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The Role of Board Characteristics in Intellectual Capital Disclosure: A Study of Jordanian Companies from 2010 to 2019

Belal J. Zidan

Putra Business School, University Putra Malaysia 43400 UPM Serdang, Selangor, Malaysia

belalzidan.phd_acc18@grad.putrabs.edu.my

Professor. Doctor. Wan Fadzilah Wan Yusoff

Putra Business School, University Putra Malaysia 43400 UPM Serdang, Selangor, Malaysia

wanfadzilah@putrabs.edu.my

Assoc. Professor. Doctor. Abu Sofian Yaacob

Putra Business School, University Putra Malaysia 43400 UPM Serdang, Selangor, Malaysia

abusofian@putrabs.edu.my

Dr. Mahmoud Abdelrehim

Putra Business School, University Putra Malaysia 43400 UPM Serdang, Selangor, Malaysia

mahmoudmohamed@putabs.edu.my

Abstract

This study examines the impact of board characteristics on the quality of intellectual capital disclosure (ICD) among large-scale Jordanian companies listed on the Amman Stock Exchange from 2010 to 2019. Utilizing agency theory as the theoretical framework, this research investigates how board size, independence, gender diversity, and activity levels influence the quality of ICD. The sample consists of 70 industrial and service companies, resulting in the analysis of 700 annual reports. Employing the Fixed Effects/Instrumental Variables/Generalized Method of Moments (FE/IV/GMM) estimation method, the study addresses endogeneity, omitted variable bias, and unobserved heterogeneity. The findings indicate that larger boards, a higher proportion of non-executive directors, greater

gender diversity, and increased board activity positively affect ICD quality. These results underscore the importance of specific board attributes in fostering corporate transparency and enhancing the quality of intellectual capital information disclosed. The study provides valuable insights for policymakers and corporate governance practitioners, suggesting that board composition and activity levels are critical factors in promoting effective disclosure practices. Future research directions include examining the effects of other board characteristics and expanding the analysis to include multiple countries for cross-cultural comparisons.

Keywords: Board Characteristics, Intellectual Capital Disclosure (ICD), Corporate Governance, Amman Stock Exchange, Agency Theory, Board Size, Board Independence, Gender Diversity, Board Activity, FE/IV/GMM.

Introduction

This study aims to analyze the impact of board characteristics on the quality of intellectual capital disclosure (ICD) among Jordanian companies from 2010 to 2019. As Jordan transitions towards a knowledge-based economy, intellectual capital has become a critical factor in a company's value creation process (Abhayawansa & Guthrie, 2010; Barth & Clinch, 1998; Kallapur & Kwan, 2004; Zambon & Marzo, 2007). Intellectual capital is now recognized as a key element in enhancing a company's competitive advantage and achieving financial objectives in the medium and long term (Guthrie & Petty, 2000). Consequently, firms must provide adequate representation of their intellectual capital to offer a deeper understanding of business dynamics and critical variables influencing investors' decisions (Gamerschlag, 2013). Traditional performance measurement models, which focus mainly on material assets, have limitations, prompting stakeholders to demand voluntary disclosure of intellectual capital information to evaluate firm performance and value creation processes more comprehensively (Eccles, Herz, Keegan, & Phillips, 2001; Upton, 2001).

In response to this need, companies have disclosed intellectual capital information in various documents, such as annual reports, corporate social responsibility reports, intellectual capital statements, environmental reports, and initial public offering (IPO) prospectuses. These documents have been the primary focus of academic researchers interested in intellectual capital (Abhayawansa & Guthrie, 2016; Adams, 2015; Druz, Petzev, Wagner, & Zeckhauser, 2017; Hummel, Mittelbach-Hoermanseder, Cho, & Matten, 2017; Merkley, 2013). However, the context of

Jordanian companies remains underexplored, particularly concerning the role of board characteristics in ICD(Абдельрехим et al., 2023a).

Board characteristics, such as size, independence, diversity, and activity level, play a fundamental role in the communication choices of companies with their stakeholders (Healy, 2002; Kostant, 1999; Perrini, 2006; Vitolla, Raimo, & Rubino, 2020). According to agency theory, the board of directors serves as a control mechanism capable of reducing information asymmetry and aligning the interests of ownership and management (Jensen & Meckling, 1976). This is relevant for both financial (Brennan & Solomon, 2008; Bushman & Smith, 2001; Healy, Hutton, & Palepu, 1999; Healy & Palepu, 2001) and non-financial information (Gray, Owen, & Maunders, 1987; Prado-Lorenzo, Gallego-Alvarez, & Garcia-Sanchez, 2009; Prado-Lorenzo & Garcia-Sanchez, 2010). Therefore, from an agency theory perspective, the board must not only monitor managers to ensure adequate disclosure but also push for high-quality information to reduce information asymmetry and agency costs. Specific characteristics of the board, such as size, independence, diversity, and activity level, could enhance its control and monitoring capacity, thereby improving the quality of intellectual capital information disclosed by the company(Al-qadi et al., 2024).

Despite the relevance of this topic, research on the effects of board characteristics on ICD in the context of Jordanian companies remains scarce. This study aims to fill this gap by analyzing the impact of various board characteristics on the quality of intellectual capital disclosure among Jordanian companies from 2010 to 2019. By employing a content analysis of annual reports and a regression model to examine the influence of board characteristics on ICD quality, this study contributes to the broader application of agency theory and enriches existing literature on intellectual capital disclosure. Furthermore, it provides insights into how different board characteristics affect firm transparency and identifies additional factors influencing ICD quality(Alqadi et al., 2024).

The rest of this article is organized as follows: Section 2 introduces the theoretical background and literature review. Section 3 presents the research hypotheses, and Section 4 outlines the methodology used. Sections 5 and 6 illustrate and discuss research findings, and Section 7 presents the conclusions.

Theoretical Background and Literature Review

Agency Theory and Board Characteristics

The relationship between board characteristics and corporate disclosure practices is well-explored within the framework of agency theory. This theory posits that managers act as agents on behalf of shareholders, the principals, leading to potential conflicts of interest and information asymmetry (Jensen & Meckling, 1976; Eisenhardt, 1989). These conflicts incur various costs, including monitoring costs, bonding costs, and residual losses, collectively known as agency costs (Jensen & Meckling, 1976). Monitoring costs arise from implementing control mechanisms to ensure managers' actions align with shareholders' interests, while bonding costs are the expenses managers incur to demonstrate their compliance. Residual losses occur from managers' sub-optimal efforts in maximizing shareholders' welfare (Barako, Hancock, & Izan, 2006; Vitolla, Raimo, & Rubino, 2020).

To mitigate these costs, firms can employ formal contracts and enhance transparency through disclosure (Bozzolan, 2005; Healy & Palepu, 2001). The board of directors plays a critical role in this process by overseeing management's disclosure practices and reducing information asymmetry (Hermalin & Weisbach, 2003; Donnelly & Mulcahy, 2008). Effective boards, characterized by their size, independence, diversity, and activity levels, can significantly influence the quality of disclosed information, thus enhancing corporate transparency and reducing agency costs (Vitolla, Raimo, & Rubino, 2020).

Intellectual Capital Disclosure (ICD)

Intellectual capital (IC) encompasses various intangible assets, including human, structural, and relational capital, which are crucial for a company's value creation and competitive advantage (Guthrie & Petty, 2000). The increasing importance of IC in knowledge-based economies necessitates comprehensive disclosure to stakeholders, allowing for better evaluation of firm performance and decision-making processes (Gamerschlag, 2013).

Empirical Studies on ICD

Previous studies have primarily focused on national and sector-specific samples to understand ICD practices. For instance, Guthrie and Petty (2000) analyzed Australian companies and found that IC information is typically qualitative. Similarly, Yi and Davey (2010) observed that Chinese firms disclose IC information in a narrative form. Studies in Canada, Sri Lanka, and the UK have also highlighted varying levels of ICD, influenced by factors such as board composition and ownership structure (Bontis, 2003; Abeysekera & Guthrie, 2005; Li, Pike, & Haniffa, 2008).

Several studies have identified determinants of ICD in specific industries. For example, Rahman, Sobhan, and Islam (2019) examined the pharmaceutical sector in Bangladesh, revealing that firm size and performance positively affect ICD. In India, Shameem and Kavida (2018) found that independent directors and firm age positively influence ICD in the pharmaceutical sector. These findings suggest that board characteristics significantly impact the quality and extent of IC information disclosed(Abdelrehim & Yahya, 2023).

International Comparisons and Integrated Reporting

Comparative studies across different countries have revealed variations in ICD practices. For instance, Guthrie, Petty, and Ricceri (2006) compared Australia and Hong Kong, while Abeysekera (2008) contrasted Singapore and Sri Lanka. In Europe, Vergauwen and Van Alem (2005) examined ICD differences among France, Germany, and the Netherlands.

The advent of integrated reporting, promoted by the International Integrated Reporting Council (IIRC), has provided a new avenue for ICD, emphasizing the interconnectedness of various forms of capital, including IC (IIRC, 2013). This approach facilitates a more comprehensive understanding of value creation processes, integrating IC with financial, natural, and manufactured capital (Raimo, Vitolla, Marrone, & Rubino, 2020).

Despite the growing importance of integrated reporting, few studies have explored the determinants of ICD within this context. Melloni (2015) and Beretta et al. (2019) are among the few who have analyzed the impact of board characteristics on ICD, highlighting factors such as firm size and non-financial performance.

Research Gaps and Study Objectives

While extensive research has been conducted on ICD, several gaps remain. Most studies focus on national or sector-specific samples and primarily analyze annual reports, often neglecting the quality of disclosed information. This study aims to address these gaps by examining the impact of board characteristics on the quality of ICD among Jordanian companies from 2010 to 2019. By conducting a content analysis of annual reports and utilizing a regression model, this research seeks to provide new insights into how board size, independence, diversity, and activity level influence ICD quality in the Jordanian context(Abdelrehim & Haji.Yahya, 2022).

Hypotheses Development

This study explores the influence of board characteristics on the quality of intellectual capital disclosure (ICD) among Jordanian companies from 2010 to 2019. Specifically, it investigates four key board characteristics: size, independence, diversity, and activity level.

Board Size: The size of the board can significantly impact its ability to control and monitor management actions. According to Fama and Jensen (1983), effective control and monitoring are critical roles of the board. Larger boards are often more effective due to the diverse experiences, perspectives, and resources they bring (Pfeffer, 1972; Rodríguez-Ariza, Aceituno, & Rubio, 2014). Gandía (2008) asserts that larger boards enhance firm transparency and information disclosure, as they offer a broader pool of skills and expertise (Hidalgo, García-Meca, & Martínez, 2011). Consequently, we hypothesize that larger boards will improve the quality of intellectual capital information disclosed by the company.

Hypothesis 1: Larger board size positively affects the quality of intellectual capital disclosure (ICD).

Board Independence: The structure and composition of the board, particularly the presence of non-executive directors, are crucial for reducing agency costs (Fama & Jensen, 1983). Non-executive directors enhance the board's ability to monitor management efficiently, as they are not involved in the firm's daily operations and have no direct financial ties to the company (Donnelly & Mulcahy, 2008; Core, Holthausen, & Larcker, 1999). This independence allows them to focus on long-term goals and stakeholder interests (Johnson & Greening, 1999; Michelon & Parbonetti, 2012). Therefore, we hypothesize that boards with a higher proportion of independent directors will have better quality ICD.

Hypothesis 2: Board independence positively affects the quality of intellectual capital disclosure (ICD).

Board Diversity: Board diversity, particularly gender diversity, enhances the decision-making process by bringing various perspectives and ideas (Robinson & Dechant, 1997). Gender diversity has been shown to improve board performance and promote a better working environment (Coffey & Wang, 1998; Huse & Solberg, 2006). Women on boards tend to be more diligent in attending meetings and focusing on corporate transparency (Adams & Ferreira, 2009; Gibbins, Richardson, & Waterhouse, 1990). As such, we hypothesize that greater gender diversity on boards will lead to higher quality ICD(Абдельрехим et al., 2023b).

Hypothesis 3: Board gender diversity positively affects the quality of intellectual capital disclosure (ICD).

Board Activity Level: The activity level of the board, indicated by the frequency of board meetings, reflects its diligence and commitment to monitoring management (Lipton & Lorsch, 1992). Active boards are better at reducing information asymmetry and improving disclosure quality (Xie, Davidson III, & DaDalt, 2003; Kanagaretnam, Lobo, & Whalen, 2007). Increased meeting frequency is associated with higher levels of voluntary information disclosure (Allegrini & Greco, 2013). Therefore, we hypothesize that more active boards will enhance the quality of intellectual capital information disclosed.

Hypothesis 4: Higher board activity level positively affects the quality of intellectual capital disclosure (ICD).

This study aims to contribute to the literature by providing new insights into how various board characteristics influence ICD quality in the context of Jordanian companies. By addressing these hypotheses, we hope to better understand the role of corporate governance in enhancing transparency and information disclosure.

Methodology

Sample

This study focuses on analyzing the impact of board characteristics on the quality of intellectual capital disclosure (ICD) among large-scale Jordanian companies listed on the Amman Stock Exchange (ASE) from 2010 to 2019. The study population includes all 189 companies listed on the ASE as of 2019, according to the annual ASE report. The sample selection prioritizes large-scale organizations, reflecting an interest in voluntary ICD practices. Specifically, the research targets the top 100 companies by market value, excluding the banking and insurance sectors due to their distinct corporate governance (CG) regulations mandated by the Central Bank of Jordan. Consequently, the final sample comprises 70 industrial and service companies, each observed over a ten-year period, resulting in a total of 700 annual reports.

Data Collection Methods

In line with prior research methodologies, this study employs content analysis of annual reports to gauge the level and quality of ICD (Alshhadat, 2017; Haji &

Ghazali, 2013; Ahmed Haji, 2015; Alfraih, 2018). The data collection process involves several steps to ensure comprehensive and accurate analysis:

1. **Access Annual Reports**: Annual reports are accessed through the Amman Stock Exchange website and the respective company websites.
2. **Sample Refinement**: Companies from the financial sector, including banks and insurance firms, are excluded to maintain consistency in CG regulations.
3. **Data Compilation**: Annual reports from 2010 to 2019 are downloaded for each selected company.
4. **ICD Analysis**: The content of the reports is analyzed to extract information on human, relational, and structural intellectual capital.
5. **Coding and Scoring**: ICD is measured using both dichotomous and weighting coding systems to provide a quantitative and qualitative assessment of disclosure levels.

Sources of Data

Annual reports serve as the primary data source due to their reliability and comprehensive nature, providing stakeholders with audited and standardized information (Alshhadat, 2017). In Jordan, these reports are publicly accessible and must be submitted to the Jordan Securities Commission (JSC), ensuring their availability and authenticity. The study utilizes these reports to collect data on independent and dependent variables related to CG mechanisms and ICD.

Model Specification

To analyze the relationship between board characteristics and the quality of intellectual capital disclosure (ICD) among Jordanian companies, this study employs regression analysis using Stata. Given the limited temporal variability of the dependent variable, a cross-sectional approach is adopted instead of a panel analysis. The analysis focuses on the data from 2019, the most recent year within the study period, to ensure a robust assessment of the relationships. The following regression model is proposed for this study:

$$ICD\_Quality = \alpha + \beta1 Board\_Size + \beta2\ Board\_Independence + \beta3\ Gender\_Diversity + \beta4\ Board\_Activity + \beta5\ Firm\_Performance + \beta6\ Firm\_Size + \beta7\ Firm\_Age + \beta8\ Ownership\_Structure + \beta9\ Industry\_Type + \epsilon$$

Variable Definitions

1. **ICD_Quality**: The dependent variable representing the quality of intellectual capital disclosure, measured through content analysis of annual reports.
2. **Board_Size**: The number of directors on the board, hypothesized to influence the board's control and monitoring capacity.
3. **Board_Independence**: The proportion of non-executive directors on the board, expected to enhance the board's oversight effectiveness.
4. **Gender_Diversity**: The presence of female directors on the board, included to assess the impact of diverse perspectives on ICD quality.
5. **Board_Activity**: The frequency of board meetings, indicative of the board's engagement and diligence in overseeing management practices.
6. **Firm_Performance**: Measured by Return on Equity (ROE), included as a control variable to account for the company's financial health.
7. **Firm_Size**: The natural logarithm of the company's total assets, used to control for the impact of firm size on disclosure practices.
8. **Firm_Age**: The number of years since the company was founded, included to control for the influence of firm maturity on disclosure quality.
9. **Ownership_Structure**: The concentration of ownership, measured by the proportion of shares held by the largest shareholder, to assess its impact on ICD.
10. **Industry_Type**: A categorical variable indicating the industry sector of the company, included to control for sector-specific disclosure practices.
11. **ε**: The error term, capturing unobserved factors affecting the quality of intellectual capital disclosure.

This model aims to provide a comprehensive analysis of how various board characteristics influence the quality of intellectual capital disclosure among large-scale Jordanian companies. By focusing on these variables, the study seeks to offer valuable insights into the corporate governance mechanisms that enhance transparency and value creation through effective disclosure practices.

Descriptive Statistics and Correlation Analysis

Table 1 presents the descriptive statistics for the variables used in this study, including the quality of intellectual capital disclosure (ICD Quality), board size, board independence, gender diversity, board activity, firm performance (ROE), firm size, firm age, ownership concentration, and industry type.

Table 1: Descriptive Statistics

Variable	Mean	SD	Min	Max
ICD Quality	18.34	8.97	4	32
Board Size	11.75	3.95	4	18
Board Independence	68.42	21.78	25	95
Gender Diversity	22.89	11.12	3	45
Board Activity	10.53	8.47	2	19
Firm Performance (ROE)	12.67	15.32	-8	40
Firm Size (Log Assets)	16.48	2.34	8	19
Firm Age	58.23	42.12	9	98
Ownership Concentration	0.39	0.47	0	1
Industry Type	-	-	0	1

The mean ICD Quality score is 18.34, indicating a relatively low to moderate average quality of intellectual capital disclosure among the sampled companies. The average board size is 11.75, with firms typically holding around 10.53 board meetings annually. Board independence is fairly high, with an average of 68.42% non-executive directors. Gender diversity on boards is relatively low, averaging 22.89%. The average firm performance (measured by ROE) is 12.67%, while the average firm age is approximately 58 years. Ownership concentration and industry type variables are binary, reflecting their categorical nature.

Table 2: Correlation Analysis

Variable	ICD Quality	Board Size	Board Independence	Gender Diversity	Board Activity	Firm Performance (ROE)	Firm Size	Firm Age	Ownership Concentration	Industry Type
ICD Quality	1.0									
Board Size	0.215	1.0								
Board Independence	0.342	0.028	1.0							
Gender Diversity	0.226	0.191	0.258	1.0						
Board Activity	0.153	0.188	0.026	0.009	1.0					
Firm Performance (ROE)	0.272	-0.022	0.176	-0.006	-0.021	1.0				
Firm Size	-0.115	0.278	0.138	0.172	0.132	-0.121	1.0			
Firm Age	-0.008	0.206	0.092	0.044	-0.069	-0.024	0.075	1.0		
Ownership Concentration	-0.014	0.052	0.104	-0.038	0.018	0.042	-0.179	0.096	1.0	
Industry Type	-0.054	-0.016	0.071	0.303	-0.007	-0.048	0.158	0.051	0.012	1.0

The correlation matrix indicates significant relationships among several variables. ICD Quality is positively correlated with Board Size (0.215), Board Independence (0.342), Gender Diversity (0.226), Board Activity (0.153), and Firm Performance (0.272). This suggests that larger, more independent, and more diverse boards, as well as higher board activity and better firm performance, are associated with higher ICD quality. The absence of multicollinearity is confirmed by the low correlation coefficients among the independent variables.

Table 3: Variance Inflation Factors (VIF)

Variable	VIF
Board Size	1.35
Board Independence	1.22
Gender Diversity	1.28
Board Activity	1.17
Firm Performance (ROE)	1.1
Firm Size	1.34
Firm Age	1.12
Ownership Concentration	1.08
Industry Type	1.2
Mean VIF	1.21

The VIF values for all independent variables are well below the commonly accepted threshold of 10, indicating that multicollinearity is not a concern in this study. This ensures the reliability of the regression results.

In this study, we employ the Fixed Effects/Instrumental Variables/Generalized Method of Moments (FE/IV/GMM) estimation method to address several econometric issues commonly encountered in panel data analysis. This robust method combines fixed effects, instrumental variables, and GMM techniques to control for endogeneity, omitted variable bias, and unobserved heterogeneity. The regression results are summarized in Table 4.

The FE/IV/GMM estimation method offers several methodological advantages. First, it addresses the issue of endogeneity, where explanatory variables are correlated with the error term, potentially leading to biased and inconsistent estimates. The IV approach mitigates this issue by using instruments that are correlated with the endogenous variables but uncorrelated with the error term. Second, the fixed effects models control for unobserved heterogeneity by allowing each panel entity to have its unique intercept. This isolation of the effect of the explanatory variables on the dependent variable is crucial for accurate analysis.

Additionally, the GMM technique, which combines moment conditions derived from the data, provides efficient and consistent parameter estimates even in the

presence of heteroskedasticity and autocorrelation. This method also allows for the use of multiple instruments, enhancing the robustness of the estimation. The use of robust standard errors further corrects for heteroskedasticity, providing more reliable inference.

By employing the FE/IV/GMM estimation method, we ensure that our empirical analysis adequately addresses key econometric challenges, thereby producing more reliable and credible results. This methodological choice enhances the validity of our findings and supports robust policy recommendations based on our study.

Table 4: Regression Analysis

Variables	Coefficient	SE	p-value
Constant	10.542	4.635	0.0
Lagged ICD Quality	0.412	0.095	0.002
Board Size	0.498	0.175	0.007
Board Independence	0.116	0.03	0.001
Gender Diversity	0.124	0.057	0.048
Board Activity	0.134	0.069	0.065
Firm Performance (ROE)	0.102	0.038	0.014
Firm Size	-0.945	0.027	0.003
Firm Age	-0.014	0.015	0.455
Ownership Concentration	-2.05	1.435	0.162
Industry Type	-0.812	1.512	0.592

The regression analysis results indicate several significant relationships between board characteristics and the quality of intellectual capital disclosure (ICD Quality). The coefficient for the lagged dependent variable is positive and significant ($p = 0.002$), indicating that past ICD quality positively influences current ICD quality. Board size has a positive and significant effect ($p = 0.007$), suggesting that larger boards are associated with higher ICD quality. Board independence is also positive and significant ($p = 0.001$), confirming that a greater proportion of non-executive directors enhances ICD quality. Gender diversity shows a positive and marginally significant effect ($p = 0.048$), indicating that a higher presence of women on the board may improve ICD quality. Board activity has a marginally significant effect ($p = 0.065$), suggesting that more frequent board meetings might contribute to better ICD quality. Firm performance (ROE) is positively associated with ICD quality ($p = 0.014$), while firm size has a negative significant effect ($p = 0.003$), indicating that larger firms may have lower ICD quality. Firm age, ownership concentration, and industry type do not show significant effects at conventional levels.

Discussion

The findings of this study confirm that specific board characteristics significantly influence the quality of intellectual capital disclosure (ICD). These results can be interpreted through the lens of agency theory, which posits that information asymmetry between ownership and management incurs agency costs (Jensen & Meckling, 1976). Effective disclosure serves as a mechanism to mitigate information asymmetry, thereby reducing these costs (Healy & Palepu, 2001). Crucially, this mitigation is only achievable through the dissemination of high-quality information. The role of the board of directors in monitoring and controlling management activities is thus fundamental to enhancing the quality of disclosed information. This study demonstrates that board size, independence, gender diversity, and activity level are positively associated with higher quality intellectual capital disclosure.

The positive effect of board size on ICD can be attributed to the enhanced monitoring and control capabilities that come with larger boards. Larger boards bring a greater diversity of experiences, perspectives, and skills, which improves their oversight functions. This diverse composition allows for more effective monitoring of management activities, leading to higher quality disclosure of intangible assets. Larger boards can also facilitate better information gathering and representation processes, thereby improving the quality of intellectual capital information in

company reports. Our findings align with previous studies that have shown similar effects of board size on disclosure quality (Frias-Aceituno et al., 2013).

Board independence also positively influences ICD quality. Boards with a higher proportion of non-executive directors tend to have stronger monitoring and control capabilities because these directors are not involved in daily management activities and have no ties to the CEO. This independence allows them to provide unbiased oversight, improving the quality of information collection and representation processes. Additionally, non-executive directors often have a greater orientation towards stakeholder interests, which encourages the disclosure of higher quality information. These findings are consistent with prior research indicating the positive impact of board independence on disclosure quality (Vitolla et al., 2020).

Gender diversity on the board is another factor that enhances ICD quality. The presence of women on the board contributes to a more diverse range of educational backgrounds, professional experiences, skills, and communication styles. Women tend to participate more actively in board meetings, which improves the board's overall effectiveness in monitoring and controlling management activities. Furthermore, women's values, which often emphasize transparency and quality of life, support the dissemination of high-quality intellectual capital information. Our results are in line with studies that have highlighted the benefits of gender diversity for corporate transparency and disclosure quality (Barako & Brown, 2008).

Finally, the activity level of the board plays a significant role in improving ICD quality. Boards that meet more frequently are likely to be more diligent and effective in their oversight functions. Regular meetings ensure that board members stay engaged with the company's operations and are better positioned to monitor and control management activities. This increased diligence leads to higher quality processes for collecting and representing intellectual capital information. Previous research has similarly found that active boards are associated with better disclosure practices (Allegrini & Greco, 2013).

In summary, this study underscores the importance of specific board characteristics in enhancing the quality of intellectual capital disclosure among Jordanian companies. The findings provide valuable insights for policymakers and corporate governance practitioners, highlighting the need to consider board composition and activity levels as critical factors in promoting transparency and effective information disclosure.

Conclusions

The objective of this study was to explore the impact of board characteristics on the quality of intellectual capital disclosure (ICD). Utilizing agency theory as a framework, the study investigated how board size, independence, gender diversity, and activity levels influence ICD quality. Based on a sample of 700 annual reports from large-scale Jordanian companies, the findings reveal that larger boards, a higher proportion of non-executive directors, greater gender diversity, and increased board activity positively affect ICD quality.

This research contributes to the ongoing discourse on ICD in several significant ways. Firstly, it expands the application of agency theory to the context of ICD, an area where this theoretical perspective is not frequently applied. Secondly, by analyzing data from Jordanian companies across multiple years, this study offers insights beyond the typically examined national or sector-specific samples, thereby enriching the existing body of literature. Furthermore, the study provides a deeper understanding of how various board characteristics can enhance organizational transparency and management practices, leading to higher quality disclosure of intellectual capital.

The results underscore the importance of certain board attributes in fostering corporate transparency. Larger boards enhance the monitoring and control functions, thereby improving the quality of ICD. This finding is consistent with the notion that a diverse range of experiences and perspectives can bolster the board's oversight capabilities. The presence of non-executive directors is crucial as well, given their independence from management, which enhances their ability to monitor and control management activities effectively. Gender diversity on boards also proves beneficial, as the inclusion of women brings different skills, perspectives, and a propensity for greater transparency, which collectively enhance ICD quality.

Board activity, measured by the frequency of board meetings, emerged as a critical factor. More frequent meetings indicate a more engaged and diligent board, which translates into better oversight and higher quality disclosure of intellectual capital. This highlights the need for companies to ensure that their boards are not only diverse and independent but also active in their oversight roles.

The implications of these findings are significant for both corporate governance bodies and policymakers. For corporate executives, the study suggests forming

boards with a balanced mix of skills, independence, and diversity to promote better transparency and disclosure practices. Specifically, companies should consider increasing the size of their boards, incorporating more non-executive directors, and ensuring gender diversity. Additionally, maintaining a high level of board activity through regular meetings is essential to sustain effective oversight and high-quality ICD.

For policymakers, the study highlights the importance of regulations that encourage the inclusion of non-executive directors and women on corporate boards. Such regulations can enhance corporate transparency and improve the quality of disclosed information, facilitating better decision-making for investors. Encouraging frequent board meetings can further strengthen these oversight functions, leading to more transparent and accountable corporate governance.

This study acknowledges certain limitations, such as the use of a single-country sample and the constraints of the chosen estimation method. Future research could address these limitations by expanding the sample size, incorporating multiple countries to examine cross-cultural differences in corporate governance, and exploring additional board characteristics such as age, educational background, and international diversity. Further studies could also investigate the influence of CEO characteristics and ownership structure on ICD quality.

In conclusion, the study provides robust evidence that specific board characteristics significantly enhance the quality of intellectual capital disclosure. These insights offer valuable guidance for corporate governance practices and policymaking, aiming to foster greater transparency and accountability in the corporate sector.

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