

The Effect of Corporate Social Responsibility Disclosure in the Relationship between Board of Directors Characteristics and Cost of Equity Capital: An Applied Study from Jordanian Public Shareholding Service Companies

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Abstract

The purpose of this study was to look into the direct relationship between board of director characteristics, corporate social responsibility (CSR) disclosure, and the cost of equity capital in Jordanian public shareholding service companies, followed by an examination of the indirect mediation effect of CSR disclosure in the relationship between board of director characteristics and the cost of equity capital. From 2012 to 2020, a panel data analysis was produced for 43 Jordanian public shareholding service companies. The study results documented that the board size, female representation, and the number of board meetings have a positive impact on Jordanian public shareholding service company disclosures about social responsibility, and that the majority of board of directors' characteristics (the board size, the independence of board members, and female representation) have a negative impact on the cost of equity capital. Furthermore, CSR disclosure has a negative influence on the cost of equity capital, and CSR disclosure mediates the relationship between board of director characteristics and the cost of equity capital. As a result, the research advocated encouraging companies to implement the best corporate governance practices, such as appointing boards of directors with high quality characteristics, in order to improve social responsibility practices and lower cost of equity capital.

Keywords: Board characteristics, corporate social responsibility, cost of equity, Jordanian service companies.