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Does corporate governance influence readability of the report by the chairman of the board of directors? The case of Jordanian listed companies

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Abstract

This study investigates whether readability of the president's statement is linked to both company performance and factors related to corporate governance in an emerging market context. We analyse Jordanian manufacturing companies listed on the Amman Stock Exchange (ASE) during the period 2017–2021. An exploratory study using panel data from ASE, parametric correlations, and regression models shows the relationship between readability of the president's statement, corporate governance, and characteristics of the board of directors. The results indicate that corporate governance significantly moderates readability of the president's statement and the firm's performance. The results also show a relationship between readability of the chairman's statement and directors' accounting experience and confirm that independence of the board of directors and concentration of ownership affect readability of the accounting disclosures in the chairman's statement. Finally, poor board compliance significantly mitigates the association between board features and readability of the chairman's statement. These findings help to explain how and why firms adjust their information disclosure and transparency practices, affecting corporate reporting credibility and efficacy. This study is one of few to examine how board features affect readability of the president's statement within the Jordanian legal framework, which is plagued by poor board compliance due in part to constant amendments.

KEYWORDS

board of directors, chairman's statement, corporate governance, firm performance, listed manufacturing companies, readability

1 | INTRODUCTION

Governance, also known as corporate governance, essentially ensures that the interests of a company's multiple stakeholders—such as shareholders, senior executives, customers, suppliers, financiers, government, and society—are balanced through a system of mechanisms,

practices, and processes implemented by the board of directors (BOD). According to Sáenz González and García-Meca (2014), the BOD plays a crucial role in adopting corporate governance systems to reduce information asymmetry between management and shareholders by supervising management procedures for validity. The chairman's statement prepared by the BOD sends a crucial message to

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stakeholders about the company's financial performance, non-financial information, and prospects (Mankayi et al., 2023). The more readable the accounting narrative in the president's report, the better stakeholders' ability to comprehend a statement swiftly and effortlessly (Loughran & McDonald, 2014).

Raman et al. (2012) stated that chairmen's disclosures are an essential part of financial and sustainability reporting because they communicate company performance; environmental, social, and governance (ESG) information; and the company's prospects. The president's statement is thus essential. Due to the lack of a legal mandate or rule governing the contents, length, language complexity, assurance, and auditing of the president's report, stakeholders may misinterpret the chairman's statement and base their judgements on inaccurate information (Mankayi et al., 2023). Aubert and Grudnitski (2014) argue that opportunistic behaviour imposes itself through an ineffective BOD's adoption of an opportunistic management perspective. Previous studies have shown that opportunistic management may use ambiguous writing to make accounting disclosures in the chairman's statement less readable. Such obfuscating style attempts to create a specific impression on the BOD's members, to convince them of firm performance that might be achieved by managing earnings based on members' personal beliefs and relationships (Boachie & Mensah, 2022; De Franco et al., 2015; Yang & Liu, 2017).

Salehi et al. (2023) suggest that corporate governance structure plays an important role in reducing the cost of capital in unstable economies. This is the case in emerging markets, especially in the Middle East. Gutiérrez-Ponce and Wibowo (2023) argue, however, that governance activities in Southeast Asian banks have no effect on their corporate value, nor do these activities affect the banks' Return on Assets (ROA). Companies that operate in these unstable environments generally have weak corporate governance mechanisms compared to companies in cultural, economic, and social environments with greater economic development and social stability.

As countries like Jordan seek to develop a business environment attractive to foreign investment, they make a great effort to harmonise with International Financial Reporting Standards (IFRS). Jordan aims to improve the transparency and quality of this information through mandatory disclosure for Jordanian companies (Al-Akra et al., 2009). Understanding the reports requires detailed analysis, however, due to their mandatory presentation in Arabic (Gutiérrez-Ponce et al., 2023). In accordance with Companies Law No. 22 of 1997, all companies operating in Jordan must publish their annual reports in Arabic. Even foreign companies must prepare their reports in Arabic as well as in their native language.

The corporate report generally contains a high proportion of voluntary disclosures, such as the Management Discussion and Analysis (MD&A) or the president's statement. Managers and directors are free to choose how to report this content and to determine these documents' length, linguistic complexity, style (Lo et al., 2017; Loughran & McDonald, 2014). All these qualities are related to the BOD's characteristics and the seriousness with which the BOD seeks to implement the Corporate Governance Code (CGC) (Albu & Girbina, 2015; Mankayi et al., 2023).

The literature on corporate governance increasingly studies companies in emerging countries' economies, examining corporate governance performance in terms of the basic characteristics of board composition, governance mechanisms, and their relationship to company performance (e.g., Abbadi et al., 2016; Alam et al., 2020; Alhazaimeh et al., 2014; Alodat et al., 2022; Alves et al., 2015; Eling & Marek, 2014; Faysal et al., 2020; Fraile & Fradejas, 2014; Garcia-Torea et al., 2016; Khandelwal et al., 2020; Lu, 2020; Mansour et al., 2020). Yet the literature sometime ignores analyses that justify the relationships between board characteristics and the legislative frameworks applicable to implementation of corporate governance. Our study aims to fill this research gap. It also seeks to demonstrate that deficiencies in the board's compliance with corporate governance rules can impact readability of the chairman's statement in companies on the Amman Stock Exchange since Jordan's 2017 approval of the CGC (CGC, 2017).

Our study thus poses the following research questions: What characteristics of the BOD affect readability of accounting disclosure in the president's statement within Jordan's legal framework? Does implementation of corporate governance reduce information asymmetry between management and shareholders through the chairman of the board's statement on company performance? What is the causal relationship between the BOD's characteristics, readability of the chairman's statement, and the latter's effect on compliance in implementing corporate governance?

This study explores the relationship between readability of the chairman of the BOD's statement and the corporate governance mechanisms of manufacturing companies listed on the ASE after the 2017 approval of the Jordanian CGC, which we treat as a moderating factor. To do so, we examine whether a relationship exists between company performance and readability of the president's statement; whether the governance mechanisms stipulated in Jordanian law (accounting expertise, independence, and ownership concentration) affect readability of the president's statement; whether corporate governance in the BOD and in the president's statement plays a moderating role; and whether poor board compliance with corporate governance implementation in Jordanian companies influences these relationships.

We chose to study Jordan's business environment due to the significant lack of research on developing countries. Jordan has also adopted the IFRS and reformed its accounting regulations to improve mechanisms for implementing corporate governance. Approval of the CGC in 2017, for example, aimed to improve the transparency and quality of corporate information reported (Haddad et al., 2017; Salem et al., 2019). Cigna and Sigheartau (2017) presented a report to the European Bank for Reconstruction and Development (EBRD) that evaluated progress in the reform of Jordanian governance regulations. This report identifies some strengths and substantial weaknesses, including adapting regulation of the economic environment to address the problem of poor compliance in BODs' implementation of CGC.

To the best of our knowledge, ours is one of the few studies to investigate what characteristics of the BOD affect readability of accounting information in the president's statement within the

Jordanian legal framework. As such, it analyses a developing economic environment with great uncertainty for companies' BODs and a regulatory framework under continuous review.

This study makes several contributions to the literature on BOD mechanisms based on the Jordanian CGC (CGC, 2017). It helps to identify which features of the BOD affect readability of the president's statement and uses characteristics of the BOD based on the Jordanian corporate governance framework to create a unified factor that explains decisions related to company performance and readability of the president's statement in emerging economies (e.g., Salah & Jarboui, 2021). The results on the BOD's compliance in implementing corporate governance will enrich the literature and reveal new lines of research on corporate governance and readability of the president's statement in emerging markets.

The paper proceeds as follows. Section 2 presents a literature review and develops the research hypotheses. Section 3 describes the study methodology, presenting the variables, definitions, and measures used to build the final econometric model. Section 4 considers the analysis and extraction of results. Finally, Section 5 discusses the study findings, and Section 6 presents the study's conclusions, limitations, and implications for practice.

2 | LITERATURE REVIEW AND THEORETICAL BACKGROUND

2.1 | Characteristics of the BOD from the perspective of corporate governance and its importance for transparency of accounting information

Corporate governance mechanisms have been defined as a control system that reduces agency costs by strengthening supervision of management actions, limiting managerial opportunism, and protecting shareholders and stakeholders (Mersni & Othman, 2016). Eling and Marek (2014) defined good corporate governance as organisational strength necessary for effective enterprise risk management, while Sáenz González and García-Meca (2014) argue that it comprises business ethics guidelines that limit excessive earnings management. Hassan (2015), in turn, argue that corporate governance involves exercising power over corporate entities and identifies the board as the main force driving corporate governance and thus determining the quality of corporate governance.

For Vadasi et al. (2020), transparency is a critical step that corporate governance must take to ensure management's actions on accountability and internal audit. To achieve transparency, companies must inform stakeholders of the BOD's roles, responsibilities, and accountability (Bidabad et al., 2017). Rao and Tilt (2016) argue, however, that companies' rapid growth has led to the emergence of controversial stereotypes about the BOD's behaviour when adopting an opportunistic and non-transparent management perspective. It is precisely when managers use opportunistic practices such as earnings management that they appear to increase the company's profitability

and thus enhance their incentives, even if this means hiding information from stakeholders (Arena et al., 2015; Asay et al., 2018; Aubert & Grudnitski, 2014). An effective BOD must contain members with specific industry experience—that is, accounting experience that helps to mitigate the relationship between the results of less readable accounting disclosures and the consequences of earnings management (Chychyla et al., 2019).

Khandelwal et al. (2020) found that an effective BOD has high governance indicators that positively impact detection of business risks. Similarly, Garcia-Torea et al. (2016) argued that the effectiveness of the BOD, based on a commitment to good corporate governance, could improve protection of the BOD's interests in the company. In the same line, Lending and Vähämaa (2017) identified independence of the company's directors, concentration of ownership, and directors' accounting experience as attributes of the BOD's professional effectiveness. Jeanjean and Stolyow (2009) found accounting experience to be negatively associated with board independence, while Alves (2014) argued that adopting a corporate governance perspective enhances independence of the BOD as a positive step toward improving earnings quality and making accounting disclosures more readable. The BOD's oversight role may weaken, however, in the presence of several factors, including modern legislation, operating in developing markets, weak composition of the BOD due to concentration of ownership, and weak independence of directors (Alves et al., 2015) and Ongore et al. (2015) concluded that board composition significantly influences firm performance. Further, Xu et al. (2022) indicated that family businesses with a higher concentration of ownership are less committed to corporate governance and should implement such commitment to ensure corporate social responsibility (CSR).

2.2 | Readability of the president's statement and opportunism of the BOD

Opportunistic behaviour aims to hide adverse outcomes or justify protection of managers' interests rather than those of shareholders, leading to increased agency costs (Luo et al., 2018). Dalwai et al. (2021) finds that readability by annual report length has no significant relationship with agency cost, return on assets (ROA), or stock returns. Such practice is consistent with the pragmatic approach of the theoretical framework proposed by Gutiérrez-Ponce et al. (2023) and the findings of Mankayi et al. (2023), which suggest that a BOD's adoption of an opportunistic perspective will generate a complex, less readable president's statement.

Such opportunistic practices could be mitigated by submitting mandatory quarterly reports to the BOD that contain signals to improve disclosure and transparency, an approach known as signal theory (Kajüter et al., 2019). For Sun et al. (2022), the greater the authority of the BOD and the CEO, the more CEOs can convey their impression of the company's profitability to increase their incentives, and the more difficult the corporate annual reports will be to read and understand. For Alam et al. (2020), an effective BOD must achieve



good corporate governance, to help restrain opportunistic behaviour and promote value-based businesses.

Similarly, Salehi et al. (2020, 2022) and Cho et al. (2019) indicated that earnings management by an experienced executive lead to strong corporate performance, increasing trust in the BOD and causing the CEO to adopt a narcissistic attitude that makes internal audits difficult. Sun et al. (2022) also found that CEO narcissism and earnings management damage financial statements and the BOD's intellectual capital, leading BODs to control readability of the chairman's report. Entrenchment, CEO narcissism, board overconfidence, and earnings management thus affect readability of the audit reports by publicly traded companies (Moghadam et al., 2023).

2.3 | Corporate governance in emerging markets: The case of Jordan

Several studies argue that the concept of corporate governance does not differ for companies operating in developed versus developing economies but that the mechanism for implementing this concept does, based on the reporting legislation in effect, professional accounting practices, and progress of the financial markets (e.g., Haddad et al., 2017; Sarhan & Al-Najjar, 2022). For Salem et al. (2019), emerging markets tend to be more volatile and less certain, and corporate governance mechanisms differ in content and results from those in developed markets, especially concerning disclosure quality.

Investigating the impact of corporate governance mechanisms on performance of Islamic banks in the Middle East, Mersni and Othman (2016) concluded that smaller boards with accounting expertise are more effective in reducing opportunistic behaviour. Examining compliance with corporate governance requirements and its effect on earnings management, Al-Thuneibat et al. (2016) found a slightly negative impact on internal audit work and audit committee independence.

In their examination of how corporate governance structures affect the cost of equity capital, Faysal et al. (2020) found that board size and CEO tenure significantly reduce the cost of capital. Kyere and Ausloos (2020) confirmed that corporate governance plays a moderating role and can curb opportunistic behaviour in preparation of the BOD chairman's statement. Siddiqui et al. (2023) also detected a moderating impact of corporate governance on CSR disclosure and firm performance. Arum et al. (2023), in contrast, found that corporate governance mechanisms did not affect financial statement fraud in Iraqi companies due to the corruption of the ruling elite, whereas Black et al. (2023) highlighted the difficulty of measuring corporate governance in emerging markets due to lack of historical information.

Jordanian companies have been making great efforts to adapt to the IFRS to improve the quality of financial and accounting information. Jordan's recently amended CGC went into effect in 2017 for listed companies (Security Depository Center, 2023). This CGC (2017) stipulates the general framework for formation of the BOD, its duties, and responsibilities, etc. Among these duties is preparation in Arabic of a governance report that includes the corporate annual report. The

Jordanian CGC does not, however, adapt to the specific characteristics of companies and their environment, characteristics of BODs, or application of the law (Haddad et al., 2017).

Some researchers have focused on the quality of disclosure resulting from the continued amendments to corporate governance laws in Jordan. For example, Shanikat and Abbadi (2011) found that BODs are aware of legislation and laws but lack professional and accounting expertise, and that disclosure and transparency focus on quantity rather than quality. Alhazaimeh et al. (2014) highlighted the importance of improving the quality of CGCs in Jordan. This need for improvement has also led Jordanian researchers to develop a corporate governance indicator (see, for example, Abbadi et al., 2016; Mansour et al., 2020).

Al-Rahahleh (2017) documented a positive impact of quality of corporate governance on companies' dividend policy. Saidat et al. (2019) examined the relationship between company performance and corporate governance mechanisms, while Alodat et al. (2022) found a positive and significant relationship between characteristics of the BOD and company performance measures. However, this field lacks research on the problem of how governance mechanisms comply with the Jordanian legislative framework and their adaptation adaptation to companies in that environment.

Few studies have been performed of either corporate governance in Jordanian companies (Alodat et al., 2022; Al-Rahahleh, 2017; Saidat et al., 2019) or the characteristics of the BOD based on the legislation establishing the Jordanian CGC (CGC, 2017) to determine whether the BOD's characteristics affect readability of the chairman's statement. Our study contributes to filling these research gaps by: (i) identifying the BOD's characteristics based on the Jordanian CGC (2017) and their influence on readability of the president's statement; (ii) identifying the BOD's characteristics to develop a standardised governance factor to examine the moderating influence of governance on corporate performance and readability of the chairman's statement; and (iii) exploring poor BOD compliance with corporate governance implementation as a factor moderating the association between the BOD's characteristics and readability of the chairman's statements.

2.4 | Research hypotheses and conceptual framework

We now formulate the following research hypotheses based on our research objectives and theoretical background, literature review, and research question for our exploratory and inferential study of the relationships between readability of the president's statement, financial performance, and factors pertaining to corporate governance.

Extensive research analyses the company's profitability as the primary goal management pursues to meet shareholders' interests in maximising their profits while enabling managers to enhance their incentives (Bo et al., 2023; Boubaker et al., 2022). Many studies indicate that firm profitability measures efficiency of management practices and policies to achieve positive or negative profits (Boachie & Mensah, 2022; Inkien, 2016).

Opportunistic management tries to give the BOD the impression that the company has achieved efficient profitability by presenting a false image of such profitability. It may deceive the BOD with temporary gains through mandatory quarterly reports that send specific signals or use communication tactics to control the BOD (Kajüter et al., 2019). An ineffective BOD that adopts the management's opportunistic behaviour is likely to produce an ambiguous chairman's statement that is hard for stakeholders to read (Aubert & Grudnitski, 2014; Lang & Stice-Lawrence, 2015). Based on the preceding discussion, we assume that:

H1. The firm's performance is directly associated with the readability of affects readability of the chairman's statement.

In compliance with social, ethical, and institutional standards, the accounting narrative in the chairman's statement is an essential tool for communicating financial and accounting information from the BOD to shareholders. It should be written clearly to enable shareholders to understand the information and use it effectively for various purposes. Many studies indicate, however, that opportunistic behaviour imposes itself through an ineffective board's adoption of the opportunistic management perspective (Aubert & Grudnitski, 2014; De Franco et al., 2015; Luo et al., 2018; Rao & Tilt, 2016).

Mousavi et al. (2022) observed that the BOD's characteristics are shaped by the legislative framework that structures corporate governance, which stipulates accounting expertise, independence, and ownership concentration. A BOD that adheres to CGCs has high-quality traits that qualify it for group thinking and makes recommendations to improve management procedures to mitigate an opportunistic view of firm performance and thus also less readable accounting disclosures (Chychyla et al., 2019; Hemphill & Laurence, 2014). Shanikat and Abbadi (2011) demonstrated, however, that, while boards in Jordanian firms are aware of regulations, they apply standards for disclosure and transparency to quantity more than to quality. Although the BOD's purpose is to apply corporate governance legislation, the constant change in governance regulations in an emerging business environment like Jordan's make it challenging to execute imported governance systems. Our study thus assumes that readability of the chairman's statement's is related to the BOD's features based on CGC legislation (2017)—the BOD's accounting expertise, independence, and ownership concentration. The hypotheses are formulated in the context of the Jordanian CGC legislation (, 2017); we thus formulate the second hypothesis in detail for each characteristic separately:

H2a. Readability of the president's statement prepared by the BOD is associated with the president's accounting experience.

H2b. Readability of the president's declaration of independence is associated with the BOD.

H2c. Readability of the president's statement is associated with the concentration of BOD ownership.

Many studies have argued that corporate governance moderates many issues. For example, Lu (2020) demonstrated a moderating effect of corporate governance on the relationship between corporate sustainability performance and corporate financial performance. Kyere and Ausloos (2020) found that high-quality BOD characteristics enable corporate governance to moderately reduce principal-agent disputes and opportunistic behaviour. Ronoowah and Seetanah (2023) demonstrated the moderating role of corporate governance and its impact on the relationship between capital structure and firm performance. Siddiqui et al. (2023) also found a moderate effect of corporate governance on CSR disclosure and firm performance. Since these studies relied on separate governance mechanisms as moderating variables, our study uses the BOD's characteristics as specified in Jordan's corporate governance framework to create a unified corporate governance factor to test the relationship between firm performance and readability of the chairman's statement. Based on the preceding discussion, we assume that:

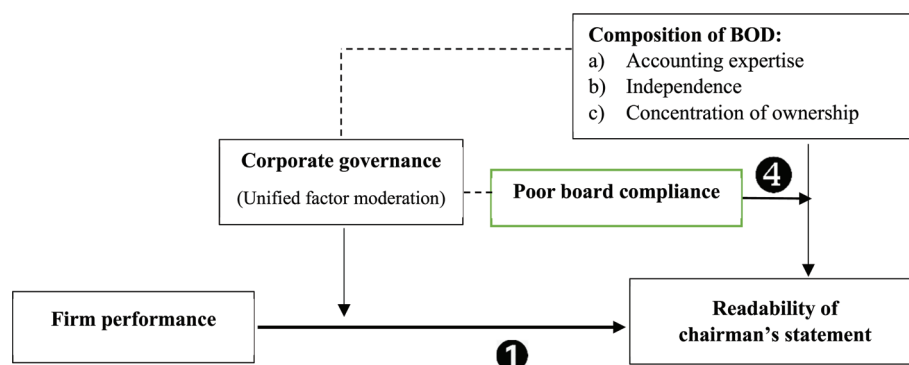
H3. Corporate governance moderates the link between firm performance and readability of the chairman's statement.

Jordan has made the necessary legal amendments to improve corporate performance in the field of governance because the legal basis for CGC in Jordan is imported (Haddad et al., 2017; Salem et al., 2019; Shanikat & Abbadi, 2011). The report that Cigna and Sigertau produced for the EBRD on the status of Jordan's reform of governance laws detects a potential for insufficient board compliance with CGC implementation because the governance report is not required to reveal whether executive management plays a strategic role in the company's performance. Many researchers have attributed companies' non-compliance to their lax implementation of regulations for corporate governance. Ozili (2021) argued that firms in emerging markets take advantage of legislative bodies' lax enforcement penalties on enterprises that fail to comply with governance codes. Nakpodia and Adegbite (2018) show that many firms do not follow corporate governance norms, especially firms with a strong politician on their boards. Adegbite (2012) demonstrated that rule-breaking executives are often connected politically to top government officials or may bribe them to evade sanctions. For Nwiodobie (2016), BODs' poor compliance stems from directors colluding with executive management in self-interested behaviour. Abdulmalik and Ahmad (2016) confirmed that poor board compliance is caused by conflicting regulatory laws, ineffectiveness of the BOD, and lack of auditor independence. Based on the preceding discussion, we also assume that:

H4. The BOD's poor compliance with the Jordanian CGC (2017) moderates the relationship between board characteristics and readability of the chairman's statement.

Figure 1 visualises the conceptual framework of our study, the hypotheses it contains, and the relationships between study variables.

FIGURE 1 Conceptual framework.



3 | RESEARCH METHODOLOGY

To achieve our research objectives and answer the questions posed, we conducted an exploratory, descriptive, inferential study. We used ASE panel data, parametric correlations, and pooled OLS regression models to demonstrate the relationships between readability of the president's statement and factors pertaining to corporate governance.

3.1 | Description of sample

This study focuses on companies on the ASE (Security Depository Center, 2023). Our sample is composed of manufacturing companies during the period 2017–2021. Table 1 displays the data for 30 manufacturing companies extracted from the ASE website and the selection criteria used.

According to Zumente and Bistрова (2021), enterprises should maximise shareholder wealth by pursuing long-term growth and profits, while appropriately addressing all relevant stakeholder interests. Although such behaviour aligns CSR with a long-term sustainable vision of value and raises stakeholder awareness to achieve this goal, it may conflict with opportunistic management style, which strives to maximise profits in the short-term, even at the expense of non-shareholders (Jian et al., 2023). As a result, effective BODs—and their expertise and competencies—apply risk management in the manufacturing sector by implementing short-term cost-cutting initiatives, working to comply with labour and environmental regulations, and adhering to corporate governance rules. The manufacturing sector is thus the best sector in which to apply enlightened shareholder value. Our study focuses on this sector because companies operating in it employ a large amount of specialised labour and have a complex organisational structure and diverse consumers. As this sector also responds more than other sectors to economic fluctuations and legislative modifications (Bloom, 2014), Jordanian manufacturing companies may need more time to obtain quality accounting information that is more transparent and meets all stakeholders' expectations.

Due to the small number of manufacturing firms available as a research population, many Jordanian researchers have used samples of manufacturing and service institutions to maximise their study

TABLE 1 Essential criteria for sample selection.

Total firms registered on the Amman stock exchange up to beginning of 2022	166
Excluding all banks, insurance, and financial institutions	60
Excluding all real estate companies	33
Excluding all service sector companies	41
Total manufacturing sector companies	32
Excluding companies that lack data for 2017–2021	2
Total sample of manufacturing companies	30

sample (e.g., Saifan et al., 2021). Our study, in contrast, used the most common approach recommended for samples with $n < 50$, the Shapiro–Wilk test, due to this test's great potential to identify non-normality.

Our study is based on quantitative data extracted from the financial statements of the ASE database, in accordance with the definitions of the study variables. It also uses qualitative data on non-financial information related to independence and concentration of ownership in the BOD, information included in the MD&A in the annual corporate report. First, we analyse the president's statement to measure the readability indicator. Next, we analyse Chairman's statement after downloading the PDF files of corporate reports available from the ASE database. We had to separate the Chairman's statement from the rest of the corporate report and re-edit it into abstract narrative disclosures in a Word file because the statement had more than 50% non-alphabetic features. Finally, we extracted the entries manually to measure readability.

3.2 | Study variable definitions

3.2.1 | Readability of the chairman's statement

Abernathy et al. (2019) linked quality of accounting reporting to readability of accounting disclosure, which affects individuals' understanding of the content of corporate reports. Minutiello and Tettamanzi (2021) demonstrated that quality of nonfinancial voluntary disclosure

is fundamental to evaluating the company's growth prospects and management effectiveness. Raimo et al. (2021) confirmed that the BOD and management must work together to provide recipients with information written in a clear, comprehensible, accessible manner.

Gutiérrez-Ponce et al. (2023) observed that the literature to date on legibility of accounting reports shows no consensus on a definition of legibility. Language and writing style are, however, determining factors in interpretation of business reports. Although the accounting literature that analyses readability research in English varies widely (Ajina et al., 2016; Efreteui & Hussainey, 2022), it attests to the challenges of measuring readability of accounting narratives for corporate reports in Arabic because Arabic has characteristics that differ from other languages. Ma'arif (2020) argues that Arabic has rich vocabulary, word integration, and sentence structure that make it orthographically different from other languages. Susiawati (2019) argues that Arabic's unique features distinguish it from other languages in terms of sound, letters, vocabulary, and sentence structure; and that sentence length can be a factor in measuring complexity. Our study used the Coleman–Liau Index of legibility (Coleman & Liau, 1975), where Le is average number of letters per 100 words, and Se is average number of sentences per 100 words, as follows:

$$CL\ Index = 0.0558\ Le - 0.296\ Se - 15.8 \quad (1)$$

A higher (lower) *CL Index* value suggests that accounting disclosures are less (more) readable, measuring the relationship between *CL Index* and readability as follows: 0–5 (very easy to read), 6–7 (easy to read), 8–12 (fairly difficult to read), 13–16 (difficult to read), and 17 and above (extremely difficult to read).

3.2.2 | Directors' accounting expertise

Several researchers confirmed that an effective BOD aims to reduce information asymmetry between managers (agents) and shareholders (principles) through sufficient oversight of management actions within corporate governance mechanisms (Alam et al., 2020; Sáenz González & García-Meca, 2014). To achieve this goal, the BOD must have members with professional experience, whether industrial or accounting (Cohen et al., 2014; Hoitash & Hoitash, 2018; Lending & Vähämaa, 2017). Although Jordan's 2017 CGC has confirmed the need for such expertise, the BOD may be ineffective in applying corporate governance mechanisms, and opportunistic management may practise earnings management and present less readable accounting disclosures (Mersni & Othman, 2016; Stoelhorst & Vishwanathan, 2022). Accounting expertise is thus a variable dependent on several determinants, the most important of which are opportunistic management practices and the BOD's lack of independence (Jeanjean & Stolowy, 2009).

Our study uses the definitions of accounting expertise adopted by previous studies (Cohen et al., 2014; DeFond et al., 2005; Krishnan & Lee, 2009). BOD members are defined as accounting

experts if they currently hold or have obtained at least one accounting qualification or any similar specialisation (e.g., accounting information systems, financial management, economics, and business) and this credential is mentioned in MD&A. Finally, the BOD's accounting expertise (AE) is calculated by dividing the number of accounting experts on the BOD by the total number of BOD members.

3.2.3 | BOD's independence

As previous studies have considered the BOD's independence a major feature of its effectiveness (García-Torea et al., 2016; Hemphill & Laurence, 2014; Ongore et al., 2015), our study measures the BOD's independence (*IND*) as the proportion of independent non-executive directors on the board (Alves, 2014). Jordan's 2017 CGC argues that the board's independence is an essential characteristic of its composition.

3.2.4 | BOD's ownership concentration

Ownership concentration—the amount of non-traded capital owners can control to safeguard their interests—is a crucial governance mechanism (Kao et al., 2019). The literature on BODs with high-ownership concentrations is expanding. Fraile and Fradejas (2014) reported no growth in independent board members due to significant ownership concentration and pressure from major shareholders not to include independent board members who could limit their board activities. Following Jordan's 2017 CGC, our study evaluates BOD ownership (*OWR*) as total BOD member ownership over 5%.

3.2.5 | Unified corporate governance as a moderating factor

Prior studies have demonstrated corporate governance's moderating role in many issues (Kyere & Ausloos, 2020; Ronoowah & Seetanah, 2023; Siddiqui et al., 2023). As these studies relied on separate governance mechanisms as moderating variables, ours uses the BOD's characteristics as stipulated in Jordan's corporate governance framework to create a unified corporate governance factor. This factor enables us to explore the moderating effect of corporate governance on the relationship between firm performance and readability of the president's statement. Our study thus provides a single factor that combines the three characteristics of the BOD (*UCG*).

3.2.6 | Poor board compliance

Many researchers have identified reasons for poor board compliance with corporate governance—among them, legislatures' laxity in

punishing violators of the CGC (Ozili, 2021), inclusion of powerful politicians on boards that violate the CGC (Nakpodia & Adegbite, 2018), CEOs bribing top government officials (Adegbite, 2012), inconsistent regulatory requirements, and lack of auditor independence (Abdulmalik & Ahmad, 2016). We thus propose that the unpredictable component of the unified corporate governance factor (*UCG*) is an indicator of poor board compliance (*UR*). The unified moderated corporate governance factor (*UCG*) forecasting model, defined in equation (1), estimates poor board compliance (*UR*) as follows:

$$UCG_t = \beta_0 + \beta_1 UCG_{t-1} + \beta_2 UCG_{t-2} + \varepsilon_t \quad (2)$$

Once the ordinary least square (OLS) is estimated in equation (1) using OLS regression analysis, equation (2) can derive the prediction model's residuals, which are unstructured and unpredictable factors in corporate governance quality. The unpredictable component of the unified corporate governance factor—the moderator factor—is a good measure of poor board compliance:

$$\hat{\varepsilon}_t = UCG_t - (\hat{\beta}_0 + \hat{\beta}_1 UCG_{t-1} + \hat{\beta}_2 UCG_{t-2}) \quad (3)$$

Since the residual values derived from equation (2) may contain either positive or negative values, these values are squared to make them analogous to variance (Ghosal & Ye, 2015). σ^2 is the square of the residuals in the prediction model for quality of corporate governance, yielding equation (3):

$$Var(UCG) = \sigma^2(UCG_t) = (\hat{\varepsilon}_t)^2 \quad (4)$$

Since most of our study values are percentages, we converted the numeric value of $Var(UCG)$ to ratios using transformation. This step is based on the square of the residual unified corporate governance factor divided by the square root of the average united corporate governance factor. Variance in combined corporate governance factor is thus the value for poor board compliance (*UR*):

$$UR = \sigma^2(UCG_t) / \mu_{UCG}^2 \quad (5)$$

3.2.7 | Firm performance

Authors such as Inkinen (2016) and Boachie and Mensah (2022) have noted that firm profitability measures efficiency of management practices and policies. Butt et al. (2021) showed that efficiency of management practices may be assessed by enhancing the value of assets and comparing them to the market value to determine the extent of the company's development, based on the company's previous and expected performance. Tobin's Q (*TQ*) is an effective measure because it analyses firm performance from a long-term market perspective, reflecting the present value of future cash flows based on current and future information (Dakhlallah et al., 2020; Hejazi et al., 2016).

3.3 | Control variables

Larger firms have more complex accounting disclosures due to high-earnings management (Sun, 2023), while Vadasi et al. (2020) show that the BOD has greater responsibility for monitoring management actions. In line with previous studies, our study thus employs the logarithm of total assets (*SIZE*) to measure firm size.

Studies have indicated that, the higher the leverage of opportunistic management, the more likely it is to manage the company's earnings, making accounting disclosures less readable and hindering application of corporate governance (Boachie & Mensah, 2022; Tran, 2022). In line with previous studies, our study uses leverage (*LEV*), defined as the firm's debt-to-equity ratio. Table 2 summarises all study variables, to be measured with SPSS.

3.4 | Econometric models

This study uses panel data that combine cross-sectional and time series data. Before performing the regression tests, we selected the best of the three possible models—a common effects Model (CEM) using OLS, a fixed effects method model (FEM) using the least squares dummy variable (LSDV) approach, and a random effects model (REM) using the generalised minimum square (GLS). This approach aligns with Platonova et al. (2018), Maqbool and Zameer (2018), and Siueia et al. (2019). We also conducted various statistical tests. The Chow test was used to choose between the CEM and the FEM, the Hausman Test to choose between the FEM and the REM, and the Lagrange Multiplier Test to choose between the CEM and the REM. If the p-value >5%, H_0 is accepted. If the p-value <5%, H_1 is accepted. Deciding between the CEM, FEM, and REM avoids problems of heterogeneity when analysing data for long-term results (Issa et al., 2021).

Based on our study's theoretical framework, we built the final econometric models, including dependent, independent, and control variables, as follows:

Model 1 was used to test H_1 and H_3 :

$$CL Index_t = \beta_0 + \beta_1 TQ_t + \beta_2 UCG_t + \sum \beta_j Controls_j + \varepsilon \quad (6)$$

Model 2 was used to test H_2 and H_4 :

$$CL Index_t = \beta_0 + \beta_1 AE_t + \beta_2 IND_t + \beta_3 OWR_t + \beta_4 UR_t + \sum \beta_j Controls_j + \varepsilon. \quad (7)$$

4 | RESULTS

4.1 | Descriptive statistics

First, we display the descriptive research data in Table 3, regardless of whether they show a central tendency or dispersion measures:

The results from Table 3 show that the mean for the *CL Index* is 6.267. This value is close to median values of 6.126, indicating data

TABLE 2 Study variables.

Variables	Symbol	Definition	Data source
Dependent variable			
Coleman–Liau Index	<i>CL Index</i>	Equation (1)	Coleman and Liao (1975).
Independent variable for H1			
Firm performance	<i>TQ</i>	Tobin's Q = Total market value of outstanding shares/ Total book value of assets	Butt et al. (2021); Dakhllalh et al. (2020); Hejazi et al. (2016).
Independent variables for H2			
Accounting expertise	<i>AE</i>	Percentage of directors who are accounting experts relative to total on the BOD	Cohen et al. (2014); DeFond et al. (2005); Hoitash and Hoitash (2018); Jeanjean and Stolowy (2009); Krishnan and Lee (2009).
Independence	<i>IND</i>	Percentage of independent non-executive board members relative to total members of BOD	Alves (2014); Calderón et al. (2020); Garcia-Torea et al. (2016); Hemphill and Laurence (2014).
Ownership concentration	<i>OWR</i>	Recommended total ownership percentages exceeded 5% for members of the BOD.	Frailé and Fradejas (2014); Kao et al. (2019).
Independent variable (Moderator) for H3			
Unified corporate governance factor	<i>UCG</i>	$(AE + IND + OWR)/3$	Suggested by authors.
Independent variable (Moderator) for H4			
Poor board compliance	<i>UR</i>	Equation 5	Suggested by authors.
Control variables			
Firm size	<i>SIZE</i>	Logarithm of total assets	Sun (2023); Vadasi et al. (2020).
Leverage	<i>LEV</i>	Debt-to-equity ratio	Boachie and Mensah (2022); Tran (2022).

TABLE 3 Descriptive analysis and tests of normality.

Variables	Mean	Median	SD	Shapiro–Wilk	
				Statistic	Sig.
<i>CL Index</i>	6.267	6.126	0.999	0.945	0.000
<i>TQ</i>	0.119	0.063	0.133	0.891	0.001
<i>AE</i>	0.449	0.444	0.198	0.982	0.0046
<i>IND</i>	0.456	0.408	0.144	0.901	0.000
<i>OWR</i>	0.329	0.310	0.199	0.932	0.000
<i>UGC</i>	0.411	0.042	0.090	0.952	0.000
<i>UR</i>	0.0261	0.0102	0.0382	0.894	0.000
<i>SIZE</i>	16.986	16.898	1.417	0.971	0.003
<i>LEV</i>	0.509	0.043	0.411	0.875	0.000
Observation No.	150				

with normal distribution symmetrical to the sample data and narrowly distributed (standard deviation 0.99). Since the mean value for *TQ* is 0.12 and its standard deviation is 0.133, the data are quite dispersed. As to the characteristics of the BOD, the mean of *AE* is 0.45 and its standard deviation 0.198, indicating that the data points are narrowly distributed. Further, the mean of *IND* is 0.46 and its standard deviation 0.14, also indicating narrowly distributed data points. The mean of *OWR* is 0.33, close to median values of 0.31, indicating data with a normal distribution symmetrical to the sample data and narrowly distributed. The standard deviation of 0.20 also indicates that the data

points are narrowly distributed. The descriptive results show that the mean value of the unified factor (*UGC*) is 0.411, close to the median value of 0.422, indicating data with a normal distribution symmetrical to the sample data and narrowly distributed (standard deviation of 0.090). These results indicate that data points are close to the mean. Finally, the median *UR* is 0.0102 and its mean 0.0261. The data seem heavily skewed to the right, and their values are dispersed over a wide range, as indicated by the standard deviation of 0.0382.

For more in-depth descriptive results, Table 3 shows that most Jordanian businesses have a few ups and downs in consistency of

board characteristics, readability of the chairman's statement, and lack of commitment to corporate governance regarding performance. We conclude this to be the case because the standard deviations are lower than the average. On average, Jordanian manufacturing firms employ 45% of the BOD's accounting experts to limit opportunistic behaviour, and both independence of the BOD (46%) and concentration of its ownership (33%) affect readability of accounting disclosures in the president's statement. It is worth noting that 41% of Jordanian enterprises apply corporate governance regulations that influence readability of the president's remarks and that 3% of those companies must improve their compliance with corporate governance.

Moreover, the normality test is important, as the values of the variables in this study are continuous data. Mishra et al. (2019) found, however, that sample size plays a role in determining the methods for normality testing. The Shapiro–Wilk test should be used for sample sizes of $n < 50$. The most popular and widely used method, the Shapiro–Wilk test has more power to detect non-normality. For larger sample sizes ($n \geq 50$), any other methods (e.g., Kolmogorov–Smirnov test, skewness, kurtosis) can be used to test the normality of continuous data. From Table 3, we observe that the variables yield a significant value for the Shapiro–Wilk Test greater than 0.05, indicating normally distributed data. A value below 0.05 would indicate that the data deviate significantly from a normal distribution.

4.2 | Empirical results

Table 4 presents the statistical associations through Pearson parametric correlations. The value of the correlation index varies in the interval $[-1, 1]$ and the sign indicating the meaning of the relationship. It should be noted that there is no issue of multicollinearity in the regression model because the correlation coefficients between the study variables are less than an absolute value >0.7 . The results indicate that a correlation between readability of accounting disclosures (*CL Index*) and firm performance (*TQ*) at a level of 1% ($p < 0.01$). Next, we observe a striking correlation between the *CL Index* and the

board's characteristics, *AE*, *IND*, and *OWR* at a level of 1% ($p < 0.01$). We also note a correlation between the unifying factor of corporate governance (*UCG*) and the *CL Index* at a level of 1% ($p < 0.01$). Further, *UR*'s coefficient correlates positively and significantly with the *CL Index*, at 5% ($p < 0.05$), indicating a possible connection between uncertainty and readability of the chairman's statement. *UR* also correlates with the board's characteristics at a level of 1% ($p < 0.01$). As this correlation does not indicate that *UR* exerts a moderating influence on the relationships between firm performance, readability of the chairman's statement, and board's attributes, we will test these relationships using multi-linear regression and moderation analysis.

Table 5 shows that Model 1's adjusted R-squared value is 0.45, indicating that research variables explain 45% of variation in the *CL Index*. Model 2's R-squared score is 0.62, explaining 62% of *CL index* interpretation. We can thus trust the results of our study's multiple linear regression model to assess the research hypotheses. Hypothesis testing shows that the variables *TQ* and *CL Index* have a significant causal effect ($P\text{-value} = 0.000$), supporting H1, that firm performance affects chairman statement readability.

As to the board's attributes, the study found, first, a significant relationship between the *CL Index* and *AE* at a significance level of 5% ($p < 0.05$). This finding supports H2a, that chairman statement readability is linked to accounting expertise as stipulated in Jordan's CGC (2017) legislation. Second, *IND* affects the *CL Index* at a significance level of 1% ($p < 0.01$), supporting H2b, which proposes a link between chairman statement readability and the BOD's independence as stipulated in CGC (2017). Third, *CL Index* and *OWR* are significantly related at 5% ($p < 0.05$), supporting H2c, that chairman statement readability is linked to BOD ownership concentration based on CGC (2017) legislation.

Model 1 adds an interaction term ($TQ * UCG$) to the multiple regression model to test H3 using the standard method's moderation analysis (Jose, 2013). The results show a moderate effect of the interaction variable ($TQ * UCG$) on the relationship between *TQ* and *CL Index* at a 5% level ($p < 0.05$). We therefore also accept H3, that corporate governance moderates the link between firm performance and chairman statement readability, in this study.

TABLE 4 Correlation analyses.

Variables	<i>CL Index</i>	<i>TQ</i>	<i>AE</i>	<i>IND</i>	<i>OWR</i>	<i>UCG</i>	<i>UR</i>	<i>SIZE</i>	<i>LEV</i>
<i>CL Index</i>	1								
<i>TQ</i>	0.268**	1							
<i>AE</i>	−0.477**	−0.302**	1						
<i>IND</i>	−0.864**	−0.214**	0.279**	1					
<i>OWR</i>	0.648**	0.296**	−0.155	−0.583**	1				
<i>UCG</i>	−0.310**	−0.078	0.694**	0.327**	0.388**	1			
<i>UR</i>	0.125*	−0.063*	0.259**	−0.245**	0.189**	0.592**	1		
<i>SIZE</i>	−0.229**	−0.185*	0.299**	0.170*	−0.194*	0.135	0.038*	1	
<i>LEV</i>	0.243**	0.069	−0.064	−0.204*	0.221**	0.017	0.124*	0.144	1

*Correlation is significant at 0.05 (2-tailed).

**Correlation is significant at 0.01 (2-tailed).

TABLE 5 Regression results.

Variables	Model 1 (H1)		Model 2 (H2)		Model 1 (H3)		Model 2 (H4)	
	Coefficient	t	Coefficient	t	Coefficient	t	Coefficient	t
(Constant)	6.135	45.234**	8.566	42.454**	8.742	19.402**	7.261	22.157**
TQ	1.179	2.23**	-	-	-0.248	-0.827**	-0.119	-0.572**
AE	-	-	-1.658	-7.07*	-	-	-	-
IND	-	-	-4.27	-14.934**	-	-	-	-
OWR	-	-	1.004	4.83*	-	-	-	-
UCG	-	-	-	-	3.14	4.969**	-	-
UR	-	-	-	-	-	-	2.567	0.715**
INT_TQ*UCG	-	-	-	-	-0.508	-0.191*	-	-
INT_UCG*UR	-	-	-	-	-	-	-0.984	-0.611*
SIZE	0.119	0.659*	0.072	0.835*	-0.007	-0.294*	0.268	0.462*
LEV	0.062	6.381	0.007	1.372	0.134	1.553	0.003	2.841
R2	0.714		0.618		0.714		0.618	
Adjusted R2	0.450		0.710		0.450		0.710	
F-test	42.218		67.299		42.218		67.299	
Significance	0.000a		0.000a		0.000a		0.000a	

*significance level of 5% ($p < 0.05$).

**significanced level of 1% ($p < 0.01$).

We used moderation analysis of the interaction factor ($UCG*UR$) in the multiple regression model to test H4 in Model 2 (Jose, 2013). This test found a statistically significant and moderating impact of the interaction variable ($UCG*UR$) on the association between board characteristics and the *CL Index* at a significance level of 5% ($p < 0.05$). This result supports H4, that poor board compliance moderates the relationship between board features and chairman statement readability.

5 | DISCUSSION OF RESULTS

Our empirical investigation reveals that company performance influences readability of the president's statement. Although the chairman's statement is an essential component of financial and sustainability reporting, the absence of specific regulations governing its content, length, complexity, and auditing can lead to misleading statements to stakeholders (Mankayi et al., 2023). The relationship between increase in company profitability and increase in readability values of the *CL Index* (i.e., a less readable president's statement) is significant and positive. This result confirms H1 and reinforces the findings of previous research (e.g., Asay et al., 2018; Dalwai et al., 2021).

We also examine how the BOD's characteristics affect readability of the chairman's statement in the Jordanian legal framework. We find a statistically significant relationship between readability of the accounting narrative and the BOD's accounting experience, indicating opportunistic behaviour by the BOD to achieve its interests in response to signals provided by opportunistic administration in its quarterly reports. We thus confirm H2a, a result supported by previous research (e.g., Chychyla et al., 2019; Sun et al., 2014).

Further, the results confirm that independence of the BOD affects readability of the president's statement. This finding agrees with what is established in Jordan's CGC legislation (2017), confirms H2b, and is supported by previous studies (Lending & Vähämaa, 2017; Ongore et al., 2015).

As to whether readability of the president's statement is associated with concentration of ownership in the BOD based on the legislation of Jordan's CGC (2017), the results show that concentration of ownership in the BOD affects readability of accounting disclosure in the president's statement, supporting H2c.

In an emerging business climate, a BOD with significant ownership concentration may thus be less proactive in catching up with managers' opportunistic practices (Kao et al., 2019). Alodat et al. (2022) confirmed that BODs with higher ownership concentrations tend to be more profitable and thus to rely less on good writing style in preparing high-quality disclosures.

Starting from the assumption that corporate governance reduces agency problems, our study explores whether corporate governance moderates' readability of the chairman's statement and firm performance. The results show that the variable corporate governance interaction moderately affects the relationship between company performance and readability of the president's statement. We thus accept H3, a result supported by several previous studies (Hassan et al., 2019; Kyere & Ausloos, 2020; Lu, 2020; Ronoowah & Seetanah, 2023; Siddiqui et al., 2023). Implementation of the 2017 CGC in Jordan thus reduces information asymmetry between management and shareholders through a more transparent president's statement that aims to satisfy the interests of all stakeholders.

Our study has demonstrated a causal relationship between the BOD's characteristics, readability of the chairman's statement, and

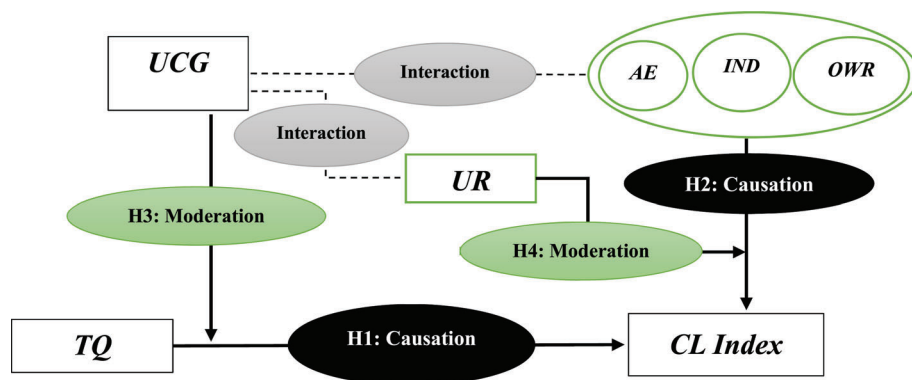


FIGURE 2 Integration of results into the conceptual framework.

the latter's effect on compliance with corporate governance implementation. It also demonstrates that the BOD's poor compliance with the Jordanian GCC (2017) moderates the relationship between board characteristics and readability of the chairman's statement. We thus accept H4, since the uncertainty of the interaction variable that represents a variation in the corporate governance factor influences the statistical association between board characteristics and readability of the chairman's statements.

In countries with developing-economies, BODs show poor compliance with governance reports for several reasons, including political and legislative gaps, political uncertainty, regulatory pluralism, and lack of adaptation to their regulatory and economic contexts. These findings correspond to those of some previous studies (Abdulmalik & Ahmad, 2016; Adegbite, 2012; Nakpodia & Adegbite, 2018; Nwidiobie, 2016; Ozili, 2021). Figure 2 presents in visual form the methodology followed for each hypothesis, the rationale for the hypotheses, and the integration of the study results into the conceptual framework.

6 | CONCLUSIONS, LIMITATIONS, AND IMPLICATIONS FOR PRACTICE

Corporate governance has become crucial to reduce information asymmetry between management and shareholders by supervising management procedures for validity. Emerging countries, particularly those in the Middle East, suffer from weak corporate governance mechanisms because regulatory systems are imported and do not suit specific characteristics of developing markets. Our study helps determine the BOD's characteristics based on our examination of Jordan's legal framework for corporate governance, which may affect the success or failure of good corporate governance and readability of the president's statement.

Our study thus analyses the BOD's characteristics based on the 2017 Jordanian CGC to determine which features affect readability of the chairman's statement to create a unified corporate governance factor instead of the separate mechanisms. Other studies have, in contrast, used variables moderating the relationship between firm performance and readability. Our study also explores how uncertainty due to the newness of Jordan's corporate governance law and its

continual legal modifications moderate the relationship between the board's traits and the chairman's statement in Jordanian manufacturing firms from 2017 to 2021.

We find that firm performance significantly impacts readability of the chairman's statement, as do board features stipulated in the CGC (2017). First, the results demonstrate that board members' accounting experience affects readability of the accounting narrative, indicating that the BOD responds to signals from opportunistic management to pursue self-interest. Second and third, we find that the BOD's independence and concentration of ownership influence directors' behaviour, especially by making the chairman's statement less readable.

The moderation analysis showed that the interaction factor of the unified variable for corporate governance strongly moderates company performance on chairman statement readability. The interaction factor of poor board compliance also significantly mitigates the association between board features and chairman statement readability for several reasons, including corporate governance legislation that suffers from legal gaps and lack of a penalty system to deter companies from violating corporate governance rules and engaging in poor BOD compliance in Jordan.

By providing social, ethical, and institutional standards and clearly communicating the BOD's financial and accounting information to shareholders, the value of the results for emerging markets is strengthened. They also advance understanding of the BOD's power dynamics and the need to consider interactions between ownership structures and types of directors.

This study has several limitations of scope: (1) The literature on readability of corporate reports in Jordan is almost non-existent. (2) Few studies have been performed on readability and firm performance in emerging markets. (3) The study was conducted based on the Jordanian context, which lacks a law establishing how to be writing narrative disclosures. It can thus be challenging to measure concept of readability quantitatively, due to Arabic's complexity. (4) Finally, small sample size hinders generalisation from these results. However, while they can be seen as limitations, they can also be seen as research gaps that provide opportunities for future research.

This study has theoretical implications that contribute to an emerging body of literature aligned with reporting on corporate governance and non-financial information in the under-studied context of emerging markets. It seeks to detect governance gaps that may

explain poor compliance by the BOD. Our findings also have significant implications for practice. For interested parties, they clarify the relationship between the president's statement and the corporate governance rules applied to Jordanian listed companies. For investors, we demonstrate that relating financial performance and the BOD's characteristics to legibility of the president's statement is important to interpreting companies' financial information. For policymakers, the results improve understanding of how and why companies change their information and transparency practices, affecting the credibility and effectiveness of corporate reporting.

Finally, this study identifies some future research directions, the most essential of which are building approaches and conducting readability analysis of accounting disclosures for non-English texts. Advancing both research lines would yield valuable contributions to the literature. Despite the methodological challenges, studies of the impact of inadequate board compliance with corporate governance regulations in emerging economies would also be extremely beneficial.

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