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Analyzing the Influence of Board Characteristics on Corporate Disclosure Practices: Insights from Listed Companies in Palestine

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ABSTRACT: The objective of this research is to investigate how board characteristics impact the disclosure practices of corporations. The study applies it to listed companies in Palestine for the year 2023. The findings reveal a positive and significant correlation between corporate disclosure practices and specific board characteristics, such as board size, the presence of a governance committee, board insider representation, and the separation of CEO and Chairman of the Board (COB-duality). Furthermore, the study shows that the implementation of internal control governance mechanisms is associated with the highest level of corporate disclosure practices. In summary, the research highlights the influence of board composition and governance mechanisms on the transparency and extent of disclosures made by Palestinian listed companies.

KEYWORDS: Corporate disclosure Practices, Board Characteristics, Corporate Governance, Developing Countries, Board of Directors

1. INTRODUCTION

Corporate disclosures are closely tied to corporate governance practices as outlined by the OECD (2004). The board of directors plays a crucial role in determining the strategies and extent of disclosures, as noted by Luo et al. (2012). The relationship between corporate governance, disclosure practices, and firm characteristics has garnered significant attention due to the need for reliable information to make informed decisions and mitigate agency problems (Milgrom, 1981; Grossman and Hart, 1980). The occurrence of financial scandals has led to an increased focus on disclosure practices in companies as a means to enhance and restore confidence in financial markets. Improved and expanded information disclosure helps reduce information asymmetries between principals and agents (Bansal et al., 2018) and is typically associated with better performance and increased information transparency (Garcia-Sanchez and Martinez-Ferrero, 2018).

Developing countries often emulate practices from developed countries due to global social demands and the desire to avoid similar financial scandals. Companies in developing countries aim to enter new markets, necessitating the adoption of governance strategies. Disclosure practices can attract new investors and enhance a company's reputation within the communities they operate in. The reliability of disclosed information also fosters better relationships between companies and stakeholders, while compliance with stock market regulations is a legal requirement.

The origins of corporate governance have led to calls for greater disclosure from companies worldwide. Voluntary disclosures and governance practices in the current environment may be seen as a means of legitimization amidst increasing community and political pressures, particularly in the absence of regulations (Rankin et al., 2009). Effective corporate governance extends beyond mere rules and regulations (Wieland, 2005). Developed countries tend to have higher levels of disclosure compared to developing countries, possibly due to weaker legal systems, lower economic development, or a lack of widespread understanding of corporate governance concepts. Increased disclosure may stem from investor demands for governance systems to mitigate moral hazard issues (Bushman et al., 2004), reduce information asymmetries (Bansal et al., 2018), or serve as an indicator of better performance (Garcia-Sanchez and Martinez-Ferrero, 2018). The lack of financial disclosure was a major contributing factor to uncertainty in financial reports, drawing the attention of public administrators and managers worldwide (Chen, 2012). However, there has been limited scholarly focus on improving disclosure in business and financial information in developing countries. Scholars recognize the significance of transparency in preventing financial crises (Khademian, 2009) and building confidence in financial markets and highlight the potential of leveraging information and communication technologies to enhance disclosure (Bertot et al., 2010). Disclosure practices hold value and aid investors and stakeholders in decision-making, highlighting the importance of information confidence.

In this study, we aim to analyze this issue specifically in developing countries, with a focus on Palestine. Palestine is a newly established state with a fragile legal structure and a history of prolonged occupation and conflict. In situations where the legal system is weak, alternative control mechanisms are sought by society and businesses to protect the rights of shareholders and consumers.

The objectives of this study are twofold. Firstly, we seek to examine the level of corporate governance and disclosure practices among listed companies on the Palestine Exchange (PEX). The findings of this research will be crucial for institutions responsible for establishing regulations and codes of good governance in Palestine, as they can identify weaknesses in information disclosure and promote rules and internal control mechanisms to enhance corporate governance and disclosure practices. To achieve this, we have developed a Corporate Governance and Disclosure Practices index that measures the extent of corporate disclosure, tailored for developing countries. Secondly, we aim to investigate the impact of board characteristics on corporate governance and disclosure practices.

The remaining sections of this paper are organized as follows

2. LITERATURE REVIEW

The provision of accounting information serves the purpose of aiding management decision-making and providing stakeholders with the necessary information to evaluate the company's performance. This entails the disclosure of both financial and non-financial information, including strategic plans. This study focuses on two types of disclosure: mandatory disclosure and voluntary disclosure, based on the principles outlined by the OECD. Financial disclosure aims to provide stakeholders with relevant and reliable information that enables them to make informed economic decisions. It requires financial statements to meet qualitative criteria, such as being unbiased, easily understandable and comparable, comprehensive, and timely (Gray, 1992). On the other hand, voluntary disclosure refers to information choices made by company management to assist stakeholders in decision-making, typically included in the annual report (Eng and Mak, 2003; Cheng and Courtenay, 2006). Voluntary disclosure measures the extent and level of non-mandatory information (Eng and Mak, 2003).

There are various methods of providing voluntary disclosure to stakeholders, including traditional approaches such as annual reports, mid-year reports, quarterly reports, sustainability reports, footnotes, and shareholders' meetings. Newer methods have emerged, such as interviews, audio-visual media, newspapers, magazines, and internet websites. The internet, in particular, has become a significant medium for voluntary disclosure due to its real-time accessibility, low cost, and ability to present financial and non-financial information. Online, real-time information is expected to replace the current practice of historical financial statements, providing stakeholders with up-to-date corporate reporting (Bonsón and Escobar, 2002).

Board characteristics play a crucial role in ensuring the quality of disclosed accounting information through institutional arrangements. Corporate governance enhances internal control within companies, reducing opportunistic behavior and mitigating information asymmetry (Milgrom, 1981; Grossman and Hart, 1980), thereby positively influencing the quality of disclosed information. Differences in corporate governance structures can arise from cultural and legal variations among countries worldwide, leading to different criteria for information disclosure, lower levels of disclosure, and weaker control systems (Gandini et al., 2009). Consequently, this can result in a lack of confidence in the exchange of information between the company and stakeholders. Effective corporate governance is expected to enhance the efficiency and effectiveness of corporate disclosure (Wise and Ali, 2009), while reliable and comprehensive information disclosure can contribute to the continuous improvement of corporate governance (Li et al., 2008; Barakat et al., 2015, 2020).

3. DESCRIPTION OF VARIABLES AND HYPOTHESES

In this research, we establish hypotheses regarding the correlation between board characteristics and corporate disclosure practices. Specifically, we investigate the influence of board size, the presence of a governance board committee, the existence of an audit committee, board independence, board insider representation, and CEO-Chairman duality on the adoption of strategies such as corporate governance and disclosure practices. We posit that certain board characteristics can serve as catalysts for the implementation of these strategies.

3.1. Board size

Board size refers to the number of directors serving on a company's board (Zahra and Pearce, 1989). The board of directors plays a crucial role in decision-making, advisory functions, and monitoring activities. A larger board size enhances diversity in board composition, allowing for a broader range of skills and perspectives to be represented. Additionally, a larger board can allocate responsibilities more effectively and may represent the interests of different stakeholders or shareholders. With a greater number of experienced directors, larger boards have the potential to promote new strategies, assume distinct roles, and demand more information (Xie et al., 2001). Research suggests that board size is positively associated with the strategic planning process and possibly with the disclosure of information (Pearce and Zahra, 1992). Moreover, larger

boards have been found to disclose a greater amount of strategic information on their websites (Sánchez et al., 2011). Some empirical studies have also indicated a positive relationship between board size and corporate disclosure (Gandía, 2008; Kent and Steward, 2008).

In our view, the increased effectiveness and the desire to attract new investors may drive a greater inclination towards information disclosure. Due to the absence of appropriate control mechanisms, boards are under pressure to enhance disclosure to both shareholders and stakeholders and to provide key insights from their internal deliberations. We anticipate a positive relationship between board size and corporate disclosure, as larger boards are likely to possess more expertise and generate novel ideas. Therefore, we have formulated the following hypothesis:

H1: There is a positive relationship between board size and corporate disclosures

3.2. Board committees (governance and audit)

In recent times, several companies in Palestine have established governance committees with the aim of ensuring that the board effectively carries out its legal, ethical, and functional responsibilities by developing appropriate governance policies. The impact of this variable on corporate transparency is a relatively new area of investigation in the literature. It is widely recognized that good corporate governance practices contribute to corporate disclosure (Wise and Ali, 2009). Furthermore, the presence of board committees has been associated with enhanced corporate disclosure (Forker, 1992; Davis, 2001). Specifically, the audit committee serves as an effective monitoring mechanism to improve the quality of corporate disclosure (Forker, 1992). The establishment of board committees is expected to have a significant influence on corporate disclosure. The audit committee, in particular, plays a crucial role in overseeing the financial reporting process and ensuring the impartiality of external audits (Uzun et al., 2004). Empirical studies have demonstrated a positive relationship between board committees and the extent of corporate disclosure (O'Sullivan et al., 2008; Kelton and Yang, 2008). In our study, we propose to examine the impact of the audit committee and governance committee on corporate disclosure, as these committees are the most closely related to the practice of disclosing corporate information. We anticipate a similar positive relationship between both the audit committee and the governance committee with corporate disclosure.

H_2: There is a positive relationship between board audit committee and Corporate disclosure.

H_3: There is a positive relationship between board governance committee and Corporate disclosure.

3.3 Board independence, COB-CEO duality and board insiders

Independent directors are professional managers who do not participate in the day-to-day operations of the company as full-time employees (Cheng and Courtenay, 2006). Due to their lack of internal information and their need for transparent financial reporting, independent directors rely on effective corporate disclosure practices to make informed decisions. The idea that the proportion of independent directors can influence corporate disclosure is well-established in the literature on financial reporting (Armstrong et al., 2013). Independent directors are highly valued by companies because of their experience and impartiality (Patelli and Prencipe, 2007). Their presence can demand increased efforts in disclosure, thereby enhancing the level of transparency. The inclusion of a higher number of independent directors on boards leads to more effective board monitoring and greater levels of corporate disclosure (Gul and Leung, 2004). In developing countries, several studies have found a positive relationship between the proportion of independent directors and voluntary disclosure levels (Cheng and Courtenay, 2006; Akhtaruddin et al., 2009). However, other studies have shown no significant association (Ho and Wong, 2001; Haniffa and Cooke, 2002). In Palestine, we expect that board independence does not significantly impact the level of corporate disclosure due to the limited number of independent members on boards in these countries.

Boards and managers play essential roles in reviewing and guiding corporate strategy, monitoring performance, setting objectives, and managing risk (OECD, 2004). As owners frequently hold equity in the company, their participation at various levels of governance enables them to protect their interests and control opportunistic behavior. The participation of owners in the board and management can enhance performance by mitigating opportunistic risks (Lopez-Perez et al., 2013). These agents have a direct financial stake in the company, so their decisions are influenced by the impact on their own wealth (Argente-Linares et al., 2013). Insiders typically have access to internal information and may not have a strong incentive to increase information disclosure. Stakeholders rely on boards to monitor and control corporate insiders and managers (John and Wenbet, 1998), although this can be challenging when insiders hold significant power. We anticipate that the presence of insiders will have a negative effect on corporate disclosure.

COB-CEO duality occurs when the same individual serves as both the Chief Executive Officer (CEO) and Chairman of the Board in a company. This situation can limit board independence and compromise its effectiveness as a governance mechanism (Adams et al., 2005). When the CEO also chairs board meetings and controls internal

information, the board's ability to assess and control information disclosure may be constrained (Argente-Linares et al., 2013). This concentration of power may harm corporate disclosure and lead to the release of low-quality information (Simon and Wong, 2001). Some studies have found that COB-CEO duality is associated with lower voluntary disclosures (Forker, 1992), while others have found no significant association (Cheng and Courtenay, 2006; Barako et al., 2006). In Palestine, we expect that COB-CEO duality could have detrimental effects on companies, influencing the level and quality of corporate disclosure (Gandía, 2008; Simon and Wong, 2001). Therefore, we propose a negative relationship between COB-CEO duality and corporate disclosure.

Based on the above, we present the following hypotheses.

H_4: The percentage of independent directors has no effect on corporate disclosure.
H_5: The board insiders have a negative effect on corporate disclosure.
H_6: There is a negative relationship between COB-CEO duality and Corporate disclosure.

Previous research has identified various factors that influence corporate disclosure. To account for these effects, control variables are commonly introduced in studies to control for performance (profitability), company size (number of employees), and industry sector. Firstly, performance can impact corporate disclosure practices. A company that achieves favorable results is more likely to meet stakeholders' information demands. The prevailing theories on disclosure generally suggest a positive relationship between profitability and corporate disclosure (Sánchez et al., 2011). However, some studies have failed to find a significant association between voluntary disclosure and profitability (Sánchez et al., 2011; Akhtaruddin, 2005).

Secondly, company size can also influence corporate disclosure. Typically, larger companies provide more extensive data and information compared to smaller ones (Sembiring, 2005). The competitive cost advantage of larger firms may lead them to disclose a greater amount of information than smaller firms (Ho and Wong, 2001). Previous findings have consistently demonstrated the impact of firm size on corporate disclosure (Cooke, 1989; Akhtaruddin, 2005).

Lastly, industry is another variable used to explain the extent of corporate disclosure. Companies within the same industry tend to adopt similar disclosure practices (Ho and Taylor, 2007). A study conducted on Jordanian companies found a significant relationship between the manufacturing industry and corporate disclosure (Abu-Baker and Naser, 2000). The existing literature supports the notion that industry groups can influence corporate disclosure. Thus, we have included industry as a control variable in our study.

4. METHODOLOGY

4.1. Sample and data collection

We selected a sample of 48 companies listed on the Palestine Exchange (PEX) for our study. The data collected pertains to the year 2023 and was gathered from various sources including annual reports, company websites, and the stock exchange website. The companies in our sample operate across five distinct industrial sectors, namely banking, industry, insurance, construction, and services. The table below provides an overview of these sectors and the respective companies within them.

Table 1. Summary of companies listed in Palestine

Sectors	Palestine	
	No	**%**
Banking	6	12.5%
Industry	14	29%
Insurance	7	14.7%
Construction	9	18.8%
Service	12	25%
Total	**48**	**100%**

4.2. Corporate Disclosure Practices index

We developed a Corporate Disclosure Practices index to assess the quality of disclosure practices among listed companies in Palestine. This index was constructed based on the OECD principles (2004), which provide best practice recommendations in areas such as shareholder rights, stakeholder involvement, transparency, and board responsibilities. To gather the necessary information, we conducted a content analysis of annual reports, company websites, and the stock exchange website. Content analysis is a commonly used technique to examine the information disclosed by companies (Ortiz and Clavel, 2006).

The Corporate Disclosure Practices index consists of four main categories and five sub-categories, totalling 50 items. These items encompass both financial and non-financial information, including both mandatory and voluntary disclosures related to transparency.

In measuring the Corporate Disclosure Practices index, we had to decide between a weighted and weighted approach (Cooke, 1989). The weighted approach assigns different weights to each item based on their relative importance to information users. However, this often involves arbitrary weighting by researchers (Inchausti, 1997). The unweighted approach, on the other hand, considers all items to be equally important. This approach is appropriate when all users of the information are considered to have equal

importance (Cooke, 1989; Akhtaruddin et al, 2009). For our study, we adopted the unweighted approach. We used a binary variable to indicate the presence or absence of disclosed information for each item, with a value of 1 representing disclosure and 0 indicating non-disclosure (Cooke, 1989).

4.3. Model and Variables

To evaluate the level of Corporate Disclosure Practices, we examined the factors included in the previously defined index by gathering information from annual reports and the internet. In order to test our hypotheses, we conducted a regression analysis using the following model:

CD.Index = β0 + β1Board Size + β2Board Audit Committee + β3Board Governance Committee + β4Board Independence + β5Board Insider + β6COB-CEO + β7Profitability + B8Size + β9Age + β10Industry

The variables utilized in the model are as follows:

- Corporate Disclosure index (CD.Index): This represents the level of Corporate Disclosure and is classified into four main categories and five sub-categories, comprising a total of 50 items.
- Board Size: This variable measures the size of the board in terms of the number of board members.
- Board Audit Committee: A dichotomous variable that takes the value 1 if the company has a board audit committee, and 0 otherwise.
- Board Governance Committee: Similar to the Board Audit Committee, this is a dichotomous variable that indicates the presence (1) or absence (0) of a board governance committee.
- Board Independence: This variable assesses the proportion of independent directors on the board. It is calculated as the ratio of independent directors to the total number of directors.
- Board Insider: A binary variable that takes the value 1 if board members or managers have an ownership stake in the company, and 0 otherwise.
- COB-CEO Duality (COB-CEO): This dichotomous variable takes the value 1 if the CEO also serves as the chairman of the board, and 0 if the positions are held by different individuals.
- Profitability: Measured by the return on assets, this variable indicates the profitability of the company.
- Size: The size of the firm, quantified by the number of employees in 2023.
- Industry: The industry sector in which the company operates. The variable is divided into five principal sectors, with values ranging from 1 to 5 (banking = 1; insurance = 2; service = 3; industry = 4; construction = 5).

In our analysis, we employed this regression model to examine the relationships between these variables and the level of Corporate Disclosure Practices.

5. RESULTS AND DISCUSSION

Table 2 displays the average level of corporate disclosure among Palestine firms, categorized into four aspects. The data pertains to the corporate disclosure index in 2023. On average, Palestine listed companies exhibit a corporate disclosure level of 73%.

Table 2. Summary of average *corporate disclosure. Index*

		Palestine
		% of disclosure
Corporate disclosure. Index		**73%**
1	**Disclosure & Transparency**	84%
1.1	**Quality of the annual reports**	88%
1.2	**Channels of access to information**	87%
1.3	**Disclosing up-to-date information on website**	70%
2	**Responsibilities of the board**	60%
2.1	**Role in corporate governance**	69%
2.2	**Role in control**	47%
3	**Rights of shareholders**	66%
4	**The role of stakeholders in Corporate Governance**	68%

The analysis of the information reveals that the most commonly disclosed theme among Palestine firms is the quality of annual reports, with a disclosure rate of 88%. One possible explanation for this is the regulatory requirement for disclosure in the stock exchange, which drives companies to prioritize the disclosure of information. The items related to financial performance, including high-quality accounting standards and financial statements such as the Statement of Financial Position, Income Statement, and Cash Flows, are of utmost importance and frequently disclosed by companies

. In developing countries, attracting new investors is a primary concern, prompting firms to justify their policies and gain credibility with stakeholders. Annual reports and the internet are commonly used as tools for information disclosure.

The second commonly disclosed theme revolves around the channels of access to information. Annual reports, regarded as official documents, serve as a vital channel for companies to deliver information, with a disclosure rate of 100%. Additionally, companies extensively utilize websites to disclose information, leveraging the internet as a real-time and accessible source for stakeholders.

The final commonly discussed theme pertains to the responsibilities of the board, particularly in corporate governance and control. Key board responsibilities for companies include reviewing financial reports, formulating corporate strategies, developing major plans of action, defining risk policies, and ensuring the presence of a corporate vision/mission. However, the audit committee report in the annual report is of relatively less importance, with a disclosure rate of 0%. This could be attributed to the limited number of independent directors and their insignificant role in supporting boards, enhancing corporate disclosure, promoting competency and creativity, or advocating for transparency policies.

Table 3. Descriptive statistics of the variables and correlation

	Mean	S.D	1	2	3	4	5	6	7	8	9	10
1.CD.Index	39.55	6.25	1									
2.Board size	9.30	1.96	**0.583****	1								
3. Board audit committee	0.73	0.45	**0.211***	**0.166***	1							
4. Board governance committee	0.69	0.46	**0.714****	**0.357****	0.097	1						
5. Board independence	0.08	0.12	0.115	0.194*	-0.012	0.074	1					
6. Board insider	0.75	0.44	**0.735****	**0.415****	0.084	**0.638****	0.069	1				
7. COB-CEO	0.25	0.44	-0.030	**-0.164***	**-0.229****	-0.035	-0.075	-0.111	1			
8.Profitability	0.04	0.07	0.064	0.069	**0.147***	0.142	**-0.170***	0.094	0.086	1		
9.Firm size	586.87	945.96	**0.281****	**0.405****	**0.253****	**0.170***	0.140	0.111	-0.114	0.095	1	
10.Industry	2.99	1.55	**-0.501****	**-0.392****	-0.112	**-0.381****	-0.114	**-0.377****	0.128	0.005	-0.118	1

Table 3 presents the descriptive statistics and correlation coefficients between the dependent and independent variables. Looking at the descriptive statistics, we observe that the board size follows a normal distribution, and a significant number of companies have both an audit committee and a governance committee in place. However, there are relatively few independent members on the boards, while the presence of insiders is more prevalent. It is also uncommon for the roles of CEO and chairman to be held by the same person.

Regarding the correlation analysis, most of the correlations align with our expectations. Furthermore, we observe relationships between several explanatory variables. Specifically, the board size is positively correlated with the existence of a board audit committee and a board governance committee. This suggests that larger boards tend to establish governance and audit structures. Additionally, the results indicate that certain variables are related to the control variables. For instance, the presence of committees (governance and audit) and the size of the audit firm are positively correlated with the size of the company and the industry. Larger companies tend to have larger boards and are more likely to have committees. On the other hand, there is a negative relationship between these variables and the industry.

Table 4. Regression between dependent (CTD) and independent variables

Variables	Beta	t
Board size	**.184**	**3.19****
Board audit committee	.073	1.257
Board governance committee	**.290**	**4.75****
Board independence	.054	1.108
Board insider	**.353**	**5.66****
COB-CEO	**.119**	**2.43***
Profitability	-.079	-1.667
Firm size	.017	.324
Industry	**-.149**	**-2.85****
R	0.898	
R Square	0.807	
Adjusted R Square	0.785	

**, * statistically significant at 1% and 5%, respectively.

The regression results in Table 4 reveal a generally positive relationship between the level of corporate disclosure and board characteristics, including board size, governance committee, board insider, and COB-CEO. This finding supports the notion that corporate disclosure practices are influenced by the board (Luo et al., 2012). Specifically, a significant positive association is found between board size and corporate disclosure, indicating that companies with larger boards tend to have a greater interest in disclosing information. This aligns with previous research by Cheng and Courtenay (2004).

However, there is no relationship between the presence of an audit committee on the board and the level of corporate disclosure. Consequently, Hypothesis 2 is not supported. While prior studies have shown a positive association between the presence of an audit committee and voluntary disclosure practices, it appears that in the case of Palestinian companies, the audit committee does not fulfill this role. This may be attributed to the influence of insider members on the board, suggesting that the decision-making regarding disclosure rests with other board members or committees.

In contrast, a significant positive association is observed between the board governance committee and corporate disclosure, supporting Hypothesis 3. This suggests that the governance committee plays a role in promoting transparent and efficient markets, upholding the rule of law, and clearly defining the division of responsibilities among different supervisory and regulatory authorities.

Regarding board independence, no significant relationship is found with corporate disclosure, which is consistent with previous studies (Ho and Wong, 2001; Haniffa and Cooke, 2002). In our sample, the proportion of independent directors is low, and corporate transparency is moderate in Palestine. However, recent research indicates that firms with high corporate disclosure tend to have a higher proportion of independent directors (Armstrong et al., 2013). The focus on transparency is relatively recent in the studied countries, and board diversity is limited.

Furthermore, a positive and significant association is found between board insiders and corporate disclosure, contradicting Hypothesis 5. When board members and managers have ownership stakes, they may be less inclined to disclose information. However, it is possible that the board and managers promote disclosure to legitimize their activities, increase stock prices, or attract new investors. It should be noted that we did not differentiate between board owners and manager owners. If board members predominantly represent ownership interests, disclosure could be seen as a strategy to meet the demands of various stakeholders and gain their trust or attract investors.

The COB-CEO duality is found to have a relationship with corporate disclosure, contrary to Hypothesis 6. This finding contradicts prior studies by Ho and Wong (2001) and Barako et al. (2006). Overall, our results suggest that COB-CEO positions influence corporate disclosure as individuals in these roles may take advantage of information. These findings deviate from the stewardship theory, which suggests that combining the roles of chairman and CEO makes managers more conservative in reporting (Nasr and Ntim, 2018). It is possible that the goal of attracting new investors prompts the board to reduce information asymmetries.

Regarding the control variables, neither profitability nor size show significance in explaining corporate disclosure. These results differ from studies by Khanna et al. (2004) and Gul and Leung (2004). However, a significant negative association is observed between corporate disclosure and industry. Empirical evidence indicates a relationship between industry and online disclosure (Gandía, 2008). The sector in which a company operates affects the level of information disclosed. In our study, banks exhibit distinct behavior in terms of disclosure, as they prioritize governance practices and adhere to the highest professional performance standards, as well as regulatory requirements. This explains their interest in improving the level of corporate disclosure.

6. CONCLUSIONS

The findings confirm that Board Characteristics play a crucial role in shaping how companies address the needs and interests of different stakeholders, particularly through information disclosure in annual reports and on the internet.

In Palestinian listed companies, the level of corporate disclosure stands at 73%. The most commonly disclosed themes include the quality of annual reports, access to information channels, shareholder rights, and the role of stakeholders in corporate governance. Another commonly discussed theme relates to the responsibilities of the board and the role of its members in corporate governance and control.

This study makes a significant contribution by examining the influence of Board Characteristics on Corporate Governance and Disclosure Practices based on the legitimacy theory. We have identified a positive and significant relationship between corporate disclosure and Board Characteristics such as board size, governance committee, board insider, and CEO-COB duality. Larger boards enable the division of functions, establishment of committees, and greater attention to Corporate disclosure practices. The presence of board members and management with ownership shares also impacts Corporate disclosure practices. Surprisingly, there is no statistically significant

association found with the board audit committee, audit firm, and board independence. The absence of a significant relationship between board independence and the level of Corporate disclosure can be explained by the moderate level of disclosure practices in Palestine and the low number of independent board members. Additionally, the criteria for Corporate disclosure practices vary across industries, possibly due to legitimizing goals or industry-specific legal requirements, particularly in industries such as banking.

It is important to acknowledge that this study has limitations. It focuses on a single year of annual reports and internet data, and further research is needed to examine disclosure trends and improvements over time. Additionally, this study is confined to the context of Palestine, and future studies should consider comparing its findings with corporate transparency practices in other countries.

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