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The Impact of the Culture on Corporate Governance (Board Structure) in Jordan Context

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Abstract

Corporate governance has become one of the most important issues that concern most investors, shareholders, and decision-makers, as corporate governance has become one of the most important issues that companies are committed to, however, there are still problems related to corporate governance. There is a lack of studies that addressed the relationship between culture and corporate governance particularly, in the Jordan context. The current study covering this issue by investigating the impact of the culture on corporate governance (Board Structure) for the financial sector in Jordan for the period (2013–2018).

The study used the agency theory and Hofstede's cultural dimensions theory as the theoretical framework. The study used different proxies of corporate governance, Board Structure in terms of Board size (BZ), Board independence (BI), and Non- CEO duality (NCEO). To measure the culture the study used the Hofstede cultural dimensions (Power distance index (PDI), Individualism vs. collectivism (IDV), Uncertainty avoidance (UAI), Masculinity vs. femininity (MAS), Long-term orientation vs. short-term orientation (LTO), Indulgence vs. restraint (IND)). a multiple regression model has been used to test the developed hypotheses. The findings indicated that there is an impact of culture on corporate governance (Board Structure), this impact is negative and significant. The current study recommends applying managerial implications such as companies should concern with the culture and the local norms when constructing the board or the structure of the company and focusing on the values of the organization since it plays a critical role in shaping the behavior of the individual that affects the culture that could impact the organizational structure, particularly, on the board of directors as the human factor is the essence of culture,. Furthermore, increasing the interest and awareness about the environment when improving company regulations that could help in changing the culture as building a strong culture encourages all employees to perform their roles. In addition, enhancing the corporate governance practices which leads to attracting foreign investors.

Keywords: Hofstede cultural dimensions, Board Structure, Board size, Board independence, Non- CEO duality, Financial companies, Jordan context

1. Introduction

Corporate governance refers to the processes and mechanisms by which the company is managed in order to achieve the interests of the owners, where good governance is an advantage of the company in the business community. Jordan has adopted corporate governance by issuing a guide to the rules of Jordanian corporate governance since 2007, but it is not mandatory. Previous studies related to corporate governance and its relationship to culture have not been addressed much in developing countries: one of the mechanisms of corporate governance is the board of directors which is considered the most important body that implements governance mechanisms to achieve the interests of owners. Where the principles of corporate governance stipulated rules regarding the board of directors such as independence of the board, the separation between the CEO and the chairman, as well as the board size, these rules assist the members to conduct their activities effectively. Many studies conducted the relationship between culture and corporate governance. In the Jordan context, there are no related studies on this issue. The current study contributes to the literature as a new study conducted to investigate the impact of culture on corporate governance in the Jordan context for the duration (2013–2018). The study used Board Structure as different proxies to measure corporate governance. This study employed the agency theory and Hofstede's cultural dimensions theory. SPSS program has been used to test the developed hypotheses.

Finally, the study covered the main sections: Introduction, Literature review, Methodology, Empirical Results and Discussion, Conclusion, The importance of research for the future, and Recommendations.

1.1 Research problem statement (question)

Culture and corporate governance have been considered an important issue in the literature recently. This study aims to investigate the impact of the culture (CL) on corporate governance in terms of Board structure (BS) in Jordanian companies. It is notable after reviewing the literature that there is a gap regarding this issue in Jordan's context. To fill this gap this study will answer the following question:

Is there is an impact of the culture on corporate governance (Board Structure) in Jordan's context?

1.2 Research significance

The current study tries to investigate the impact of the culture (CL) on corporate governance in terms of Board structure (BS) in Jordanian companies. For this purpose, the study uses the six Hofstede dimensions to measure the culture, namely, Power distance index (PDI), Individualism vs. collectivism (IDV), Uncertainty avoidance (UAI), Masculinity vs. femininity (MAS), Long-term orientation vs. short-term orientation (LTO), Indulgence vs. restraint (IND). To measure corporate governance this study uses different proxies, Board size (BZ); Board independence (BI); Non- CEO duality (NCEO). Using these proxies of Board structure and the six of Hofstede's cultural dimensions will contribute to the literature locally and globally, since this combination of the six dimensions and the board dimensions has not been used together in previous studies.

1.3 Research objectives

The main objective of the study is to investigate the impact of the culture on corporate governance (Board Structure) in Jordan context.

1.4 Research theoretical framework

This paper used the agency theory and Hofstede’s cultural dimensions theory as the theoretical framework to investigate the impact of the culture on corporate governance (Board Structure) in Jordan companies. Board structure is the dependent variable, and Hofstede cultural dimensions are the independent variables. **Figure 1** show the conceptual framework of paper.

2. Literature review

Many studies have been conducted on culture and corporate governance and their relationship with performance. While, there is a lack of studies that addressed the relationship between culture and corporate governance particularly, in the Jordan context. Some studies conducted on culture and corporate governance that confirmed that there is a relationship between culture and corporate governance. Where the culture in the country influences corporate governance “in [1]”. Furthermore, culture impacts the tools of corporate governance. This is because the culture of the organization is affected decision-makers particularly their values. Thus, this affects corporate governance “in [2]”. Empirical studies have been reviewed on this issue. Where the literature indicated that (Licht, Amir) is considered one of the famous authors who conducting many studies on culture, he indicated in his study “in [3]” that it is necessary to pay attention to culture when analyzing the mechanisms of governance in any organization. Where cultures can be compared through it.

With regard to the board of directors, the culture of the country plays a critical role in influencing it, as “in [3]” noted that Western Europe supports gender diversity in the boards of directors. Whereas in developing countries is characterized by a weak control as well as weak governance, which negatively affects foreign investment “in [2]”, where investors prefer large firms with strong corporate governance that is that takes into account the culture “in [4]”.

2.1 Agency theory

Agency theory suggests that there are conflicts of interest between principal and management. This management conducts the activities on the behalf of the principal. The Agency theory is established to clarify corporate governance and the conflict of interest between the principal and management “in [5]”. This theory,

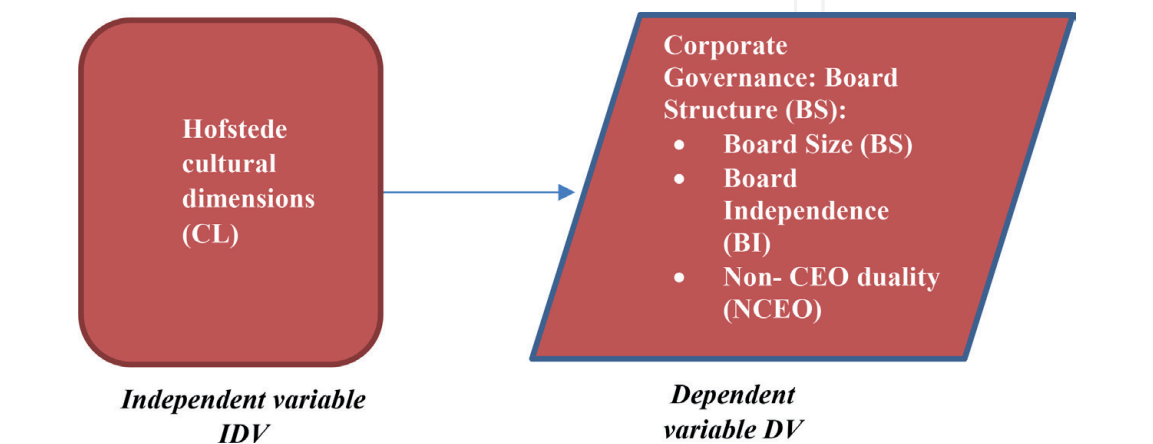


Figure 1.
The conceptual framework of paper.

suggests mechanisms represented in good corporate governance that eliminating the conflict and the Agency's problems "in [6]".

2.2 Hofstede cultural dimensions theory

Hofstede's cultural dimensions theory is developed by Greet Hofstede, it is the structure of the connection between cultures "in [7]". This study employed the Hofstede cultural dimensions CL in terms of (Power distance index (PDI), Individualism vs. collectivism (IDV), Uncertainty avoidance (UAI), Masculinity vs. femininity (MAS), Long-term orientation vs. short-term orientation (LTO), Indulgence vs. restraint (IND) as the (Independent variable).

2.3 Board structure

The literature presented different dimensions to measure corporate governance, one of these dimensions is the board structure, where literature defines the board of directors as a number of members appointed by shareholders to achieve their interests "in [8]". The board of directors is considered a power of the firm "in [3]". Where the board of directors consists of executive members and non-executive members, the non-executive members should be independent. The current study employed the board structure in terms of Board size (BZ), Board independence (BI), and Non- CEO duality (NCEO) as the (dependent variable DV).

2.3.1 Board size (BZ)

The board size is referred to the total number of board members. The literature regarding the board size is mixed, some studies indicated that the Larger boards are not preferred since there are difficulties in the meeting between the members "in [9]". Furthermore, a large board means bad communication and coordination "in [10]". On the other hand, some studies indicated that the large board has experience and knowledge that can be useful in the taking a right decision.

2.3.2 Board independence (BI)

Board independence is considered an important tool of corporate governance that eliminates agency cost. The literature defined the independent members of the board that the members who own a part of the shares of the firms "in [11]". These members are controlling the managers on the behalf of the shareholders that assure that the firm applying good corporate governance "in [12]". Furthermore, the independent members are not tended to achieve their private goals "in [7]". The agency theory advocate that the board of directors should be independent, and prefer the outsider members should be more than rather than the insider, this leads to good controlling "in [9, 13]".

2.3.3 Non-CEO duality (NCEO)

According to the agency theory, the separation between the CEO and the chairman is considered one of the important governance mechanisms, as in the event that these two functions are combined, this will negatively affect the decisions of the board of directors and this weakens the independence of the board, as many studies have shown that the separation enhances corporate governance "in [14–16]".

2.4 The relationship between culture and board structure

Behavioral science theories highlight the role of cultural values and attitudes in shaping board-and-CEO relationships regarding controlling and strategy development. The culture through cultural orientations plays an important role in formulating the board composition. The cultural orientation in the institutional environment in a particular country could be towards a focus on equality by allowing gender diversity on boards, as is the case in Western European countries. In European societies that focus on entrepreneurship, it is characterized by individuality, low uncertainty avoidance, the composition of the board of directors directing to the interest of (external) shareholders by providing more independent members.

Regarding the relationship between culture and board structure, the literature has poor studies regarding this issue. “in [17]” found there is a positive relationship between the outsider member and individualism, uncertainty avoidance, femininity, and power distance, Furthermore, he found that found there is a positive relationship between the combine of the chairman and the CEO and individualism, uncertainty avoidance, and power distance. The following **Table 1** summarize the most of the empirical studies regarding the culture and corporate governance.

Finally, Based on the above, It is notable there is a gap in the literature regarding the impact of culture on corporate governance. Particularly, in the Jordan context. This study will fill this gap by investigating the impact of the culture on corporate governance (Board Structure) in Jordan companies in terms of Board Size (BS); Board Independence (BI); Non- CEO duality (NCEO).

3. Methodology

3.1 Sample and data collection

The sample of this paper consists of the (105) companies from the financial sectors companies in Jordan that are listed in Amman Stock Exchange for the period (2013–2018). The corporate governance (Board structure) data were collected from the annual report from Amman Stock Exchange (ASE). And the data of cultural dimensions were collected through questionnaires that was distributed to the selected companies.

3.2 Model of study

The current study employed the multiple regression model with board structure BS as a dependent variable DV. The aim of the study is to investigate the impact of the culture on corporate governance (Board Structure) in the Jordan context. Hofstede’s Cultural Dimensions HCL is the independent variables IDV. The study adopts the following multiple regression model:

$$BS = \alpha + \beta_1(PDI) + \beta_2(IDV) + \beta_3(MAS) + \beta_4(UAI) + \beta_5(LTO) + \beta_6(IND) + \varepsilon \quad (1)$$

Where:

BS: Board Structure (Board size (BZ), Board independence (BI), and Non- CEO duality (NCEO).

PDI: Power Distance Index.

IDV: Individualism versus collectivism.

MAS: Masculinity versus Femininity.
UAI: Uncertainty Avoidance index.
LTO: Long-term versus Short-Term Orientation.
IND: Indulgence versus Restraint.
 α : Is the constant.
 β : The coefficient of the independent variables.
 ϵ : Residual.

3.3 The developed hypothesis

Based on the reviewed literature and the objectives of the study, important null hypotheses were developed as follows:

H01: There is no impact of the Hofstede cultural dimensions (HCL) on Board size (BZ) in Jordanian companies.

H02: There is no impact of the Hofstede cultural dimensions (HCL) on Board Independence (BI) in Jordanian companies.

Culture/ corporate governance	Authors	Empirical studies Title	Findings
Legal transplants, corporate goals, corporate social responsibility, dividend distribution, the structure of the board.	"in [3]"	Culture and Law in Corporate Governance	there is a role of culture in formulating corporate governance
<ul style="list-style-type: none">• (PDI)• (IDV)• (UAI)• (MAS)	"in [2]"	The cultural influence in the practice of corporate governance in emerging markets	Emerging market features with a high PDI, high UAI, low IDV, and low MAS. Poor corporate governance
<ul style="list-style-type: none">• Schwartz framework: Embeddedness- Autonomy; Hierarchy- Egalitarianism; Mastery-Harmony.• (PDI); (IDV); (UAI); (MAS)	"in [18]"	Culture Rules: The Foundations of the Rule of Law and Other Norms of governance.	Social norms of governance correlate with cultural dimensions.
<ul style="list-style-type: none">• (UAI)• (MAS)• (IDV)	"in [19]"	Cultural Determinants of Ownership Concentration Across Countries	<ul style="list-style-type: none">• Values influences on ownership concentration mechanisms.• Ownership concentrated influence by power distance and Individualism.• countries with Ownership concentrated characterized by high uncertainty and low masculinity
(PDI): Power distance index; (IDV): Individualism vs. collectivism); (UAI): Uncertainty avoidance Index; (MAS): Masculinity versus Femininity; (LTO) Long-term orientation			
Source: (Author's own, 2021).			

Table 1.
Empirical studies of the culture and corporate governance.

Variable	Description	Measurement
Hofstede's cultural dimensions (IDV)		
PDI	Power Distance Index	Survey Questionnaire
IDV	Individualism versus Collectivism	
MAS	Masculinity versus Femininity	
UAI	Uncertainty Avoidance Index	
LTO	Long- Versus Short-Term Orientation	
IND	Indulgence versus Restraint	
Board Structure BS (DV)		
BZ	Board size	The total number of board members
BI	Board Independence	
NCEO	Non- CEO duality	

Source: (Author's own, 2021).

Table 2.
The description and the measurement of the variables.

H03: There is no the impact of Hofstede cultural dimensions (HCL) on Non- CEO duality (NCEO) in Jordanian companies.

3.4 Variables measurements

Variables used in this study include: (1) Independent variable IDV (culture), to measure the culture the study used the Hofstede cultural dimensions CL as in terms of (Power distance index (PDI), Individualism vs. collectivism (IDV), Uncertainty avoidance (UAI), Masculinity vs. femininity (MAS), Long-term orientation vs. short-term orientation (LTO), Indulgence vs. restraint (IND). (2) dependent variable DV (corporate governance) this study used different proxies to measure CG by using board structure in terms of board size (BZ); Board independence (BI); Non- CEO duality (NCEO). The following **Table 2** show the description and the measurement of the variables.

4. Empirical results and discussion

The current study employs statistical tests: Descriptive statistics, Pearson correlation, and the regression analysis.

4.1 Descriptive statistics

This section presents the Descriptive Statistics of DV the Board structure in terms of board size (BZ), Board independence (BI), and Non- CEO duality (NCEO), and INV Hofstede cultural dimensions (Power distance index (PDI), Individualism vs. collectivism (IDV), Uncertainty avoidance (UAI), Masculinity vs. femininity (MAS), Long-term orientation vs. short-term orientation (LTO), Indulgence vs. restraint (IND). Such as (Maximum, Minimum, Mean and standard deviations). The following **Table 3** shows the Descriptive Statistics of DV (BI) and, IND (PDI, UAI) Variables.

Variable	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
					Statistic	Std. Error	Statistic	Std. Error
LPDI	1.00	5.00	3.9193	.88501	−1.016	.186	.583	.369
LTO	1.00	5.00	3.9661	.91561	−.746	.186	.312	.369
COLL	1.67	5.00	4.0000	.67585	−.631	.186	.817	.369
MAS	1.00	5.00	3.8023	1.08183	−.564	.186	−.552	.369
REST	1.00	5.00	3.8094	1.09905	−.214	.186	−1.107	.369
HUAI	1.25	5.00	3.9988	.56680	−1.049	.186	1.012	.369
BZ	4.00	12.00	6.8253	2.18413	.460	.237	−.734	.469
BI	.00	1.00	.910	.12514	−1.810	.237	.716	.469
NCEO	.00	1.00	.903	.26564	.753	.237	1.127	.469

LPDI: Low Power Distance Index; LTO: Long- Versus Short-Term Orientation, COLL: Collectivism; MAS: Masculinity; HUAI: High Uncertainty Avoidance Index; REST: Restraint; BZ: Board size; BI: Board independence; NCEO: Non- CEO duality

Source: (Author's Survey, 2021).

Table 3.
Descriptive statistics of DV (BI) and, IND (PDI, UAI) variables.

The descriptive statistics show the normality of the data, Mean, Standard Deviation, Minimum, and Maximum. The mean value of LPDI, LTO, COLL, MAS, REST, HUAI are (3.9193, 3.9661, 4.0000, 3.8023, 3.8094, 3.9988) respectively with Standard Deviation of .88501, .91561, .67585, 1.08183, The descriptive statistics show the normality of the data, Mean, Standard Deviation, Minimum, and Maximum. The mean value of LPDI, LTO, COLL, MAS, REST, HUAI are (3.9193, 3.9661, 4.0000, 3.8023, 3.8094, 3.9988) respectively with Standard Deviation of .88501, .91561, .67585, 1.08183, 1.09905, .56680. The COLL has the highest mean value of 4.0000 among all other cultural dimensions.

Regarding the Board size (BZ) the mean value is (6.8253) that ranges between a minimum of (4.67) and a maximum of (13) which means there is some companies the board member less than (11). Independence board (BI) the mean value is (.910) that ranges between a minimum of (.00) and a maximum of (1) which means most of the companies in Jordan characterized by the independence that reveals these companies binder with this mechanism. Non- CEO duality (NCEO) registers average with (.903) and standard deviation of (.26564) Which means that that there are separate between the chairman and the CEO in most Jordanian companies. The COLL has the highest mean value of 4.0000 among all other cultural dimensions.

4.2 Multicollinearity test

Multicollinearity test has been conducted within the regression model. This test is reveals if there is high correlation between the independent variables that should be excluded from the model to achieve more true results. The results of the test show that the (VIF) is less than (10), which means there is no high correlation between the independent variables.

4.3 Regression and testing hypotheses (empirical result and discussion)

Multiple regression has been used to investigate the impact of the culture on corporate governance (Board Structure) in Jordan companies. The researcher adopted

the significant level (.1) as this level of significance could be adopted in the social sciences. In the following the proposed models of the study:

Model (1): This model measures the impact of Hofstede cultural dimensions on Board size (BZ).

Model (2): This model measures the impact of Hofstede cultural dimensions on Board independence (BI).

Model (3): This model measures the impact of Hofstede cultural dimensions on Non- CEO duality (NCEO).

4.3.1 *The impact of Hofstede cultural dimensions on board size (BZ)*

Model (1): This model measures the impact of Hofstede cultural dimensions on Board size (BZ).

H01: There is no impact of the Hofstede cultural dimensions (HCL) on Board size (BZ) in Jordanian companies.

The following **Table 4** shows The Regression analysis result of Model (1) the impact of the Hofstede cultural dimensions on Board size (BZ).

Table 4 shows the results of the regressions analysis of the model (1) consists of the dependent variables Board size (BZ) and the independent variable the Hofstede cultural dimensions. This is model is fitted with the Hofstede cultural dimensions (LPDI, COLL, REST, HUIAI). While the other HLC (MAS, LTO) are not fit for this model. The R square is (.08) the explanatory power of the model. This means that the model explains just (8%) of the change that occurs in the dependent variable Board size (BZ). The F-statistics is (2.162) at a significant level (.079). This means that the explanatory power of the model is statistically significant at the level of significance (0.1), which means that the Hofstede cultural dimensions affect Board size (BZ). The values of (β , t, Sig) for each dimension of the Hofstede cultural dimensions show that the (LPDI, HUIAI) are effect on Board size (BZ) at a statistically significant level with the value of (0.025, 0.085) respectively.

This means Board size (BZ) is significantly determined by (LPDI, HUIAI). Where (LPDI, HUIAI) are affected negatively on Board size (BZ) with a coefficient value of (−.565, −.577). This means (BZ) is significantly determined and affected by (LPDI, HUIAI) in a negative manner. While there is no effect of (COLL, REST) on (BZ). This means (BZ) is not significantly determined by (COLL, REST).

Variable	R Square	F-value	Significance of F (Sig)	Durbin-Watson
Hofstede cultural dimensions, Board size (BZ)	.080	2.162	.079b	1.132
	Beta	T	Sig	
(Constant)	9.454	5.044	.000	
LPDI	−.565	−2.278	.025*	
COLL	.484	1.357	.178	
REST	.176	.865	.389	
HUIAI	−.577	−1.742	.085***	

, **, * significant at the 0.01, 0.05, and 0.1 levels, respectively.*

Table 4.
The regression analysis result of model (1) the impact of the Hofstede cultural dimensions on board size (BZ).

Based on the above results, the tested hypothesis H01: There is no impact of the Hofstede cultural dimensions (HCL) on Board size (BZ) in Jordanian companies is rejected and accepted the alternative Hypotheses regarding the (LPDI, HUIAI) while the tested hypothesis H01 is accepted regarding (COLL, REST). This means that (LPDI, HUIAI) are the most dimensions that affect significantly on Board size (BZ).

4.3.2 The impact of Hofstede cultural dimensions on board independence (BI)

Model (2): This model measures the impact of Hofstede cultural dimensions on Board independence (BI).

H02: There is no impact of the Hofstede cultural dimensions (HCL) on Board Independence (BI) in Jordanian companies.

The following **Table 5** shows the Regression analysis result of Model (2) impact of the Hofstede cultural dimensions on Board Independence (BI).

Table 5 shows the results of the regressions analysis of model (2) consists of the dependent variable Board Independence (BI) and the independent variable the Hofstede cultural dimensions. This is model is fits just with the Hofstede cultural dimension (COLL). While the other HLC (LPDI, REST, HUIAI, MAS, LTO) are not fit for this model. The R square is (.036) the explanatory power of the model. This means that the model explains just (3.6%) of the change that occurs in the dependent variable Board Independence (BI). The F-statistics is (3.789) at a significant level (.054). This means that the explanatory power of the model is statistically significant at the level of significance (0.1), which means that the Hofstede cultural dimension (COLL) affects Board Independence (BI). The values of (β , t, Sig) for (COLL) show that the (COLL) is an effect on Board Independence (BI) at a statistically significant level with the value of (0.054).

This means Board Independence (BI) is significantly determined by (COLL). Where (COLL) is affect negatively on Board Independence (BI) with a coefficient value of (– 0.037). This means (BI) is significantly determined and affected by (COLL) in a negative manner. This result is inconsistent with “in [17]” who found there is a positive relationship between the outsider member and individualism, uncertainty avoidance, femininity, and power distance. On the other hand, (BI) is not significantly determined by (LPDI, REST, HUIAI, MAS, LTO).

Based on the above results, the tested hypothesis H02: There is no impact of the Hofstede cultural dimensions on Board Independence (BI) in Jordanian companies is rejected and accepted the alternative Hypotheses regarding the (COLL) while the tested hypothesis H02 is accepted regarding the other HLC (LPDI, REST, HUIAI, MAS, LTO). This means that (COLL) is the most dimensions affect significantly on Independence (BI).

Variable	R Square	F- value	Significance of F (Sig)	Durbin-Watson
of the Hofstede cultural dimensions, Board Independence (BI)	.036	3.789	.054b	1.749
	Beta	T	Sig	
(Constant)	1.051	13.598	.000	
COLL	–.037	–1.947	.054***	

*, **, *** significant at the 0.01, 0.05, and 0.1 levels, respectively.

Table 5.
The regression analysis result of model (2) impact of the Hofstede cultural dimensions on board Independence (BI).

4.3.3 The impact of Hofstede cultural dimensions on non-CEO duality (NCEO)

Model (3): This model measures the impact of Hofstede cultural dimensions on Non- CEO duality (NCEO).

H03: There is no the impact of Hofstede cultural dimensions (HCL) on Non-CEO duality (NCEO) in Jordanian companies.

The following **Table 6** show The Regression analysis result of Model (3) the impact of the Hofstede cultural dimensions on Non- CEO duality (NCEO).

Table 6 shows the results of the regressions analysis of the model (3) consists of the dependent variable Non- CEO duality (NCEO) and the independent variable the Hofstede cultural dimensions. This is model is fitted with all of the Hofstede cultural dimensions (LPDI, LTO, COLL, MAS, REST, HUAI). The R square is (.105) the explanatory power of the model. This means that the model explains just (10.5%) of the change that occurs in the dependent variable Non- CEO duality (NCEO). The F-statistics is (1.899) at a significant level (.089). This means that the explanatory power of the model is statistically significant at the level of significance (0.1), which means that all of the Hofstede cultural dimensions affect Non- CEO duality (NCEO). The values of (β , t, Sig) show that the (REST) is effect on Non-CEO duality (NCEO) at a statistically significant level with the value of (0.014).

This means Non- CEO duality (NCEO) is significantly just determined by (REST). Where (REST) is affect negatively on Non- CEO duality (NCEO) with a coefficient value of (– 0.064). This means Non- CEO duality (NCEO) is significantly determined and affected by (REST) in a negative manner. This result is inconsistent with “in [17]” who found there is a positive relationship between the combine of the chairman and the CEO and individualism, uncertainty avoidance, and power distance. On the other hand, (Non- CEO duality (NCEO) is not significantly determined by (LPDI, LTO, COLL, MAS, HUAI).

Based on the above results, the tested hypothesis H03: There is no impact of Hofstede cultural dimensions (HCL) on Non- CEO duality (NCEO) in Jordanian companies is rejected and accepted the alternative Hypotheses regarding the (REST) while the tested hypothesis H02 is accepted regarding the other HLC (LPDI, LTO, COLL, MAS, REST, HUAI). This means that (REST) is the most dimensions that affect significantly on Non- CEO duality (NCEO).

Variable	R Square	F- value	Significance of F (Sig)	Durbin-Watson
Hofstede cultural dimensions, Non- CEO duality (NCEO)	.105	1.899	.089b	1.776
	Beta	T	Sig	
(Constant)	–.199	–.823	.413	
LPDI	.022	.598	.551	
LTO	–.010	–.274	.785	
COLL	.068	1.559	.122	
MAS	.005	.190	.849	
REST	–.064	–2.500	.014**	
HUAI	.050	1.244	.216	

, **, * significant at the 0.01, 0.05, and 0.1 levels, respectively.*

Table 6.
The regression analysis result of model (3) the impact of the Hofstede cultural dimensions on non- CEO duality (NCEO).

Variable	R Square	F- value	Significance of F (Sig)	Durbin-Watson
Hofstede cultural dimensions, Board Structure	.076	2.043	.094b	1.106
	Beta	T	Sig	
(Constant)	3.488	5.758	.000	
LPDI	-.232	-2.360	.020	
LTO	.081	.849	.398	
COLL	.166	1.392	.167	
HUAI	-.183	-1.649	.102	
*, **, *** significant at the 0.01, 0.05, and 0.1 levels, respectively.				

Table 7.
The regression analysis result of the impact of the Hofstede cultural dimensions on board structure.

4.3.4 *The impact of Hofstede cultural dimensions on board structure (BZ, BI, NCEO)*

This section presents model (M4), this model were conducted for additional results, this model combines the Hofstede cultural dimensions and the proxies of Board Structure (BZ, BI, NCEO).

The following **Table 7** shows The Regression analysis result of the impact of the Hofstede cultural dimensions on Board structure.

Table 7 shows the results of the regressions analysis of the model (4) consist of the dependent variable board structure BS and the independent variable the Hofstede cultural dimensions HCL. This is model is fitted with the Hofstede cultural dimensions (LPDI, LTO, COLL, HUAI). The R square is (.076) the explanatory power of the model. This means that the model explains just (7.6%) of the change that occurs in the dependent variable board structure. The F-statistics is (2.043) at a significant level (.094). This means that the explanatory power of the model is statistically significant at the level of significance (0.1), which means that all of the Hofstede cultural dimensions affect board structure. The values of (β , t, Sig) show that the (LPDI) is an effect on board structure at a statistically significant level with the value of (.020).

This means board structure is significantly just determined by (LPDI). Where (LPDI) is affected negatively on board structure with a coefficient value of (– 0.232). This means board structure is significantly determined and affected by (LPDI) in a negative manner. On the other hand, board structure is not significantly determined by (LTO, COLL, HUAI).

5. **Conclusions**

Many studies have been conducted on culture and corporate governance and their relationship with performance. While, lack studies addressed the relationship between culture and corporate governance particularly, in the Jordan context. Some studies conducted on culture and corporate governance that confirmed that there is a relationship between culture and corporate governance “in [17, 18]”.

The current study has added a contribution to the debate regarding this issue. This paper provides new contributions by presenting significant results and critical managerial implications to the literature as a new study conducted to investigate

the impact of culture on corporate governance in terms of board structure in the Jordan context. The current study aims to investigate the impact of the culture on corporate governance (Board Structure) in Jordan companies for the duration (2013–2018). The study used different proxies to measure corporate governance in terms of Board Structure. For this purpose developed hypotheses were tested. The findings indicated that there is an impact of culture on corporate governance (Board Structure), this impact is negative and significant. The results show regarding the Board size (BZ) that the Jordanian companies are somewhat committed to the rules of the board member. Furthermore, most of the companies in Jordan characterized by the independence of the board (BI). As well as there are separate between the chairman and the CEO in most Jordanian companies. Regarding the Hofstede cultural dimensions, the results show that the COLL has the highest mean value of 4.0 among all other cultural dimensions.

Regarding the regressions analysis, the results of model (1) show that the Hofstede cultural dimensions (LPDI, HUIAI) are effect negatively on Board size (BZ). Model (2) shows that the Hofstede cultural dimension (COLL) affects negatively Board Independence (BI). Model (3) shows that (REST) is effect negatively on Non- CEO duality (NCEO). From the previous results, it is notable that despite the commitment of Jordanian companies to rules of the board size, but there is no impact of Hofstede cultural dimensions on board size, except for the dimensions (LPDI, HUIAI). As well as although most of the companies in Jordan characterized by the independence of the board, there is no impact of Hofstede's cultural dimensions on Board Independence, except for (COLL). Furthermore, most of the companies in Jordan characterized by the Non- CEO duality, but there is no impact of Hofstede cultural dimensions on Non- CEO duality except for (REST).

6. The importance of research for the future and recommendations

The current study provides new contributions by presenting significant results to the literature regarding the culture and corporate governance in the Jordan context as a modern study that conducted to investigate the impact of the culture on corporate governance. The current study used different proxies to measure the corporate governance by using board structure in terms of board size (BZ); Board independence (BI); Non- CEO duality (NCEO) to investigate the impact of culture on corporate governance.

The results of the current study show there are impacts of the culture on the board structure. These results are consistent with the previous studies that indicated that there is a relationship between culture and corporate governance. However, this impact is somewhat weak as the empirical results show that not all of the cultural dimensions are affected the board structure. Where (LPDI, HUIAI) impacts negatively on Board size (BZ). (COLL) impacts negatively on Board Independence (BI), and (REST) impacts negatively on Non- CEO duality (NCEO). This weak impact and in a negative direction could be explained due that the developing countries are characteristics with weak corporate governance practices are weak. In addition, the culture in these countries is different from that of developed countries. Therefore, the current study recommends applying managerial implications and regulations that could help the related parties such as investors, managers, and policymakers in making decisions in the Jordan context. Such as companies should concern with the culture and the local norms when constructing the board or the structure of the company as well as focus on the values of the organization that plays a critical role in the values of the individual and shaping the behavior of the individual that affects the culture that

could impact the organizational structure, particularly, on the board of directors. As the human factor is the essence of culture.

In addition, increasing the interest and awareness about the environment when improving company regulations. As a result, that could play an important role in changing the culture as building a strong culture encourages all employees to perform their roles. In addition, adopting and practicing good CG tools leads to attracting foreign investors. Finally, the current study showed that the results of literature related to culture and its impact on the board of directors are controversial. And there is a lack of studies regarding this issue. Therefore, the Current study recommends further future studies in this field, which contributes to enriching the literature.

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Abbreviations

HCL	Hofstede cultural dimensions
CG	Corporate governance
BS	Board structure
BZ	Board size
BI	Board independence
NCEOD	Non CEOD duality
LPDI	Low Power distance index
LTO	Long-term orientation vs. short-term orientation
COLL	Collectivism
MAS	Masculinity
REST	Restraint
HUAI	High Uncertainty avoidance Index

JEL Classifications: G34, G10, M14

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