

The Impact of CEO Power on the Cost of Equity Capital of Jordanian Service Companies: The Mediating role of Integrated Reporting Quality and the Moderating Role of Board Gender Diversity

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Abstract

This study aimed to demonstrate the impact of CEO power on the cost of equity capital in Jordanian service companies: The mediating role of integrated reporting quality and the moderating role of board gender diversity. The researcher relied on a descriptive-analytical approach to achieve her objectives. The researcher collected data through the disclosures and annual financial reports of service companies listed on the Amman Stock Exchange between 2013 and 2022, as the number of companies in the study community reached 49. The results of the study showed that the power of the CEO, represented by the duality of the position of the CEO, his term of office, and the total of his incentives, has a positive moral impact on the cost of equity capital for service companies listed on the Amman Stock Exchange. The study's results also showed a negative impact on the quality of integrated reports for service companies listed on the Amman Stock Exchange for the term of the CEO and the cost of equity capital. Moreover, the results of this study showed a significant mediating effect of the quality of integrated reports on the relationship between the power of the CEO (represented by the duality of the CEO position, his term of office, and the total of his incentives) and the cost of equity capital for service companies listed on the Amman Stock Exchange. The results also showed that gender diversity on the board of directors as a moderating variable negatively affected the CEO's power for service companies listed on the Amman Stock Exchange. Accordingly, the study recommended the need to find mechanisms capable of limiting the power of the CEO in Jordanian service companies to reduce the cost of equity capital and improve the quality of integrated reports disclosed by these companies.

Keywords: CEO power, cost of equity capital, quality of integrated reports, gender diversity, and Jordanian service companies.