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THE IMPACT OF CORPORATE GOVERNANCE (CG) ON FIRM PERFORMANCE: EVIDENCE FROM EMERGING COUNTRIES BANKING INDUSTRY

Keywords: ROA, leverage, FP, CG, banks, GCC.

J E L Classification: G21, G34, L25, O16.

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Abstract: The aim of the study to find if there is an impact caused by corporate governance (CG) on the firm performance (FP) using ROA as a measure. The study covered the listed 9 commercial banks in the Kuwait Stock Exchange. The period covered in this study is 10 years starting from 2011 until 2020. The study used the number of members of the board of directors (BoD), role duality of CEO and chairperson of the BoD and the number of women in the board of director as variables representing the CG. The data was processed and analyzed properly using regression model. The study concludes that there is significant relationship between CG and firm performance. Moreover, the variables of CG all have insignificant relationship with the ROA. Furthermore, the bank size which represent the total assets have significant positive relationship with the ROA. The researchers faced several limitations during the preparation of the study, a handful suggestions has been given for future researchers to overcome the limitation.

Introduction

The term CG started to rise after the financial scandals like Enron, Worldcom, Xerox, which after then led to the release of the famous Sarbanes-Oxley act in the USA, the act improved th2008e CG procedures and requirements making it more transparent (Epps & Cereola, 2008). This shows how important is the CG so it is essential to study CG and its impact on firm performance. There are ample studies conducted to investigate the relationship between CG and firm performance in the international level (Khanchel El Mehdi, 2007; Jayendrika, Priyadarshanie & Samarakoon, 2014; Balagobei, 2018; Danoshana & Ravivathani, 2013; Kajola, 2008; Zabri, Ahmad & Wah, 2016; Fauzi & Locke, 2012). When it comes to the GCC countries where the practice of CG is emerging very fast, not much research is being conducted in this regard.

Kuwait is the last country in the GCC to adopt a CG code, the early root of the code was in 2013, but there were complications with the firms and the implementation was delayed until 2016 (Mousa, Desoky & Khan, 2018). The reason about choosing the banking sector is that many researchers and especially in GCC (emerging) countries when they study the issue, they exclude the financial firms (Osman & Samontaray, 2022), example, Farhan, Obaid and Azlan (2017) and Al-Shammari and Al-Sultan (2009) excluded the financial sector from their study. Therefore, it is important that researchers investigate more in the banking and financial sector and this study will try to fill that gap (Osman & Samontaray, 2022).

Research Objective and the Scope of the Study:

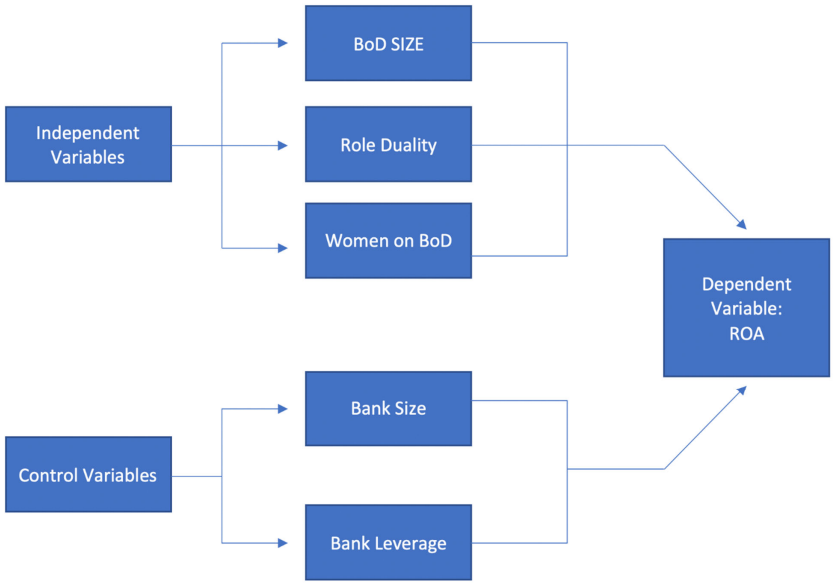
The main goal of the study is to find if the CG represented by variables have relationship with the FP represented by variable. This study is limited on the all the banks listed in the Kuwait Stock Exchange. The number of banks in the sample is 9 banks. The study will cover a period of 10 years starting 2011 until 2020. The research question of the study is:

Q_1: Is there a relationship between the CG and the FP?

Q_2: What kind of relationship is there between CP and the firm? Is it significant? Is it positive or negative relationship?

Conceptual Framework

Figure 1. Conceptual Framework of Study



Source: Authors' compilation based on review of literature.

Each of the above concept is explained in the research methodology chapter of this study.

Limitation of the study

This study has several limitations. First, only one variable is used to represent the FP which is the ROA. The ideal variables would be ROA, ROE and EPS (Bansal & Samontaray, 2023; Almoneef & Samontaray, 2019). Moreover, the researcher tried to use an international rating system called CAMELS to represent the FP, it is a system used to rate the financial performance of the banks. The system consists of 6 categories, in each there are multiple equations to represent the category. Due to the short period of time to make this study, the researchers were not able to use other variables other than the chosen one which is the ROA. The sample used is all the 9 commercial banks, the sample did not include other banks like investment banks that is also due to the time limitation.

Literature review

The study is concerned about the review of literature related to Impact of CG on Firm Performance: Evidence from Kuwait Listed Banks. The review is divided into three regional sections, GCC related literature, MENA related literature and International related literature. The aim of this is that the literature related to GCC is related to all the countries in there as their economy is very much alike (Ahmed & Allam, 2015).

GCC Related Literature

Pillai and Al-Malkawi (2018) studied the relationship between CG and FP in the GCC countries, they represented the FP with Tobin's Q and ROA. they found that there are negative relationship and statical significance between the both the FP variables and some of CG variables such as the audit type (whether the company is hiring a big 4 firm or not), leverage, and the age of the firm. Arouri, Hossain and Muttakin (2011) studied the same relationship as Pillai and Al-Malkawi (2018) but it was limited to GCC banks only, they represented FP with ROA and CG with the size of the BoD and the duality of CEO and board of director chairperson positions. The study established insignificant impact by the size of the BoD and the duality on the FP. Naushad and Malik (2015) carried a study on GCC countries banks and commenced that the smaller the size of BoD the better the FP. Moreover, they concluded that the duality has positive impact on the FP.

In UAE, Farhan et al. (2017) conducted a study with a sample of 72 listed firms in Abu Dhabi and Dubai with ROA and Tobin's Q represent the FP, they instituted that the board independence has negative impact on the FP. Also, because of the previous impact, the researchers initiated that the independence of the audit committee members has negative impact on the FP. Al-Shammari and Al-Sultan (2009) studied 66 listed firms in Kuwait. They used ROA and Tobin's Q as a measure of FP. They concluded that both larger BoD size and duality of CEO have positive impact on the FP. Furthermore, they stated that the number of non-executive board members does not have impact on FP. Ahmed and Hamdan (2015) examined Bahrain Bourse firms with a sample of 42 out of 48 firms. They used three measures for FP which are ROA, ROE and EPS. First, they did not find significant relationship between the EPS and the CG variables. They rang in that the size of the board of director has a positive impact on the ROA and ROE, the average size of the board was 12 members. Also, the BoD independence has positive impact on the ROA and ROE. The CEO duality has insignificant relationship with the ROA and ROE.

In Saudi Arabia, Fallatah and Dickins (2012) carried a study with 94 listed firms in the Saudi Arabia, they raised that FP measured by ROA does not have relationship with CG, but, by Tobin's Q measurement, it does have a positive relationship with CG. Buallay, Hamdan and Zureigat (2017) conducted research on 171 listed companies in Saudi Stock Exchange, their measurement of FP was ROE, ROA and Tobin's Q. For both ROE and ROA, the study did not find significant impact for CP, but it observed that there is significant relationship between Tobin's Q and the size of the BoD, the average size of the board was 12 members. Also, the study experienced that all FP measures have positive and significant relationship with the audit quality variable of CP. The researchers measure the audit quality variable by determining if the firm is audited by a big four firm. Al-Sahafi, Rodrigs and Barnes (2015) investigated the banking sector in the Saudi Stock Exchange, the researchers used ROA, ROE and Tobin's Q to measure the FP. The study concluded that the size of the BoD and the bank size have significant positive relationship with FP with all measures while the board independence has positive relationship with only one measurement of FP which is the ROA. Another study conducted by Almoneef and Samontaray (2019) used the same three measurement of FP as the study conducted by Al-Sahafi et al. (2015), the results constituted by the study were as same as Al-Sahafi et al. (2015) result. The size of the BoD and bank size has positive impact

on all the FP measurements. Moreover, the study concluded that BoD independence have negative relationship on ROE and positive relationship on Tobin's Q.

MENA Related Literature

With a sample of 127 banks from 13 MENA countries, Buallay (2019) used BoD size, BoD independence and duality with other variables to represent CG while using ROA, ROE and Tobin's Q as a measure of FP. The researcher constructed that the CG has significant impact on FP as measured by Tobin's Q only. Saidat, Silva and Seaman (2019) conducted a study in Jordan for the listed firms. The study used ROA and Tobin's Q for the FP. The study divided the firms into two categories, family and non-family category. The researchers stated that board size has negative relationship with both measures of FP of the family firms while it has strong relationship with the non-family firms. Also, the independence of BoD members has strong relationship with the FP in the non-family firms. Moreover, the study concluded that it supports the opinion that says the duality of CEO and chairperson of BoD is important for the performance of family firms. In Tunisia, Khanchel El Mehdi (2007) examined 24 listed companies in Tunisia. Multiple variables were used to represent the FP, one of them is Tobin's Q. The study concluded that there is strong relationship between CG and FP. Mashayekhi and Bazaz (2008) investigated listed firms in Islamic Republic of Iran. EPS, ROA and ROE were chosen by the researchers to represent FP. The study showed that the smaller the BoD size the better the FP. Also, the study concluded that there is positive significant relationship between board of director independence and the FP. Moreover, the researchers stated that the use of duality in the Iranian firms does not have negative impact on the FP.

International Related Literature

Neffati, Khiari and Lajmi (2020) studied the impact of various governance variables, on post-merger banks performance in the US banking industry mergers from 2009 to 2015. They settled up that increase in managerial ownership decreases the deficits of banks.

Singh and Dwesar (2022) made a succinct literature review to examine the impact of board gender diversity on firm performance and risk.

There are three studies that investigated listed firms in Sri Lanka. Jayendrika et al. (2014) used EPS as the only measure of FP and discovered that duality and FP related negatively. Balagobei (2018) used both ROA and Tobin's Q as FP measure. The study concluded that the size of the BoD has significant impact on both measures while the board of director's independence and duality have insignificant effect on both measures. Danoshana and Ravivathani (2013) examines board size impact on FP measured by ROA and ROE and instituted that there is positive relationship between them with both FP measures.

Kajola (2008) took a sample from Nigerian Stock Exchanges and used ROE as a measure of FP and found significant positive relationship between the size of the BoD and ROE. Also, the study shows that there is significant positive relationship between duality and ROE. Zabri et al. (2016) undertook 100 listed firms in Malaysia where the researchers represented FP with ROA and ROE and represented the CG with BoD size and independence. The study initiated that there is not relationship between the BoD independence and both measures of FP. Also, the researchers concluded that there is significant negative relationship between the size of the BoD and the ROA while the relationship with ROE is insignificant. Fauzi and Locke (2012) studied 79 listed firms in New Zealand and formed that the size of BoD has significant positive relationship with FP measured by Tobin's Q and ROA. They discovered that when the BoD is large, the firms have better performance.

Research methodology

The study includes the research design, the sample selection, all the dependent and independent variable selected the research questions, the hypothesis chosen and the process of data analysis.

Research Design and Sample Selection

This study depends on the qualitative secondary data. All the data utilized in this study is obtained from the annual report of the selected sample. The collected data will be properly analyzed using statistical methods, tables and figures. The researchers did not produce any primary data to conduct this study therefore, this study has qualitative approach.

To have relevant and distinct data, the researchers selected all listed commercial banks in Kuwait Stock Exchange, and they are 9 banks. This study covers the period of 10 years from 2011 to 2020. The researchers excluded 2021 from the period because there are more than two banks that did not release their annual report, instead of excluding these banks, the 2021 year was excluded to be able to cover all the banks.

Data Collection

The researchers relied mostly on the annual reports and financial statements of the selected sample. All the reports obtained and downloaded from Kuwait Stock Exchange website and the related banks websites. The number of the reports and financial statements used to conduct this study is more than 90 documents. All the data has been collected and classified properly to get proper information to be used in this study.

Dependent Variables – FP

This study represents the FP with ROA. Almost all the literature reviewed related to GCC used ROA as a measure of FP (Pillai and Al-Malkawi, 2017; Arouri et al., 2011; Naushad & Malik, 2015; Farhan et al., 2017; Al-Shammari & Al-Sultan, 2009; Ahmed & Hamdan, 2015; Fallatah & Dickins, 2012; Buallay et al., 2017; Al-sahafi et al., 2015; Almoneef & Samontaray, 2019). Overall, we have variation in the studies, some of the researchers planted insignificant relationship between CG variables and FP represented by ROE (Fallatah & Dickins, 2012; Buallay et al., 2017) while some researchers endowed significant relationship both negative and positive (Pillai & Al-Malkawi, 2017; Arouri et al., 2011; Naushad & Malik, 2015; Farhan et al., 2017; Al-Shammari & Al-Sultan; Ahmed & Hamdan, 2015). Therefore, ROA has been chosen to discover whether it have statistical significance with CG or not in this study.

Independent Variables – CP

The studies used a lot of variables to represent the CP. For this study, three variables will be used: BoD size, role duality and women in the BoD.

BoD Size

Several studies used this variable. Arouri et al. (2011) and Buallay et al. (2017) proved that the BoD size does not have significant relationship with the ROA while Naushad and Malik (2015) and Mashayekhi and Bazaz (2008) settled significant negative relationship, meaning that the smaller the size of BoD the better the FP measured by ROA. Other researchers established positive significant relationship (Al-Shammari & Al-Sultan, 2009; Ahmed & Hamdan, 2015; Al-Sahafi et al., 2015; and Almoneef & Samontaray, 2019). As it can be noticed, there are variation between the studies. This study will use it to discover whether there is statistical significance between BoD size and RoA.

H1: The relationship between BoD size and ROA is insignificance.

Role Duality

Balagobei (2018), Ahmed and Hamdan (2015) and Arouri et al. (2011) originated that duality have insignificant impact on ROA while Saidat et al., (2019), Al-Shammari and Al-Sultan (2009), and Naushad and Malik (2015) all stated that role duality has positive significant relationship with the FP represented by ROA. This study adopted the role duality to see if it has relationship on our sample studied.

H2: The relationship between role duality and ROA is insignificance.

Women in the BoD

The number of women in the board have negative effect on the FP of the Islamic banks (Endraswati, 2018). Carter, Simkins and Simpson (2003) launched that a BoD that has member diversity have positive impact on the FP. Abdullah, Ku Ismail and Nachum (2012) investigated the relationship between the number of women in the BoD and the ROA as a measure of FP and found that it has positive effect.

H3: The relationship between Women in the BoD and ROA is insignificance.

Control Variables

Two variables were used as control variables, and these are bank size and bank leverage.

Regression Model

In order to test for the significance and the relationships, a regression model is needed. The regression model will help us to get statistical data and analyze them. The regression model is as follows:

$$FPREF = \beta_0 + \beta_1 BSIZE + \beta_2 RDUAL + \beta_3 WBOARD + \beta_4 FSIZE + \beta_5 FLEV + \varepsilon$$

β_0 is a constant;
FPERF represents the ROA;
β_1BSIZE represents the BoD size;
β_2RDUAL represents the duality, where the CEO and chairman of the BoD is the same person;
β_3WBOARD represents the women in the BoD;
β_4FSIZE represents the bank size;
β_5FLEV represents the bank leverage;
ε is an error term.

The following table shows the details of each variable:

Table 1. Variables Details

Variables' Symbol	Variable Name	Description and measurement
Dependent Variable		
FPERF: - ROA	Return on Assets	ROA = Net Income/Total Assets
Independent Variable		
BSIZE	Board of Directors Size	Total number of directors in the board.
RDUAL	Role Duality	Dummy Variable: 1 if the CEO and the chairman of the board of directors is the same person; otherwise, 0.
WBOARD	Women on BoD	Percentage of women in the board of directors.
Control Variable		
FSIZE	Bank Size	Value of total assets.
FLEV	Bank Leverage	Leverage = Total Liabilities / Total Assets

S o u r c e : Produced by Authors through Microsoft Excel.

DATA ANALYSIS AND INTERPRETATION

The collected data will be analyzed through Microsoft Excel. There are three types of tests, which are analyzed through Microsoft Excel which are descriptive analysis, regression analysis and correlation test using correlation matrix.

Descriptive Analysis

The data collected has been proceeded in Microsoft Excel and the result can be seen in the following table.

Table 2. Descriptive Analysis Result

	ROA	BSIZE	WBOARD	FSIZE (in KWD)	FLEV
Mean	0.94%	9.26	2.55%	7,734,528,133	87.15%
Standard Deviation	0.47%	0.73	5.64%	7,185,313,923	2.50%
Minimum	-1.43%	7	0.00%	1,118,369,000	81.43%
Maximum	2.235	12	20.00%	29,717,391,000	98.04%
Observation	90	90	90	90	90

S o u r c e : Produced by Authors through Microsoft Excel.

In the above table, the descriptive data can be seen for the ROA which is the dependent variable and the other independent variable. It can be noticed that the dummy variable RDUAL is not included because it does not represent any numeric value, it just answers whether there is duality in the bank or not.

The mean for ROA is 0.94% and the standard deviation is 0.47%, this low standard deviation indicates that the ROA data are very close to the mean. Same situation applies on BSIZE where the mean is 9.26 and the standard deviation is 0.73. However, in FSIZE, the standard deviation is very high, it is KWD7,185,313,923, this means that the data is very spread out from the mean. Also, the spread out can be noticed from the minimum and maximum amount of FSIZE which is KWD1,118,369,000 and KWD29,717,391,000, respectively. As for FLEV, the mean is 87.15% and the standard deviation is 2.50% and it can be noticed that the difference between the minimum and maximum value is low,

this means that the FLEV data is clustered around the mean. Last variable remaining is WBOARD, the standard deviation for WBOARD is 5.64% which is high, and it conclude that the data are away from the mean which is 2.55%.

Regression Analysis

The regression analysis is used to get answers about the effect and the relationship of the variables with each other. The regression analysis requires a model of dependent and independent variable and an equation represent the. For that purpose, the regression model of the study has been made and procced with the proper data. The result of the data can be seen in the following tables.

Table 3. Regression Statistics Results

Regression Statistics	
Multiple R	0.32838143
R Square	0.10783436
Adjusted R Square	0.05472927
Standard Error	0.00456646
Observations	90

S o u r c e : Produced by Authors through Microsoft Excel.

R Square is used to determine how much of the variation in the dependent variable can be explained by the independent variable. From the data obtained from the 90 observations of the sample, the R Square is 10.78% which means that 10.78% of the variation in the dependent variable can be explained by the chosen independent variable. R Square is considered to be good when it is close to 100%. In this study it is only 10.78%. R Square has one problem, it will always increase when the number of independent variables increase and because of that we have the Adjusted R Square. Adjusted R Square is considered to be more accurate than R Square because it is adjusted for the number of independent variables in the model. The Adjusted R Square in this study is 5.47%. Also, R Squared and Adjusted R Squared does not determine the statistical significance.

As mentioned above, R Square and Adjusted R Square does not determine the statistical significance. Table (4) and Table (5) above show the regression method at 90% level of confidence. To determine the statistical significance, two types of tests will be used, F-test and T-test. The F-test is used to indicate the significance of the whole regression model while the T-test is used to determine the significance for each independent variable separately.

Table 4. ANOVA Result

	Df	SS	MS	F	Significance F
Regression	5	0.00021171	4.2343E-05	2.03058407	0.082542544
Residual	84	0.00175161	2.0853E-05		
Total	89	0.00196333			

S o u r c e : Produced by Authors through Microsoft Excel.

Table 5. Regression Model Results

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 90.0%*	*Upper 90.0%*
Intercept	0.03123284	0.018819318	1.6596158	0.10072089	-0.0061914	0.06865712	-6.739E-05	0.062533065
BSIZE	-0.0006124	0.000744873	-0.8221883	0.41329748	-0.0020937	0.00086884	-0.0018513	0.000626445
RDUAL	-0.001919	0.002528904	-0.7588144	0.45008761	-0.006948	0.00311003	-0.00612503	0.002287096
WBOARD	-0.0032928	0.009351196	-0.3521274	0.7256246	-0.0218887	0.01530307	-0.01884569	0.012260066
FSIZE	1.8946E-13	7.02328E-14	2.6975484	0.00844047	4.9791E-14	3.2912E-13	7.26455E-14	3.06268E-13
FLEV	-0.0200815	0.020389762	-0.9848809	0.32751095	-0.0606288	0.02046579	-0.05399367	0.013830698

S o u r c e : Produced by Authors through Microsoft Excel.

Because the level of confidence is 90%, the level of significance will be 0.10 because there are 10% chance to be wrong. For the F-test, the f-statistic of the model is 2.0305 and the p-value (significance F) =0.0825. When comparing the p-value with the 0.10 level of significance, it can be seen that the p-value is lower than the level of significance (0.0825<0.1), thus, the model is statistically significance and the variable used in the study is a good fit for the model.

The T-test shows that FSIZE have significant relationship with ROA because it has a p-value less than the level of significance (0.0094<0.1). RDUAL, WBOARD, BSIZE and FLEV all have insignificant relationship because their p-value is more than the level of significance.

The following table summarizes the decisions about the hypothesis:

Table 6. Hypothesis Decisions

Hypothesis	Accept/Reject
H1: The relationship between BoD size and ROA is insignificance.	Accepted
H2: The relationship between Role Duality and ROA is insignificance.	Accepted
H3: The relationship between Women in the BoD and ROA is insignificance.	Accepted

S o u r c e : Produced by Authors through Microsoft Excel.

Correlation Matrix

Correlation matrix is used to get the linear relationship between the ROA and the other independent variables. The correlation matrix for this study can be formed in the following table.

Table 7. Correlation Matrix

	ROA	BSIZE	RDUAL	WBOARD	FSIZE	FLEV
ROA	1					
BSIZE	-0.0090855	1				
RDUAL	-0.0917283	-0.3742183	1			
WBOARD	-0.047159	0.2131323	-0.097979	1		
FSIZE	0.2941376	0.2035655	-0.1518548	-0.0957552	1	
FLEV	-0.1129006	-0.0330003	0.0226395	-0.2993531	-0.0651056	1

S o u r c e : Produced by Authors through Microsoft Excel.

The correlation matrix is used to determine the relationship between the variables. Previously, the analysis showed that RDUAL, WBOARD, BSIZE and FLEV variables are statistically insignificant. In the correlation matrix, these same variables have negative relationship with the ROA. The only variable that has positive relationship which is also significant is the FSIZE.

Table 8. Comparative study on
"Impact of CG on Bank's Financial Performance of Various countries of GCC"

Authors	Title	Sample, Research Methodology and Countries	Investigated Variables	Comparative Outcomes
Arouri, H., Hossain, M., & Muttakin, M.B. (2011)	Ownership Structure, Corporate Governance and Bank Performance: Evidence From GCC Countries.	All Banks (27 Nos) of GCC countries except Kuwait had taken by the authors for the purpose of investigation. To test the variables they used OLS regression model. Country: GCC Countries	Dependent Variable: ROA, Independent Variable: Board size, CEO Duality, Foreign Ownership and Institutional Ownership, Block Holders	It has been noted that the banks in the sample are distinguished by a high degree of concentrated ownership, which is dominated by a significant presence of institutional investors and includes foreign investors. In this study, the authors found that foreign ownership and bank performance as assessed by ROA are positively and significantly correlated. Concentrated ownership is negatively associated with performance. *This study is partially consistent with ours because only firm size has positive relationship with ROA and as per overall model, CG has significant relationship with FP*
Grassa, R., & Matoussi, H. (2014)	Corporate Governance of Islamic Banks: A Comparative Study between GCC and Southeast Asia Countries	Authors had gathered data of 83 Banks out of which 55 banks were from GCC Counties from 2002 to 2011 of GCC countries and southeast Asia countries. They used descriptive analysis of this data. Countries: GCC	ROA and ROE were used as proxies for performance; however, in our study, we used only ROA as a proxy for firm performance. Other variables included ownership structure, board of directors attributes, CEO characteristics, and Shariah board attributes.	They commenced that Islamic banks in the GCC are dominated by block holders, the average board of directors' characteristics were slightly larger than those in Southeast Asian countries, and CEO characteristics were measured in reference to the average time a CEO holds office. In the case of GCC countries, this is slightly longer than in Southeast Asian countries, but the presence of women scholars on the board is very limited. *How this study is not consistent with us in many terms, such as how we used ROA as a proxy for firm performance, did not consider shariah law, CEO behavior, etc.*

Table 8. Comparative...

Authors	Title	Sample, Research Methodology and Countries	Investigated Variables	Comparative Outcomes
Ajili, H., & Bouri, A. (2018)	Corporate governance quality of Islamic banks: measurement and effect on financial performance	According to data from the national central bank websites of the Gulf Cooperation Council (GCC) nations, a sample of 44 IBs active in Bahrain, Kuwait, Qatar, Oman, the United Arab Emirates, and the Kingdom of Saudi Arabia were examined. Three sub-indices were used to create the CG-index, which measures the effectiveness of governance: the Board of Directors (BOD), Audit Committees (AC), and Shariah Supervisory Board (SSB) indices. They used descriptive statistics for the investigation.	ROA and ROE were used as proxies for performance; however, in our study, we used only ROA as a proxy for firm performance. Independent variables were such as the BOD Index, AC-Index, SSB Index, etc., which covered many variables under the index.	Results showed that 74% of the qualities covered by the CG-index are adhered to by the CG quality of IBs in GCC nations. The findings also demonstrated that IBs in GCC nations placed a far higher importance on the efficacy of SSB than they did on traditional CG techniques. Multiple regression models were used to analyze the data, and the results indicated that there was no statistically significant correlation between CG quality and financial success, indicating that good CG had an insignificant link to high performance in GCC IBs. *As per our findings, the CG of Kuwaiti banks has a significant impact on financial performance, but overall, this study shows GCC countries banks' CG has no impact on financial performance.*
Hassan Al-Tamini, H.A. (2012)	The effects of corporate governance on performance and financial distress: The experience of UAE national banks	The two components of a modified questionnaire were employed by the authors. The first section discusses governance structure, policies and compliance, relationship with shareholders, executive compensation, disclosure and transparency, relationship with stakeholders, and board of directors. The second section covers performance and financial hardship. Country: UAE	Corporate governance, structure, rules, and compliance were used (as a proxy) to analyze firm performance. of CG, disclosure, openness, CEO pay, and interactions with shareholders. the directors' board.	The findings suggested that there is a strong positive association between financial hardship and the CG practices of UAE national banks, but only a negligible positive relationship between performance level and the CG practices of UAE national banks. Last but not least, the study discovered that there is no appreciable distinction in the degree of CG practices between the national conventional banks and Islamic banks of the UAE.

Table 8. Comparative...

Authors	Title	Sample, Research Methodology and Countries	Investigated Variables	Comparative Outcomes
Mokhtaria B., & Hacini I. (2021)	The role of corporate governance in improving the banks Financial Performance empirical evidence from listed banks in the Saudi market	They gathered data on 10 banks listed in the Saudi financial market for the period 2008–2019. Country: Saudi Arabia	ROA and ROE were used as dependent variables. While independent variables were board size, independence of the board, board meetings, independence of audit committee members, and other control variables.	Members of the board, non-executive directors, and audit committee have a positive impact on the bank's performance in Saudi Arabia, while board meetings have a negative impact on financial performance. This study is partially consistent with ours.

S o u r c e : Based on the review of literature.

CONCLUSION AND SUGGESTIONS

This research was conducted to study if the there is an impact by the CG on the FP of the listed banks in Kuwait Stock Exchange. The study used the BoD size, role duality and number of women on the BoD to represent the CG while ROA used to represent the FP. Two control variables used in this study which are the bank size and the bank leverage.

The main finding of the study is that CG have significant relationship with the FP, meaning that the model is statistically significant, the result corresponds to the studies conducted by Ahmed and Hamdan (2015), Naushad and Malik (2015) and Arouri et al. (2011). The study does not agree with the researchers that concluded that there is not significant relationship (Buallay et al., 2017; Fallatah and Dickins, 2012). For the independent variables, BoD size has insignificant relationship with the ROA which supports the findings of Buallay et al. (2017) and Arouri et al. (2011). The study agrees with Ahmed and Hamdan (2015), Arouri et al. (2011) and Balagobei (2018) that role duality does not have significant relationship with the FP represented by ROA. Unlike what the researchers endowed, the relationship between women in the BoD and the FP is insignificant (Endraswati, 2018; Carter et al. 2003; and Abdullah et al. 2012). Between the control variables, only the bank size has significant relationship with the ROA and it's a positive relationship, this supports the findings of Ahmed and Hamadan (2015).

Recommendations

The variables BoD size, role duality, women in BoD and bank's leverage have insignificant relationship with the ROA, so they do not matter when it comes to FP represented by ROA. It is up to the bank to decide and choose whatever they feel appropriate. The variable bank size however, tested positive with ROA, so, if the banks want to enhance their performance, they shall increase their total assets.

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Appendices

Appendix A. List of All the Banks Studied

BANK NAME	TRADING SYMPOL	WEBSITE
Ahli United Bank – Kuwait	ALMUTAHED	http://www.ahliunited.com.kw
Al Ahli Bank of Kuwait	ABK	http://www.eahli.com
Boubyan Bank	BOUBYAN	http://www.bankboubyan.com
Burgan Bank	BURG	http://www.burgan.com
Commercial Bank of Kuwait	CBK	http://www.cbk.com
Gulf Bank	GBK	http://www.e-gulfbank.com
Kuwait Finance House	KFH	http://www.kfh.com
Kuwait International Bank	KIB	http://www.kib.com.kw
National Bank of Kuwait	NBK	http://www.nbk.com

S o u r c e : Produced by Authors through Microsoft Excel.