

**THE IMPACT OF CORPORATE GOVERNANCE  
CHARACTERISTICS ON EARNINGS MANAGEMENT IN  
PALESTINE: THE MODERATING EFFECTS OF POLITICAL  
INSTABILITY**

Ali Hassan Ibraheem Aljadba

Thesis submitted in partial fulfilment for the degree of  
DOCTOR OF PHILOSOPHY IN  
ECONOMICS AND MUAMALAT ADMINISTRATION

UNIVERSITI SAINS ISLAM MALAYSIA

April 2021

## AUTHOR DECLARATION

I hereby declare that the work in this thesis is my own except for quotations and summaries which have been duly acknowledged.

Date:

Signature:

Name: Ali Hassan Ibraheem Aljadba

Matric No: 4171048

Address: Sri Cempaka Apartment, Jalan Sepakat Indah 2/1, Taman Sepakat Indah 2, 43000 Kajang, Selangor



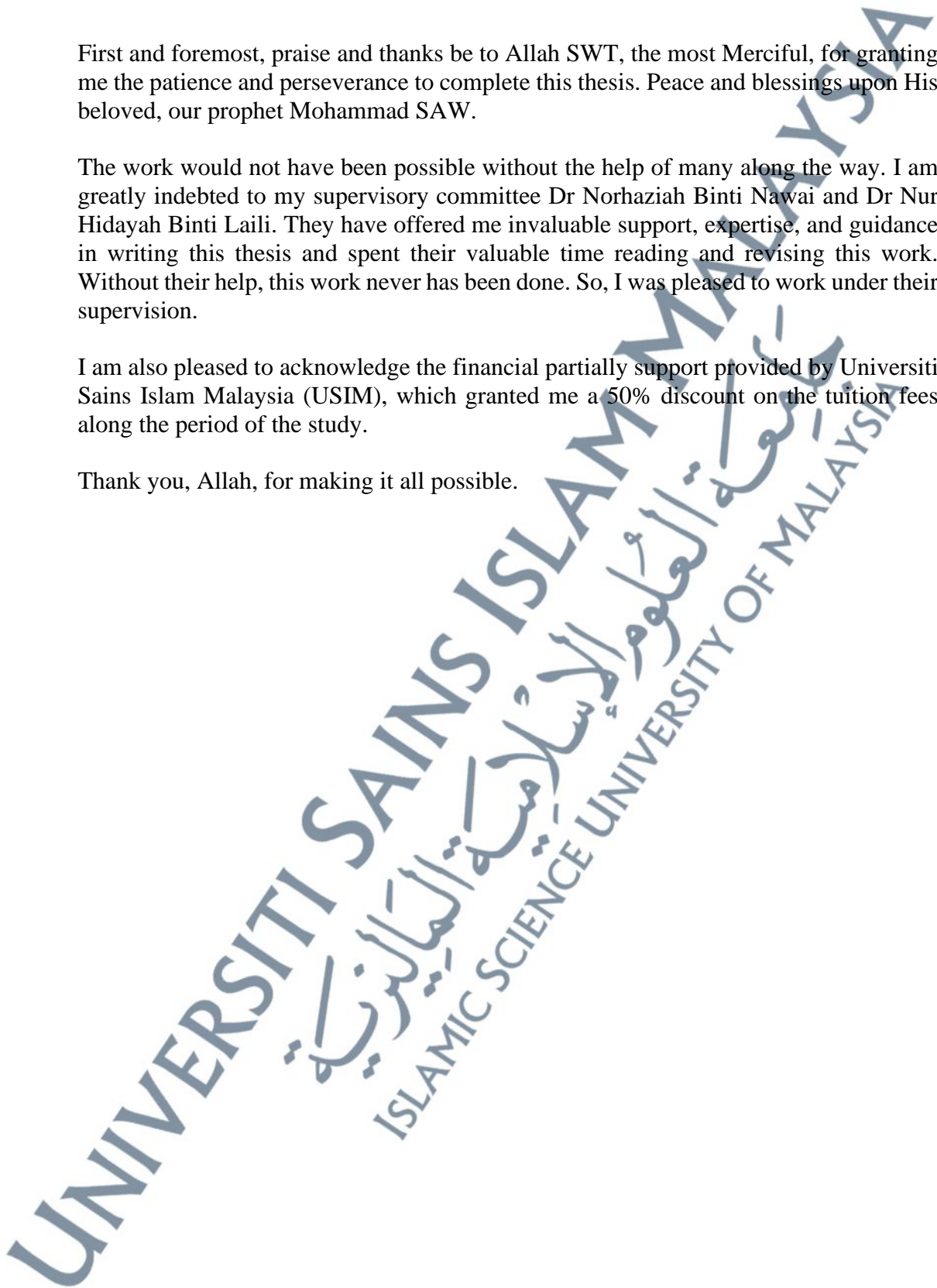
## ACKNOWLEDGEMENTS

First and foremost, praise and thanks be to Allah SWT, the most Merciful, for granting me the patience and perseverance to complete this thesis. Peace and blessings upon His beloved, our prophet Mohammad SAW.

The work would not have been possible without the help of many along the way. I am greatly indebted to my supervisory committee Dr Norhaziah Binti Nawai and Dr Nur Hidayah Binti Laili. They have offered me invaluable support, expertise, and guidance in writing this thesis and spent their valuable time reading and revising this work. Without their help, this work never has been done. So, I was pleased to work under their supervision.

I am also pleased to acknowledge the financial partially support provided by Universiti Sains Islam Malaysia (USIM), which granted me a 50% discount on the tuition fees along the period of the study.

Thank you, Allah, for making it all possible.



## ABSTRAK

Ketidakstabilan politik dan ekonomi telah menjejaskan keberkesanan mekanisme tadbir urus korporat (CG) dan struktur pemilikan (OS). Kajian ini mengembangkan kajian-kajian yang telah dijalankan oleh penyelidik terdahulu dalam bidang tadbir urus korporat (CG) dan pengurusan pendapatan (EM) dengan melihat sama ada ketidakstabilan politik dapat menyederhanakan hubungan antara keberkesanan CG dan amalan-amalan EM di Palestin. Tambahan lagi, hanya sedikit penyelidikan yang telah membincangkan isu-isu berkenaan CG dan EM di Palestin. Oleh itu, tujuan kajian ini adalah untuk membentangkan bukti empirik dari Palestin dengan menyiasat hubungan antara mekanisme-mekanisme CG dan amalan-amalan EM. Kajian ini pertamanya menyiasat hubungan antara mekanisme-mekanisme CG dalaman yang berkaitan dengan ciri-ciri lembaga pengarah (BOD), ciri-ciri jawatankuasa audit (AC), struktur pemilikan (OS), dan amalan-amalan EM. Kedua, kajian ini menyelidik sama ada kualiti BOD dan AC mempengaruhi amalan-amalan EM dengan menggunakan ukuran agregat. Ketiga, kajian ini menyiasat sama ada ketidakstabilan politik mempengaruhi hubungan antara kualiti BOD dan kualiti AC dengan EM. Penyelidikan ini menggunakan data panel untuk mengkaji sampel yang terdiri daripada 29 syarikat bukan kewangan yang tersenarai di Palestine Exchange (PEX) bagi tempoh lapan tahun (2011-2018). Data CG dikumpulkan secara manual dari laporan-laporan tahunan syarikat yang diterbitkan di laman sesawang PEX. Selain itu, data kewangan berkaitan dengan pengiraan EM juga dikumpulkan dari DataStream Thompson Reuters. Menggunakan regresi OLS terkumpul pada data panel, dapatan kajian menunjukkan bahawa kebebasan BOD, kepelbagaian kewarganegaraan BOD, mesyuarat-mesyuarat BOD, kewujudan imbuhan dan jawatankuasa tadbir urus, dan pemilikan institusi memiliki hubungan yang negatif dan bererti dengan EM. Manakala, pemilikan asing memiliki hubungan positif dan bererti dengan amalan-amalan EM. Selain itu, dapatan kajian juga menunjukkan bahawa ciri-ciri AC, saiz BOD, CEO dualiti, dan penumpuan pemilikan tidak memiliki hubungan bererti dengan amalan-amalan EM. Dapatan-dapatan daripada model data panel berkesan secara rawak dan tidak membawa sebarang keputusan di Palestin. Ia menunjukkan bahawa kualiti BOD memiliki hubungan positif dengan EM, yang bercanggah dengan teori agensi, manakala kualiti AC memiliki hubungan negatif dengan EM, yang selari dengan teori agensi. Dapatan kajian menunjukkan bahawa ketidakstabilan politik meningkatkan amalan-amalan EM di Palestin. Dapatan analisis regresi pula menunjukkan bahawa kualiti BOD memiliki pengaruh yang lebih hebat dalam mengurangkan amalan-amalan EM dalam situasi ketidakstabilan politik. Kualiti AC pula menjadi lemah dalam keadaan ketidakstabilan politik. Kajian ini telah meluaskan dan memberikan sumbangan unik kepada kepustakaan berkaitan CG dan EM sedia ada dengan cara menyiasat hubungan antara mekanisme-mekanisme CG dan amalan-amalan EM di Palestin di mana kajian-kajian serupa di negara berkenaan amat terhad. Selain itu, dapatan-dapatan kajian ini boleh diitlakkan kepada negara-negara membangun lain yang juga menghadapi masalah ketidakstabilan politik seperti Palestin, sebagai contoh negara-negara Arab yang lain.

## ABSTRACT

Severe political and economic instability greatly impact the effectiveness of corporate governance (CG) mechanisms and ownership structure (OS). This study extends prior CG and EM literature by examining whether political instability moderates the relationship between CG effectiveness and EM practices. In addition, few studies have dealt with the issues of CG and EM in Palestine. Hence, the purpose of this study is to introduce empirical evidence from Palestine by examining the relationship between CG mechanisms and EM practices. The current study focuses, first, on investigating the relationship between the internal CG mechanisms related to the board of director's (BOD) characteristics, the audit committee (AC) characteristics, ownership structure (OS), and EM practices. Second, this study examines whether BOD and AC quality influence EM practice by using an aggregate measure. Third, this study investigates whether political instability affected the association of BOD quality and AC quality with EM. The study uses a panel data approach to examine a total sample of 29 non-financial companies listed on the Palestine Exchange (PEX) for 8 years from 2011 to 2018. The data of CG were collected manually from the published annual reports on the website of PEX. Moreover, the DataStream from Thompson Reuters is used to collect some of the financial data related to EM calculations. Using a Pooled OLS regression of panel data, the findings show that BOD independence, BOD nationality diversity, BOD meetings, the existence of remunerations and governance committee, and institutional ownership are negatively and significantly associated with EM. Foreign ownership is associated positively and significantly with EM practices. Furthermore, the findings reveal that AC characteristics, BOD size, CEO duality, and ownership concentration are not significantly associated with EM practices. The random-effects panel data model reveals inconclusive results in the Palestinian setting; the results show that the quality of BOD is positively associated with EM, which is unlike the agency theory perspective, while the quality of AC is associated negatively with EM, which is in line with agency theory. The results indicate that political instability increases EM practices in Palestine. Based on the regression analysis, the findings indicate that the relationship between the quality of BOD is stronger in reducing EM practices under political instability effects. In contrast, the quality of AC becomes weak under a situation of political instability. This research extends the existing literature by providing a unique contribution to CG and EM literature by filling this gap by examining this relationship between CG mechanisms and EM due to limited studies that have been conducted in Palestine. Moreover, the results can be generalized to other developing countries with political instability like Palestine, such as Arab Spring countries.

## الملخص

تتأثر درجة فعالية آليات حوكمة الشركات بعدم الاستقرار السياسي والاقتصادي. وبالتالي، تم القيام بهذا البحث لسد الفجوات في الدراسات السابقة. لذلك، تم فحص ما إذا كان عدم الاستقرار السياسي يؤثر على العلاقة بين فعالية حوكمة الشركات في الحد من ممارسة إدارة الأرباح في فلسطين. بالإضافة إلى ذلك، هناك عدد محدود من الدراسات التي تناولت قضايا حوكمة الشركات في فلسطين. وبالتالي، إن الغرض من هذه الدراسة هو تقديم أدلة تطبيقية من فلسطين من خلال فحص العلاقة بين آليات حوكمة الشركات وممارسات إدارة الأرباح. تركز الدراسة الحالية، أولاً، على دراسة تأثير آليات حوكمة الشركات المتعلقة بخصائص مجلس الإدارة، وخصائص لجنة المراجعة، وهيكل الملكية على ممارسات إدارة الأرباح. ثانياً، تبحث هذه الدراسة ما إذا كانت فعالية مجلس الإدارة ولجنة المراجعة تؤثر على ممارسة إدارة الأرباح باستخدام المقياس التجميعي. ثالثاً، تبحث هذه الدراسة فيما إذا كانت فعالية مجلس الإدارة ولجنة المراجعة تتأثر بعدم الاستقرار السياسي في فلسطين. تستخدم الدراسة منهج بيانات اللوحة لفحص عينة إجمالية من 29 شركة غير مالية مدرجة في بورصة فلسطين خلال 8 سنوات من 2011 إلى 2018. يتم جمع بيانات حوكمة الشركات يدوياً من التقارير السنوية المنشورة على موقع بورصة فلسطين، كما يتم استخدام قاعدة البيانات Thompson Reuter لجمع بعض البيانات المالية المتعلقة بنموذج احتساب قيمة إدارة الأرباح. تم استخدام نموذج الانحدار OLS شائع الاستخدام في مثل هذه الدراسات، تُظهر النتائج أن استقلالية مجلس الإدارة، وتنوع الجنسية، واجتماعات المجلس، ووجود لجنة المكافآت والحوكمة والملكية المؤسسية ترتبط ارتباطاً سلبياً وبشكل كبير بإدارة الأرباح. ومن ناحية أخرى، ترتبط الملكية الأجنبية بشكل إيجابي بممارسات إدارة الأرباح على مستوى كبير. كما تكشف النتائج أن خصائص لجنة المراجعة، وحجم مجلس الإدارة، وازدواجية الرئيس التنفيذي وتركيز الملكية لا ترتبط بشكل كبير بممارسات إدارة الأرباح. يكشف نموذج التأثيرات العشوائية عن نتائج غير حاسمة في الوضع الفلسطيني، حيث تظهر النتائج أن فعالية مجلس الإدارة مرتبطة بشكل إيجابي مع إدارة الأرباح وهو ما يختلف عن منظور نظرية الوكالة. تشير النتائج إلى أن عدم الاستقرار السياسي يزيد من ممارسات إدارة الأرباح في فلسطين. وتشير النتائج إلى أن مجلس الإدارة أكثر فعالية في الحد من ممارسات إدارة الأرباح، في حين أن فعالية لجنة المراجعة تصبح أضعف في ظل حالة عدم الاستقرار السياسي. يمكن تعميم النتائج على الدول النامية الأخرى التي تعاني من عدم استقرار سياسي مماثل لفلسطين مثل دول الربيع العربي

## TABLE OF CONTENTS

CONTENTS	PAGE
AUTHOR DECLARATION	ii
ACKNOWLEDGEMENTS	iii
ABSTRAK	iv
ABSTRACT	v
الملخص	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	xii
LIST OF FIGURES	xiv
LIST OF APPENDICES	xv
LIST OF EQUATIONS	xvi
LIST OF ABBREVIATIONS	xvii
<b>CHAPTER 1: INTRODUCTION</b>	
1.1 Introduction	1
1.2 Background of the Study	1
1.3 Problem Statement	12
1.4 Objectives of the Study	17
1.5 Research Questions	18
1.6 Operational Definitions	18
1.7 The Scope of the Study	19
1.8 The Significance and the Motivations of the Study	20
1.9 Research Contributions	23
1.10 The Outlines of the Thesis	26
1.11 Chapter Summary	27
<b>CHAPTER 2: AN OVERVIEW OF CORPORATE GOVERNANCE</b>	
2.1 Introduction	28
2.2 Corporate Governance Definitions	28
2.3 CG in Developed and Developing Countries	31
2.3.1 The CG Situation in Developed Countries	32
2.3.2 Overview of CG Situation in the United Kingdom	33
2.3.3 CG Situation in Developing Countries	35
2.3.3.1 Overview of CG in Malaysia	36
2.3.3.2 Overview of CG in Jordan	38
2.3.3.3 Overview of CG in Syria	40
2.3.3.4 Overview of CG in Lebanon	43
2.4 Overview of Palestine (West Bank & Gaza Strip)	44
2.4.1 Geographic Context	45
2.4.2 Demography Context	46
2.4.3 Socio-Economic Context	46
2.4.4 Palestine Exchange (PEX)	47
2.4.5 Political and Economic Situation in Palestine	49
2.5 Corporate Governance Situation in Palestine	53
2.6 Chapter Summary	58

CHAPTER 3: LITERATURE REVIEW	60
3.1 Introduction	60
3.2 Theoretical Background	60
3.2.1 Agency Theory	61
3.2.2 Political Theory	68
3.3 Corporate Governance Mechanisms	71
3.3.1 BOD Characteristics	72
3.3.1.1 BOD Size	73
3.3.1.2 BOD Frequency of Meetings	76
3.3.1.3 BOD Independence	78
3.3.1.4 BOD Nationality Diversity	81
3.3.1.5 Existence of Remuneration and Governance Committee	84
3.3.1.6 CEO-Duality	86
3.3.2 Audit Committee Characteristics	88
3.3.2.1 Audit Committee Size	89
3.3.2.2 Audit Committee Independence	90
3.3.2.3 Audit Committee Financial Expertise	91
3.3.3 Ownership Structure	92
3.3.3.1 Ownership Concentration	93
3.3.3.2 Institutional Ownership	95
3.3.3.3 Foreign Ownership	96
3.3.4 Board of Directors' Quality	97
3.3.5 Audit Committee Quality	100
3.4 Earnings Management	102
3.4.1 Earnings Management Definitions	103
3.4.2 The Types of Earnings Management	106
3.4.2.1 Accrual-Based EM	106
3.4.2.2 Real Activities-Based EM	107
3.4.2.3 Classification-Shifting-Based EM	108
3.4.3 EM Models and Common Measurements	109
3.4.3.1 The Aggregate Accruals Approaches/Models	110
3.4.3.1.1 The Healy Model (1985)	110
3.4.3.1.2 The DeAngelo Model (1986)	111
3.4.3.1.3 The Jones Model (1991)	112
3.4.3.1.4 The Modified Jones Model (1995)	113
3.4.3.1.5 The Kothari et al. (2005) Model	114
3.4.3.2 Measuring Total Accruals	116
3.4.3.2.1 Balance Sheet Approach	116
3.4.3.2.2 Cashflow Statement Approach	117
3.5 Overview of Political and Economic Situation in Palestine	118
3.6 Chapter Summary	125
CHAPTER 4: RESEARCH HYPOTHESES AND METHODOLOGY	
4.1 Introduction	126
4.2 Research Conceptual Framework	126
4.3 The Development of Hypotheses	129
4.3.1 BOD Characteristics	129
4.3.1.1 BOD Size	129
4.3.1.2 BOD Frequency of Meetings	131

4.3.1.3	BOD Independence	132
4.3.1.4	BOD Nationality Diversity	134
4.3.1.5	Presence of Remuneration and Governance Committee	136
4.3.1.6	CEO-Duality	137
4.3.2	Audit Committee Characteristics	138
4.3.2.1	Audit Committee Size	140
4.3.2.2	Audit Committee Independence	141
4.3.2.3	Audit Committee Financial Expertise	142
4.3.3	Ownership Structure	143
4.3.3.1	Ownership Concentration	143
4.3.3.2	Institutional Ownership	145
4.3.3.3	Foreign Ownership	147
4.3.4	Board of Directors Quality	149
4.3.5	Audit Committee Quality	151
4.3.6	The Moderating Effects of Political Instability on CG and EM	153
4.4	Research Philosophy	158
4.5	Quantitative Research Approach	160
4.6	Research Design	162
4.6.1	Population Selection and Data Collection Methods	162
4.6.1.1	Population Selection	162
4.6.1.2	Data Collection Methods and Procedures	165
4.6.2	Operational Definitions and Measurements of the Variables	165
4.6.2.1	The Dependent Variable and Measurements	166
4.6.2.2	Measurements of Independent Variables	172
4.6.2.2.1	Board Size	172
4.6.2.2.2	Board Meetings	172
4.6.2.2.3	Board Independence	172
4.6.2.2.4	Board Nationality Diversity	173
4.6.2.2.5	Existence of Remuneration and Governance Committee	173
4.6.2.2.6	CEO-Duality	174
4.6.2.2.7	BOD Quality Score	174
4.6.2.2.8	AC Size	175
4.6.2.2.9	AC Independence	175
4.6.2.2.10	AC Financial Expertise	176
4.6.2.2.11	AC Quality Score	176
4.6.2.2.12	Ownership Concentration	177
4.6.2.2.13	Institutional Ownership	177
4.6.2.2.14	Foreign Ownership	177
4.6.2.3	Moderating Variable of Political Instability	178
4.6.2.4	Control Variables	179
4.6.2.4.1	Growth	179
4.6.2.4.2	Cashflow	180
4.6.2.4.3	Firm Age	180
4.7	Econometric Approach	182
4.7.1	Software Packages	182
4.7.2	Diagnostic Tests	182
4.7.2.1	Outliers and Missing Observations	182
4.7.2.2	Normality	183
4.7.2.3	Multicollinearity	183

4.7.2.4	Autocorrelation	184
4.7.2.5	Heteroscedasticity	184
4.7.2.6	Panel Data Approach	185
4.7.3	Data Under Study	186
4.7.4	Analysis of Panel Data	187
4.7.4.1	Pooled OLS (Ordinary Least Square) Regression Model	188
4.7.4.2	Fixed Effect Model	189
4.7.4.3	Random Effect Model	189
4.7.5	Choosing Appropriate Regression Model	190
4.8	Research Models Specification	191
4.8.1	Multiple Regression Analysis	191
4.8.2	Regression Analysis for Moderating Effects	191
4.8.3	Model Specification of the Impact of the CG Characteristics on EM	192
4.8.4	Model Specification of the Moderating Effect of Political Instability	193
4.9	Chapter Summary	194
<b>CHAPTER 5: RESULTS AND DISCUSSION</b>		
5.1	Introduction	195
5.2	Descriptive Statistics	195
5.2.1	Descriptive Statistics of the Dependent Variable - EM	195
5.2.2	Descriptive Statistics of the Control Variables	197
5.2.3	Descriptive Statistics of the BOD Characteristics Variables	198
5.2.4	Descriptive Statistics of the AC Characteristics Variables	202
5.2.5	Descriptive Statistics of the Ownership Structure variables	204
5.2.6	Descriptive Statistics of the Moderation Model's Variables	206
5.3	Correlation Analysis	207
5.4	Regression Analysis	209
5.4.1	Choosing Suitable Panel Regression for the Study's Models.	209
5.4.2	Diagnosis Analysis	211
5.4.2.1	Normality Analysis	211
5.4.2.2	Multicollinearity Analysis	212
5.4.2.3	Heteroskedasticity Analysis	213
5.4.2.4	Serial Correlation Analysis	214
5.5	Estimation Results	214
5.5.1	The Regression Results of the Main Model	215
5.5.1.1	BOD Size	217
5.5.1.2	BOD Meetings	219
5.5.1.3	BOD Independence	220
5.5.1.4	BOD Nationality Diversity	221
5.5.1.5	The Existence of the Remunerations and Governance Committee	222
5.5.1.6	CEO Duality	224
5.5.1.7	Audit Committee Size	226
5.5.1.8	Audit Committee Independence	228
5.5.1.9	Audit Committee Financial Expertise	230
5.5.1.10	Ownership Concentration	231
5.5.1.11	Institutional Ownership	233
5.5.1.12	Foreign Ownership	234
5.5.1.13	Control Variables	237
5.5.1.13.1	Firm Growth	237

5.5.1.13.2	Firm Age	237
5.5.1.13.3	Cashflow from Operating Activities	238
5.5.2	Moderation Random Effects Regression Model	239
5.5.2.1	Board of Director Quality	240
5.5.2.2	Audit Committee Quality	243
5.5.2.3	Political Instability	245
5.5.2.4	Political Instability on the Relationship of BOD Quality and EM	247
5.5.2.5	Political Instability on the Relationship of AC Quality and EM	249
5.6	Additional Analysis	250
5.6.1	Using Different Proxies for CG Variables	250
5.6.2	Signed Discretionary Accruals Analysis	255
5.6.3	The Impact of Political Instability on CG–EM Relationship	265
5.7	Summary	269
CHAPTER 6: CONCLUSION AND RECOMMENDATIONS		
6.1	Introduction	271
6.2	Overview of the Study	271
6.3	Contributions and Implications of the Study	276
6.3.1	Theoretical Contributions	276
6.3.2	Methodological Contributions	277
6.3.3	Research Academic Implications	277
6.3.4	Practical Implications	280
6.4	Limitations of the Study	286
6.5	Recommendations for Future Research	288
6.6	Chapter Summary	289
REFERENCES		291
APPENDICES		334

## LIST OF TABLES

<b>Tables</b>	<b>Page</b>
Table 1.1: The Operational Definitions	19
Table 1.2: The Thesis Outline	27
Table 2.1: CG and Regulatory Quality in Palestine	51
Table 3.1: Main Economic Indicators of the Palestinian Economy, 2011 to 2018	122
Table 4.1: The Weight of Sectors and Companies listed on PEX	164
Table 4.2: Population of the Study	164
Table 4.3: Preliminary Regression Results of the Modified Jones Equation	171
Table 4.4: Preliminary Regression Results of the Kothari et al. (2005) Equation	171
Table 4.5: Constructing the BOD Quality Score	175
Table 4.6: Constructing the AC Quality Score	176
Table 4.7: Measurements of the Variables	181
Table 5.1: Descriptive Statistics of the Dependent Variable - EM	196
Table 5.2: Descriptive statistics of EM from 2011 to 2018	197
Table 5.3: Descriptive Statistics of The Control Variables	197
Table 5.4: Descriptive Statistics of the BOD Characteristics Variables	199
Table 5.5: Descriptive Statistics of the AC Characteristics Variables	203
Table 5.6: Descriptive Statistics of the Ownership Structure Variables	204
Table 5.7: Descriptive Statistics of the Moderation Model's Variables	206
Table 5.8: Correlation Coefficients between Variables of the Study	208
Table 5.9: Hausman Test and Breusch and Pagan LM test	210
Table 5.10: Normality Tests Results for The Panel Regression Models	211
Table 5.11: Multicollinearity Investigation Results based on VIF Values	212
Table 5.12: Heteroscedasticity Tests Results for the Panel Regression Models	213
Table 5.13: Serial Correlation Tests Results for The Panel Regression Models	214

Table 5.14: Pooled OLS Regression Results of the Main Model	216
Table 5.15: Results of Panel Regression of Moderation Models	239
Table 5.16: Pooled OLS Regression Results of New BOD and AC Proxies	253
Table 5.17: Pooled OLS Regression of CG and Signed DAC	257
Table 5.18: Results of Panel Regression of Moderation Model and Signed DAC	262
Table 5.19: Regression Results of CG and EM During and Post Crisis	267
Table 5.20: Summary Results of the Main and Moderation Model	270

UNIVERSITI SAINS ISLAM MALAYSIA  
جامعة العلوم الإسلامية  
ISLAMIC SCIENCE UNIVERSITY OF MALAYSIA

## LIST OF FIGURES

Figures	Page
Figure 4.1: The Conceptual Framework of the Main Model	128
Figure 4.2: The Conceptual Framework of the Moderating Model	128

UNIVERSITI SAINS ISLAM MALAYSIA  
جامعة العلوم الإسلامية  
ISLAMIC SCIENCE UNIVERSITY OF MALAYSIA

## LIST OF APPENDICES

Appendices	Page
Appendix 1: Summary of selected prior literature on the influence of CG characteristics on EM and related fields	334
Appendix 2: Descriptive statistics of earnings management based on firms	360
Appendix 3: Pooled OLS regressions for the main model	361
Appendix 4: Random effects regression for the moderating model	364

UNIVERSITI SAINS ISLAM MALAYSIA  
جامعة العلوم الإسلامية  
ISLAMIC SCIENCE UNIVERSITY OF MALAYSIA

## LIST OF EQUATIONS

Equations	Page
3.1	111
3.2	111
3.3	112
3.4	113
3.5	115
3.6	116
3.7	117
4.1	168
4.2	168
4.3	169
4.4	169
4.5	170
4.6	191
4.7	192
4.8	192
4.9	193
5.1	215
5.2	215
5.3	215
5.4	215
5.5	216

## LIST OF ABBREVIATIONS

ABSDAC	Absolute Value of Discretionary Accruals
AC	Audit Committee
ACQ	Audit Committee Quality
ACFEXP	Audit Committee Financial Expertise
ACIND	Audit Committee Independence
ACSIZE	Audit Committee Size
AICPA	American Institute of Certified Public Accountants
BOD	Board of Directors
BODQ	Board of Directors Quality
BODND	Board of Directors Nationality Diversity
BODIND	Board of Directors Independence
BODMEET	Number of Board of Directors Meetings
BODRE&GC	Board of Directors' Remuneration and Governance Committee
BODSIZE	Board of Directors Size
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFO	Cash Flow from Operating Activities
CG	Corporate Governance
DAC	Discretionary Accruals
EM	Earnings Management
FOREOWNER	Foreign Ownership
GAAP	Generally Accepted Accounting Principles
IAS	International Accounting Standards
INSTIOWNER	Institutional Ownership
MCCG	Malaysian Code of Corporate Governance
OECD	Organization of Economic Cooperation and Development
OLS	Ordinary Least Square Regression
OS	Ownership Structure
PCCG	Palestinian Code of Corporate Governance
PCMA	Palestinian Capital Market Authority
PEX	Palestine Exchange
PMA	Palestinian Monetary Authority
ROA	Return on Assets