



Corporate Governance and Financial Performance Relationship: Case for Oman Companies

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Abstract

The article aims to investigate the relationship between corporate governance and financial performance by using the data of 61 Oman companies traded at Muscat Securities Market for a four-year period from 2013 to 2016. The models are divided into two groups. The first group constructed a corporate governance score which is the dependent variable; the second group used the components of the score separately as dependent variables. As independent variable, two types of indicators are used; market-based and accounting-based. To reflect the market performance, Tobin's q is used and as accounting-based indicators; return on assets, gross profit margin, EBIT margin and net profit margin are used. The results showed that there are significant results between financial ratios and characteristics of corporate governance, but the overall relationship is weak in Oman context. Even though individual effects of some components of corporate governance are not significant, most models produced overall significant results.