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# Corporate Governance and Anti-Corruption Disclosure: Evidence from MENA Region

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## Abstract

This research studies the relation between corporate governance characteristics and the quality of anti-corruption disclosure in MENA region. The dataset includes 354 MENA region banks covering four countries, namely, Lebanon, Egypt, Jordan, and Saudi Arabia for the period of 2013-2020. A content analysis is performed for the banks' websites and the annual reports, sustainability reports, and CSR reports published by the banks. A descriptive study is performed to determine the quality of ACD in the banks, followed by an analytical study to identify its association with corporate governance characteristics. Results indicate a significant association between CSR report and ACD for all countries under study, while regarding CEO duality, a significant association was found only for Lebanon.

**Keywords:** anti-corruption disclosure, corporate social responsibility, corporate governance, MENA region, corruption, transparency, banks

## Introduction

Corruption is considered from the most critical global and ethical issues and intensive efforts to fight against corruption were made in the last decade (Sanyal and Samanta, 2004; UNGC, 2015). The main causes of corruption are: legal system ineffectiveness, political instability, low salaries in public office, low economic development, weak religious traditions, lack of democracy and barriers to trade (Treisman, 2000). Corruption is considered from the biggest impediments to economic and social growth where huge amounts are stolen annually from developing countries because of corruption (World Bank, 2010).

Anti-corruption disclosure (ACD) is considered an essential tool in combating corruption (Halter et al., 2009). ACD provides performance accountability, enhances public awareness, and obliges companies in the same industry to apply anti-corruption principles (Hess, 2009). Anti-corruption transparency is regarded as an essential method to combat corruption (Halter et al., 2009; Transparency International, 2009; UNGC, 2009). The beginning of the twenty-first century witnessed a series of huge financial scandals including WorldCom, Enron, and Parmalat, which spotlight on corruption and fraud (Zarb, 2011; UNGC, 2015). These accounting scandals have contributed in asking for better corporate governance and more accountable directors and in levying new legislations accompanied by fines, penalties, and/or imprisonment for wrongdoing (Zarb, 2011).

Corporate governance includes procedures and processes that assist in directing and controlling a firm to assist in developing a trusting, transparent and accountable environment (OECD, 2015). The financial scandals caused more awareness towards the necessity for a universal improvement in financial reporting disclosures where the accounting information availability and reliability and the effective review of the overall auditing and financial reporting practices and standards were under scrutiny (Adekunle and Taiwo, 2013).

Corporate governance plays a critical role in preventing corruption in firms by adopting national regulations (Lombardi et al., 2020). Corporate corruption created a platform for several corporate governance reforms in order to restore investors' confidence and to protect shareholders interests (Bhasin, 2010). Besides, fighting corruption is considered a critical CSR matter because corruption is conflicting with sustainable development due to the harm it causes (Branco and Delgado, 2012). Anti-corruption engagement into the corporate responsibility program indicates that the private sector shares responsibility to address and face corruption (UNGC, 2009). Voluntary disclosure is considered an external governance control mechanism of the managers which protects the shareholders and reduces information asymmetry (Chakroun and Matoussi, 2012).

Several theories explain voluntary disclosure, namely, agency theory, signaling theory, legitimacy theory (Craven and Marston, 1999), and stakeholder theory (Freeman, 1984; Lopatta et al., 2017). Agency theory results in information asymmetry because of the departure between ownership and management (Jensen and Meckling, 1976; Haniffa and Rashid, 2004). Thus, increased disclosure assists in reducing information asymmetry. On the other hand, according to the signaling theory, well performing firms disclose more information than poorly performing ones (Lang and Lundholm, 1993; Bozcuk et al., 2011). Firms with high quality tend to distinguish themselves from low quality firms by voluntary disclosures that help in reducing information asymmetry where the more informed party signals these information to others (Celik et al., 2006).

Legitimacy theory concentrates on the social contract that takes place between corporations and society which makes them dependent on one another (Branco and Rodrigues, 2006). The firm exists within a wider social system and if the firm does not operate in an acceptable or legitimate way towards its society, then the society will invalidate the social contract which in turns threatens the firm's operations since all the firm's resources are from the society it exists in (Deegan, 2002). Thus, it can be concluded that the firm's decisions regarding disclosure will be in harmony with the society expectations (Islam, 2015). With respect to the stakeholder theory, the firm is responsible towards satisfying its several stakeholder groups as their satisfaction may directly influence firms' financial performance (Freeman, 1984; Jones, 1995; Laplumee et al., 2008; Lopatta et al., 2017). Consequently, firms have to perform in an ethical manner to attain social approval (Gray et al., 1995; Lopatta et al., 2017). Thus, making profits should not be the only prerequisite for firm's survival, but satisfying the stakeholders is a crucial requirement to survive where it prevents many unexpected problems and helps the firm to attain valuable resources (Laplume et al., 2008).

Despite the huge amount of research dedicated to this field of study, the studies that concentrate on corporate governance characteristics and the quality of ACD are limited. Besides, due to the variations in the results between different countries, the results cannot be generalized. In addition, ACD is voluntary in nature, thus ACD quality possibly will vary among companies (Gago-Rodríguez et al., 2018). Thus, this study investigates the effect of corporate governance characteristics on ACD quality in MENA region. The countries included in this study are: Lebanon, Egypt, Jordan, and Saudi Arabia during the period 2013-2020.

The rest of this paper includes review to the literature and development for the hypotheses in section 2 followed by the research methodology in section 3. Section 4 shows the empirical data analysis and highlights the findings. Section 5 concludes the findings and illustrate the limitations and recommendations for future research.

## Literature Review

Corporate governance plays a critical role in preventing corruption in firms by adopting national regulations (Lombardi et al., 2020). Corporate corruption created a platform for several corporate governance reforms in order to restore investors' confidence and to protect

shareholders interests (Bhasin, 2010). According to the stakeholder theory, enhanced corporate governance promotes the association between the firm and its stakeholders by improving corporate sustainability (Michelon and Parbonetti, 2012).

In this research, corporate governance attributes are investigated due to their significant monitoring role regarding the quality of ACD. The corporate governance features investigated in this research are: board independence, CEO duality, and CSR committee. These characteristics have been studied extensively in literature.

*Board Independence:*

Independent board directors are defined as those members who have not held any position in the firm whether employee, officer, or consultant, and lack any other connection with the firm that might weaken the board judgment (Healy and Serafeim, 2016). Board independence enhances stakeholder discussions and increases reporting transparency, and thus, it has the potential to reduce corruption risk (Kesner and Johnson, 1990; Lander and Auger, 2008; Jizi et al. 2014; Donadelli et al., 2014).

According to the agency theory, board members help in controlling and monitoring the agents' actions effectively, improve the board monitoring role (Fama and Jensen, 1983; Jizi et al., 2014) and reduce opportunistic behavior and managerial discretion (Jensen and Meckling, 1976; Gibbins et al., 1990). The stakeholder theory suggests a positive impact of board independence to an increased level of disclosure, due to the fact that external managers are less exposed to burdens from shareholders and managers than internal ones (Lim et al., 2007; Prado-Lorenzo and Garcia-Sanchez, 2010).

Furthermore, from the perspective of the resource dependence theory, the service role is considered a significant board role (Hillman and Dalziel, 2003). Consequently, Mallin et al. (2013) assumes that this service role of the board promotes CSR and supports organizational legitimacy (Fernández Sánchez et al., 2011). Hence, directors' prestige and reputation have a material impact on attracting the important resources to the corporation and lowers the costs of transactions that are related to the environmental unpredictability (Pfeffer, 1972). Michelon and Parbonetti (2012) claim that the legitimacy role that the directors play is complementary to the monitoring role of the board and assists in highlighting the board's impact on social and environmental disclosures. Mallin et al. (2013) find that stakeholder-oriented governance mechanisms help in improving performance and eventually increases transparency. According to the combined analysis of the stakeholder-agency theory and the resource-dependence theory, Blanc and de Melo (2015) expect higher levels of ACD from more independent, knowledgeable, and diversified boards.

Blanc and de Melo (2015), Healy and Serafeim (2016) and Blanc et al. (2017) found a substantial positive association between ACD and board independence. Said et al. (2009), Khan et al. (2013), Jizi et al. (2014), Kiliç et al. (2015), Garcia-Torea et al. (2016), Jizi (2017), and Cucari et al. (2018) found a significant positive influence of CSR disclosure on board independence. Rao et al. (2012) found a significant positive influence of board independence on the extent of environmental disclosure. Mahmood et al. (2018) found a significant negative association between board independence and sustainability disclosure. Conversely, Amran et al. (2014) found insignificant association between board independence and sustainability reporting quality. Liao et al. (2015) found that a positive influence of the independence and diversification of boards on carbon disclosures. In this context, the below hypothesis is suggested:

$H_1$: There is a positive association between the quality of ACD and board independence.

*CEO Duality:*

CEO duality arises when the CEO also occupies the board's chairperson position at the same time (Rechner and Dalton, 1991). Boards with the same person occupying the post of the chairman and the CEO are not considered as independent as those whose chairs and CEOs are separated (Rechner and Dalton 1991; Healy and Serafeim, 2016), and consequently, the monitoring role of management is weakened and increased information asymmetry affecting CSR disclosure quality is expected (Rupley et al., 2012) which consequently reduces firms' accountability and transparency (Michelon and Parbonetti, 2012).

Focusing power in one person weakens effective governance (Healy and Serafeim, 2016) and blurs the limits between management and control (Fama and Jensen, 1983). In addition, external directors are faced with more reputational costs as compared to internal directors (Lim et al., 2007; Prado-Lorenzo and Garcia-Sanchez, 2010).

Agency theory places cautious and attentive monitoring on management's decisions with the purpose of protecting shareholders' rights (Jensen and Meckling, 1976). According to this theory, improved management, better control, less interference, and enhanced goal achievement are attained by separating the chairs and the CEO where CEO duality puts the effectiveness of the board members at risk, due to his/her possible intervention in board issues, which may lead to compromised performance (Jensen and Meckling, 1976; Malik et al., 2020).

Besides, the stewardship theory, the opponent of the agency theory, supports the focus of decision power in one person. This theory views the manager of the firm as a guard of the organization and who works towards its best interests (Eisenhardt, 1989; Malik et al., 2020).

Healy and Serafeim (2016) and Alonso Carrillo et al. (2019) found a significant positive relation between CEO duality and ACD while Blanc and de Melo (2015) and Blanc et al. (2017) did not find any association. Garcia-Torea et al. (2016) and Yin and Zhang (2019) found a significant negative association between CEO duality and CSR disclosure. Jizi et al. (2014) found a significant positive association between CEO duality and CSR disclosure. While Khan et al. (2013) found a positive but insignificant association between CEO duality and CSR disclosure. Malik et al. (2020) found an insignificant association between CEO duality and CSR disclosure. Liao et al. (2015) did not find a significant association between CEO duality and sustainability performance reporting.

Consequently, the following hypothesis is suggested:

$H_2$: There is a positive association between the quality of ACD and CEO duality.

*CSR Report:*

Firms with weak CSR participates more in unethical and uncooperative behavior (Hirsch and Watson, 2010). Beyond their concentration on compliance, firms have developed several actions regarding ethics and integrity like codes of conduct, codes of ethics, ethics committees, and training to employees (Tinjala et al., 2015). Business ethics is a basic concern to all entities where behaving ethically is considered as a good business practice (Smit and Bierman, 2017). Information regarding this ethical behavior is offered to investors or stakeholders via media or corporate reports such as CSR reports, the place in which firms can choose how transparently they disclose information (Tinjala et al., 2015). The majority of the research that concentrated on CSR practices suggested that the legitimacy and the stakeholder theories are the best theories that explain CSR reporting (Reverte, 2009).

The legitimacy theory offers a comprehensive view on CSR disclosure as it highlights businesses attachment by the social contract where the firms accomplish numerous socially preferred actions in exchange for approval of their objectives, and this definitely assures their continuous survival (Guthrie and Parker, 1989; Brown and Deegan, 1998; Deegan, 2002). CSR defenders suggest that as CSR reports provide information about doing good which better identifies stakeholders with the firm, which creates a wider commitment to the firm which improves its position (Sen and Bhattacharya, 2001; Bebbington et al., 2008). On the other hand, offenders doubt the previously mentioned benefits and simply view it as a mismanagement of the firm resources (Izzo and Magnanelli, 2012; Moser and Martin, 2012).

From the agency theory perspective, Reverte (2012) considers CSR reporting as a major ingredient of the firm's communication means to reduce information asymmetry. The stakeholder theory generally takes into consideration the prospects effect of various stakeholder groups in the society regarding the policies of corporate disclosure and the managerial sub-category of the stakeholder theory specifically assumes that corporate disclosure is considered a management device used for the purpose of managing the informational needs of the several influential stakeholder groups (employees, shareholders, investors, consumers, public authorities and NGOs, and others) (Reverte, 2009). Deegan (2002) suggested an overlapping association between legitimacy theory and stakeholder theory, and he stated that "both theories conceptualize the organization as part of a broader social system wherein the organization impacts, and is impacted by, other groups within society" (Deegan, 2002, p. 295).

Yin and Zhang (2019) found a significant positive influence of issuing a standalone CSR report on ACD. Dhaliwal et al. (2012) and (2014) found a positive association between the issuance of a CSR report and disclosure quality. Helfaya and Moussa (2017) found a significant positive influence of the issuance of CSR report on environmental sustainability disclosure. Axjonow et al. (2018) found that standalone reports of CSR affect corporate reputation amongst proficient stakeholders only. Conversely, Birkey et al. (2016) found no association between the issuance of standalone CSR report and disclosure. Therefore, the following hypothesis is suggested:

$H_3$: There is a positive association between the quality of ACD and CSR report.

## Research Methodology

A descriptive study is done to the whole population of the local commercial banks of four MENA countries, namely, Lebanon, Egypt, Jordan, and Saudi Arabia during the period 2013-2020 followed by an analytical study. A content analysis is performed for the banks' websites and the annual reports, sustainability reports, and CSR reports published by the banks. Only the local banks for each country are investigated to avoid overlapping data since many Arab banks have branches in other Arab countries. The names of the banks, the banks' websites, and the classification of banks for each country are collected from the central bank official website of each country included in this research. Annual reports, sustainability reports, and CSR reports of the banks are downloaded from their websites. 354 banks were studied.

Content analysis is often used to convert text to numerical variables for quantitative data analysis and it provides many advantages in analyzing the quantitative data, where it is considered a time-saving method in comparison with interviews and questionnaires and it is considered a very transparent method that boosts the reliability and validity of the collected data (Hussey and Hussey, 1997). A descriptive study is performed to determine the quality of ACD in the banks, followed by an analytical study to identify the association with corporate governance characteristics.

ACD quality, the dependent variable, is measured using a content analysis approach for the annual reports, sustainability reports, and CSR reports. Content analysis is widely used to examine ACD (Blanc and de Melo, 2015; Aldaz et al., 2015; Azizul Islam et al., 2015; Branco and Matos, 2016; Blanc et al., 2017; Azizul Islam et al., 2018).

Thus, the following model can be suggested:

$$\textbf{Anti-Corruption Disclosure}_i = a_1 + \beta_1 \textbf{ board independence}_i + \beta_2 \textbf{ CEO duality}_i + \beta_3 \textbf{ CSR report}_i + \varepsilon_i$$

The dependent variable, ACD quality, is measured through a disclosure index (Branco and Rodrigues, 2008; Blanc and de Melo, 2015; Blanc et al., 2017; Blanc et al., 2018; Krishnamurti et al., 2018; Muttakin et al., 2018). Transparency International (2012) ratings of ACD index is used. Prior studies have extensively used this index (Blanc and de Melo, 2015; Blanc et al., 2017; Blanc et al., 2018; Krishnamurti et al., 2018). The index covers a variety of matters affecting corporate transparency and concentrates on three aspects, namely, anti-corruption reporting, organizational transparency, and country by country reporting. It consists of 13 questions each scored between 0 and 1. The maximum score for this dimension is 13 points (Transparency International, 2012). The 2012 report is an outgrowth of Transparency International's continuing program to promote transparency in corporate reporting (Blanc et al., 2018).Transparency International reviewed all documents publicly available through the companies' websites and assessed disclosure across a 13-item metric based on its own "Business Principles for Countering Bribery" (Transparency International, 2012).

Disclosures were scored by 0 by Transparency International if no disclosure for the item is made using a content analysis method. While if disclosures about certain items are made, the score varies between 0.5 or 1 based on the nature of the information disclosed for example, regarding the first question, "Does the company have a publicly stated commitment to anti-corruption?", the answer is 1.0 if there is an explicit statement of "zero tolerance to corruption" or equivalent, 0.5 if there is no general anti-corruption statement, but only reference to public sector / governmental corruption, 0.5 if there is a weak statement and 0.0 if there is no explicit statement / commitment, even if relevant policies are there. Final scores will be stated as a percentage of the total possible points. While some researchers used the unweighted index by adapting it (Blanc and de Melo, 2015; Blanc et al., 2018), in this research, the weighted index is used.

Regarding the independent variable, the independent board members to board size ratio was used to measure board independence (Hossain and Reaz, 2007; Said et al., 2009; Prado-Lorenzo and Garcia-Sanchez, 2010; Jo and Harjoto, 2012; Iatridis, 2013; Jizi et al., 2014; Amran et al., 2014; Blanc and de Melo, 2015; Healy and Serafeim, 2016; Garcia-Torea et al., 2016; Blanc et al., 2017; Hussain et al., 2018; Cucari et al., 2018; Mahmood et al., 2018). CEO duality was measured using different measures in prior research. Said et al. (2009), Prado-Lorenzo and Garcia-Sanchez (2010), Jizi et al. (2014), Blanc and de Melo (2015), Blanc et al. (2017), Martinez-Ferrero and García-Sánchez (2017), Hussain et al. (2018) and Yin and Zhang (2019) measured CEO duality as 1 if CEO is chairman and 0 otherwise. While Garcia-Torea et al. (2016) measured CEO duality by the average number of years when the CEO was not the chairperson at the same time, respect to the number of years in the period. In this research, CEO duality is measured as 1 if CEO is chairman and 0 otherwise (Said et al., 2009; Prado-Lorenzo and Garcia-Sanchez, 2010; Jizi et al., 2014; Blanc and de Melo, 2015; Healy and Serafeim, 2016; Blanc et al., 2017; Martinez-Ferrero and García-Sánchez, 2017; Hussain et al., 2018). On the other hand, CSR report is measured by 1 if the firm has issued a standalone CSR report and 0 otherwise (Dhaliwal et al., 2014; Birkey et al., 2016; Lopatta et al., 2017; Helfaya and Moussa, 2017; Axjonow et al., 2018) (Table 1).

**Table 1: Independent and Control Variables**

| **Variables** | **Symbol** | **Definition and Measure** | **Expected Sign** |
|---|---|---|---|
| ***Independent*** | | | |
| **Board Independence** | BIND | Independent board members to board size ratio | + |
| **CEO Duality** | CEOD | 1 if CEO is chairman, 0 otherwise | + |
| **CSR Report** | CSRR | 1 if the firm has issued a standalone CSR report, 0 otherwise | + |
| ***Control*** | | | |
| **Firms Size** | SIZE | Total Assets | + |
| **Profitability** | ROA | ROA (Net profit * 100/ Total assets) | + |
| **Leverage** | LEV | Debt ratio=total liabilities/total assets*100 | + |

## Results and Discussion

Table 2 shows the descriptive statistics for the variables used in the study and Table 3 shows the descriptive statistics for the variables used by country. Board independence has an average value of 60% and ranges between 0 and 100%. Also, the average of board independence varies among different countries. It is around 62% for Egypt, 48% for Jordan, 62% for Saudi Arabia, and 57% for Lebanon. With respect to firm size, it has an average value of $1828,1261,462 and ranges between $423,833,423.58 and $33,330,6625,080. Besides, the average of firm size varies among different countries. It is $15,500,000,000 for Egypt, $7,180,000,000 for Jordan, $41,700,000,000 for Saudi Arabia, and $14,600,000,000 for Lebanon.

**Table 2: Independent continuous variables descriptive analysis**

| Group | Item | Mean | Range |
|---|---|---|---|
| **Corporate Governance** | BIND | 0.576 | 0-1 |
| **Control Variables** | SIZE | 18281261462 | 423833423.58- 333306625080 |
| | ROA | 0.012 | -0.005- 0.032 |
| | LEV | 0.855 | 0.286- 0.960 |

On the other hand, profitability has an average value of 12% and ranges between -0.5% and 32%. Besides, the average of profitability varies among different countries. It is 15% for Egypt, 11% for Jordan, 16% for Saudi Arabia, and 8% for Lebanon. With respect to leverage, it has an average value of 86% and ranges between 29% and 96%. On the other hand, the average of Leverage varies among different countries. It is 88% for Egypt, 78% for Jordan, 85% for Saudi Arabia, and 91% for Lebanon.

**Table 3: Independent continuous variables descriptive analysis by country**

| Country | | Egypt | Jordan | Saudi Arabia | Lebanon |
|---|---|---|---|---|---|
| **Group** | **Item** | **Mean** | | | |
| **Corporate Governance** | BIND | 0.616 | 0.483 | 0.618 | 0.567 |
| **Control Variables** | SIZE | 15500000000 | 7180000000 | 41700000000 | 14600000000 |
| | ROA | 0.015 | 0.011 | 0.016 | 0.008 |
| | LEV | 0.882 | 0.779 | 0.851 | 0.912 |

**Table 4: Independent categorical variables descriptive analysis**

| Group | Item | Option | Frequency | Percentage |
|---|---|---|---|---|
| **Corporate Governance Characteristics** | CEOD | 0 | 184 | 52% |
| | | 1 | 166 | 47% |
| | | NA | 4 | 1% |
| | CSRR | 0 | 302 | 85% |
| | | 1 | 52 | 15% |

**Table 5: Independent categorical variables descriptive analysis by country**

| Country | | | Egypt | Jordan | KSA | Lebanon |
|---|---|---|---|---|---|---|
| **Group** | **Item** | **Option** | N (%) | N (%) | N (%) | N (%) |
| **Corporate Governance Characteristics** | CEOD | 0 | 26 (50%) | 96 (93%) | 61 (81%) | 1 (1%) |
| | | 1 | 26 (50%) | 7 (7%) | 14 (19%) | 119 (99%) |
| | CSRR | 0 | 44 (81%) | 93 (89%) | 67 (89%) | 98 (82%) |
| | | 1 | 10 (19%) | 12 (11%) | 8 (11%) | 22 (18%) |

Tables 6 and 7 show the bivariate analysis results. In table 6, the bivariate analysis showed that CSR report (P<0.001), firm size (P=0.001) and leverage (P<0.001) have significant impact on the quality of ACD. Table 7, reflects the bivariate analysis results among different countries. The bivariate analysis for Lebanon showed that CSR report (P=0.003), CEO duality (P=0.031), firm size (P=0.052) and leverage (P=0.006) have significant impact on the quality of ACD. While for Egypt, The bivariate analysis showed that CSR report (P<0.001), the firm size (P=0.042) and profitability (P=0.057) have significant impact on the quality of ACD. Besides, the bivariate analysis for Jordan showed that CSR report (P<0.001), the firm size (P<0.001) and leverage (P=0.002) have significant impact on the quality of ACD. Besides, the bivariate analysis for Saudi Arabia showed that CSR report (P<0.001) and the Leverage (P=0.007) have major impact on the quality of ACD. Thus the outcomes of all of the countries under study supports H3 and are consistent with the agency theory, legitimacy theory and stakeholder theory and supports Yin and Zhang (2019), Dhaliwal et al. (2012) and (2014). While only Lebanon results support H2 supporting the agency theory and are consistent with Healy and Serafeim (2016) and Alonso Carrillo et al. (2019). Besides, none of the countries results supports H1.

**Table 6: Bivariate analysis of the ACD with the independent variables**

| **Variable** | **Unstandardized Coefficient** | | **t-value** | **P-value** |
|---|---|---|---|---|
| | B | Standard error | | |
| **BIND** | 0.04 | 0.04 | 1.10 | 0.274 |
| **CEOD** | 0.006 | 0.02 | 0.31 | 0.754 |
| **CSRR** | 0.19 | 0.02 | 8.67 | <0.001 |
| **SIZE** | 1.08 | 3.32 | 3.25 | 0.001 |
| **ROA** | 1.10 | 1.44 | 0.77 | 0.444 |
| **LEV** | 0.33 | 0.07 | 4.55 | <0.001 |

**Table 7: Bivariate analysis of the ACD with the independent variables by country**

| **Variable** | **Unstandardized Coefficient** | | **t-value** | **P-value** |
|---|---|---|---|---|
| | **B** | **Standard error** | | |
| **Lebanon** | | | | |
| **BIND** | -0.004 | 0.051 | -0.09 | 0.928 |
| **CEOD** | 0.056 | 0.025 | 2.19 | 0.031 |
| **CSRR** | 0.097 | 0.032 | 3.02 | 0.003 |
| **SIZE** | 0.007 | 0.004 | 1.96 | 0.052 |
| **ROA** | -0.229 | 3.305 | -0.07 | 0.945 |
| **LEV** | -2.979 | 1.057 | -2.82 | 0.006 |
| **Egypt** | | | | |
| **BIND** | 0.073 | 0.144 | 0.51 | 0.613 |
| **CEOD** | -0.099 | 0.052 | -1.88 | 0.066 |
| **CSRR** | 0.256 | 0.059 | 4.28 | <0.001 |
| **SIZE** | 0.002 | 0.001 | 2.09 | 0.042 |
| **ROA** | 6.492 | 3.334 | 1.95 | 0.057 |
| **LEV** | 0.563 | 0.593 | 0.95 | 0.347 |
| **Jordan** | | | | |
| **BIND** | -0.048 | 0.192 | -0.25 | 0.802 |
| **CEOD** | 0.001 | 0.314 | 0.05 | 0.963 |
| **CSRR** | 0.201 | 0.042 | 4.76 | <0.001 |
| **SIZE** | 0.004 | 0.001 | 5.82 | <0.001 |

| | | | | |
|---|---|---|---|---|
| **ROA** | 3.348 | 2.921 | 1.15 | 0.254 |
| **LEV** | 0.241 | 0.075 | 3.24 | 0.002 |
| | | **Saudi Arabia** | | |
| **BIND** | 0.112 | 0.091 | 1.23 | 0.224 |
| **CEOD** | -0.025 | 0.045 | -0.56 | 0.579 |
| **CSRR** | 0.348 | 0.060 | 5.76 | <0.001 |
| **SIZE** | -0.001 | 0.009 | -0.01 | 0.992 |
| **ROA** | -6.920 | 4.133 | -1.68 | 0.098 |
| **LEV** | 1.955 | 0.701 | 2.79 | 0.007 |

**Table 8: Multivariate analysis of the ACD with the independent variables**

| **Variable** | **Standardized Coefficient** | | **t-value** | **P-value** |
|---|---|---|---|---|
| | B | Standard error | | |
| Firm Size USD | 0.001 | 0.003 | 2.26 | 0.025 |
| Leverage | 0.205 | 0.075 | 2.71 | 0.007 |
| CSR Report | 0.168 | 0.023 | 7.15 | <0.001 |

Multiple linear regression was conducted to assess the main predictors of ACD quality. Analysis showed that the main predictors of ACD quality are CSR report (P<0.001), firm size (P=0.025) and leverage (P=0.007).

## Conclusion

This study considered the effect of corporate governance characteristics on ACD. The dataset includes 354 MENA region banks covering four countries, namely, Lebanon, Egypt, Jordan, and Saudi Arabia from 2013 to 2020. A content analysis is performed for the banks' websites and the annual reports published by the banks. A descriptive study is performed to determine the quality of ACD in the banks, followed by an analytical study to identify its association with corporate governance characteristics. A significant positive influence of CSR report was found on ACD. These findings supports the agency, legitimacy and stakeholder theories and are consistent with Yin and Zhang (2019), Dhaliwal et al. (2012) and (2014). While only Lebanon's results showed a significant positive association between CEO duality and ACD supporting the agency theory and are consistent with Healy and Serafeim (2016) and Alonso Carrillo et al. (2019). Besides, an insignificant association was found between board independence and ACD supporting Amran et al. (2014). Our results contradict with Blanc and de Melo (2015), Healy and Serafeim (2016) and Blanc et al. (2017) who found a significant positive association between ACD and board independence. This paper expands the literature on ACD in developing countries. However, we cannot generalize the outcomes of this study to other countries or to other sectors in the countries under study. In future research, it could be interesting to focus on other sectors and other countries. Besides, future studies may focus on other corporate governance variables.

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