

Earnings Management, Earnings Quality, Board Gender Diversity and Cost of Equity Capital: Evidence from Jordanian Service Companies

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Al-Zaytoonah University of Jordan, 2021

Abstract

This study investigates whether earnings management affects the cost of equity capital. And the mediation moderation effect of earnings quality and board gender diversity on the relationship between earnings management and the cost of equity capital. Using Jordanian service companies listed on the Amman Stock Exchange (ASE) during the period 2012–2019, this study shows that there is a positive association between Accrual earnings management (AEM) and the cost of equity capital (CoEC). Further, the findings indicate that there is no significant impact between AEM and earnings quality (EQ). The results also confirm that there is no mediating effect of EQ in the relationship between AEM and CoEC. Finally, the results indicate a positive influence of board gender diversity (BGD) on CoEC, and the interaction is positive between BGD and AEM.

Keywords: Board Gender Diversity, Cost of Equity Capital, Earnings Management, Earnings Quality.