THE IMPACT OF BOARD DIVERSITY ON THE RELATIONSHIP BETWEEN SHARERS WEALTH AND UN-COMPULSORY DISCLOSURE IN JORDANIAN COMMERCIAL BANKS

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TABLE 1

\begin{tabular}{|c|c|}
\hline
ARTICLE INFO & ABSTRACT \\
\hline
Article history: & Purpose: This study aims to examine the association between un-compulsory disclosure and shareholders wealth among Jordanian banks. Moreover, it investigates the effect of the board diversity on the relationship between un-compulsory disclosure and shareholders wealth. \\
Received 24 July 2023 & Theoretical framework: Prior studies have reported that board diversity plays an important role in taking decisions like disclosing more information or distributing earnings. Despite the importance of board diversity, there is no study used as moderating variable to investigate the relationship between un-compulsory disclosure and shareholders wealth. \\
Accepted 16 October 2023 & Design/methodology/approach: This study covers all commercial banks listed on Amman Bursa. It has used checklist instrument to measure the level of un-compulsory disclosure; return on equity and market value to measure shareholders wealth; and board nationality and female on board of directors to measure the diversity. Hierarchical regression analysis was used to achieve the objectives. \\
\hline
Keywords: & Findings: The findings show that banks with high shareholders wealth are more likely to reveal un-compulsory information to help stakeholders. Furthermore, this study provides creative evidence that female members play a main role as moderating variable that influence management motivations toward practices of un-compulsory disclosure and shareholders wealth. \\
Board Diversity; & Research, Practical & Social implications: This study suggests that regulatory bodies issue and develop the current code about the diversity of the board, especially more female representation on boards. \\
Un-compulsory Disclosure; & Originality/value: this study provides creative evidence that female members play a main role as moderating variable that influence management motivations toward practices of un-compulsory disclosure and shareholders wealth. \\
Shareholders Wealth; & Doi: https://doi.org/10.26668/businessreview/2023.v8i10.3726 \\
Banks and Jordan. & \\
\hline
\end{tabular}

ABSTRACT

O IMPACTO DA DIVERSIDADE DO CONSELHO NA RELAÇÃO ENTRE A RIQUEZA DOS ACIONISTAS E A DIVULGAÇÃO NÃO OBRIGATÓRIA NOS BANCOS COMERCIAIS DA JORDÂNIA

RESUMO

Objetivo: Este estudo visa examinar a associação entre a divulgação não obrigatória e a riqueza dos acionistas entre os bancos jordanianos. Além disso, investiga o efeito da diversidade do conselho na relação entre a divulgação não obrigatória e a riqueza dos acionistas.

Enquadramento teórico: Estudos anteriores relataram que a diversidade do conselho desempenha um papel importante na tomada de decisões como a divulgação de mais informações ou a distribuição de lucros. Apesar da...

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importância da diversidade do conselho, não há estudo utilizado como variável moderadora para investigar a relação entre a divulgação não compulsória e a riqueza dos acionistas.

Desenho/metodologia/abordagem: Este estudo abrange todos os bancos comerciais listados em Amman Bursa. Utilizou instrumento checklist para medir o nível de divulgação não obrigatória; retorno sobre o patrimônio e valor de mercado para medir a riqueza dos acionistas; e nacionalidade do conselho e mulheres no conselho de administração para medir a diversidade. A análise de regressão hierárquica foi utilizada para atingir os objetivos.

Constituições: As conclusões mostram que os bancos com elevada riqueza dos acionistas são mais propensos a revelar informações não obrigatórias para ajudar as partes interessadas. Além disso, este estudo fornece evidências criativas de que os membros do sexo feminino desempenham um papel principal como variável moderadora que influencia as motivações da gestão para práticas de divulgação não obrigatória e riqueza dos acionistas.

Implicações de pesquisa, práticas e sociais: Este estudo sugere que os órgãos reguladores emitem e desenvolvam o código atual sobre a diversidade do conselho, especialmente mais representação feminina nos conselhos.

Originalidade/valor: Este estudo fornece evidências criativas de que os membros do sexo feminino desempenham um papel principal como variável moderadora que influencia as motivações da gestão para práticas de divulgação não obrigatória e riqueza dos acionistas.

Palavras-chave: Diversidade do Conselho, Divulgação não Compulsória, Riqueza dos Acionistas, Bancos e Jordânia.

EL IMPACTO DE LA DIVERSIDAD DEL CONSEJO EN LA RELACIÓN ENTRE LOS ACCIONISTAS LA RIQUEZA Y LA DIVULGACIÓN NO OBLIGATORIA EN LOS BANCOS COMERCIALES JORDANOS

RESUMEN

Propósito: Este estudio tiene como objetivo examinar la asociación entre la divulgación no obligatoria y la riqueza de los accionistas entre los bancos jordanos. Además, investiga el efecto de la diversidad del consejo de administración sobre la relación entre la divulgación no obligatoria y la riqueza de los accionistas.

Marco teórico: Estudios anteriores han informado que la diversidad del consejo directivo juega un papel importante en la toma de decisiones como revelar más información o distribuir ganancias. A pesar de la importancia de la diversidad en los consejos de administración, no existe ningún estudio que se utilice como variable moderadora para investigar la relación entre la divulgación no obligatoria y la riqueza de los accionistas.

Diseño/metodología/enfoque: Este estudio cubre todos los bancos comerciales que cotizan en Amman Bursa. Ha utilizado un instrumento de lista de verificación para medir el nivel de divulgación no obligatoria; rendimiento sobre el capital y valor de mercado para medir la riqueza de los accionistas; y nacionalidad del consejo y mujeres en el consejo directivo para medir la diversidad. Para lograr los objetivos se utilizó el análisis de regresión jerárquica.

Hallazgos: Los hallazgos muestran que los bancos con un alto patrimonio de los accionistas tienen más probabilidades de revelar información no obligatoria para ayudar a las partes interesadas. Además, este estudio proporciona evidencia creativa de que los miembros femeninos desempeñan un papel principal como variable moderadora que influye en las motivaciones de la dirección hacia prácticas de divulgación no obligatoria y la riqueza de los accionistas.

Implicaciones de investigación, prácticas y sociales: este estudio sugiere que los organismos reguladores emitan y desarrollen el código actual sobre la diversidad de la junta directiva, especialmente una mayor representación femenina en las juntas directivas.

Originalidad/valor: este estudio proporciona evidencia creativa de que los miembros femeninos desempeñan un papel principal como variable moderadora que influye en las motivaciones de la gestión hacia prácticas de divulgación no obligatoria y la riqueza de los accionistas.

Palabras clave: Diversidad de la Junta, Divulgación no Obligatoria, Riqueza de los Accionistas, Bancos y Jordania.

INTRODUCTION

Many businesses choose to provide investors and other stakeholders with detailed financial and non-financial information in their annual financial reports. The purpose of these disclosures is to give relevant information about the company's performance and to
The Impact of Board Diversity on the Relationship Between Shareholders Wealth and Un-Compulsory Disclosure in Jordanian Commercial Banks

communicate management decisions (Jan, Marimuthu, & Isa, 2019; Marwanto & Pramono, 2023). However, various factors have been found that may have an impact on the level of un-compulsory disclosures, which is why the researchers are concerned. There are various elements that have been recognized as having an impact on the level of un-compulsory disclosures.

Among users such as shareholders, debtors, financial analysts, governmental bodies, creditors and security consultants receive financial disclosures in corporate annual reports to assist them in making investment and regulatory decisions (Pradhan & Nibedita, 2021). Previous studies have used a variety of company characteristics to explain the level of transparency in the annual reports. Company assets, earnings amount, liquidity, firm type, leverage and corporate governance are just a few of them. They have been divided into three categories as predictors of disclosure comprehensiveness. (Wallace, et al., 1994). Structure-related, performance-related, and market-related factors are the three groups that used to define a company's fundamental structure (size and gearing) (Lee, et al., 2021).

By providing a favorable information environment to stakeholders, un-compulsory disclosure can be strategically employed to mitigate undesirable occurrences such as product recalls, employee strikes, and environmental challenges (Malahim, 2023; Karajeh, 2019; Pradhan & Nibedita, 2021). It is also beneficial in terms of reducing the likelihood of regulatory intervention. Even when chemical companies experience negative stock returns as a result of a large chemical leak, the stock price quickly rebounds for companies that have a high degree of environmental disclosure. Furthermore, chemical companies that make stronger environmental disclosures have a lower negative reaction to environmental legislation than other companies (Reguera-Alvarado and Bravo-Urquiza, 2020).

Independent directors and disclosure, according to the Agency Theory, are both techniques for reducing agency costs resulting from the separation of ownership and control. Different empirical investigations have shown that having independent directors on boards can help reduce agency difficulties in specific situations (Bansal, Samontaray, Aljalahma & Khadim, 2023).

Control mechanisms are used to mitigate the agency problem caused by the separation of owners and managers: they are used to ensure that management members behave in the owners' best interests (Jensen and Meckling, 1976). External and internal mechanisms can both control and orient members' behavior (e.g. corporate governance systems or remuneration
packages); the latter provides external stakeholders with knowledge about managers' actions (e.g. financial statements and voluntary information) (Yaseen, et al. 2018).

Because the board of directors is delegated by the shareholders to make decisions, it is one of the most important internal control systems. As a result, it is expected to act as a supervisor of management's behavior on behalf of the owners. The usefulness of the board as a control tool, however, may be restricted if members of the board are also firm managers. In fact, senior executives are frequently involved on boards since they have essential information for decision-making and have a thorough understanding of the company's operations (Alqatameen, et al., 2020; Murhadi, Sutejo & Dewi, 2023).

Disclosure is of great importance, represented in increasing the quality of the financial statements, which represent the main source for investors and stakeholders to obtain the necessary data for making investment decisions (Pradhan & Nibedita, 2021, Zaki, Abdullah, Ahmad & Hassan, 2023). The level of un-compulsory disclosure may affect the reflection of a positive image of the company’s ability to achieve appropriate returns for shareholders and thus maximize their wealth. A decision by the board of directors because of the costs it needs. Therefore, the features of the board of directors can play a significant role in influencing the level of disclosure and the wealth of shareholders. Therefore, this study aims to investigate the impact of the board of directors’ diversity on the relationship between shareholders wealth and un-compulsory disclosure).

LITERATURE REVIEW

Previous Studies

Board diversity plays an important role in taking decision like disclosing more information or distributing earnings (Arora & Srivastavan, 2021; Bansal et al., 2023; Karajeh, 2019; Nigam, & Gupta, 2021). Based on this argument, Sartawi, et al., (2014) assert that Jordanian businesses with a high board concentration have a tendency to retain the level of voluntary (un-compulsory) information low. On the other hand, the presence of non-local executives on the board seems to impact the standard of un-compulsory revelation in Jordanian companies positively. Also, the part of the old executives on the boards in Jordanian companies is substantially related to a higher standard of un-compulsory disclosure.

Prior studies such as Lee (2021) point out that un-compulsory environmental information has a positive relationship with CEO overconfidence. Furthermore, the companies that have more female members in boards have positive connection between CEO
overconfidence, un-compulsory information, and company value is more pronounced, implying that female members effectively monitor overconfident CEOs. Likewise, the positive connection is also supported according to the level of industry competition, which shows that the non-internal governance job of competition can improve CEO overconfidence.

Krismiaji, (2020) found that the un-compulsory information strongly related to the value of earnings more than book value number. Additionally, the findings point out that board size has significant relationships with profits and book value. Moreover, independent members strengthen the value of profits amount and book value number. The paper results provide more evidences about the impact of members’ features and the effect of un-compulsory information on the value relevance of accounting disclosure in Indonesia. Masum, et al., (2020) mentioned that company leverage and liquidity are the main factors that significantly affect the business un-compulsory information in a transition economy. In addition, the findings showed that there is no positive connotation between un-compulsory information and board size, as well as the results noted that market class significantly effects un-compulsory information with an inverse direction.

Devi et al., (2015), showed in their studies that Number Women on Board (NWOB) and Number Female Non-Executive Director (NFDNE) has significant relationship on return on assets and return on equity among 53 listed companies in Malaysia. Moreover, Percentage Women on Board (PWB) has only a significant association with return on equity. By studying the female influence, Al Maani, Issa, Alghananim & Aljada (2023) and Selvalakshmi, Gayathri, Anitha & Ramachandran (2023) provide evidence that more number female members of the Corporate Social Responsibility Committee (CSRC) directors board is better able to follow up and monitor management practices regarding sustainability matters (social, economic, or environmental) and provide better usable information.

By studying the influence of business features and the level of un-compulsory information, Thinh, (2021) point out that there are three factors of business features positively influence on the un-compulsory information among 50 listed companies, including company size, growth percentage of market to book value, and audit type, in which audit type has the strongest effect. Assidi, (2020) point out that show that un-compulsory information is positively linked with the company’s value. The practical findings also show that a change in the rules, as a moderating factor, helps to widen the company’s benefits by the growth and improvement in its sound governance system. Furthermore, this consequence is reliable with the view that the
connections between un-compulsory information and corporate governance can add value for the company in the existence of favorable jurisdictions.

Nigam & Gupta (2021) and Uyar, et al., (2014) noted that there is a positive connotation between the level of un-compulsory disclosure and the different factors like business size, audit company size, percentage of independent members on the board, big portion shareholders, and firm governance. On the other hand, the results show that there are negative relationships between the both of leverage and ownership diffusion with the level of un-compulsory disclosure. However, there are other factors such as earnings, listing age, and board members’ size were found to be unrelated.

Bicer and Milad, (2020) found that bank features such as bank age, size, earnings, and debt have a positive impact on the extent of un-compulsory revelation. In more details, earnings have a significant influence on the extent of un-compulsory revelation more than debt, whereas, bank age and size have a less influence. However, few papers on the level of un-compulsory disclosure and its relationship with company features during last years especially in the financial sector of developing nations, therefore, it is expected that the paper will help to clarify such association in Turkish financial sector.

**Hypothesis Development**

Un-compulsory information plays a main role in expectation a good image in the market and in attracting future stockholders with a optimistic note about the firm's prospects. Charumathi and Ramesh, (2020) show that there is an association between firm value and firm disclosure. While Qamaruzzaman, et al., (2021) assert that there is a relationship between un-compulsory disclosure and the value of the companies by using different proxies. According to the previous studies the first hypothesis can be stated as follow:

\[ H_01: \text{There is a positively impact of the shareholder wealth on the un-compulsory disclosure in the commercial Jordanian Banks.} \]

Taking decision depend on many factors, one of these important factors is board diversity (Nigam, Gupta, 2021; Zahid, Rahman, Khan, Alharthi, Qureshi & Jan, 2020). Pfeffer and Salancik (2003) indicated the authority in the corporations is with the board of directors whom responsible for monitoring managers job and managers is responsible for preparing the financial reports and disclose all relevant information.

Resource Dependency theory argues that a directors' board that has strong experience have the ability to achieve the best goals by using the capital resource of the business (Pfeffer,
1972). While there is a view that says that the directors’ board has power in monitoring because the members have the same goals and objectives and there is no conflict. Lipton and Lorsch (1992) noted that board of directors considers un-functional sometimes, the cause behind that is most of the members are easy to be controlled by top management and, hence, they cannot criticize the strategies of the top management or deliberate the firm performance truthfully. Therefore, the second hypothesis can stated as follow:

H₀₂: There is impact of the board of directors’ diversity as a moderating variable on the relationship between shareholder wealth on the un-compulsory disclosure in the commercial Jordanian Banks.

This hypothesis can be divided into two hypothesis as follow:

H₀₂ᵃ: There is impact of the board of directors nationality as a moderating variable on the relationship between shareholder wealth on the un-compulsory disclosure in the commercial Jordanian Banks.

H₀₂ᵇ: There is impact of the female on board of directors as a moderating variable on the relationship between shareholder wealth on the un-compulsory disclosure in the commercial Jordanian Banks.

RESEARCH METHOD

The main objective of this article is identifying the impact of diversity in the board of directors on the relationship between un-compulsory disclosure and the wealth of shareholders in Jordanian commercial banks. To achieve this objective, all necessary data was collected from the annual financial reports of Jordanian commercial banks for the variables to be studied, and to come up with results and recommendations.

The population used in the article contains of all listed banks on Amman Stock Exchange (ASE), while the sample of the research consists of (13) commercial banks listed on ASE for which all needed data are available for the period 2012-2019. As it excluded the Islamic banks and unlisted banks working in Jordan. The data collected for the banks that their financial reports are available for the whole studied period. Judgmental or Purposive sampling is used to pick the sample. Method was implemented by creating objectives and goal that were compatible, as well as making the research objectively effective.

The following model is formed to examine the impacts of board of directors diversity on the relationship between shareholdes wealth and un-compulsory disclosure in the annual reports of listed banks in Amman Stock Exchange, the model is represented in equation:
UNCD = β₀ + β₁SHAREWEALTH + β₂LEVERAGE + β₃BANKSIZ + β₄BODNATION + β₅BODFEMALE + εᵢᵗ

Where:

UNCD= Un-compulsory Disclosure,
SHAREWEALTH: Shareholders Wealth,
LEVERAGE: Financial Leverage,
BANKSIZ: Bank Size,
BODNATION: Board Nationality,
BODFEMALE: Female on Board of directors.

The dependent variable, which is un-compulsory disclosure, is used to determine the extent to which the bank discloses the data in the un-compulsory disclosure indicator used, which consists of (48) items, and it increases the reliability of financial reports. After collecting the data related to this variable the variable will be measured as follow:

UNCD = AUNCD/ MUNCD

Where,

UNCD = Un-compulsory Disclosure Index.
AUNCD = Actual Un-compulsory Disclosure score.
MUNCD = Maximum applicable Un-compulsory Disclosure score which is 48 items.

Table 1 Measurement of the Research Variables

<table>
<thead>
<tr>
<th>Variables Type</th>
<th>Variables Name</th>
<th>Acronym</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent Variable</td>
<td>Un-compulsory Disclosure</td>
<td>UNCD</td>
<td>Un-compulsory Disclosure Index</td>
</tr>
<tr>
<td>Independent Variable</td>
<td>Shareholders Wealth</td>
<td>SHAREWEALTH</td>
<td>Market Capitalization</td>
</tr>
<tr>
<td></td>
<td>Shareholders Wealth</td>
<td>SHAREWEALTH</td>
<td>Return on Equity</td>
</tr>
<tr>
<td>Moderating Variables</td>
<td>Board of directors nationality</td>
<td>BODNATION</td>
<td>Percentage of Jordanian members on BOD</td>
</tr>
<tr>
<td></td>
<td>Female on board of directors</td>
<td>BODFEMALE</td>
<td>Percentage of Female members on BOD</td>
</tr>
<tr>
<td>Control Variables</td>
<td>Financial Leverage</td>
<td>LEVERAGE</td>
<td>Total Debt/Total Assets</td>
</tr>
<tr>
<td></td>
<td>Bank Size</td>
<td>BANKSIZ</td>
<td>Logarithm total Assets</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2023)

To test the most important hypotheses of the study, it used a checklist instrument to evaluate the un-compulsory disclosure indicators. Also, it used the percentage of females on board of directors and the percentage of Jordanian members in board of directors to represent the moderating variables. Finally, for the independent variable (shareholder wealth), measured
by market value and return on equity such as Rakshit, (2021) study. However, to analyze the collected data, this study used Multiple Regression Analysis and hierarchical regression analysis.

**EMPIRICAL RESULTS AND DISCUSSION**

**Descriptive Statistics**

The results of the descriptive statistics indicated that un-compulsory disclosure for the 13 commercial banks listed in Amman Stock Exchange has an average of 37.69%. The maximum of un-compulsory disclosure is 47%, while the minimum of DISC is 26%. And this is an acceptable level of disclosure. The standard deviation of disclosure is quite low. For the independent variable, the market value has an average of 8.47 measured by the logarithm of the number of share outstanding multiplied by share price. For the moderating variables, BOD nationality has an average of 67.2% which means that more than half of the BOD members. Female on BOD has an average of 7.3% and this is lower than 10% of the BOD members are females. For the control variables, the logarithm of total assets (bank size) has an average of 9.38 and a relative standard deviation. Financial leverage (LEVE), the ratio of total debt to total assets has an average 86.15% of the 13 listed commercial banks used debt to finance their activities, and the minimum is 78.04% which means that all commercial banks relied mainly on liabilities as a financial source.

<table>
<thead>
<tr>
<th></th>
<th>Min.</th>
<th>Max.</th>
<th>Average</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value</td>
<td>7.93</td>
<td>9.62</td>
<td>8.471</td>
<td>.4761</td>
</tr>
<tr>
<td>BOD Nationality</td>
<td>.13</td>
<td>1.00</td>
<td>.672</td>
<td>.229</td>
</tr>
<tr>
<td>Female on BOD</td>
<td>.00</td>
<td>.29</td>
<td>.073</td>
<td>.075</td>
</tr>
<tr>
<td>Financial Leverage</td>
<td>78.04</td>
<td>92.50</td>
<td>86.15</td>
<td>2.645</td>
</tr>
<tr>
<td>Bank Size</td>
<td>8.68</td>
<td>10.42</td>
<td>9.381</td>
<td>.389</td>
</tr>
<tr>
<td>Un-compulsory Disclosure</td>
<td>26.00</td>
<td>47.00</td>
<td>37.692</td>
<td>5.264</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2023)

**Correlation Analysis**

Table 3 showed that the correlation coefficient among the variables. In more details, there is a positive relationship between un-compulsory information and market value, this result gives an indicator about supporting the study hypothesis. In addition, the table 3 show that female on board play a main role in making decision about disclosing un-compulsory information. This finding is similar with previous studies such as Devi et al., (2015). However, the result shows that there is no connection between BOD Nationality and un-compulsory information.
information, the possible reason behind this finding is national members have knowledge about the un-compulsory information and no need to disclose such as this information.

Table 3 Correlation

<table>
<thead>
<tr>
<th></th>
<th>Market Value</th>
<th>BOD Nationality</th>
<th>Female on BOD</th>
<th>Financial Leverage</th>
<th>Bank Size</th>
<th>Un-compulsory Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BOD Nationality</td>
<td>-.110</td>
<td>.267</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female on BOD</td>
<td>-.196^</td>
<td>.046</td>
<td>-.142</td>
<td>.150</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Financial Leverage</td>
<td>-.135</td>
<td>.171</td>
<td>.018</td>
<td>.854</td>
<td>.174</td>
<td>1</td>
</tr>
<tr>
<td>Bank Size</td>
<td>.935**</td>
<td>.000</td>
<td>-.060</td>
<td>.542</td>
<td>-.101</td>
<td>.059</td>
</tr>
<tr>
<td>Uncompulsory Disclosure</td>
<td>.372**</td>
<td>.000</td>
<td>.078</td>
<td>.429</td>
<td>.223*</td>
<td>.068</td>
</tr>
</tbody>
</table>

** Significant at 1% level
* Significant at 5% level.

Source: Prepared by the authors (2023)

Regression Analysis

The table 4 and 5 show the impact of shareholder wealth on un-compulsory information, where table 4 show the first proxy of shareholder wealth (market value) and table 6 show the impact the second proxy (return on equity) on un-compulsory information.

The results in Table 4 shows that there is a negative significant relationship between the market value and un-compulsory disclosure in Jordanian commercial banks (Sig. >0.000) (t= -5.841). And table 5 shows That there is a significant negative relationship between return on equity on un-compulsory disclosure in Jordanian commercial banks (Sig. =0.004) (t= -2.919). Thus, hypothesis H1, which stated that there is a positively impact of the shareholder wealth on the un-compulsory disclosure in the Jordanian commercial banks is rejected. The possible reason behind those findings is the managers in firm with high shareholder’ wealth do not disclose more information because of the shareholders focus on earnings rather than anything else.

Table 4 The impact of Market Value on un-compulsory disclosure

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Std. Error</td>
<td>B</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>15.152</td>
<td>-28.398</td>
<td></td>
<td>-1.874</td>
</tr>
<tr>
<td>Market Value</td>
<td>2.688</td>
<td>-15.701</td>
<td>-1.420</td>
<td>-5.841</td>
</tr>
<tr>
<td>Financial Leverage</td>
<td>.172</td>
<td>-.467</td>
<td>-.234</td>
<td>-2.718</td>
</tr>
<tr>
<td>Bank Size</td>
<td>3.270</td>
<td>25.509</td>
<td>1.883</td>
<td>7.801</td>
</tr>
<tr>
<td>R</td>
<td>.688</td>
<td>.473</td>
<td></td>
<td>Adjusted R^2</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2023)

It is worth to mention here that the effect of moderating variable is possible, where the results showed that the banks disclosure change because of the change in the values of both return on equity and the market value of the banks. However, hypothesis 2 states that there is impact of the board of directors’ diversity as a moderating variable on the relationship between shareholders wealth on the un-compulsory disclosure in the commercial Jordanian banks. This hypothesis will be tested by testing the quoted hypothesis $H_{02a}$ and $H_{02b}$ as follow:

By comparing $R^2$ in table 4 and table 6, we noted that $R^2$ was 47.3% in table 4 and become 51% after adding the moderation variable (board diversity). This means that the moderator impact on the relationship between market value and un-compulsory information. In more details, there is a positively significant impact of female in board on relationship between the market value and un-compulsory disclosure in Jordanian commercial banks (Sig. =1%), but the BOD Nationality has not significant impact on relationship between the market value and un-compulsory disclosure in Jordanian commercial banks (Sig. =26.9%).

Same result shoe Table 7 once comparing with the findings in table 5, where we noted that $R^2$ was 34.9% in table 5 and become 42% after adding the moderation variable (board diversity). Thus, this study asserts that there is a moderating impact of board of directors’ nationality on the relationship between the shareholder wealth on the un-compulsory disclosure as well as there is a moderating impact of female on board of directors on the relationship between the shareholder wealth on the un-compulsory disclosure in the Jordanian commercial banks.

### Table 5: The impact Return on Equity on un-compulsory disclosure

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Std. Error</td>
<td>B</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>16.895</td>
<td>-30.895</td>
<td>-1.829</td>
<td>.070</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>.146</td>
<td>-.426</td>
<td>-.239</td>
<td>-2.919</td>
</tr>
<tr>
<td>Financial Leverage</td>
<td>.162</td>
<td>.007</td>
<td>.003</td>
<td>.041</td>
</tr>
<tr>
<td>Bank Size</td>
<td>1.101</td>
<td>7.645</td>
<td>.564</td>
<td>6.940</td>
</tr>
<tr>
<td></td>
<td>.591</td>
<td>.349</td>
<td></td>
<td>.330</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2023)

### Table 6: The impact of Board Diversity on relationship between Market Value and un-compulsory disclosure

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Std. Error</td>
<td>B</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-30.271</td>
<td>14.862</td>
<td>-2.037</td>
<td>.044</td>
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<td>Market Value</td>
<td>-13.337</td>
<td>2.774</td>
<td>-.206</td>
<td>-4.807</td>
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<tr>
<td>BOD Nationality</td>
<td>1.878</td>
<td>1.689</td>
<td>.082</td>
<td>1.112</td>
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<tr>
<td>Female on BOD</td>
<td>14.066</td>
<td>5.336</td>
<td>-.224</td>
<td>2.636</td>
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<tr>
<td>Financial Leverage</td>
<td>-.445</td>
<td>.168</td>
<td></td>
<td>1.851</td>
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<tr>
<td>Bank Size</td>
<td>23.130</td>
<td>3.317</td>
<td>1.707</td>
<td>6.973</td>
</tr>
<tr>
<td></td>
<td>R</td>
<td>R^2</td>
<td></td>
<td>Adjusted R^2</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2023)

Table 7: The impact of Board Diversity on relationship between Return on Equity and un-compulsory disclosure

<table>
<thead>
<tr>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Constant</strong></td>
<td>-34.549</td>
<td>-2.136</td>
<td>16.178</td>
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<tr>
<td>Return on Equity</td>
<td>-.306</td>
<td>-2.074</td>
<td>-.172</td>
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<tr>
<td>BOD Nationality</td>
<td>3.766</td>
<td>2.096</td>
<td>.164</td>
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<tr>
<td>Female on BOD</td>
<td>17.575</td>
<td>2.995</td>
<td>.250</td>
</tr>
<tr>
<td>Financial Leverage</td>
<td>-.052</td>
<td>-.332</td>
<td>-.026</td>
</tr>
<tr>
<td>Bank Size</td>
<td>8.053</td>
<td>7.615</td>
<td>.594</td>
</tr>
<tr>
<td><strong>R</strong></td>
<td>.648</td>
<td>.420</td>
<td>Adjusted R^2</td>
</tr>
</tbody>
</table>

CONCLUSION

Despite the important of un-compulsory information in annual reports, few researchers study the factors that impact on it. Therefore, this study examines the relationship between un-compulsory information and shareholders wealth in listed Jordanian banks. Furthermore, it investigates the effect of the board diversity on the relationship between un-compulsory disclosure and shareholders wealth. The sample of this study consists of all commercial banks listed on Amman Bursa. It has used checklist instrument to measure the level of un-compulsory disclosure; return on equity and market value to measure shareholders wealth; and board nationality and female on board of directors to measure the diversity. Hierarchical regression analysis was used to achieve the objectives. The findings show that banks with high shareholders wealth are more likely to reveal un-compulsory information to help stakeholders. Furthermore, this study provides creative evidence that female members play a main role as moderating variables that influence management motives toward practices of un-compulsory disclosure and shareholders wealth.

REFERENCES


