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The impact of corporate governance on compliance with corporate laws in public shareholding companies of Jordanian and Emirati companies

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ABSTRACT

The purpose of this study is to investigate the impact of corporate governance on compliance with corporate laws in public shareholding companies. This empirical study focuses on Jordanian and Emirati companies. It adopts a quantitative approach to examine the relationship between the implementation of corporate governance practices and the level of legal compliance. The research design is cross-sectional, utilizing a structured questionnaire distributed among key managerial and compliance personnel within selected public shareholding companies in Jordan and the United Arab Emirates. The sample size consisted of 490 respondents. All hypotheses in the model were found to be statistically significant ($p < 0.05$), providing full empirical support for the proposed relationships. Notably, the t-values for disclosure transparency and internal control effectiveness are particularly high, indicating that these dimensions have the most substantial influence on legal compliance within public shareholding companies. Based on these findings, the study recommends strengthening board independence and ensuring that audit committees are active, qualified, and fully independent to provide effective oversight. Additionally, establishing stronger and more transparent audit committees is crucial for enhancing compliance monitoring with corporate laws.

Contribution/Originality: This study provides a novel contribution by comparatively examining the influence of corporate governance mechanisms on compliance with corporate laws in public shareholding companies across Jordan and the United Arab Emirates. The originality lies in integrating corporate governance dimensions (such as board independence, transparency, and accountability) with the degree of legal compliance.

1. INTRODUCTION

The need for sound governance practices, which ensure the integrity, transparency, and accountability of a corporation, has gained more focus, especially in the context of public shareholding companies (Shakhatreh, Salman, Aldrou, Comite, & Alazzam, 2023). This is even more critical in countries like Jordan and the UAE, which are developing and trying to shape their governance systems to meet international benchmarks. With the growth of capital markets and stricter regulations, it is not enough for public companies to just ensure that they are maximizing the wealth of shareholders; they also need to meet legal and ethical standards (Al-Sa'eed, 2013; Almaqtari, Hashed, & Shamim, 2021). Here, corporate governance practices serve as an important tool to reinforce compliance and control in the organization, particularly in regions that are trying to update their corporate legislation. Nevertheless, despite the efforts of Jordanian and Emirati authorities to adopt and implement corporate governance codes, there is still no definitive empirical evidence on their impact on corporate law compliance. There have been a number of governance issues in Jordan that have been documented, including inadequate enforcement, lack of independent boards, weak overall enforcement, and transparency (Suwaidan, Al-Khoury, Areiqat, & Cherrati, 2021). A similar situation is observed in the UAE, where, while standards are issued, their application across firms may differ unless strict internal controls are enforced (Abdulla & Elshandidy, 2023). These results indicate that there is a dearth of empirical literature that has specifically associated governance practices with legal compliance in Middle Eastern settings.

As a result, fundamental principles of governance such as disclosure, board self-management, and the existence of functional internal frameworks are assumed to promote compliance with the law (Almarashdah, Gharaibeh, Sial, Tahir, & Gandolfi, 2024). For example, transparency strengthens the investor's trust level and guarantees companies report activities by law (Abdelkarim & Abusharbeh, 2016). Board independence helps to mitigate undue influence from management and results in board decisions that are more favorable to shareholders and regulators (Aleqedat, 2021). Furthermore, robust internal control systems protect companies from wrongdoing, thereby aiding compliance with relevant laws (Haddad, Sbeiti, & Qasim, 2017).

Yet, the interplay between governance instruments and the legal obligations they entail remains under-theorized in Arabic corporate literature. The presented study thus addresses this shortfall by analyzing how specific governance practices shape statutory adherence in publicly listed firms operating in the Hashemite Kingdom and the United Arab Emirates (ElKelish & Hassan, 2015). Formulated as a cross-national assessment, the inquiry identifies which governance framework most effectively secures normative observance, thereby moving its empirical foundation beyond jurisdictional singularity. Valued not only as further normative appraisal but as an orchestral diagnostic for legal risk and administration, the research is expected to assist legislators, supervisory bodies, and executives alike. By positioning governance etiquette as simultaneously a behavioral minimize-norm divergence device and an accountable-limitation device, the anticipated outcome is to intern a sharper conception of governance imperatives beyond performance and propriety vectors toward one of legally-curbed and publicly-curbed control, an enterprise which academic contexts still resist linking to statutory regimens (Abu Karky & Al-Hdaithat, 2019; Al-Smadi, 2019). Overall, the nexus between governance and legality in Arab commercial culture remains fragmented, where submitted dialogues grant praise to governance yet little is rendered to the statutory variables that it intermittently modifies or surpasses.

Prior investigations have highlighted persistent weaknesses in oversight mechanisms, manifested in insufficient monitoring by boards and a lack of clarity in governance frameworks (Abdulla & Elshandidy, 2023; Suwaidan et al., 2021). In response, the paper contributes to the evolving discourse of corporate law and governance by presenting three distinct advances. First, it delivers fresh empirical data sourced from Jordan and the UAE, two rapidly developing markets, thus permitting a comparative appraisal of governance practice and legal observance across contrasting institutional environments (Mallet & Nassar, 2024). Second, the research fuses legal theory, managerial perspective, and quantitative modelling within a comprehensive scheme specifically calibrated to the corporate governance ecosystem of the Middle East, an approach previously undocumented. Third, it explicates the associations linking observance of statutory governance requirements and constituent quality dimensions namely, disclosure transparency, board independence, and the robustness of internal controls. By quantifying these linkages, the analysis aspires to furnish legislative and regulatory agents with empirical underpinnings to construct governance frameworks capable of engendering accountable and responsible corporate conduct (Aleqedat, 2021; Almaqtari et al., 2021). Thus, the study pursues a systematic appraisal of the legal and quantitative consonance between the adoption of the recommended governance principles and the observance of the selected transparency and control criteria.

2. LITERATURE REVIEW

Solid corporate governance is increasingly vital across all business contexts, but its importance is especially pronounced in rapidly developing economies such as Jordan and the UAE. A well-designed governance architecture establishes the rules for accountability and transparency, which build confidence among investors while creating incentives for firms to follow statutory and regulatory provisions (Al-Malkawi & Pillai, 2018). Furthermore, a robust framework reduces informational asymmetries and enhances internal monitoring, enabling sounder strategic choices and reinforcing adherence to the law (Claessens & Yurtoglu, 2013). Publicly listed firms in both countries must navigate multiple and interconnected legal obligations, including comprehensive financial reporting, protections for minority shareholders, and the oversight of executive conduct. Corporate governance provides the disciplined process that ensures such duties are fulfilled in a consistent and verifiable manner (Almatarneh, Zaqeeba, Jebril, & Jarah, 2023).

Transparency underpins effective corporate governance. Firms that adhere to high governance standards typically disclose reliable and timely data, thereby minimizing exposure to regulatory fines and litigation. In Jordan, while a formal corporate governance code exists, adherence is uneven. Progress has been made, yet persistent issues including the need for genuine board independence and stricter enforcement prolong the path to comprehensive compliance (Al-Bassam, Ntim, Opong, & Downs, 2018). In contrast, the UAE has developed one of the region's most rigorous governance frameworks. Its Securities and Commodities Authority (SCA), along with other regulators, imposes compulsory codes on all publicly listed entities, with stringent oversight and penalties (Hassan & Halbouni, 2013). Empirical studies consistently demonstrate that companies with robust governance structures exhibit superior compliance with both domestic and international legal requirements (Bhagat & Bolton, 2019).

An active, knowledgeable, and independent board is essential both for keeping the executive in check and for steering the organization within legal boundaries (Tubishat, Alazzam, Viunyk, Yatsun, & Horpynchenko, 2024). Empirical evidence indicates that boards presenting a mix of experience, gender, and national backgrounds correlate with stronger legal performance (Adams & Ferreira, 2007). Moreover, governing structures of high quality improve the rigor of financial disclosures, a prerequisite for legal clarity and for capital-market credibility. Firms that have well-constituted boards are statistically more likely to issue timely reports that conform to applicable accounting and securities laws (Healy & Palepu, 2001). Nevertheless, the experience of both Jordan and the UAE reveals that, even with recent legal reforms, core implementation obstacles persist: enforcement remains muddled by inadequate sanctions, gaps in transparency, and overt political interference. Beyond a formalist view of compliance, sustained governance practices reinforce stakeholder trust, an intangible asset that, in turn, promotes long-term expansion and helps cultivate a more resilient institutional environment (Aguilera & Jackson, 2003). Valued as a cornerstone, audit committees provide an essential layer of oversight by verifying the fairness of accounting disclosures and reviewing adherence to statutory norms. Firms equipped with fully independent audit committees are more likely to detect discrepancies at an earlier stage, an outcome that substantially enhances overall compliance with legal and ethical standards (Alzoubi, 2019).

Institutional investors typically urge firms to tighten governance practices and bolster compliance in order to safeguard capital and encourage greater transparency (Shleifer & Vishny, 1997). Relevant authorities in the UAE, notably the Dubai Financial Services Authority (DFSA), translate these expectations into enforceable corporate governance codes aligned with recognized international benchmarks (Al-Malkawi, 2007). Comparative analysis reveals that the effectiveness of governance and compliance in Jordan lags behind that in the UAE, owing to the divergence in legal traditions and prevailing cultural heuristics; these variances moderate the translation of generic governance codes into enforceable practice (Licht, Goldschmidt, & Schwartz, 2005).

Active government regulation influences corporate governance practices by issuing laws, guidelines, and penalties to ensure compliance (La Porta, Lopez-De-Silanes, & Shleifer, 2006). Strong corporate ethics encourage voluntary adherence to laws beyond formal requirements. This practice embeds legal compliance into the organizational culture (Kaptein, 2008). When the roles of CEO and board chair are combined, it can reduce oversight and weaken governance. This situation increases potential compliance risks (Duru, Iyengar, & Zampelli, 2016).

Recent legal reforms in Jordan, therefore, require improved board functions and transparency, but enforcement remains a challenge. Multinational corporations face difficulties in aligning governance and compliance due to the various regulations in the Gulf region (Khanna & Palepu, 2000). Diverse corporate boards tend to demonstrate superior ethical behavior and corporate law compliance (Terjesen, Couto, & Francisco, 2016). Each dimension of governance, as identified by Al-Zwyalif (2015) reinforces the essential pillars of accountability, fairness, responsibility, and transparency. This study illustrates the importance of internal control as a foundational element of corporate governance and compliance with legal obligations. Hassaan (2013) pointed out that governance codes have had an impact on legal compliance on disclosure issues, on the culture gap in Jordan that inhibits effective legal encoding of governance frameworks. Abdelkarim and Abusharbeh (2016) noted moderate compliance and no board impact on disclosure levels. This implies that codes alone may not ensure compliance. Suwaidan et al. (2021) demonstrated in their regression analysis that the presence of an audit committee and the division of the CEO and chair positions had a positive impact on governance disclosure level, which enhances compliance and transparency. Al-Rahahleh (2016) observed that stronger governance is associated with shorter cycles and improved operational discipline. This provides some indirect support for compliance mechanism theory. Alodat, Salleh, and Hashim (2023) demonstrated the impact of governance on both legal and voluntary disclosures, noting that effective audit committees and boards greatly enhanced sustainability reporting. Also, Al-Smadi (2019) found that increased board autonomy, a board comprised of fewer members, and stronger committees result in reduced risk. This indicates that governance encourages more compliant corporate activity. Malkawi (2022) concluded that while there had been an improvement in the sharpness of oversight in Jordan, aligning the duties of the external auditors with legal mandates on a global level remains a gap for improvement in the governance of legal compliance. Al-Shammari, Brown, and Tarca (2008) their study demonstrated that the governance reforms impacted the quality of financial reporting as well as compliance with banking laws, reinforcing the idea that governance structures are important for compliance. Haddad et al. (2017) reported that the transparency of financial disclosed information significantly enhances the compliance of corporate governance regulations in public companies in Jordan. Clear and open reporting minimizes the chances of fraudulent activities while increasing stakeholder confidence, which improves compliance with corporate laws. The preceding discussion leads us to formulate the following hypotheses:

H_1: There is a legally and statistically significant relationship between the implementation of corporate governance and the level of compliance with corporate laws.

H_2: There is a relationship between disclosure transparency and legal compliance.

H_3: There is a relationship between board independence and legal compliance.

H_4: There is a relationship between the effectiveness of internal control and legal compliance.

3. METHODOLOGY

This study adopts an empirical quantitative approach to investigate the relationship between the implementation of corporate governance practices and the level of legal compliance in public shareholding companies. The methodology is grounded in a cross-sectional research design utilizing a structured questionnaire distributed among key managerial and compliance personnel within selected public shareholding companies in Jordan and the United Arab Emirates. The study population comprises companies listed on the Amman Stock Exchange and the Abu Dhabi Securities Exchange, ensuring a representative comparison across two distinct regulatory environments within the Arab region. A purposive sampling technique was employed to target respondents with substantive knowledge and decision-making roles relevant to corporate governance and legal compliance. The sample size collected from companies was 490 respondents. Statistical analysis was conducted using structural equation modeling (SEM) via Smart PLS, enabling the examination of both measurement and structural models. However, the demographic analysis of the respondents revealed a diverse representation in terms of gender, age, academic qualification, job position, and years of experience. Most participants held senior-level positions, including board members, compliance officers, and financial auditors, indicating a high level of expertise. A substantial proportion of the respondents held graduate or postgraduate degrees, reflecting the professional and educational standards typical in public shareholding companies. The age distribution skewed towards the 35–50-year range, aligning with the managerial maturity required for corporate governance functions. Furthermore, the majority had more than 10 years of experience, reinforcing the reliability of responses and the validity of insights drawn from the dataset.

4. RESULTS

This section presents the findings from the structural model analysis, examining the influence of key corporate governance dimensions (board independence, disclosure transparency, and internal control effectiveness) on legal compliance. Using Smart PLS, the path coefficients, R-square values, and significance levels were analyzed to test the study's hypotheses and assess model fit. Thus, Figure 1 illustrates the structural model output, displaying the path coefficients and R-square values among the constructs.

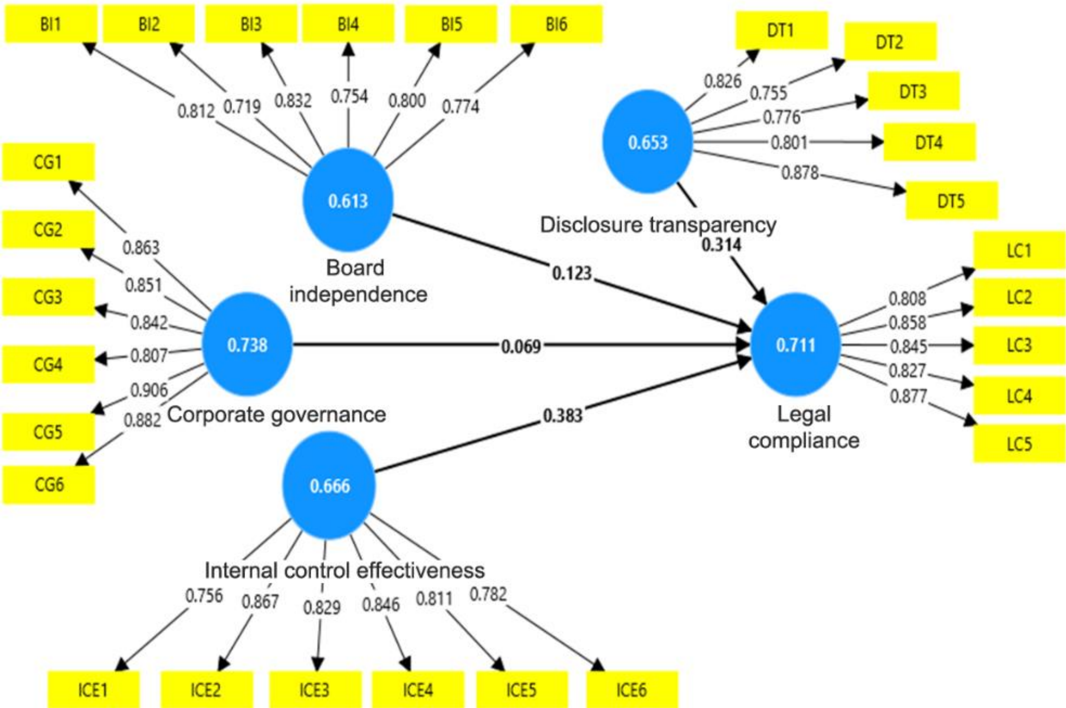

Figure 1. Structural model analysis results.

The figure demonstrates that internal control effectiveness ($\beta = 0.383$, $p < 0.001$) and disclosure transparency ($\beta = 0.314$, $p < 0.001$) exhibit the strongest positive impacts on legal compliance. Board independence ($\beta = 0.123$, $p = 0.032$) and corporate governance as a composite construct ($\beta = 0.069$, $p = 0.041$) also show statistically significant effects, though their impact sizes are relatively modest. These findings support the main hypothesis and all sub-hypotheses, suggesting that each component of governance contributes to varying degrees toward enhancing legal compliance.

To assess the reliability and validity of the constructs used in the study, the measurement model was evaluated through internal consistency reliability and convergent validity metrics. The values presented in Table 1 reflect robust psychometric properties across all constructs.

Table 1. Measurement model reliability and convergent validity.

Variables	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Board independence	0.873	0.873	0.904	0.613
Corporate governance	0.930	0.952	0.944	0.738
Disclosure transparency	0.867	0.874	0.904	0.653
Internal control effectiveness	0.899	0.902	0.923	0.666
Legal compliance	0.898	0.899	0.925	0.711

Table 1 shows that Cronbach's Alpha values for all constructs exceed the commonly accepted threshold of 0.70, indicating a high degree of internal consistency. Similarly, the composite reliability values (both ρ_a and ρc) surpass 0.85 for all variables, demonstrating strong construct reliability.

In terms of convergent validity, all constructs report AVE values above the 0.50 benchmark, confirming that each construct explains more than half of the variance of its observed indicators. The highest AVE value is observed for Corporate Governance (0.738), suggesting particularly strong item convergence, whereas Board Independence shows the lowest AVE (0.613), which, while acceptable, indicates that some items may be less cohesive in capturing the latent construct compared to others.

Table 2. R-square values and inter-construct correlations.

Variables	R-square	R-square adjusted
Legal compliance	0.518	0.512

Table 2 shows that the R-squared value of 0.518 indicates that slightly more than half of the variance in legal compliance can be explained by the model's independent constructs. This level of explanatory power is considered moderate to strong in social science research, suggesting that corporate governance mechanisms substantially influence compliance levels.

Table 3. Inter-construct correlation matrix.

Variables	Board independence	Corporate governance	Disclosure transparency	Internal control effectiveness	Legal compliance
Board independence					
Corporate governance	0.386				
Disclosure transparency	0.493	0.389			
Internal control effectiveness	0.793	0.345	0.541		
Legal compliance	0.621	0.366	0.642	0.710	

Table 3 presents the correlation results affirm several key relationships central to the theoretical model. First, Internal Control Effectiveness shows the highest correlation with Legal Compliance (r = 0.710), underlining its critical role in institutional adherence to legal standards. Disclosure Transparency also demonstrates a strong positive association with Legal Compliance (r = 0.642), indicating that enhanced transparency aligns closely with regulatory compliance outcomes.

Interestingly, Board Independence exhibits a strong correlation with Internal Control Effectiveness (r = 0.793), suggesting that independent board members may significantly influence the rigor of internal checks and balances. However, its direct correlation with Legal Compliance is comparatively moderate (r = 0.621), which is consistent with its lower path coefficient discussed earlier.

The relatively lower correlation between Corporate Governance (as a composite construct) and Legal Compliance (r = 0.366) signals that, while governance practices broadly contribute to legal adherence, their impact may be mediated through more specific mechanisms such as transparency and control.

4.1. Hypothesis Testing and Structural Model Evaluation

The structural model, depicted in Figure 2, Offers a comprehensive view of the hypothesis's relationships among the latent constructs. Each path is annotated with the corresponding path coefficient and significance level (p-value), providing empirical evidence for the hypotheses.

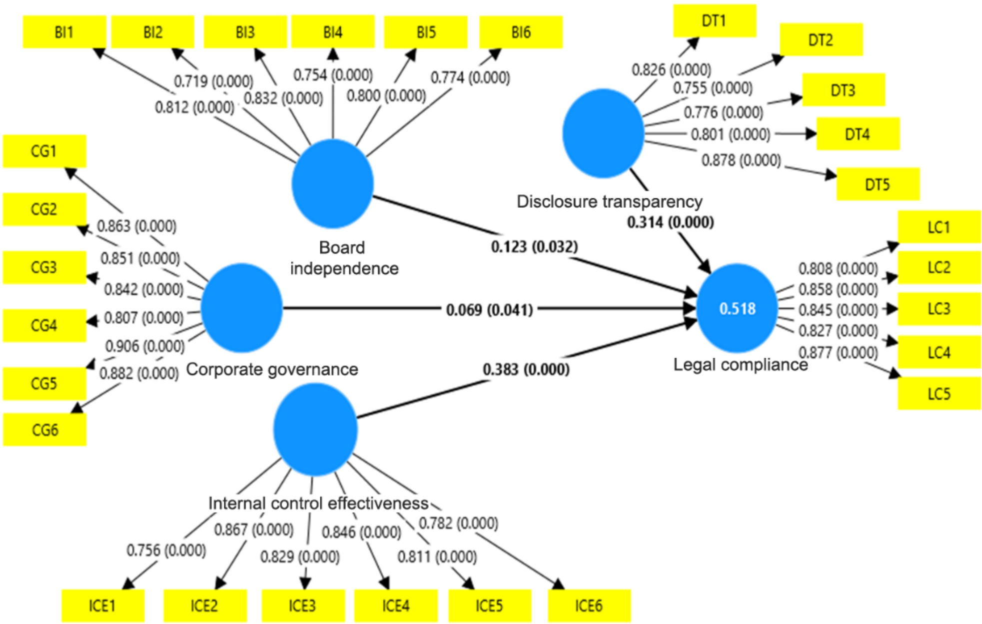

Figure 2. Structural model with path coefficients and significance levels.

The structural model presented in Figure 2 offers a holistic representation of the hypotheses' relationships among the study's latent constructs. The structural equations model is delineated with single-headed arrows marked by regression coefficients that articulate the causal path strengths, alongside accompanying p-values that confirm statistical robustness. The architecture thus transcends mere schematic representation, transforming the theoretical model into an investigable system by permitting the researcher to confirm the interdependencies between corporate governance proxies and indices of legal compliance, as these pertain to publicly listed shareholding enterprises.

Empirical findings derived from the model lend significant support to the main hypothesis, affirming the presence of a statistically meaningful relationship between corporate governance and legal compliance. However, a closer examination of the sub-paths reveals nuanced variations in the strength and significance of individual governance components. For instance, the relationship between Board Independence and Legal Compliance (H1) is statistically significant ($\beta = 0.123$, $p = 0.032$), albeit with a modest effect size. This suggests that while independent boards play a role in enhancing legal adherence, their impact may be more symbolic or indirect, likely exerted through oversight functions and mitigation of managerial opportunism.

In contrast, the path from Corporate Governance (as a composite construct) to Legal Compliance (H2) reveals a smaller coefficient ($\beta = 0.069$, $p = 0.041$), though still statistically significant. This implies that when corporate governance is examined as an overarching structure, its direct influence on compliance is relatively weak. Such a finding indicates that governance, in its broadest sense, may be too abstract to independently drive compliance behaviors unless operationalized through more tangible mechanisms.

The most compelling evidence emerges from Disclosure Transparency (H3) and Internal Control Effectiveness (H4), both of which show strong, statistically significant paths to Legal Compliance. The influence of Disclosure Transparency ($\beta = 0.314$, $p = 0.000$) underscores the critical role of information clarity and openness in fostering regulatory adherence. This result aligns with governance literature that emphasizes the disciplining effect of transparency, where increased visibility leads to greater accountability and, consequently, improved compliance.

Most notably, Internal Control Effectiveness demonstrates the highest impact on legal compliance ($\beta = 0.383$, $p = 0.000$), reinforcing the centrality of internal systems, audits, and procedural integrity in ensuring lawful conduct. The strength of this relationship highlights how firms that invest in robust internal controls are better positioned to detect, prevent, and rectify non-compliant behavior, thus strengthening their overall regulatory posture.

To evaluate the strength and statistical significance of each hypothesis relationship, Table 4 summarizes the path coefficients (original sample), means, standard deviations, t-statistics, and p-values obtained from the bootstrapping procedure in Smart PLS.

Table 4. Hypothesis testing results.

Hypothesis testing	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Board independence -> Legal compliance	0.123	0.122	0.057	2.144	0.032
Corporate governance -> Legal compliance	0.069	0.070	0.034	2.040	0.041
Disclosure transparency -> Legal compliance	0.314	0.314	0.053	5.947	0.000
Internal control effectiveness -> Legal compliance	0.383	0.386	0.057	6.695	0.000

Table 4 shows all hypotheses paths in the model were found to be statistically significant ($p < 0.05$), offering full empirical support for the study's proposed relationships. Notably, the t-values for Disclosure Transparency and Internal Control Effectiveness stand out as particularly high, reinforcing the notion that these two dimensions carry the most substantive influence on legal compliance within public shareholding companies.

A closer, critical interpretation of these results reveals important distinctions in the strength and implications of each construct. Internal Control Effectiveness emerged as the most influential predictor, with a path coefficient of 0.383 and a t-statistic of 6.695. This highlights the vital function of well-designed internal systems, audits, and oversight mechanisms in enforcing regulatory adherence. The strength of this relationship suggests that legal compliance is less a reflection of formal governance structure and more a product of operational integrity and procedural enforcement within the organization.

Following this, Disclosure Transparency exhibited a strong and highly significant relationship with legal compliance ($\beta = 0.314$, $t = 5.947$). Transparency, in this context, appears to serve a dual purpose: it not only fosters external legitimacy by providing stakeholders with clear and truthful reporting but also reinforces internal accountability. When firms operate under greater scrutiny, either from regulators or the public, their propensity to comply with legal standards improves significantly.

By contrast, the effects of Board Independence ($\beta = 0.123$, $t = 2.144$) and Corporate Governance as a broader construct ($\beta = 0.069$, $t = 2.040$) were found to be weaker, though still statistically significant. The limited magnitude of these coefficients may suggest that their contribution to legal compliance is largely indirect, potentially mediated by the firm's internal control environment or transparency practices. In other words, governance structures alone may not be sufficient to drive compliance unless they are integrated with active oversight mechanisms and transparent information flows.

5. DISCUSSION AND CONCLUSIONS

Effective corporate governance is important in relation to Jordan and UAE's corporate environments and developing economies in general (Gharaibeh, 2024). It creates a structure for maintaining compliance and promoting the rule of law (Al-Malkawi & Pillai, 2018). In addition, corporate governance structures alleviate asymmetric information issues and enhance supervision within firms (Claessens & Yurtoglu, 2013). Additionally, the governance framework guarantees adherence to the requirements imposed by supervisory authorities (Jarah, 2025). Enterprises characterized by robust governance mechanisms face a reduced risk of sanctions, enabling them to systematically meet statutory duties and supervisory exigencies. Furthermore, governance strengthens the integrity of financial statements, which is important for legal transparency. Corporations with effective governance more often than not meet regulatory requirements (Healy & Palepu, 2001). Governance strengthens compliance with the law and enhances compliance with the law while increasing confidence from other parties (Aguilera & Jackson, 2003). Thus, the results obtained for disclosure transparency and internal control effectiveness are particularly high, supporting the conclusion that these two dimensions have the strongest influence on the legal compliance of public shareholding companies, with internal control effectiveness being the strongest predictor.

Following this, disclosure transparency had a strong and significant positive relationship with legal compliance. In contrast, board independence and corporate governance as a broader construct were found to have a weaker, albeit still significant, influence. Thus, this research demonstrates the strong impact that corporate governance has on compliance with legal requirements for public shareholding companies. Empirical evidence suggests that dedicated audit committees play a crucial role in safeguarding the alignment of statutory provisions with the preparation of financial statements. Entities that maintain independent audit committees are better positioned to identify compliance deviations at an early stage, resulting in an elevated overall adherence to legal obligations (Alzoubi, 2019). Analysis reveals that salient attributes of governance converge to reinforce core governance pillars, thereby underscoring the centrality of internal control systems as the bedrock of corporate governance and compliance. Hassaan (2013) concluded that extant governance codes have exerted a negligible influence on the observance of disclosure requirements, a finding that reveals a cultural gap in the Jordanian context and impedes the translation of governance frameworks into enforceable reporting obligations. Complementary evidence by Abdelkarim and Abusharbeh (2016) showed a condition of moderate compliance accompanied by limited significance of board attributes on disclosure intensity, thereby suggesting that reliance on governance codes alone does not guarantee effective adherence.

Al-Shammari et al. (2008) illustrated that well-structured governance reforms not only enhanced the quality of financial reporting but also tightened adherence to banking regulations, thereby underscoring the protective veil that a sound governance framework can offer against legal infractions. Similarly, Haddad et al. (2017) demonstrated that improved transparency in financial disclosures fostered a measurable rise in compliance levels among public firms in Jordan, further corroborating the argument that clarity in reporting norms serves as a strong driver for regulatory adherence.

It is important to address the study's recommendations regarding improving board governance, independence, and oversight. Audit committee disclosures should verify that these committees are staffed with fully independent, competent, and untethered personnel. Compliance with international best practices such as the OECD and IFRS would bolster transparency and increase investor confidence. Supporting greater diversity on boards, in terms of gender and other professional disciplines, will enhance compliance with legal norms and ethical standards. Governance and decision-making training tailored to board members and executives is critical to foster sound strategic choices. Also, the regulators in Jordan and the UAE need to revise the minimum standards of board independence to enhance controlling power and mitigate the governance conflict of interest. To enhance compliance monitoring with corporate laws, the establishment of stronger and more transparent audit committees is of paramount importance.

5.1. Limitations and Future Research

Focusing on public shareholding companies based in Jordan and the UAE limits the scope of this study, which may impact the generalizability of the results. Furthermore, the use of cross-sectional data limits the ability to determine long-term causal relationships. Expanding the scope to include private companies or other regions, utilizing a longitudinal design, and capturing qualitative data to highlight the cultural and institutional nuances are some ideas for future research.

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Transparency: The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.
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