The Impact of CEO Power on the Relationship between the Board Independence and the Financial Performance

Empirical Study on the Egyptian Listed Companies

by

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ABSTRACT

The current study aimed to examine the impact of CEO power on the relationship between board independence and financial performance within Egyptian-listed companies. To achieve this goal, the researcher built a combined index to measure CEO power, which consists of three mechanisms: 1) CEO tenure. 2) CEO duality; and 3) CEO ownership of the company's shares. In order to test the study's hypotheses, the researcher relied on a sample of 135 companies (945 observations) listed on the stock exchange and belonging to 15 economic sectors in the period from 2015 to 2021. After taking into account the potential effects of firm size, board size, leverage, asset turnover ratio, and institutional ownership on the financial performance of Egyptian listed companies, Using the multiple linear regression model, the researcher concluded that there is a significant positive relationship between board independence and financial performance (ROA, ROE, EPS) and a negative relationship with Tobin's Q. Regarding the impact of the three items that make up CEO power, the results of the study showed a positive relationship between CEO duality and financial performance (ROA, ROE, and EPS) and a negative relationship with Tobin's Q. There is a positive relationship between CEO tenure and financial performance (ROA, ROE, and EPS), as well as a negative relationship with Tobin's Q. There is a positive relationship between CEO ownership and financial performance (ROE and Tobin's Q), and a negative relationship between ROA and EPS.

Keywords: CEO power; board independence; financial performance

Research Introduction and Problem Statement

In light of the growing interest in corporate governance as a model that includes a set of accurate standards that help achieve high levels of performance, transparency, and accountability, many countries, including Egypt, have demonstrated a strong interest to study and test the relationship between applying governance mechanisms and corporate financial performance, with the aim of proving the hypothesis that the application of good governance plays an important role in the financial performance of firms. This is accomplished with the assistance of the Board of Directors, which has the most power in the company because it is responsible for making important decisions and running the business. Therefore, the shareholders grant the board of directors all the necessary power to make decisions and act in their best interests. (Essa,2018)

The Board of Directors has both executive and non-executive members. The distinction lies in their respective employment roles. Executives are typically people who work for the company and serve on both the executive management and the board of directors. Secondly, the company does not employ or compensate non-executive directors. Here, organizations vary from country to country, as does how important it is to find a balance between the interests of executives and owners (Al Baz, 2022)

According to the agency theory, which assumes a conflict of interests between managers and the company, the executive management must possess a certain level of power and influence in order to be able to exercise oversight, control, and facilitate the company's affairs. However, the CEO's influence may cause him to make exaggerated decisions that allow him to exploit the company's resources for his own self-interest. Therefore, the CEO's increasing influence may result in higher agency costs, which could

negatively impact the profitability of the company. The CEO's comprehensive understanding of the company's operations, available investment opportunities, and ability to circumvent control systems enables him to manipulate financial reports, thereby controlling certain information related to opportunistic transactions (Al-Baz, 2022; Hou, 2021).

In contrast, stewardship theory assumes that the executive director's interests and objectives are consistent with those of shareholders. Therefore, the organizational structure plays a crucial role in assisting the executive authority in formulating and developing plans and strategies that contribute to the organization's optimal performance. Additionally, the executive director's sense of responsibility, ownership, and comprehension of the company's operations, along with the formation and development of plans and strategies, motivate him to exert the necessary effort to achieve the highest levels of company performance, fortify the company's competitive position, and ultimately enhance and achieve profits. (Donaldson 1990).

Given the various theories regarding the CEO's power and its impact on the company's financial performance as a member of the Board of Directors and an integral part of the internal governance system, it is possible to approach the current study problem from multiple perspectives. By asking the questions below:

What is the impact of the CEO’s power on the relationship between board independence and the financial performance of the Egyptian listed companies? This question elicits the following:

Does the CEO duality affect the relationship between the board's independence and the financial performance of Egyptian listed companies?

Does the CEO's ownership influence the relationship between board independence and the financial performance of Egyptian listed companies?

Does the CEO's tenure influence the relationship between the Board's independence and the financial performance of Egyptian listed companies?

The researcher thinks that earlier research only looked at how well companies did financially by reporting their accounting profits using a standard set of accounting indicators, such as return on assets (ROA), return on equity (ROE), earnings per share (EPS), and the Tobin's Q index.

Research Objective

The main objective of the current research is to identify the impact of the first CEO's power on the relationship between the board of directors' independence and the financial performance of Egyptian listed stock companies in light of the research problem.

Research importance

1- The current research may help investors in many ways by making clear the effects and consequences of the growing influence of the CEO on companies' financial performance. This gives investors a clear picture of how companies are doing, which helps them decide which ones to invest in.

2- The current research may provide empirical support for interested parties that the increasing influence of the CEO has a negative impact on financial performance, resulting in a misallocation of resources at the company level.

3- Accessing the impact of the CEO's power on the relationship between board independence and financial performance is difficult because of the conflicting views and results of previous research studies.

Research Plan

In light of the nature of the current problem and its goal, the research plan includes four sections. The first section presents a review of previous

studies, and the second section aims to provide a theoretical foundation that is useful in developing research hypotheses. In the third and fourth sections, the researcher designs the research and analyses the results.

Literature reviews revision

Various writings and literature interpret the relationship between board independence and the performance of companies, drawing from two theories in administrative thought: the agency theory, which advocates for the independence of the board of directors to mitigate agency problems arising from information asymmetry, achieve high performance levels, and enhance the company's value in the competitive environment. The stewardship theory recognizes the executives' confidence and strength in the company's management to achieve the highest levels of performance, justifying this with their experience and deep understanding of the company's strategies and operations.

Numerous prior studies on board independence have primarily concentrated on investigating and analysing the sources of the CEO's power. Upon reviewing these previous studies, the researcher can pinpoint the three primary sources that underpin the executive director's control within the corporate governance framework: 1) the CEO duality; 2) the CEO tenure; and 3) the CEO's ownership of the company's shares. And the following table provides a summary of previous studies that enabled the researcher to reach a conclusion regarding the impact of those sources of the CEO's power on the relationship between board independence and the financial performance of the company.

Author	*Country*	*Period of Study*	*Sample*	*Dependent Variable(s)*	*Independent Variables*	*Methodology*	*Findings*
CEO Power , Corporate Governance mechanisms and earnings quality (2023)							
Hemdan et. al. (2023)	**Egypt**	2012 - 2021	1835 firms	**Earnings quality:** - TACC	**CEO Power:** - CEO Duality - CEO Ownership - CEO Tenure **Corporate Governance:** - Board size Board independence	Multiple regression method	- CEO power negatively impact the firm's earnings quality. - There is negative association of corporate governance with CEO power and the firm's earnings quality.
Moderating effect of CEO power on institutional ownership and performance. (2022)							
Saleh. et. al. (2022)	**Palestine**	2009 – 2019	48 Companies	**Firm performance:** ROA	**Institutional Ownership**	Panel data regressions	- There is positive relationship between CEO power and performance.
Board diligence, independence, size, and firm performance: Evidence from Saudi Arabia (2022)							
Altassa. (2022)	**Saudi Arabia**	2014 - 2018	42 companies	**Firm performance:** - ROA - ROE	**Board Diligence** **Board Independence** - **Board Size**	OLS regression	There is **negative relationship** between board independence and firm performance.
Management Board Independence and Financial Performance: Evidence from Colombian Firms (2021)							
Lagos. et. al. (2021)	**Colombia**	2015-2018	69 companies	- **Financial performance**	**Board Independence**	linear regression analysis	- There is **no effect** between board independence and financial performance.
Investigating the Effect of CEO Power on Financial Performance of Firms Listed with Tehran Stock Exchange (2020)							
Forughi. et. al. (2020)	**Iran**	2012 - 2020	122 firms	**Financial performance**	**CEO Power:** - Tenure - Duality	Multiple regression analysis	- There is positive significant relationship between CEO power and financial performance.

Those literature reviews make several observations, which are worth noting:

1. These studies were all conducted within the framework of corporate governance without explicitly and directly addressing the impact of the CEO's power on the relationship between board independence and company financial performance.
2. The research is considered a continuation of the study (Issa, 2018) in the Egyptian environment. While the study (Issa, 2018) measured the impact of the CEO power on the financial performance of the enterprise from the perspective of accounting profit fairness, the contribution of the current study comes from examining the impact of the CEO power in general on the relationship between board independence and the financial performance of companies through the installation of a combined power index.

In the second section, the researcher extends the previous studies and draws guidance from them to develop research hypotheses on the impact of the CEO's power on the relationship between board independence and the company's financial performance. The current study will divide its hypotheses into a main hypothesis that focuses on the overall level of the power index, and sub-hypotheses that explore the various levels of power sources.

1- Research Hypotheses Development

In the current study, the researcher will examine the impact of the CEO's power on the relationship between board independence and the financial performance of Egyptian-listed companies. This will be achieved by implementing an indicator to measure the CEO's power, which includes the following elements: 1) CEO duality, 2) CEO ownership، and 3) CEO tenure.

The main hypothesis is that there is a strong relationship between a company's board and its financial performance. The sub-hypotheses state that the individual CEO power index items affect this relationship. The main hypothesis and its sub-hypotheses are outlined below.

First: Developing the main hypothesis for research at the level of the CEO power index:

As a governance mechanism, the Board of Directors' role and importance hinge on its ability to enhance company performance, carry out its supervisory and monitoring responsibilities, and make administrative decisions that enhance market value in a competitive environment, thereby mitigating the issue of conflicts of interest between the Board of Directors and its members. The influence on the board's control and supervisory role can lead to infractions and deviations, thereby compromising the members' credibility in fulfilling their responsibilities and the investors' trust in the company's management and operations supervision (Essa, 2018).

The increasing influence of the CEO under the intensity of competition positively affects the company's market value, sales growth rate, investment level, and new products, as the increasing influence contributes to the speed of responding to available marketing opportunities and dealing well with competitive threats, enabling the company to increase its market share (Li et al. 2019). From this perspective, the researcher can formulate the primary hypothesis of the current study as the null hypothesis, as illustrated in the following figure:

H_0: The CEO's power has no effect on the relationship between board independence and the financial performance of Egyptian listed companies.

Second: Development of Sub – Hypotheses:

We will test the previous main hypothesis by examining the executive's power holistically and evaluating each power indicator mechanism in relation to the board composition and the financial performance of Egyptian listed companies. We derive sub-hypotheses based on the power measurement mechanisms previously mentioned by the executive director.

1) CEO Duality:

The corporate governance guide in Egypt indicated that the BOD elects the Chairman and the appointment of the Managing Director, preferably not to combine the two positions of the BOD Chairman and the Managing Director. If the two positions are combined, the reasons for this shall be clarified in the annual report and the company's website, and in this case, an independent vice chairman of the board of directors is appointed who chairs the meetings that discuss and evaluate the performance of the executive management (Egyptian Managers Centre, 2016).

Duality occurs when the CEO is also the chairman of the board (Tang, 2017), and agency theory discusses the negative aspects of CEO duality that allow him the ability to control the board of directors, which hinders the board's role in monitoring it. Some researchers, using stewardship theory, say that having two CEOs (one as CEO and one as Chairman of the Board of Directors) makes company leadership more efficient (Song & Kang, 2019). However, a lot of other research suggests that there isn't a strong link between CEO duality and CEO performance. This is because CEO duality can have both pros and cons for any company (Hsu, Lin, Chen, & Huang, 2021). This means that the effect of CEO duality on financial performance can't be known ahead of time. (Al Bahrawi., 2021)

H_{0a}: There is no impact of CEO duality on the relationship between the board independence and financial performance for Egyptian listed companies.

2) CEO Ownership

Despite the multiplicity of the ownership concept, the goal is to seek to ensure the unification of the shareholders' interests with the executives interests, and this homogeneity is achieved through a set of financial compensation for executives, including salaries, bonuses, rewards, and long-term incentives in the form of share ownership and share options that are used as a tool to link the managers' performance to the company's performance. (Mohsen,2016)

In addition to the managers' share ownership, the shareholders design compensation contracts in a way that makes them provide managers with better financial incentives that contribute to encouraging them to achieve the shareholders' interests to avoid potential agency problems. (Shawqy,2015)

The researchers deduce from the preceding information that the opportunistic CEO engages in unethical practices by taking advantage of gaps in accounting standards, with the aim of generating tangible profits and securing incentives, rewards, and compensation. Therefore, enhancing the CEO's ownership stakes heightens the likelihood of using them to pursue self-interest and maximize profitability.

H_{0b}: There is no impact of CEO ownership shares on the relationship between the board independence and financial performance for Egyptian listed companies.

3) CEO Tenure:

The term of office of the CEO means his tenure in office, which is determined by the Egyptian Corporate Governance Manual for a period of

three years, renewable. At the theoretical level, views differed on the relationship between the CEO's tenure and the company's value, as the CEO's tenure in his position leads to a better understanding of the company's culture and operations, which increases this director's commitment to the company's and shares' good performance, while another view sees a negative relationship between the CEO's tenure and the company's value, as the CEO's tenure in office increases his influence and authority with the possibility of building strong relationships with the board of directors, affecting the independence and objectivity of the executive director's performance evaluation by the board of directors. (Tien. C. et al., 2013; Sheikh. S., 2019; Brochet. et al., 2019; Chiu. et al., 2019 ;) which reflects negatively on the company's performance.

H_{0c}: There is no impact of CEO tenure on the relationship between the board independence and financial performance for Egyptian listed companies.

After the hypotheses are developed, the researcher in the next section designs the study and formulates appropriate models to test these hypotheses.

2- Empirical Study

Firstly: Population and Study sample

The current study population is represented by the companies listed on the Egyptian Stock Exchange during the period from 2015 to 2021, and the researcher will depend on selecting a soft sample of those registered companies on several criteria, which are:

1- Excluding the banking and financial institutions sector, because such companies have rules and standards for their governance mechanisms that differ from other companies.

2- Excluding companies that have stopped their operations, as well as those that rarely deal in their shares during the period from 2015 to 2021.

3- Excluding companies whose boards of directors' reports are not available, due to the importance of the board's report as part of the financial report, and as a primary source for determining the boards of directors of those companies and their ownership structures. And by applying the previous criteria, the final study sample consists of **135** companies from the total companies listed on the Egyptian Stock Exchange, as shown in the following table:

Table No. (1)

No.	Sectors	Years						
		2015	2016	2017	2018	2019	2020	2021
1	Communication, Media and Technology	5	5	5	5	5	5	5
2	Food & drinks	23	23	23	23	23	23	23
3	Trade and distributors	6	6	6	6	6	6	6
4	Educational Services	3	3	3	3	3	3	3
5	Health care and medicines	12	12	12	12	12	12	12
6	Real estate	19	19	19	19	19	19	19
7	Contracting and Engineering Construction	8	8	8	8	8	8	8
8	Basic Resources	13	13	13	13	13	13	13
9	Transport and Freight services	4	4	4	4	4	4	4
10	Services, industrial products & vehicles	3	3	3	3	3	3	3
11	Tourism & entertainment	10	10	10	10	10	10	10
12	Divorce & Support Services	4	4	4	4	4	4	4
13	Textile & coated goods	7	7	7	7	7	7	7
14	Building & Construction materials	13	13	13	13	13	13	13
15	Paper & Packaging materials	5	5	5	5	5	5	5
Total		**135**	**135**	**135**	**135**	**135**	**135**	**135**
Total companies listed on the Egyptian Stock Exchange		221	222	222	220	218	215	218
Banks and financial institutional sector		50	51	52	54	47	49	47
Non- financial companies listed on the Egyptian Stock Exchange		171	171	170	166	171	166	171
The ratio of the sample companies to the total listed non-financial companies		**78.95 %**	**78.95%**	**79.94%**	**81.32%**	**78.95%**	**81.32%**	**78.95%**

Secondly: The data sources of study sample

The researcher relied to obtain all the necessary data to complete the current study on Egypt Information Publishing Company, the Egyptian Stock Exchange website and the companies' websites, where the data for all the study sample companies were obtained, namely:

1- The annual financial report of the company, share prices and daily trading volume for each company.
2- The shareholder structure of each company prepared by Egypt Central Clearing, Depository and Registry Company.
3- The disclosure report on the Board of Directors and the structure of shareholders prepared by the company.

Thirdly: The study models

To test the interaction effect of the CEO power on the relationship between board independence and financial performance of Egyptian listed companies, we use the following equation for the period from 2015 to 2021:

$$\mathbf{Performance_{it} = \beta_0 + \beta_1 BORIND_{it} + \beta_2 CEOPOWER_{it} + \beta_3 BORIND_{it} * CEOPOWER_{it} + \beta_4 FSIZE_{it} + \beta_5 LEV_{it} + \beta_6 BOASIZE_{it} + \beta_7 ASSETTUR_{it} + \beta_8 INSOWN_{it} + e_{it}} \quad \textbf{---- (1)}$$

$$\mathbf{Performance_{it} = \beta_0 + \beta_1 BORIND_{it} + \beta_2 CEOTENURE_{it} + \beta_3 CEODUAL_{it} + \beta_4 CEOOWN_{it} + \beta_5 BORIND_{it} * CEOTENURE_{it} + \beta_6 BORIND_{it} * CEODUAL_{it} + \beta_7 BORIND_{it} * CEOOWN_{it} + \beta_8 FSIZE_{it} + \beta_9 LEV_{it} + \beta_{10} BOASIZE_{it} + \beta_{11} ASSETTUR_{it} + \beta_{12} INSOWN_{it} + e_{it}} \quad \textbf{---- (2)}$$

Where:

$Performance_{it}$	: is performance of the company (i) for the year (t).
$BORIND_{it}$	: is board independence of the company (i) for the year (t).
$CEOPOWER_{it}$	: is the Chief Executive Officer Power of the company (i) for the year (t).
$CEOTENURE_{it}$	: is the Chief Executive Officer Tenure of the company (i) for the year (t).
$CEODUAL_{it}$	: is the Chief Executive Officer Duality of the company (i) for the year (t).
$CEOOWN_{it}$	: is the Chief Executive Officer ownership of the company (i) for the year (t).
$FSIZE_{it}$	: is firm size of the company (i) for the year (t).
LEV_{it}	: is the leverage of the company (i) for the year (t).
$BOASIZE_{it}$	: is the Board Size of the company (i) for the year (t).
$ASSETTUR_{it}$	: is the assets turnover of the company (i) for the year (t).
$INSOWN_{it}$	: is the institutional ownership of the company (i) for the year (t).
e_{it}	: Error Term.

directors. It means the independence of the board members from the executive management of the company, so that the largest part of the members includes non-executive directors, This determines the supervisory power of the board and the role of its independent members in controlling the performance of the management to work within the framework of the shareholders' interests and maximise the company's value. The board's independence is measured through:

Table No. (2)

Variable	Abbreviation	Operational Definition	
		Value (0)	Value (1)
Board independence	**BOIND $_{it}$**	Calculated as no. of non-executive members divided to the board size, if the ratio is 50% or less.	Otherwise.

Moderator Variable: CEO Power

The researcher built the CEO power index in light of three variables; these variables were measured from the information available in the annual reports and the board of directors reports, namely CEO tenure, CEO ownership, and finally the CEO duality. The researcher prepared a power index based on the previous variables were as follows:

Table No. (3)

Variable	Abbreviation	Operational Definition	
		Value (1)	Value (0)
CEO Tenure	**CEOTENURE $_{it}$**	number of years as executive members more than 3 years	Otherwise
CEO ownership	**CEOOWN$_{it}$.**	CEO owns 5% or more of the company's shares	Otherwise
CEO duality	**CEODUAL$_{it}$.**	CEO works as board member at the same time.	Otherwise
The range of CEO power index		**3 (the maximum indicator value)**	**0 (minimum value)**

Dependent Variable: Financial Performance

When measuring financial performance, the researcher will depend on the profitability indicators mentioned in many previous studies, namely: return on assets (ROA), return on equity (ROE), and earnings per share (EPS). The researcher will also rely on the Tobin's Q method when measuring the market value of the establishment, and the measurement will be as follows:

Table No. (4)

Variable	Abbreviation	Operational Definition
Return on Assets	**ROA $_{it}$**	Calculated as net income before tax for company (i) divided to total assets for the year (t).
Return on Equity	**ROE$_{it}$**	Calculated as net income after tax for company (i) divided to total equity for the year (t).
Earnings per share	**EPS$_{it}$**	Calculated as net income for company (i) divided by no. of common shares for the year (t).
Tobin's Q	**Tobin's Q$_{it}$**	Calculated as book value of liabilities plus market value of equity for company (i) divided by book value of assets for the year (t) ,

Control Variable:

The researcher will rely on many controlling variables, which may have a significant impact on the previous variables and need to be included in the study models to neutralise them, which are as follows:

Table No. (5)

Variable	Abbreviation	Operational Definition
Firm Size	**FSIZE$_{it}$**	measured by the natural logarithm of the company's total assets for the year t.
Leverage	**LEV$_{it}$**	Calculated as total liabilities for company (i) divided by total book value of assets for the year (t).
Board Size	**BOASIZE$_{it}$**	measured by the number of members of the company's board of directors for the year t.
Assets Turnover	**ATO$_{it}$**	Calculated as net sales for company (i) divided by average total assets for the year (t).
Institutional Ownership	**INSOWN$_{it}$**	Calculated as the ratio of shares that the company's original owners own if they own 5% or more of the company's (i) shares for the year (t).

Justifications for adding control variables to the study models

1- Firm Size ($FSIZE_{it}$)

Firm size is one of the important variables that may have an impact on financial performance, as there is no doubt that large companies have higher investments than small companies as a result of their diversification in their activities. Many studies have tested the relationship between firm size and financial performance and concluded that there is a positive relationship between them, such as Atty et al. (2018) and Marashdeh et al. (2016). On the other hand, Jensen's (1986) indicates that managers are motivated to increase firm size and therefore the asset value under their control is greater, which increases their control over the company's decisions. Some studies have found a negative relationship between company size and financial performance, including Desoky et al. (2012) and Emile et al. (2014).

2- Financial leverage (LEV_{it})

The financial leverage ratio represents the extent of the company's reliance on financing its assets. Jensen (1986) indicated that the company relies more on debt to finance its assets and activities, the higher the monitoring degree by lenders, with the aim of protecting their money, which leads to supporting and enhancing the company's performance. Previous studies have found that there is a positive, significant relationship between financial leverage and company performance.

However, there are previous studies that have shown the existence of a negative relationship between financial leverage and company performance, as Myers (1977) indicated that companies in which the leverage level increases have increased agency conflicts between shareholders and debt holders, as increased reliance on debt financing prompts managers to

abandon projects with a positive net present value, thus affecting the company's performance.

3- Board size ($BOASIZE_{it}$)

The results of previous studies differ on the effect of board size and monitoring of management's actions, as some previous studies (Kiel et al., 2003; Dalton et al.,1999) indicated that large boards are more experienced as they include a group of members with diverse experience and skills that facilitate In performing the board's duties, it works to improve the decision-making process within the company and also contributes to a greater expression of shareholders' interests, thus limiting the executive director's control over the company's decisions.

However, some studies (Jensen, 1993; Eisenberg et al., 1998) indicate that small-sized boards of directors are more effective in monitoring management's actions. This is justified by the lack of communication between members of large boards and, thus, the shortcomings of the board of directors' performance in the oversight and supervisory roles.

4- Assets Turnover (ATO_{it})

(Al Baz. 2022) indicated that the asset turnover rate is considered one of the important financial ratios in determining the extent of the efficiency and ability of the company's management to use the available resources and assets to generate sales. Therefore, obtaining a high asset turnover rate indicates that the company is exploiting its assets efficiently and effectively, and this reflects positively on sales.

5- Institutional Ownership ($INSOWN_{it}$)

Managers owning a percentage of the company's shares may help

reduce the agency cost resulting from the separation of ownership and management, thus making investment decisions consistent with the investor's interests and thus improving investment efficiency. On the other hand, the ownership concentration increases the shareholders power and thus harms the interests of minority shares, which may harm the efficiency of investment, including affecting the company's performance in a competitive environment (Chen et al., 2017).

The results of both (Bange et al., 1998; Bushee, 1998) indicated that a high percentage of institutional ownership contributes to tighter supervision and control over the managers performance in a way that ensures the shareholders' interests are protected.

4- Results Analysis

Firstly: Descriptive Statistics

Table No. (6) displays some descriptive statistics for the variables included in the current research models into four groups, namely: the dependent variable (financial performance), the independent variable (board independence), the control variables, and the moderator variable (CEO Powers and the mechanisms for measuring it), with the aim of showing the distinctive characteristics of these variables at the research sample companies' level these statistics include the mean, range, and standard deviation of the study variables.:

Table No. (6)
Descriptive statistics for the variables

Variables	Mean	Std. Dev.	Min	Max
Dependent Variables (Financial performance)				
ROA	0.057121	0.1028354	-0.1527009	0.2734513
ROE	0.1015712	0.1636401	-0.2285575	0.4458547
EPS	2.037675	4.233142	-2.471594	15.46663
Tobin's Q	0.8824328	0.3424395	0.4325545	1.890797
Independent variable (Board independence)				
BOIN	0.6546134	0.2381124	0	0.9230769
Control Variables				
Leverage	0.4490395	0.268522	0.0392553	1.052899
Assets Turn	1.287697	2.301266	0.0030195	9.090134
BOASIZE	7.992593	2.435383	5	13
FSIZE	20.46371	1.496624	17.91381	23.34385
INSOWN	0.53589	0.3033474	0	0.9184
N= 945 observations				

Looking at some descriptive statistics for the variables included in the study models, we note that the number of observations of the study variables reached 945 (135 x 7) during the study period of 7 years. Regarding the dependent variables, the descriptive statistics for the first dependent variable that the return on assets (ROA) at the level of the sample companies the study period ranges in value between (-0.1527009, 0.2734513) approximately, with a small range of 0.1207504, and the mean of that rate is 0.057121 approximately, which indicates that the average net income before interest and taxes for the sample is 5.7121% approximately of the company's total assets, with a standard deviation of 0.1028354 approximately. According the second dependent variable which is the return on equity (ROE) at the level of the sample companies the study period ranges in value between (0.4458547 and -0.2285575) approximately, with a small range of 0.2172972, and the mean of that rate is 0.1015712 approximately, which indicates that the average net income before interest and taxes for the sample is 10.15712% approximately of the company's total

equity, with a standard deviation of 0.1636401 approximately. It also indicates the third dependent variable which is the earnings per share (EPS) at the level of the sample companies during the study period ranges in value between (-2.471594 and 15.46663) approximately, with a wide range of 12.995036, which can be explained by the presence of a large discrepancy in the share value prices between companies sample, with a mean of 2.037675 approximately and a standard deviation of 4.233142 approximately. It also indicates the fourth dependent variable, which is Tobin's Q, at the sample level; it ranges between 1.890797 and 0.4325545 approximately, which means that there is a large range of values for the dependent variable Tobin's Q among the sample companies of 1.4582425 and that the mean of that variable is 0.8824328, which indicates that the market value of the liabilities of the sample companies during the study period is 88.24328% approximately from the book value of assets, with a standard deviation of 0.3424395 approximately.

Considering the independent variable (board independence), the descriptive statistics available in Table No. (7) show that the average number of non-executive members on the Board of Directors is approximately 0.6546134, as 65% of the total number of views in the research sample (614 views) showed the presence of a majority of non-executive members within the company's board of directors. This indicates that the majority of the sample companies adhere to the requirements of the Corporate Governance Rules and Standards Manual, which stipulates that "the members of the board of directors must not be less than five members, and the majority of the board members must be non-executive and independent."

With regard to the control variables, descriptive statistics show that there is a decrease in the percentage of companies in the study sample in which

the financial leverage ratio is high, as it reached an average of 0.4490395 with a standard deviation of 0.268522, which indicates that the majority of financing structures in companies are formed from capital owned more than borrowed capital. The average asset turnover rate was 1.287697, with a standard deviation of 2.301266. As for the board size (BOASIZE) during the study period, it ranged from 5 to 13 members, with a wide range of 12 members. The average number of board members during the study period was approximately 8 members, with a standard deviation of approximately 2.435383. As for the firm size (FSIZE) (measured by the natural logarithm of the company's total assets) during the study period, it ranged between 17.91381 and 23.34385, with an average of 20.46371 approximately and a standard deviation of 1.496624 approximately. While descriptive statistics showed the institutional ownership (INSOWN) ranging between 0 and 0.9184, with an average of approximately 0.53589 and a standard deviation of 0.3033474, this indicates a high percentage of shares owned by institutional investors in the study sample companies.

Table No. (7)

Variables	Freq.	Percent	Cum.
Moderator variable (CEO power)			
CEO Duality			
0	171	18.10	18.10
1	774	81.90	100.00
CEO Tenure			
0	171	18.10	18.10
1	774	81.90	100.00
CEO Ownership			
0	520	55.03	55.03
1	425	44.97	100.00
CEO power index			
0	72	7.62	7.62
1	146	15.45	23.07
2	354	37.46	60.53
3	373	39.47	100.00
N= 945 observations			

Regarding the moderator variable (CEO power), it was shown from the descriptive statistics in Table No. (7) that the indicator value used in the current research to study the CEO power ranged during the study period between 0 and 3, as the observations showed that there was a separation between the position of CEO and the Board of Directors, which reached 171 views, representing approximately 18.10% of the total number of observations on which the current research was based. This means that 81.90% of the total number of observations related to the research (774 views) showed the presence of a combination of the two positions. As for the CEO's stay in his position (CEO tenure), the observations showed that 171 observations did not exceed the period of the CEO's stay in his position for more than 3 years, which represents approximately 18.10% of the total number of observations on which the current research was based. This means that 81.90% of the total number of observations related to the research (774 views) showed that the period of the CEO's stay in his position exceeded 3 years. This is contrary to the Egyptian Governance Manual in its second amended version issued in March 2011: "The term of one contract for a member of the Executive Board of Directors should not exceed more than three years, unless this is for clear and specific reasons that are disclosed in the company's general assembly, and the contract may be renewed for a period of time or other terms." As for the CEO's ownership of the company's shares, the observations showed that 520 observations represent the CEO's non-ownership of the company's shares by 5% or more at the level of the sample companies during the study period, which represents approximately 55.03% of the total number of observations on which the research was based. This means approximately 44.97% of the total number of observations related to the research (425 views) showed that

the CEO's ownership of the company's shares exceeded 5% of the company's total shares.

As for the CEO power index, the descriptive statistics in Table No. (7) showed that 72 views, or 7.62% of the total number of views on which the study was based, showed the absence of the CEO power index, while 146 views, or 15.45%, showed the presence of one index of the CEO power at the level of the sample companies during the study period. It also showed that 354 observations, at a rate of 37.46%, showed the presence of two indexes of CEO power at the level of the sample companies during the study period, while 373 observations, at a rate of 39.47%, showed the presence of three indexes of CEO power at the level of the sample companies during the study period, which represents the CEO's tenure for more than 3 years, duality, and ownership of 5% or more of the company's shares.

Secondly: Correlation analysis results

Table No. (8) shows the results of the correlation analysis between the study variables to conduct the correlation analysis, the Pearson Correlation Matrix was used because it is the primary tool for discovering the problem of linear correlation between explanatory variables, as the study (Gujarati, 2003) indicated that this problem appears when there is a correlation between the two study variables and the amount exceeds 0.8.

Regarding the correlation between board independence and financial performance indicators, the results of the correlation analysis in Table No. (8) show that there is a negative, non-significant correlation between board independence and financial performance, and there is a negative and significant correlation (at the 10% level) between board independence and the CEO power index. As for the mechanisms of CEO power, it appeared that there is a positive, non-significant correlation between the CEO duality

and both financial performance indicators (Tobin's Q and ROE) and a negative, non-significant correlation with ROA. However, there is a positive, significant correlation between the CEO duality and the financial performance indicator (EPS) (at the 1% level); as for the CEO's tenure, there is a negative, non-significant correlation with each of the financial performance indicators (ROA, ROE, and Tobin's Q) and a positive, non-significant correlation with (EPS); and there is a positive, non-significant correlation between CEO ownership and each of the financial performance indicators (ROA, ROE, and EPS), but there is a significant negative correlation with Tobin's Q (at the 5% level).

As for the control variables, the results of the correlation analysis in Table No. (8) show that there is a negative, non-significant correlation between financial leverage and EPS, board independence, CEO tenure, and CEO ownership, and it also shows a negative, significant correlation between asset turnover and ROA (at the level of 1%) and EPS (at the level of 5%) and a significant positive correlation with CEO tenure (at the level of 5%). As for the board size, there is a positive significant correlation with both ROA and EPS (at the level of 10%) and a negative significant correlation with Tobin's Q (at the 5% level). As for firm size (natural logarithm), there is a significant negative correlation (at the 1% level), and there is a significant positive correlation between institutional ownership and Tobin's Q (at the 5% level).

Table No. (8)

The correlation matrix (Pearson) of the relationship between the study variables at the level of the sample companies

No.	Variables	ROA	ROE	EPS	Tobin's Q	BOA IND	CEO DUAL	CEO TENURE	CEO OWN	CEO POWER	LEV	ATO	BOA SIZE	F SIZE	INS OWN
1	ROA	1													
2	ROE	0.00***	1												
3	EPS	0.00***	0.00***	1											
4	Tobin's Q	0.00***	0.00***	0.00***	1										
5	BOAIND	-0.146	-0.191	-0.383	-0.93	1									
6	CEODUAL	-0.817	0.408	0.008***	0.367	-0.0096	1								
7	CEOTENURE	-0.556	-0.389	0.126	-0.289	0.984	0.00***	1							
8	CEOOWN	0.518	0.676	0.698	-0.044**	-0.146	0.00***	0.00***	1						
9	CEOPOWER	0.995	0.832	0.051*	-0.249	-0.063*	0.00***	0.00***	0.00***	1					
10	LEV	0.00***	0.00***	-0.592	0.00***	-0.422	0.00***	-0.6401	-0.362	0.137	1				
11	ATO	-0.006***	-0.715	-0.011**	0.00***	-0.727	0.289	0.035**	-0.242	0.487	0.085	1			
12	BOASIZE	0.081*	-0.802	0.071*	-0.016***	0.00***	-0.328	0.319	0.827	0.901	0.00***	0.00***	1		
13	FSIZE	0.00***	0.00***	0.00***	0.00***	-0.701	0.158	-0.003***	0.899	-0.561	0.00***	0.00***	0.0001	1	
14	INSOWN	0.181	0.00***	0.00***	0.022**	0.134	0.115	0.00***	0.00***	0.00***	0.00***	0.862	0.053**	0.00***	1

*****The correlation is significant at the 1% significance level (Sig < 0.01), **The correlation is significant at the 5% significance level (Sig < 0.05), *The correlation is significant at the 10% significance level (Sig < 0.10)**

Thirdly: Study hypotheses by testing and analysing the regression results.

The researcher used two multiple linear regression models to test the study's hypotheses. The goal was to find out how CEO power and its indicators affected the relationship between board independence and financial performance in Egyptian-listed companies. The researcher applied statistical methods from the tenth edition of the statistical analysis program E-Views and the fourteenth edition of the statistical analysis program (Stata Version 14) to analyze the data and draw conclusions. Preliminary tests on the study sample indicated that using a combined model and multi-linearity is the most effective method for handling the type of data in this study, out of the three methods of processing data—random, fixed, or pooled. The researcher extensively employed regression to establish a connection between the independent variable, board independence, and the dependent variable, financial performance, relying on the Panel EGLS (cross-section weights) method. The researcher's regression analysis yielded the following results, which align with the previously developed regression models:

1. **Regression analysis results of financial performance on board independence and CEO power**

Table No. (9) displays the multiple regression analysis results related to the regression of financial performance expressed through return on assets (ROA), return on equity (ROE), earnings per share (EPS), and Tobin's Q on both board independence variable, CEO power and control variables. It is clear from the multiple regression analysis results shown in Table No. (12) of the significance of the linear regression model between financial performance expressed as ROA, ROE, EPS, and Tobin's Q, independent variable and moderator variable included in the model through the

significance of the F test, whereby comparing the probability value P-value for the model with the level of significance accepted in the social sciences, it turns out that (P-value = Sig < 0.05).

The results of the multiple regression analysis shown in Table No. (9) show that the determination coefficient value (R^2) for the ROA_{it} regression on the CEO power index, the board independence, and the control variables is 0.279. This means that the variables that make up this model explain 25.9% of the variation in the study sample's financial performance, which is shown as ROA_{it}. The results of the multiple regression analysis shown in Table No. (9) also show that the determination coefficient value (R^2) for the ROE_{it} regression on the CEO power index, the board independence, and the control variables is equal to 0.150. This means that the variables that make up this model explain 15.0% of the variation in the study sample's financial performance, which is shown as ROE_{it}. Also show that the determination coefficient value (R^2) for the EPS_{it} regression on the CEO power index, the board independence, and the control variables is equal to 0.0963. This means that the variables that make up this model explain 9.63% of the variation in the study sample's financial performance, which is shown as EPS_{it}. But the results showed that the determination coefficient value (R^2) for Tobin's Q_{it} regression on the CEO power index, the board independence, and the control variables is equal to 0.3367. This means that the variables that make up this model explain 33.67% of the variation in the study sample's financial performance, which is shown as Tobin's Q_{it}.

There is a negative and significant relationship at a 10% level between board independence and both ROA_{it} and ROE_{it} , which are used to measure financial performance. The multiple regression analysis results of the first model in the study can be seen in Table No. In other words, there is a

positive relationship between the board independence and financial performance, and this result is consistent with what was stated in the Guide to the Rules and Standards of Corporate Governance in the Arab Republic of Egypt issued in February 2011, which stipulates that the majority of the members of the Board must be non-executive and independent, or that a third of the members as a minimum be independent and possess technical or analytical skills that will benefit the Board and the company contributes effectively to reducing opportunistic behaviour, achieving the self-interests of executive management, and protecting the interests of shareholders, which positively affects maximizing the company's value and increasing profitability.

Table No. (9) shows that there is a positive and insignificant impact for the CEO power index between the board independence and ROE_{it}, a negative and significant impact at a significance level (1%) for the CEO power index between the board independence and Tobin's Q_{it} for measuring financial performance, and a positive and significant impact at a significant level (1%) for the CEO power index between the board independence and both ROA_{it} and EPS_{it} to measure financial performance.. In other words, there is a positive effect on the CEO power index between board independence and performance. Financially, this is consistent with the power trading theory, which contends that increasing the CEO's influence limits the board's ability to fully supervise the director or fire him if necessary to protect shareholder interests from his control.

This result sheds light on the agency theory's assertions regarding the importance of restricting the executive director's control over the company's affairs in order to avoid the negative effects resulting from the power concentration and its impact on the company's financial performance, thus

harming the quality of profits. Due to the CEO's ability to control some information related to opportunistic transactions through his ability to manipulate financial reports, It is clear that this result does not support **the main hypothesis** of the current study, that there is no impact of CEO power on the relationship between board independence and financial performance, so it cannot be accepted.

Regarding the control variables, the regression analysis results shown in Table No. (9) show that there is a positive and significant relationship at a significant level (1%) between the $FSIZE_{it}$ and each of the ROA_{it}, EPS_{it}, and ROE_{it} at a significant level (5%), and a relationship also appears negative and significant at a significant level (1%) between the $FSIZE_{it}$ and Tobin's Q_{it}. This result indicates that management's ability to monitor and control the company's operational processes decreases with increasing firm size, which negatively affects the company's performance.

The regression analysis results, shown in Table No. (9), also show the existence of a negative and significant relationship at a significant level (1%) between LEV_{it} and both ROA_{it} and EPS_{it}, and the existence of a positive and significant relationship at a significant level (5%) between LEV_{it} and ROE_{it} and Tobin's Q_{it} is at a significance level (5%). This supports what (Jensen,1986) pointed out: that a high debt ratio pushes managers to use the company’s financial resources in unprofitable investments in order to exploit them to pay obligations, which affects the company’s performance due to the wasting of cash surpluses in investment projects with a negative value.

Also, there is a positive relationship between the $ASSETTUR_{it}$ and each of the ROE_{it}, EPS_{it}, and Tobin's Q_{it}, and a negative relationship with the ROA_{it}, and this is consistent with what (Jensen, 1986) indicated that

companies that have opportunities for investment growth are more efficient in generating revenues, which prompts managers to make suboptimal investment decisions and waste excess funds on investments with a negative value, thus negatively affecting the company's performance.

Also, there is a positive relationship between $BOASIZE_{it}$ and both EPS_{it} and Tobin's Q_{it} and a negative relationship with ROA_{it} and ROE_{it}, and this result is consistent with the point of view that imposes that boards of directors must be large enough, as a large board of directors enjoys a diversity of administrative experiences and financial resources for its members, which contributes to them effectively carrying out their oversight tasks over the performance of executive management and thus being less vulnerable to the control of the CEO. This supports what was stipulated in the 2011 Corporate Governance Rules and Standards Guide, where the number of members of the Board of Directors must not be less than five members, and a majority of the members must also be the board is non-executive and independent.

As for $INSOWN_{it}$, the regression analysis results in Table No. (9) showed the existence of a positive and significant relationship at a significant level (1%), and both ROE_{it}, EPS_{it}, Tobin's Q_{it}, and ROA_{it} at a significant level (5%), and these are consistent. The result is based on the point of view that the high percentage of shares owned by the institutional investor helps in tightening effective control over the decisions taken and reducing any opportunistic behaviour by the CEO, which works to improve the company's performance in a competitive environment.

Table No. (9)

Regression analysis Results of financial performance on board independence, CEO power and control variables

Variables	ROA_{it}			ROE_{it}			EPS_{it}			Tobin's Q_{it}		
	β	t-statistic	Sig.	β	t-statistic	Sig.	β	t-statistic	Sig.	β	t-statistic	Sig.
Constant	-0.083	-1.839	0.068	-0.138	-1.667	0.098	-6.9056	-6.688	0.000	2.273	27.339	0.000
$BOIND_{it}$	-0.027	-1.802	0.074*	-0.041	-2.269	0.025**	-0.469	-1.642	0.103	0.007	0.257	0.797
INDEX	0.001	0.393	0.695	0.003	0.563	0.574	0.235	3.412	0.0009***	-0.005	-0.552	0.582
$ZBOINDZINDEX_{it}$	0.012	2.913	0.004***	0.009	1.169	0.244	0.193	2.394	0.018**	-0.064	-5.508	0.000***
$FSIZE_{it}$	0.009	3.819	0.0002***	0.010	2.291	0.024**	0.379	6.174	0.000***	-0.087	-19.989	0.000***
$LEVERAGE_{it}$	-0.118	-8.349	0.000***	0.063	2.738	0.007***	-0.967	-4.298	0.000***	0.645	22.369	0.000***
$TURNOVER_{it}$	-0.0004	-0.045	0.965	0.003	1.012	0.313	0.013	0.509	0.611	-0.009	-3.166	0.002***
$BOASIZE_{it}$	-0.0008	-0.603	0.548	-0.003	-1.359	0.176	0.009	0.225	0.822	0.005	2.475	0.015**
$INSOWN_{it}$	0.022	2.319	0.022**	0.061	3.369	0.001***	0.847	3.477	0.0007***	0.091	5.992	0.000***
R-squared	0.279			0.137			0.303			0.721		
Adjusted R-squared	0.273			0.129			0.297			0.718		
F-statistic	45.253			18.567			50.940			301.807		
Prob(F-statistic)	0.000***			0.000***			0.000***			0.000***		
Durbin- Watson Stat.	0.900			0.958			0.842			0.419		
N	945			945			945			945		

*****The regression is significant at the 1% significance level (Sig < 0.01),**
****The regression is significant at the 5% significance level (Sig < 0.05),**
***The regression is significant at the 10% significance level (Sig < 0.10)**

The multiple regression analysis results for the second model of this study are shown in Table No.(10) These results show how financial performance is related to return on assets (ROA), return on equity (ROE), earnings per share (EPS), and Tobin's Q on both the board independence variable and the CEO power indicators. The multiple regression analysis results in Table No. (10) make it clear how important the linear regression model is between the financial performance measured by ROA, ROE, EPS, and Tobin's Q, the independent variable, and the mediating variable that was included in the model. This is shown by the significance of the F test, which compares the model's P-value to the level of the accepted significance in the social sciences is (P-value = Sig < 0.05).

Table No. (10) shows the results of a multiple regression analysis. The coefficient of determination (R^2) for the return on assets regression on the CEO power index, the board independence, and the control variables is 0.280. This indicates that, according to ROA_{it}, the variables that make up this model account for 28.0% of the variation in the financial performance of the study sample. The results of the multiple regression analysis shown in Table No. (10) also showed that the value of the coefficient of determination (R^2) for the return on shareholders' equity regression on the CEO power index, the board independence, and the control variables is equal to 0.152, which means that the variables that make up this, The model explains 15.2% of the variance in the financial performance of the study sample, which is shown by ROE $_{it}$. It was also found that the value of the coefficient of determination (R^2) for the EPS_{it} regression on the CEO power index, the board independence, and the control variables is equal to 0.299. This means that the variables that make up this model explain 29.9% of the variance in the financial performance of the study sample, which is shown with the symbol EPS_{it}. However, the results showed that the value of the coefficient of determination (R^2) of Tobin's Q_{it} regression on the CEO power index, the

board independence, and the control variables is equal to 0.6699. This means that the variables that make up this model explain 66.99% of the variance in the financial performance of the study sample, which is shown by Tobin's Q_{it}.

The multiple regression analysis results of the second model of the study, shown in Table No. (10), show that there is a positive relationship between CEO duality and ROA_{it}, ROE_{it}, and EPS_{it}, while there is a negative relationship with Tobin's Q_{it}. This result confirms that the power concentration in the hands of the CEO leads him to take decisions to increase his personal benefit at the expense of shareholder interests, which negatively affects the company's performance, and sheds light on the importance of the Egyptian Governance Manual's assertions of the necessity of separating the positions of Chairman of the Board of Directors and Managing Director in order to ensure the restriction of control and dominance the CEO is responsible for the decision-making process within the company. It is clear from this that this result does not support the **first sub-hypothesis** of the current study, which is that there is no effect of CEO duality on the relationship between board independence and financial performance, so it cannot be accepted.

The multiple regression analysis results of the second model of the study, shown in Table No. (10), show that there is a negative relationship between the CEO's tenure and both ROA_{it} and Tobin's Q_{it}, while there is a positive relationship with ROE_{it} and EPS_{it}. This result confirms that an increase in the period of the executive director's stay in his position is associated with greater administrative fortification, according to agency theory. The longer the executive director remains in his position, the more fortified he is, and thus this increases the possibility of him seeking to achieve his personal interests in addition to being able to know the systems. The internal information of the facility, thus being able to acquire important

information that may affect the plans and programs of the Board of Directors, sheds light on the importance of the Egyptian Governance Manual's assurances that the managing director's contract period should not exceed 3 years. It is clear from this that this result does not support **the second sub-hypothesis** of the current study, which is that there is no effect of the CEO's tenure on the relationship between board independence and financial performance, so it cannot be accepted.

The results of the multiple regression analysis of the second model of the study, shown in Table (10), show that there is a positive relationship between the CEO's ownership percentage of shares and ROE_{it}, EPS_{it}, and Tobin's Q_{it}, while there is a negative relationship with ROA_{it}. This result confirms the point of view that the CEO's possession of a large percentage of shares can influence the choice of other managers, and thus give him an advantage over other board members, as owning a large share ownership enables the CEO to influence the determination of the remuneration of board members and overcome their dismissal. If necessary, control most board decisions. It is clear from this that this result does not support **the third sub-hypothesis** of the current study, which is that there is no effect of CEO ownership on the relationship between board independence and financial performance, so it cannot be accepted.

As for the effect of the CEO Power Index items on board independence and financial performance, it is clear from Table No. (10) that there is a negative relationship between the CEO duality and each of ROA_{it}, ROE_{it}, and EPS_{it}, and a positive relationship with Tobin's Q_{it}, as well as the existence of a positive relationship between CEO tenure and CEO ownership. on ROA_{it}, ROE_{it}, and EPS_{it}, and a negative relationship with Tobin's Q_{it}.

Table No. (10)

Regression analysis Results of financial performance on CEO power indicators and control variables

Variables	ROA			ROE			EPS			Tobin's Q		
	β	t-statistic	Sig.	β	t-statistic	Sig.	β	t-statistic	Sig.	β	t-statistic	Sig.
Constant	-0.035	-0.682	0.497	-0.094	-1.088	0.278	-7.64	-5.488	0.000	2.209	22.749	0.000
$BOIND_{it}$	-0.081	-2.196	0.029**	-0.108	-4.216	0.000***	-0.705	-0.716	0.475	0.040	0.538	0.592
$CEODUALITY_{it}$	0.011	1.494	0.138	0.005	0.364	0.717	0.256	2.771	0.006***	-0.031	-1.564	0.120
$CEOTENURE_{it}$	-0.004	-0.478	0.633	0.003	0.151	0.880	0.329	1.905	0.059*	-0.042	-2.151	0.033**
$CEOOWNERSHIP_{it}$	-0.001	-0.0866	0.931	0.014	1.109	0.269	0.226	1.628	0.106	0.030	1.918	0.057*
$ZBOINDCEODUALITY_{it}$	-0.011	-1.214	0.227	-0.029	-2.144	0.034**	-0.314	-2.703	0.008***	0.044	2.384	0.019**
$ZBOINDCEOTENURE_{it}$	0.025	2.617	0.010***	0.056	3.271	0.001***	0.312	1.338	0.183	-0.021	-1.045	0.298
$ZBOINDCEOOWNER_{it}$	0.017	1.624	0.107	0.002	0.165	0.869	0.622	3.228	0.002***	-0.152	-7.664	0.000***
$FSIZE_{it}$	0.009	3.548	0.000***	0.009	2.096	0.038*	0.422	7.262	0.000***	-0.084	-17.821	0.000***
$LEVERAGE_{it}$	-0.111	-8.270	0.000***	0.069	2.914	0.004***	-0.804	-4.257	0.000***	0.641	20.799	0.000***
$TURNOVER_{it}$	-0.002	-0.273	0.785	0.003	1.023	0.308	0.026	1.249	0.214	-0.009	-3.109	0.002***
$BOASIZE_{it}$	-0.001	-0.648	0.518	-0.002	-0.921	0.359	-0.011	-0.293	0.769	0.007	2.591	0.011**
$INSOWN_{it}$	0.009	0.901	0.369	0.063	3.198	0.002***	0.886	3.677	0.000***	0.113	4.673	0.000***
R-squared	0.280			0.152			0.299			0.669		
Adjusted R-squared	0.271			0.141			0.289			0.666		
F-statistic	30.247			13.890			33.123			157.650		
Prob(F-statistic)	0.000***			0.000***			0.000***			0.000***		
Durbin- Watson Stat.	0.923			0.981			0.872			0.455		
N	945			945			945			945		

*****The regression is significant at the 1% significance level (Sig < 0.01),**
****The regression is significant at the 5% significance level (Sig < 0.05),**
***The regression is significant at the 10% significance level (Sig < 0.10)**

According to the study models that were presented before, Table No. (11) shows a summary of the multiple regression analysis results that were done on the relationship between financial performance and the CEO power and the board independence.

Table No. (11)

Summary of the multiple regression analysis results that were done on the relationship between financial performance and the CEO power and the board independence.

Variables		Expected signal	Financial performance				Hypothesis test result
			ROA_{it}	ROE_{it}	EPS_{it}	Tobin's Q_{it}	
Main hypothesis	Board independence ($BOAIND_{it}$)	?	positive	positive	positive	negative	Not accepted
Sub-hypotheses	CEO duality ($CEODUAL_{it}$)	?	positive	positive	positive	Negative	Not accepted
	CEO tenure ($CEOTENURE_{it}$)	?	Positive	Positive	Positive	Negative	Not accepted
	CEO ownership ($CEOOWN_{it}$)	?	negative	positive	negative	positive	Not accepted

5- Research summary and future studies

The governance concept is regarded as one of the novel ideas because it represents a reform strategy and a new way of doing business. By enhancing internal control, overseeing the execution of strategies, and outlining the roles and responsibilities of shareholders, the board of directors, executive management, and shareholders, governance systems and laws aim to limit the use of administrative authority for benefits that contradict shareholder interests.

Since one of the governance attempts is to improve the board performance, the board of directors must have sufficient independence. This is because increasing board independence reduces conflicts of interest between executive management and shareholders. This, in turn, leads to

increased objectivity and reduced agency costs. This, in turn, means that the mechanisms applied in the company are more efficient and effective, thereby reflecting positively on profits. Therefore, there must be a balance in the board composition, as the participation of executive members in the Board of Directors is crucial due to their ability to understand the difficulties, risks, and investment possibilities available to the organization, their knowledge of internal control systems, and their ability to comprehensively understand the daily operations within the company. However, CEO power has become a subject of increasing concern in recent years because of its detrimental effects on the effectiveness of corporate governance systems and a company's financial performance.

Therefore, there remains an outstanding question regarding whether the acquisition and growth of CEO power within the company will influence or not the relationship between board independence and financial performance in companies. From this standpoint, the current research aims to study the impact of CEO power on the relationship between board independence and financial performance in Egyptian-listed companies.

To achieve this goal, the current research tested the impact of CEO power on the relationship between board independence and the financial performance of the Egyptian listed companies by installing an indicator to measure CEO power, represented by 1) the CEO duality, 2) the CEO ownership, and 3) the CEO tenure as moderator variables, on the relationship between board independence as an independent variable and financial performance as measured using the ROA. ROE, EPS, and Tobin's Q as dependent variables. Based on a sample of 135 companies over seven years, from 2015 to 2021, with a number of (945) observations distributed among 15 main sectors on the Egyptian Stock Exchange.

After controlling for the effects of firm size, financial leverage, board size, asset turnover, and institutional ownership, the researcher concluded, using multiple linear regression, that there was a positive impact on the CEO power index (which was measured through CEO duality and CEO ownership) and the CEO's term of office between board independence and financial performance.

As for the impact of CEO power mechanisms, the results of the current research showed that there is a positive impact between CEO duality and ROA_{it}, ROE_{it}, and EPS_{it}, while there is a negative relationship with Tobin's Q_{it}. There is a negative impact between CEO tenure and ROA_{it} and Tobin's Q_{it}, while there is a positive relationship with ROE_{it} and EPS_{it}. There is a positive impact between CEO ownership and ROE_{it}, EPS_{it}, and Tobin's Q_{it}, while there is a negative effect on ROA_{it}.

In general, the current research supports the agency theory's predictions that giving the CEO more power makes it easier for him to influence investment decisions without consulting the Board of Directors in a way that benefits himself. This makes the Board of Directors less effective at overseeing and controlling the company, which has a negative effect on company financial performance.

Suggested future studies:

In light of the findings of the current study, the researcher believes that there are many research areas that could constitute a development and foundation in the Egyptian business environment, the most important of which are as follows:

1- Studying the impact of CEO power on the efficiency of investment within Egyptian joint stock companies.

2- Studying the impact of CEO power on the quality of the financial statements of Egyptian joint stock companies.

3- Studying the relationship between CEO power and bonus plans in Egyptian joint-stock companies.

4- Using other measures of financial performance, such as operating cash flow (OCF), inventory turnover rate (ITR), return on investment (ROI), market value added (MVA), and economic value added (EVA), with the aim of identifying the stability of results.

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الملخص

استهدفت الدراسة الحالية التحقق من تأثير قوة المدير التنفيذي على العلاقة بين استقلالية مجلس الإدارة والأداء المالي داخل الشركات المصرية المساهمة ، ولتحقيق هذا الهدف قام الباحث ببناء مؤشر مجمع لقياس قوة المدير التنفيذي ويتألف من 3 بنود (آليات) هي 1. فترة بقاء المدير التنفيذي في منصبه ، 2. ازدواجية دور المدير التنفيذي ، 3.ملكية المدير التنفيذي لأسهم الشركة ، ومن أجل اختبار فرضيات الدراسة اعتمد الباحث على عينة مكونة من 135 شركة (945 مشاهدة) مقيدة بالبورصة وتنتمي إلى 15 قطاعاً اقتصادياً في الفترة من 2015 إلى 2021 . وبعد ضبط التأثيرات المحتملة لكل من حجم الشركة ، حجم المجلس ، الرافعة المالية (المديونية) ، معدل دوران الأصول والملكية المؤسسية على الأداء المالي للشركات المساهمة المصرية ، وبالاعتماد على نموذج الانحدار الخطي المتعدد توصلت الباحثة إلى: أن هناك علاقة إيجابية ذات دلالة إحصائية بين استقلالية مجلس الإدارة والأداء المالي (ROA، ROE، EPS) وعلاقة سلبية مع Tobin's Q. فيما يتعلق بتأثير العناصر الثلاثة التي تتكون منها قوة الرئيس التنفيذي، أظهرت نتائج الدراسة وجود علاقة إيجابية بين ازدواجية الرئيس التنفيذي والأداء المالي (ROA، ROE، وEPS) وعلاقة سلبية مع Tobin's Q. هناك علاقة إيجابية بين مدة الرئيس التنفيذي والأداء المالي (ROA، ROE، و EPS) وعلاقة سلبية مع Tobin's Q. هناك علاقة إيجابية بين ملكية الرئيس التنفيذي والأداء المالي (ROE وTobin's Q) وعلاقة سلبية مع ROA وEPS.

الكلمات الافتتاحية : قوة المدير التنفيذي ، استقلالية مجلس الإدارة ، الأداء المالي .