: Corporate Governance and Firm performance 2010
9- Ministry of Industry and commerce, Securities Body, Corporate Governance law, 2011
10- Brown, Lawrence & Saylor, Marcus: Corporate Governance and Firm performance 2010.

- Developing the company's disclosure policy including written work procedures and follow up their application in accordance with regulatory authorities requirements and legislation in force.
- Taking adequate steps to ensure the internal controller on the work progress in the company, including the creation of a special internal audit and controller unit which will be responsible for making sure that the company complies to the application of valid legislations provisions as well as the regulatory authorities and internal systems, policies, plans and procedures developed by the Board of Directors.

7- The audit committee shall hold a meeting with the external auditors, without attendance of any members of the senior executive management or its representative once a year at least.

8- The external auditors shall exercise its duties for one renewable year, provided that the responsible partner in the external auditor shall not audit the accounts of the company for more than four successive years, and may be appointed to audit the account of the company after two years at least.

9- The company shall be committed that the external auditor shall not perform additional works to the benefit of the company; such as providing administrative and technical consultancy.

10- The company shall be obliged not to appoint any of the external auditor's office staff in the senior management of the company only after two years, at least, from leaving the auditing the accounts of the company.

11- A: The Company shall beforehand announce the date of disclosure of the periodic data three working days, at least, prior to the date of declaration.
B: Disclosing the number of the meetings held by the Board of Directors in the annual report of the company.
C: The Company shall use it website to enhance disclosure, transparency and provision of information.

Practical Framework

Type and nature of the Study:

The study adopted the analytical descriptive approach because it is valid for its purposes, through the theoretical literature relevant to the impact of applying the corporate governance in the public industrial stock companies listed in Amman stock exchange, in addition to reviewing the previous relevant studies. The study also adopted the field approach through a questionnaire designed for this study to collect data and its experiment to reach the results of this study through the answers of its question, test the hypotheses, and assessment a set of recommendations in the light of the results.

Community of the Study

The community of the study consists of all employees in the public industrial stock companies listed in Amman stock exchange.

Sample of the Study

The sample was randomly selected from the study community of the employees of the public industrial stock companies listed in Amman stock exchange. The sample consists of 25 employees working in different levels of management. 22 questionnaires have been collected, one excluded out of the delivered ones due to improper filling.

The Instrument of the Study

The researcher has developed a study questionnaire having reviewed the theoretical literature related to the impact of applying the corporate governance in the public industrial stock companies listed in Amman stock exchange and the relevant previous studies.

The study consists of 25 expressions or phrases. The Fifth Likert Scale has been adopted, on which the question is answered by one point (strongly do not agree) to five points (strongly agree). The instrument of the study consisted of a set of phrases relevant to the extent of application the governance system on the public industrial stock companies listed in Amman exchange stock in the point of view of the employees working therein.

Validity and Reliability of the Study Instrument:

The questionnaire has been presented to a group of the faculty members at universities, as well as to a group of competent financial economists and financial consultants in the area of corporate governance. Their views have been considered, and the required amendments in the questionnaire paragraphs were made accordingly.

In order to verify the reliability of the instrument, an internal consistency was made by using Cronbach's alpha where the reliability coefficient was (79.6 %), which is deemed acceptable for the purpose of this study.

The Statistical Methods Used
In order to achieve the objectives of this study, SPSS software (Statistical Package for Social Sciences) has been used to answer the questions of the study, test its hypotheses through using the appropriate statistical methods as follows:
1- **Arithmetic mean (average) and standard deviation**
2- T-test for the independent samples

The Results of the Study
The results concluded by this study through the answers of the respondents of the sample members to the questionnaire paragraphs were as follows:

First Hypothesis
(The public industrial stock companies encounter contradiction between their Boards of Directors and the rest of the shareholders).

Table (1): the arithmetic means and standard deviations for the paragraphs related to the first hypothesis

No	Para.	Arithmetic means	Standard deviation	Rank
8	The application of governance increases the membership to the society in which the entity works.	4.44	0.63	1
16	Governance draws clear lines of responsibility, ability of questioning, and imposes that in the entity.	4.13	0.89	6
17	Application of corporate governance in the industrial companies is deemed very important and critical success	4.31	0.79	4
19	Governance is deemed an effective instrument in the industrial company	4.43	0.63	2
21	Governance confirms that the Board members are not subject to the influence of external authorities.	4.00	0.73	8
30	Governance helps to provide means to achieve the entity	3.63	1.31	9
31	The final responsibility of managing the company lies on the Board of Directors.	4.23	0.86	5
32	Governance application enhances the confidence of community in the reliability of the financial statements issued by the company	4.06	0.57	7
33	Governance application leads to improve the quality of production	4.42	0.73	3
	Total Degree	4.15	0.46	

It has been notices in Table 1 that the study sample believe that the public industrial stock companies encounter a contradiction between the management and the rest of shareholders, the arithmetic mean of this hypothesis was (4.15). The paragraphs have been distributed (8, 15,17,19,21,30,31,32, and 33) on the first hypothesis. The Paragraph 8, which states "The application of governance increases the membership to the society in which the entity works." was ranked first in this hypothesis, with high exercising degree. Paragraph 19, was ranked the second, and Paragraph 30, states "Governance helps to provide means to achieve the entity", was ranked the last in this hypothesis.

The Second Hypothesis:
(Corporate governance helps the public industrial stock companies to find out positive solutions to their problems and the contradiction between their Board of directors and the rest of shareholders).

Table (2): the arithmetic means and standard deviations Applied on the paragraphs of the second hypothesis

No	Para.	Arithmetic means	Standard deviation	Rank
1	Corporate governance encourages investment	4.44	0.63	2
2	Application of governance lead to maintain the reputation of business	4.50	0.52	1
3	Governance assists in controlling entity performance as a whole	4.43	0.62	3
7	The trend of applying the institutional governance in the public industrial stock companies is deemed a positive solution to its problems.	4.19	0.83	12
11	The commitment of the public industrial stock companies in the application of system, as well as the commitment of the Board of Directors in the profession code of business conduct will enable the company to solve its problems.	4.31	0.48	9
13	The provision of transparent and reliable accounting disclosure enables the investors to take the rational decisions.	4.43	0.73	4
14	Governance increases independence between different stakeholders in the entity	4.31	0.74	10
15	Disclosure constitutes a means to control the professional conduct and prevent deviation	4.43	0.50	5
18	Compliance to the disclosure standards leads to the achievement and enhancement the institutional governance.	4.43	0.81	6
24	The application of governance principles lead to maintain the continuity of the establishment	4.43	0.63	7
25	Application of governance leads to improve the role of Board of Directors and senior management	4.43	0.73	8
26	The accounting system outputs have effective and efficient role in taking decisions.	4.31	1.02	11
27	Governance is deemed a practical system of control and compliance to the entity's policies as a whole	3.94	0.68	14
28	Board of Directors treat all shareholders fairly	3.75	1.00	15
29	Board of Directors shall be elected by the shareholders.	3.63	1.31	16
35	Governance aims to protect the company from the risks may encounter, such as price, disasters risks..etc.	4.00	0.89	13
	Total Degree	4.27	0.34	

It has been noticed from Table (2) that the general trend of the respondents answers of the study sample members on the paragraphs related to the second hypothesis support the idea that governance helps the public industrial stock companies to find out positive solutions to its problems and the contradiction between the their Board of Directors and the rest of shareholders. The arithmetic means of this hypothesis was 4.27. The paragraphs number (1, 2, 3, 7, 11, 13, 14, 15, 18, 24, 25, 26, 27, 28, 29 and 35) have been distributed on the second hypothesis. Paragraphs 2, stating "Application of governance lead to maintain the reputation of business" was ranked the first in this hypothesis with High degree of exercising, while Paragraph no.1 was ranked the second, and the paragraph 29, stating "Board of Directors shall be elected by the shareholders" was ranked the last in this hypothesis.

The Third Hypothesis

(The applicable laws of the public industrial joint-stock companies assist to link and enhance the relationship between the management and shareholders)

Table (3) : the arithmetic means and standard deviations applied on the paragraphs of the third hypothesis

No	Para.	Arithmetic means	Standard deviation	Rank
4	All laws developed by the management shall be for the benefit of the establishment, shareholders and workers.	3.94	0.99	1
5	Accounting disclosure is deemed one of the most important viable governance.	4.13	0.88	4
6	Governance works on distribution of the rights and responsibilities between the Board of Directors, executive directors, shareholders, and other stockholders.	4.00	0.97	2
9	The laws may assist to link and strengthening the relationship between the management and workers	4.25	0.68	8
10	Applying governance lead to dispel the serious concerns of the investors towards the management of the company.	4.13	0.62	5
12	Applying governance would lead to the establishment compliance to the laws and governmental instructions	4.50	0.73	9
20	Applying governance would lead to company adherence to regulations and instructions in accordance with organization chart and career competence	4.06	0.85	3
22	The Board of Directors fully complies to the application of the basic laws of the company	4.19	0.66	6
23	Governance arranges the mutual relationship between the departments and functions of the company and the hierarchy sequence of power	4.19	0.54	7
	Total Degree	4.15	0.78	

It has been from Table (3) that the general trend of the answers of the respondents to the paragraphs relevant to the second hypothesis supports the idea that the applicable laws help the public industrial joint-stock companies to link and promote the relationship between the managements and shareholders. The arithmetic mean of this hypothesis was 4.15. The paragraphs number (4, 5, 6, 9, 10, 12, 20, 22, and 23) has been distributed on the third hypothesis. Paragraph No (4), stating "All laws developed by the management shall be for the benefit of the establishment, shareholders and workers", has been ranked the first in this hypothesis with high exercising degree. Paragraph No (6) was ranked the second, while paragraph No. (12), stating "Applying governance would lead to the establishment compliance to the laws and governmental instructions", was ranked the last in this hypothesis.

Testing the Hypotheses

The (t-test) has been used to find out the value of (t) to identify the level of relationship between the study variables. The following tables show the results of the test.

The Result of Testing the First Hypothesis

Table No. (4) : t-test applied on the first hypothesis:

Variable	Degree of freedom df	Arithmetic means	Standards Deviation	t-value calculated	significance
Conflict of interests between the community of the company	15	4.15	0.46	35.59	0.000

The results shown in the above table indicate the existence of relationship of statistical significance at moral degree ($\alpha \leq 0.05$) between the study variables, whereas the (t) value calculated was (35.59), which higher than its schedule value at statistical value (0.00), which means the rejection of the null hypothesis and acceptance the alternative hypothesis, which states that (" the public industrial join-stock companies encounter a contradiction between their Board of Directors and the rest of shareholders)".

The Result of Testing the Second Hypothesis

Governance helps the public industrial stock companies to find out positive solution to their problems and the conflict of their community interests.

Table 6: t-test applied on the Second Hypothesis

Variable	Degree of freedom df	Arithmetic means	Standards Deviation	t-value calculated	significance
Governance	15	4.27	0.34	49.06	0.000

The results shown in the above table indicate the existence of relationship of statistical significance at moral degree (α≤0.05) between the study variables, whereas the (t) value calculated was (49.06), which higher than its schedule value at statistical value (0.00), which means the rejection of the null hypothesis and acceptance the alternative hypothesis, which states that (" Governance helps the public industrial join-stock companies to find out positive solutions to their problems and the contradiction between their Board of Directors and the rest of shareholders)".

The Result of Testing the Third Hypothesis

The applicable laws help the public industrial stock companies to link and enhance the relationship between the management and the shareholders.

Table No 7: t-test applied on the Third Hypothesis

Variable	Degree of freedom df	Arithmetic means	Standards Deviation	t-value calculated	significance
The laws	15	4.15	0.78	34.32	0.000

The results shown in the above table indicate the existence of relationship of statistical significance at moral degree (α≤0.05) between the study variables, whereas the (t) value calculated was (34.32), which higher than its schedule value at statistical value (0.00), which means the rejection of the null hypothesis and acceptance the alternative hypothesis, which states that (" The applicable laws help the public industrial join-stock companies to link and enhance the relationship between their Board of Directors and the rest of shareholders)".

Results and Recommendations

I- Results

1. The study found that the general trend of respondents' answers to the paragraphs on the paragraphs relevant to the first hypothesis, which refers to that the public industrial stock corporations encounter a conflict between their Boards of Directors and rest shareholders. The arithmetic means of this hypothesis was (4.15).
2. The general trend of respondents' answers to the paragraphs relevant to the second hypothesis, which refers to that corporate governance helps the public industrial stock companies to find out positive solutions to their problems and conflicts of interests of its community. The arithmetic means of this hypothesis was (4.27).
3. The existence of a statistically significant relationship indicates that the pertaining laws help the public industrial join-stock corporations to link and promote the relationship between management and shareholders. The arithmetic means of this hypothesis was (4.15).
4. The public industrial join-stock companies encounter a conflict between their board of directors and the rest of shareholders.
5. Governance assists the public industrial stock companies to find out positive solutions to their problems and the conflict between their board of directors and the rest of shareholders.
6. Applicable laws assist the public industrial stock companies to link and strengthen the relationship between the management and the shareholders.
7. it was found that the Jordanian companies are still (up to date) suffer from the problem of conflict of interest between their communities, singularity of management with great proportion of its revenues, supported by the context of the different financial legislations.
8. None separation between ownership and management, as well as none separation between the chairman of board of directors, general manager and vice chairman of the Board careers.
9. One of the financial crises causes is poor corporate governance in the countries that have weak systems to protect investors as shown by the studies.
10. There is an urgent need to restructuring the governance to prevent collapse expected in future.
11. The emergence of new fact that every public stock company must apply the laws of corporate governance.

II Recommendations

1- It is required to confirm the importance of applying the rules of corporate governance effectively.

2- It is required to implement the separation between the property and management in the Jordanian companies, in such a way ensure the selection of the qualified managements and independence of auditors.

3- It is recommended to achieve justice between the shareholder in obtaining the information and other rights, as well as the acquisition of the workers in the company's capital to ensure their continuous loyalty, take care and control the company.

4- The companies listed in the Jordanian financial market should upgrade the level of exercising corporate governance to encourage the investors to invest in the companies that provide protection to shareholders, transparent financial reports, and independence of the Board of Directors.

5- It is required to complete the legislations which target the application of governance concept in the various authorities of the country, as this system is important to achieve the basic objective in maintaining and developing the public funds.

6- The institutional governance must be applied by the public joint-stock companies and create and independent internal controller system.

7- The government must organize the management of corporate; restructure the companies for governance to prevent the collapse occurrence.

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