3rd International Conference on Management and Economics

London, United Kingdom

17 - 19 July 2026

Who Holds the Reins? CEO Power As a Moderator of Capital Structure and Future Earnings

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Abstract

This study examines how CEO power moderates the link between capital structure and future earnings in Amman Stock Exchange-listed industrial enterprises. After the global financial crisis, the sample extends 2010 to 2024, providing for a thorough study of enterprises' financial behaviour during recovery and post-crisis expansion in a developing market. The paper proposes that increasing leverage can discipline managers and improve earnings predictability using Agency Theory. According to the Upper Echelons Theory, prominent CEOs with concentrated decision-making power may lessen this influence. CEO power is projected to modulate the relationship between leverage and earnings outcomes by influencing financial regulations, disclosure, and risk-taking. A conceptual framework and structured table of expected connections are presented in the abstract, but empirical investigation is not yet done. The study adds to the literature on profits sustainability, governance quality, and capital structure optimization in emerging economies, providing investors, auditors, and policymakers with useful insights. This research tackles a vital convergence in accounting and corporate finance, particularly under concentrated ownership and developing transparency markets, by integrating boardroom dynamics with financial structure and performance predictions.

Keywords: CEO power; Future earnings; capital structure; Agency theory; Upper Echelons Theory.