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The Impact of Board Leadership Structure on the Credibility of Financial Reporting in the Emerging Market: Triangulation Approach

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Abstract:

The study draws on a triangulation approach to elevate the association between Chief Executive Officer (CEO) duality and creditability of financial reporting, using the proxies of discretionary accruals. As there have been ongoing debates and conflicts on whether CEO duality eliminates or increases opportunistic earnings manipulations.

Design/ Methodology/Approach:

The research focused on 78 Egyptian listed companies including 780 observations from (2008 to 2017) after eliminating firms with inadequate data, Banks and Financial Institutions, and Insurance Companies.¹ The paper employs the Feasible Least Square and System Generalized Method of the moment to test the association between CEO duality and non-duality in the opportunistic behavior of managers.

Findings:

Empirical findings on the association between CEO leadership and earnings manipulations are inconclusive. Dependable on the agency theory, we reveal that dual leadership increases the opportunistic earning manipulations based on the kaznik model. While dual or unitary leadership has no impact on the adaptable performance of management based on the other models.

Research/ Implication:

To my knowledge, this is the first investigation to scrutinize the role of dual CEO leadership in earning quality using different models with more advanced statistical techniques. The methods take into consideration the endogeneity, heteroscedastic issue, and simultaneity. Also, it is important to explicitly consider the institutional and legal setting of countries while examining Corporate Governance (CG) mechanisms on earnings quality as the practice and implementation of some CG mechanisms differ from one country to another.

Keywords: CEO duality, Triangulation approach, opportunistic behavior of managers, Feasible Generalized Least Square, Egyptian context.

¹ The Data are obtained from annual reports of Egyptian Companies, Egyptian Disclosure Books, and Egyptian Financial Statements.

1. Introduction

Recently, the world suffer from financial scandals and failures, such as Enron in 2001, WorldCom in 2002, Parmalat in Europe, and Health International Holding (HIH) in Australia. These scandals are due to problems of asymmetric information, divergent interests between the firm's stakeholders², the weakness of the firm's control system, and failure to execute effective CG practices. As well as, it is the root of managers' opportunism. Due to such stakes and challenges, managers apply fraudulent practices by manipulating the firm's accounting figures (either inflating their profits or hiding their losses and debts).

This strategy is known as "cosmetic accounting", accounting manipulation, or Earnings Management (EM). Therefore, the implementation of specific mechanisms to ensure more credibility and clarity of accounting information, alignment of interests between stakeholders, protection of shareholders' and investors' interests, and auditor independence have been recommended (Zalata, Tauringana, and Tingbani, 2018). Additionally, in developing or even developed countries, regulators are committed to enhancing the efficiency and reliability of financial reports (Raafat, 2018). Agreeing with Samaha, Dahawy, Hussainey, and Stapleton (2012) and Hassouna (2014), in developing and even developed countries, governance reforms have a substantial influence due to legislative and structural vicissitudes in both experiences of historical, political, and economic.

Despite this, the differing results on the efficiency of CG in reducing adaptable behavior range from the sample size, statistical analysis, and period to the country examined. In addition, not all aspects of governance were included in the consideration of previous studies, these studies also did not look at the effect of these features at one time on the quality of financial reports in a different pattern. It was agreed that there is a clear dearth of empirical evidence in both developing and emerging economies. Despite this, many of these studies focused on studying the impact of internal corporate governance on voluntary disclosure. In developed countries, so-called emergency management was conducted.

2. Research Problem

It has recently become clear that from the perspective of economic and social well-being, corporate governance has very wide and vital effects, due to its interest in enhancing accountability and transparency in terms of the fair distribution of rights between contributions, companies, and society (Dahawy, 2008; Samaha et al., 2012). Both evolving and developed organizations do not have effective organization codes or rules of good governance. Developing countries are eagerly seeking to adopt legal systems that already exist in developed countries, as well as a governance framework. There are examples of this, like the system of Anglo-American. This is because of its international demands as well as internally driven reforms. Because of many factors, the CG mechanism that exists in some

² The firm stakeholders (managers, shareholders, and investors).

recognized funding in any of the emerging (EM) markets. (Young et al., 2008; Hassouna, 2014).

The constraints facing CG concluded as 1) absence of external discipline in the corporate (CS) sector, (2) excessive (EGI) governmental interference, (3) exceedingly high ownership (HOC) concentration, (4) The extreme weakness of the regulatory framework as well as the legal systems (5) Lack of experience in preparing financial reports, (6) Lack of availability of security factors for investors, and (7) The stability of the relative development of capital, which limits the efficiency of the corporate governance mechanisms used which advised in Hashim Devi (2012); Samaha et al. (2012) and Kenawy and Abd-Elgany (2013); Furthermore, several kinds of literature argued that developing countries faced difficulties in implementing CG due to different characteristics between them and developed countries as well as CG problems concerning the capital market (Omran, Bolbol and Fatheldn, 2008; Hasouna, 2014; Amer, 2016).

3. Research Contribution

The present/current nearest available articles assured that not ideal for a model that can calculate the magnitude of EM. To discover profit manipulation, it is not possible to rely on only one model (Kothari et al., 2005; Habash, 2010, Douakis, 2014;. ElKala, 2017). Therefore, In terms of using more than one model, this is considered more effective to verify the discovery of manipulation and the size of profits (Peasnell et al. 2000; Charfeddine et al. 2013. According to EM practices, which vary according to the quality of the models and bias that can upset the approximation. So, this research considered the use of more models in the EMs works which is the adapted Jones-model (Dechow et al, 1996), the Kasznik Model (1999), the enactment coordinated DAs-model (Kothari et al. 2005) and the Raman and Shahur model (2008) the current investigation procedures are the three recently presented models as well as a modified Jones-model to check the robustness.

4. Literature Review and Hypotheses Development

When an individual occupies two high-ranking positions, then the so-called double CEO occurs (Jensen and Meckling (1976). The position that requires full time and also bears great responsibility for supervising the operations that are carried daily basis for the company and developing the company's strategies is called the position of the executive president. In contrast, the position that requires part-time to ensure the work of the Board of Directors is called the position of Chairman of the Board of Directors of the company, and it is entrusted with working on evaluating and appointing executive managers as well as dismissing them due to their weakness. Among its tasks is also designing the Board of Directors and evaluating contracts for compensation (Weir and Laing, 2001). To reconcile the interests of the CEOs as well as the interests of the shareholders, the board of directors acts as an oversight body and also in order to meet the organizational needs.

As for the study of the effect of duplication of work on performance, scholars paid attention to these studies, and some also separated the separation between the two jobs. For example, some scholars such as Cadbury and Hampel recommended non-duplication to be more effective in decision-making, provide actual opinions for companies' plans and offers, strengthen control functions, support the interests of competitors, and finally evaluate systems (Adebayo et al. 2013; Butt and Hasan, 2009; Samaha et al., 2012;). All proposed

codes³ of CG recommend CEO non-duality while, other studies favored CEO duality because it also provides authority to the executive managers as well as a unified decision in planning and controlling organizational affairs to improve the performance of the company promptly and also in a manner that he finds appropriate (Akabr, 2015).

As for the separation of powers, there are two contradictory points of view based on the theory of agency and oversight between the chief executive and the executive director (Abdul Rahman and Haniffa 2005). On one hand, Agency Theory advocates the idea of CEO non-duality. Some believe that this separation could lead to the prevention of moving forward in pursuing strategies that may strengthen the interest of the company. Accordingly, it can improve the support of the interests of competitors as well as the functions of monitoring and finally the evaluation of the effective systems of the company (Samaha et al., 2012; Adebayo et al., 2013). Besides, to ensure the efficiency of the tasks that the board of managers is supposed to perform over management, this separation is vital and effective to ensure that this is done.

There are five points added for the disadvantages of duplication. Many researchers and investigators have added to the disadvantages of the CEO's duality that it allows executives more power for their benefit, even if this leads to harm to the interests of stakeholders. These are the first points. As for the second of these points, the duplication makes the performance of responsibilities and duties for the heads very difficult. The third is that it is likely that the president will issue scandalous decisions in the interests of the administration. Fourth, nepotism may interfere by encouraging friends of CEOs in the nomination processes for certain positions, and thus the nomination processes for members of the Board of Directors will be disrupted. Finally, it is difficult to evaluate the effectiveness of people for their performance in the company. Generally, as Alchian and Demsetz (1972, p.782) itemized, "*Who monitors the monitor?*" And finally, there may be additional rewards for the CEO himself with higher levels of incentives, which are based on his performance in the company. Where dual leadership negatively affects decision-making in terms of the flow of information to shareholders in the development of corporate strategy (Uwuigbe, et al., 2014; Samaha et al., 2012). As a result, CEOs get profits with opportunistic behaviour. For example, profit manipulation is the tendency of most companies with two CEOs, using what is called transfer pricing decisions, due to the inability of the board of directors to curb manipulation of transfer pricing. (Lo, Wong, Firth, 2010).

What affects the quality of disclosure in most developing countries is weak legal protection and the dominance of ownership control. Consequently, Nosheen and Chonglertham (2013) studied in Pakistan the effect of controlling the use of governance on the quality of disclosure. They found that the increase in agency costs and information asymmetry is due to an inverse correlation between the quality of disclosure and the existence of the so-called CEO duplication. This came in contrast to the knowledge that the so-called concentration of ownership leads to public confidence, which positively affects the quality of disclosure, especially in cases of weak regulatory systems. In the case of linking the concentration of ownership with the duplicity of the CEO, the study found that it hurts the quality of disclosure and the fallacy of information that reaches investors, and all of these results were found to match what was stipulated in the agency theory. Furthermore, Sarkar, Sarkar, and Sen, (2008) establish a direct correlation between the size of the board of directors and the absolute DAs and duplicity of the CEO for 500 companies has Indian

³ All CG codes excepting Codes of American and German and do not discourse the duality-issue

nationality through 2002-2003. They tried to prove that occupying the position of Chairman of the Board of Directors for the CEO of the company has greater inclinations to increase the company's income and not the other way around, and also Ads are not significantly affected by the so-called independence of the Board of Directors.

Also, [Roodposhti and Chashmi \(2011\)](#) establishes that the board's ability to perform real oversight is greatly reduced in the event of duplication of the chief executive officer's job in Iran. More profit manipulation is created when there is a conflict between the board of directors and the manager in the case of a joint ownership structure, and thus the effectiveness and powers of the board of directors are reduced. Thus, this result confirmed the agency theory and its importance in separating the basic roles in companies to enhance financial performance, as well as consistent with the result of the reports made by [Higgs \(2003\)](#); [Cadbury \(1992\)](#) and in the UK. [Amer and Abdelkarim \(2011\)](#) examined the association among characteristics of CG (directors' independence, the duality of CEO, the board size, and others.) and Palestine DAs of 22 companies through 2009 and 2010. Inconsequential and direct relationship results among duality of CEO and EMS.

On the other side, the stewardship theory depicts the duplicity of the CEO as the main reason for achieving economic goals. Therefore, it endorses unifying the part of the CEO to diminish the cost of agency, and thus work in the company's affairs more effectively and responsibly manner. [\(Davis et al., 1997\)](#). The theory of stewardship directs and encourages CEOs to allocate the largest share of their time, technical and scientific expertise, as well as their resources to enhance business operations and their management according to their vision. The implementation of tasks is enhanced by strengthening the organizational stability of the company's structure, and thus the long-term implementation goals and tasks [\(Kamardin, 2015, Lin, 2011; Salihi \)](#). The board of directors can perform control functions themselves, as duplication of control is not required of them, because they are most interested in developing their products by preserving their reputation and financial capital and thus stabilizing the value of the company.

The resource dependency theory is supportive of the idea that the executive director has absolute power and therefore executives have access to unusual resources easily concluded connections and links with the outside situation. In support of this theory, it leads to dual leadership to save cost in material transfers, processing, and information asymmetry for the non-executive president [\(Al-Matari, Al-Swidi, and Fadzil \(2014\); Akabr, 2015\)](#). An investigation like, [\(Omran et al., 2008\)](#) found that the highest percentage of Tobin Q is found in companies that have duplication in the CEO position and also have the best return on assets because the concept of non-duplication reduces the power possessed by senior management as well as enhances conflict and its potential occurrence between both the management and its board. Therefore, due to the lack of bureaucracy and the lack of consistency in the information that was collected, the administration may be more efficient in the case of CEO duality [\(Akabr, 2015\)](#). This external link helps reduce uncertainty in the company and its decisions.

Further, supports Stewardship Theory and RDT to the idea of duplicating the position of the CEO, because it permits the CEO, with minimal interference from the Board of Directors, to implement the strategic vision. Therefore, the duality of the position is considered an improvement for the company's performance, as it has the strength to coordinate the control and direction of the operations of the company reliably and promptly [\(Habbash, 2010; Amer, 2016\)](#).

The duality and shared command structure can have costs and benefits in the absence of an ideal command structure, according to institutional contingency theory. [Brickley, Coles, and Jarrell \(1997\)](#) stated that according to the circumstances surrounding the countries, the influence of the ownership structure changes. Agreeing with [\(Boyd, 1995, P 304\)](#), the theory of contingency posits that agency and its model of the CEO as opportunism as well as self-aggrandizement and avoidance are as exciting as the stewardship's portrayal of the CEO as the altruistic agent to sacrifice the company's asset.

Previous recent studies found that the relationship between performance and CEO duality depends on the complexity, business environment, and industry ([Al-Shammari, and Al-Sultan, 2010](#); [Alessandro, 2013](#); [Bouaziz, 2014](#)). In cases of dispersed ownership, the research revealed a direct correlation between the duality of performance and the CEO, as well as the scarcity of resources and the complex and conflicting environment like initial (IPO) public offerings, search engine optimization, and insolvency ([Lin, 2011](#)). Many researchers have highlighted that duplication reduces the supposed control over management from the board of directors, and therefore it hurts the company and its performance, and therefore duplication depends mainly on the state of the company, and it can be positive or negative ([Elsayed, 2007](#); [Shukeri, Shin and Shaari, 2012](#)).

According to the vision of organizational behavior, [Boivie et al., \(2011\)](#) stated that the company's performance and the duplication of its CEO are not effectively linked. Among the elements that the researchers found that may affect the association between the company's performance and duality so it is difficult to measure the personality, values, personality characteristics, and beliefs. The Cadbury Commission believes that the so-called double CEO position is not important and unnecessary because it unifies the power in the hands of one person to make decisions in the company ([Cadbury 1992](#)). Agreeing with the SEC Code of CG (2003), it is substantially significant to have a departure of situations of the CEO, and chairman that contributes an abundant chance to deliver necessary instructions and stabilities over the enactment of management. [Yang and Zhao \(2014\)](#), [Merendino \(2014\)](#) and [Isarawornrwanich \(2015\)](#) objected to the principle of unilateral leadership. There are three points relied upon to justify the arguments for the close association. These points are summed up in decision-making, the control system, and the independence of the board of directors.

Many studies mentioned the duality of the CEO as a leadership structure for many advantages such as the decision-making process and cost savings. This may lead to the division of leadership to the occurrence of confusion that harms the company and its performance, and this may have a positive impact on implementation and planning directly and also indirectly on the performance and value of the company ([Omran et al., 2008](#)). Some indication of a preference in the performance of companies in the case of a double CEO over a separate leadership is found. All corporate governance rules are advised to divide responsibility and roles between the CEO and the chairman of the board of directors. ([Samaha et al., 2012](#)).

Despite this, many previous studies advised that any organization should have a system that can monitor and control through a binary system because the merger of more than one role could hurt the company's ability to monitor its management. ([Samaha et al., 2012](#); [Adebayo et al., 2013](#)). Many studies preferred that it is good for any company to discrete the role of the CEO in his eligibility to make decisions and the discipline to follow up the interest of management with the interest of the shareholders of the company, which could have a non-negative influence on the actual value of the company ([Citak, Bayrakdaroglu and Ersoy, 2012](#); [Samaha et al., 2015](#)). Amazingly, the third rivulet of empirical analysis like

(Singhchawla et al., 2011; Abdel-Fattah, 2008; Yasser et al., 2011; and Duztas, 2008) recommended that it is not necessarily the best-performing company associated with the presence or absence of duality of the CEO and also failed to find any conclusive evidence to support the separation of the duties of the Chairman of the Board of Directors and the CEO.

Adebayo et al., (2013) stated that in Nigeria the financial performance is negatively affected by the presence of the duplication of the CEO. The researchers highlighted the main points of the research as if those who perform the functions of the CEO and Chairman of the Board of Directors are one person. Where, there is no oversight and gives the CEO more power to grow his interest at the expense of the company's shareholders. Therefore, this study recommended that these positions should not be duplicated to increase decision-making processes and ensure a balance of power to avoid conflicts of interest. Dissimilar study accompanied in the same country, by Salih and Kamardin (2015); Uwuigbe et al., (2014) and the misconduct in EMS has been focused on by the CG. This study found a positive relationship between emerging market practices and CEO duality. As manipulations in emerging markets are increasing in the case of companies in which there is duplication of the CEO and the decision management functions, thus obstructing their roles in monitoring and controlling decisions.

Despite this, some previous studies assumed that the association between corporate performance and CEO duality could depend on external and internal factors in that company or organization. For example, Al-Shammari and Al-Sultan (2010), Alessandro (2013), and Bouaziz (2014) proposed that as a outcome of the inconsistent results, the potential costs and benefits should be evaluated about the impending costs (inconsistent decisions and information, as well as compensation with an additional complaint for two members of the Board of Directors), i.e. proceeding with the system of separation of management and control (Non-duality).

As a result, there are several factors on which the structure of the leadership board of directors depends, including the size of the board of directors, the business environment, the organizational structure, the decision environment, and the size of the company. In addition, Boyd (1995) found that the improvement in the quality and speed of the company's performance and decision-making processes is due to the conditions of environmental uncertainty in determining the importance of the CEO's duality.

Existent studies like, Al-Shammari, and Al-Sultan (2010; Chugh et al., (2010); Velnampy and Nimalthasan (2013); Akbar (2015); Kao et al., (2019); and Shukeri et al., (2012); and Abdul Rahman and Ali (2006), stated that, as a result of external factors such as political or even economic instability, the duality of the CEO and the company's enactment represents an insignificant correlation. Additionally, Duztas (2008) in a country like Turkey, no evidence has been found to support the claim that a board of directors that has no double CEO position is superior to a department that has a double CEO position created on the performance defined by Tobin's Q and ROA. Further, the idea that Turkey is considered as an evolving country has a difference in trade law, ownership structure, and corporate governance, and therefore its emerging markets cannot be compared to markets in developed countries such as U.S. and U.K.

In the Egyptian study, it is common practice to link the roles of the CEO and the Board of Directors. Samaha et al., (2012) Whereas those who examined the Egyptian Stock (EGX) Exchange stated that 61% of the Egyptian companies (100 companies in 2009) enjoy double occupancy in the CEO position, and a limitation in the sample related to the

manufacturing industry was 55%. Further, [Wahb \(2014\)](#) stated that the CEO and chairman of 63% of the sample do not disturb the roles in a company. According to statistics, in Egypt and the United States, the idea of double CEO in companies is almost identical, for instance, percentage of 62 (62%) in [Boone et al., \(2007\)](#) and percentage of 58.3 (58.3%) in [Linck et al., \(2008\)](#).

The duality of the CEO position in 92 executive companies (among 2000-2004) was investigated by [Elsayed \(2007\)](#) to find out its impact on the performance of companies in nineteen different industrial sectors, using the return to shareholders and the return on assets. The results revealed that there is not always a direct impact on the company's performance in the case of the CEO's duplicity, but it is possible in some cases to be useful in improving performance, and therefore it is a substantial to take into account the industrial action and the assembly of the company because there is no ideal leadership structure to assess the impact of corporate (CG) governance on the financial performance of the company.

The above-mentioned result agrees with [Brickely et al., \(1997\)](#), [Rhoades, Rechner and Sundaramurthy \(2001\)](#). Additionally, [Abdel-Fattah\(2008\)](#) The total disclosure, with its degrees and categories, was studied in the periodic reports of 182 Egyptian companies in the period between 2003 to 2006, and verified its association with CEO-duality. The main outcome of this study is there is a non-paramount relationship among CEO-duality and voluntary (VD) disclosure.

[Samaha et al., \(2012\)](#) establish that according to Egyptian accounting standards, the level of disclosure of mandatory items is relatively high compared to other items, while voluntary disclosure is low, and therefore this indicates that the regulatory framework in Egypt is weak. Also, the institution has a double CEO position, the level of corporate governance disclosure is low and there is a concentration of proprietorship in the hands of block-holders. [Wahba \(2014\)](#) indicated that the negative impact of the company's performance appears when there is a joint leadership structure for more than 50 companies present in the Egyptian Stock (EGX) Exchange. Correspondingly, [Soliman and Ragab \(2013\)](#) found that discretionary dues are positively associated with the duplicity of the CEO of Egyptian companies through 2007-2010 which is an active period. Whereas, [Metwally, Fadaly and Abdelrazak, \(2016\)](#) examined In general, Egyptian companies (2011-2013) revealed that the duplicity of CEOs has an insignificant negative impact on emerging markets. The results they reached support the idea of complying with Egyptian law in the case of the double CEO

[Soliman and Ragab, \(2013\); and Kamal and Elbana \(2012\)](#) indicated that the researches accompanied in Egypt on CG and EM are slight moderately. Previous studies did not reach any consistent results regarding the association between profit manipulation and CEO duplicity. The codes of Egyptian governance (2011-2016) recommended separating roles to ensure that the board of directors will implement its duties very effectually. In the event of non-compliance, this law recommends that the reasons for non-compliance be disclosed in the annual reports on the websites

To sum up, regarding the effect of double CEO on the quality of financial reports, the current empirical analyzes provide mixed evidence, and some results are indicating that companies that play the role of double CEO implement better than those that do not. Instead, many previous works and corporate governance recommended the distribution and division of the roles of the CEO and the Board of Managers among them(, [Roodposhti and Chashmi2011;](#) [Nosheen, and chonglertham 2013;](#) [Adebayo et al., 2013;](#) [Uwuigbe et al., 2014;](#) [Amer and Abdelkarim 2011,](#) [Issarawornrawanich, 2015\).](#)

Whereas third stream of investigations like Yasser, et al., 2011; Singhchawla, et al., 2011; Shukeri, et al., 2012; Nosheen and chonglertham, 2013; kao et al., 2019; Fadzilah, 2017). Thus, the research hypothesis is tested according to the effect of voluntary disclosure, the different characteristics of the CEO, and economic issues to suggest the non-significant association between the CEO's duplicity and the quality of financial reports.

H1: There is a significant and positive relationship among CEO duality and Accrual-based (A-EM) Activity Management.

H1a: There is a significant and positive relationship among CEO duality and A-EM (Modified Jones Model).

H1b: There is a significant and positive relationship among CEO duality and A-EM (Kothari model).

H1c: There is a significant and positive relationship among CEO duality and A-EM (Kasznik Model).

H1d: There is a significant and positive relationship among CEO duality and A-EM (Raman and Shahrur Model).

5. Research methodology

5.1. The Sample of the Study

A sample of some private companies enumerated on the Egyptian Stock (EGX) Exchange was chosen at random, consisting of 226, and therefore the sample included observations from 2008 to 2017, and it consisted of 780 constant-year observations. The Egyptian Stock Exchange and the Egyptian Information Dissemination Authority, as well as the financial market, are considered primary sources for publishing information, which we have collected from the reports of the Board of Directors and the financial statements manually. The data is calculated with a set of control variables and IM agents according to the data collected.

Table 1 Summary of the Study Sample

	Number	Ratio
Number of companies listed in the stock exchange	226	100%
less: Financial, insurance, and investment companies	47	21%
less: Companies that do not have information for at least 3 years	30	13%
less: Industry sectors that do not have homogeneity	5	1%
less: Sectors that do not have at least 7 companies	18	8.00%
less: Missing DataStream information	23	10%
less: Missing corporate governance data	25	11%
Total companies included in the sample after excluding the missing data	78	64%
1-Basic resources sector	7	3%
2-Chemical Sector	7	3%
3 Food and Beverage Sector	20	9%
4-Industrial Goods and services	11	5%
5-personal Household product sector	8	4%
6-Construction and Building Materials	13	6%
7-Real Estate sector	12	6%
Total companies included in the sample	78	36%

5.2. Variables Measurement

In the next section, the variables used in this study, which bear a character of great importance, are explained. Three variables must examine as follows: (1) CEO duality; (2) Accrual earnings management (A-EM); and (3) Control variables.

Dependent Variables

This study sheds light on the activities of IM, which is one of the accrual-based activities. This activity is measured using the DAS agent. Various models ranging from simple models to more sophisticated and complex models are offered to illuminate the growths in dimensions (Elkalla 2017) and then, compute DAs.

The models utilized in this present study are adapted Jones (1995), the Kasznik (1999), and Kothari et al. (2005), and Raman and Shahrur (2008). These models are predictable by the cross-sectional method for all members of the industry with at least seven explanations to authorize appropriate data for parameter approximation (Doukakis, 2014). Conditions can devise the influence of fluctuating economic circumstances at the manufacturing level on overall maturity and allow transactions to be distinguished over time.

First, The Model of modified Jones (Dechow et al., 1995).

Dechow et al. (1995) to get rid of the tendency of the standard Jones model, proposed a modified model in the DAS measurement, with no errors when applying the estimate to revenue estimates, and therefore the modified Jones-model is judged for the accidental that the revenue appreciation is unprotected to manipulation of management (Doukakis, 2014; Algharaballi, 2013). For the non-discretionary application of the total accruals, the modified Jones-model is applied, and accordingly, it is deducted from the total accruals for the DI account, and the model is calculated as follows:

$$(1) \quad NDA = (1/TA_{it-1})\alpha_1 + (\Delta REV_{it} - \Delta REC_{it})\alpha_2/TA_{it-1} + (PPE_{it}/TA_{it-1})\alpha_3$$

Here, ΔREV_{it} , α_1 , α_2 , and α_3 , and ΔREC_{it} are the revenues in year t fewer revenues in year $t-1$; the parameters of firm-specific; the net receivables in year t fewer net receivables in year $t-1$, respectively.

$$(2) \quad DAt = TAt - NDA_t$$

The second, Performance-Adjusted Discretionary Accruals (Kothari et al., 2005)

Dechow et al. (1995) advised that the Jones-model be indefinite, causes to the sample may tend towards companies with additional and intensive performance. This proposal was based on NDES generated by the modified Jones-model and the Jones-model and may be greater or lesser than normal for reported companies with great or small profits. Consequently, the enactment of the mentioned model was predicted by Kothari et al (2005). Institutions are classified, whether at low or high levels, according to a specific model, and this classification is related to the nature of institutions in emerging markets, and they are also those that achieve profits large than anticipated by meaningful their enactment taken from interest on assets from ROA.

Kothari et al., (2005) recommended utilizing each of the present year's ROA or the previous year's ROA in the enactment equivalent model. The present paper usages the ROA

in the prior year to evaluate DAs. Alike stages are disturbed as steps, firstly, it initiates with the coefficients assessment α_1 , β_1 , β_2 , β_3 for all manufacturing in years via regression of OLS to ask out the non-DAs (Waweru and Prot, 2018; and Habbash et al. 2013). The model is constructed as the following:

$$(3) \quad TAC_{it}/TA_{it-1} = \alpha_1(1/TA_{it-1}) + \beta_1(\Delta REV_{it}/TA_{it-1}) + \beta_2(PPE_{it}/TA_{it-1}) + \beta_3ROA_{it} + \varepsilon_{it}$$

Where;

TAC_{ijt} : Total accruals for sample firm i in industry j for year t

TA_{ijt-1} : Total assets of firm i at the end of year $t-1$;

ROA_{ijt-1} : Return on assets for sample firm i in industry j for year $t-1$;

ΔREV_{ijt} : Change in revenues for sample firm i in industry j for year t ;

ΔREC_{ijt} : Change in account receivable for sample firm i in industry j for year t ;

PPE_{ijt} : Gross property plant and equipment for sample firm i in industry j for year t ;

$\alpha_1, \beta_1, \beta_2, \beta_3$: Regression parameters;

ε_{ijt} : Error term for sample firm i in industry j for year t .

Secondly, DAs are then calculated by utilizing the variance among total accruals and non-DAs. It is paramount to annotation that the non-variant variable was assimilated by Kothari et al. (2005) more governor for hetero-scedasticity un-developed by using assets as a deflator and to diminish the issues arising from an absentminded scale variable.

Third, The Cash Flow Model (Dechow (1994) and Employed by Kasznik (1999))

As Dechow (1994) proposed a non-positive association among the total accruals and cash flows. Kasznik (1999) advised the enclosure of variation in the working cash flow as an illuminating variable. Dependable on this direction, the current study covers the cross-sectional improved Jones model and contains effective cash flow lagged by total assets as an illuminating variable.

$$(4) \quad TAC_{it}/TA_{it-1} = \alpha_1(1/TA_{it-1}) + \beta_1(\Delta REV_{it}/TA_{it-1}) + \beta_2(PPE_{it}/TA_{it-1}) + \beta_3CFO_{it-1} + \varepsilon_{it}$$

Whereas, $\Delta CFO_{ijt} - 1$ = Cash flow from working activities for sample firm i in industry j in appropriate year $t - 1$.

By the predictable coefficient from the non-Das can be deliberated as:

$$(5) \quad NDA = \alpha_1(1/TA_{it-1}) + \alpha_2 \left(\frac{\Delta REV_{it} - \Delta REC_{it}}{TA_{it-1}} \right) + \alpha_3 \left(\frac{PPE_{it}}{TA_{it-1}} \right) + \alpha_4 CFO_{it-1} + \varepsilon_{it}$$

So, DAs are predictable from the variation among conditions and non-DAs.

Fourth, Raman and Shahrur Model (2008)

Raman and Shahrur (2008) model is advised to govern for enactment consequential from Kothari et al. (2005) enactment corresponding model and advance chances. Existing published works (e.g. McNichols, (2002) and Cohen et al. (2008)) recommended that organizations have an additional tendency to obtain larger receivables that indicate increasing

growth opportunities. Therefore, growth opportunities were added to develop this model into Kothari's model to calculate the total receivables.

$$(6) \quad TACC_{it}/TA_{it-1} = \alpha_1(1/TA_{it-1}) + \alpha_2((\Delta REV_{it} - \Delta REC_{it})/TA_{it-1}) + \alpha_3(PPE_{it}/TA_{it-1}) + ROA + GO + e$$

Here;

GO= It's considered that the total assets minus the book value of property rights in addition to the market value of shares to the total assets as growth opportunities. After that, non-discretionary (NDA) accruals are thus calculated as the following:

$$(7) \quad NDA_{it}/TA_{it-1} = \alpha_1(1/TA_{it-1}) + \alpha_2((\Delta REV_{it} - \Delta REC_{it})/TA_{it-1}) + \alpha_3(PPE_{it}/TA_{it-1}) + ROA + GO + e$$

DAs are calculated as the difference between non-discretionary receivables and total receivables. Late assets are also used as a measurement factor in many previous studies, in addition to the shares, sales, poetry, the book value of equity, and total assets as other measures that can be measured (Barth and Clinch, 2009).

Independent Variable and control variables

The proposed study dignified Duality of CEO (CEODUL) as an imitation the set of variable set to a unique if the CEO and chairman are similar people and zero if not. Resulting of existing studies, such as those of Elsayed (2007); Duztas (2008); Abdel-Fattah (2008); Amer and Abdelkarim (2011); Roodposhti and Chashmi (2011); Fooladi (2012); Adebayo et al. (2013); Nosheen and chonglertham (2013) Isarawornrwanich (2015); Salihi and Kamardin (2015), Some studies like Davis et al. (1997); Brickley et al., (1997); Omran et al. (2008). To help balance private differences, we include the control variables of firm and business in the sample to effect the reliant on variable. Thus, changed governor variables are involved to regulate the causal link to obtain a more complete model and to eliminate the homogeneity and its pitfalls. Agreeing to Al-Najjar and Clark (2017); Emile et al., (2014), We contain these governor variables like leverage (LEV) operating (OC) cycle, firm (FS) size (Size), profitability (ROA and ROE), gearing (Gear), liquidity (LIQ), asset tangibility (TANG), and market capitalization (MTKCAP). The summary of the present study variables and their quantity is displayed in the next Table 2.

Table 2. Summary of Variables and their Measurement

	Label	Measure	Source
Independent variables			
I- Board Of Directors			
CEO duality X1	CEODUL	Binary number that takes 1 if the roles of chairperson and CEO are combined at the end of its financial year, 0 otherwise.	Annual Disclosure Books By EGX, ownership structure reports and BOD reports
Dependent variable			
AEM	DACMJ	DAs is calculated based on Modified Jones model, (1995).	Data stream and financial statements
AEM	DAK	DAs is measured based on Kothari et al. (2005), including lagged ROA.	Data stream and financial statements
AEM	DAKZ	DAs is measured based on (Kasznik, 1999) model.	Data Stream and financial statement
AEM	DARS	DAs is calculated based on Raman and Shahrur (2008) Model	DataStream and financial statement
Control variables			
Firm size	SIZE	Natural log of the book value of a firm's total assets at the end of its financial year.	Data stream and financial statements
Liquidity	Liquid	Current assets / current liabilities	Data stream and financial statements
Performance	ROA	Net income after tax/ weighted average of total assets.	Data stream and financial statements
Performance	ROE	It is net income scaled by the total equity at the beginning of the year.	Data stream and financial statements
Capital structure (Gearings)	GEAR	Total debt / total equity at the end of fiscal year.	Data stream and financial statements
Leverage	LEV	Long term debt +debt in current liabilities/ total assets.	Data stream and financial statements
Assets Tangibility	AT	Net property plant and equipment/ total assets.	Data stream and financial statements
Operating Cycle	OC	The logarithm of the total of the inventory + the receivables period.	Data stream and financial statements
Earnings Management Flexibility	EMFLEX	A total inventories and receivables/ total assets.	Data stream and financial statements

6. Empirical Results :

6.1. Descriptive Statistics

Table 3 shows that for the model variables, the descriptive statistics are as follows. It also revealed that 71% of the sample held the position of CEO and Chairman of the Board of Directors, thus contradicting the recommendation of the Egyptian Governance Group to fill both positions through two different persons.

Table 3: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
CEO Duality	779	0	1	0.71	0.455	-0.913	-1.169
ROA	780	-0.0398	0.2163	0.051876	0.0650379	0.957	0.472
ROE	780	-0.0688	0.374	0.100429	0.1185833	0.813	-0.089
LIQU	780	0.5147	5.0461	1.833757	1.1885192	1.375	1.141
LEV	780	0.0182	0.6098	0.232505	0.1724446	0.618	-0.626
GEAR	780	0.0195	2.0804	0.518018	0.5552779	1.554	1.667
ASSTANG	780	0.0089	0.78	0.356718	0.2437437	0.134	-1.156
OC	780	4.0974	6.8154	5.351267	0.7572294	0.219	-0.776
EMFLEX	780	0.0799	0.8734	0.400584	0.2238405	0.557	-0.596
FIRM-Size	780	4.6774	6.9666	5.691671	0.6958374	0.374	-1.037
DAMOD	780	-0.2862	0.238	-0.003923	0.12784	-0.234	-0.033
DAKOTH	780	-0.1782	0.205	0.001786	0.09442	0.145	-0.175
DAKAZNAK	780	-0.2042	0.181	-0.008495	0.090701	-0.088	0.102
DARAMAN	770	-0.194	0.192	-0.012164	0.09742	0.17	-0.339
Valid N (listwise)	770						

This table 3 presents the descriptive statistics for accruals EM Models variables.

CEO Dul= CEO duality; ROA= Return on assets; LIQ =Liquidity; Lev =Leverage; Gear =Gearing; Size = Firm size; AT = Asset Tangibility; OC =Operating Cycle; EMFLEX= EM-flexibility; GO=Growth Opportunities.

6.2. Multicollinearity Test

The variance inflation factor (IVF) test has been accompanied to study any multicollinearity among independent variables. As indicated by the prior studies (Chatterjee et al., 2000), VIF value of more than 10 indicates the problem of serious multicollinearity in the regression analysis. The appraised VIF values for all independent variables are lower than the threshold of 10, thus indicating the absence of multicollinearity in those models.

Table 4: Test Results for VIF and Tolerance Values

Variable	VIF	1/VIF
ROE	5.5	0.179769
ROA	5.4	0.182472
Gear	3.50	0.2845660
Leverage	3.12	0.320985
Operating Cycle	1.76	0.566583
Liquidity	1.67	0.600512
Asset Tangibility	1.64	0.610499
EM Flexibility	1.58	0.633835
CEO Duality	1.24	0.808814
Firm Size	1.03	0.964374
Mean VIF	2.09	

6.3. Empirical Results from System Generalized Method of Moment (SGMM)

Using different agents IMS reflects the impact of CG mechanisms SYSTEM GMM is replicated in the next Tables (5) and (6). The discussion that took place during the study reflects the extent to which the characteristics of CG are statistically related to AEM given the dynamic nature of the relationship, it is good to control the dynamic of the relationship of management-lagged AEM as illuminating variables.

$$EM_{it} = \beta_0 + \beta_1 EM_{it-1} + \beta_2 G_{it}(G - Governance) + \beta_j \sum_{j=4}^{13} X_{it} + \varepsilon_{it}.$$

Where; Governance indicators contain; CEO DUL= CEO duality; X_{it} ; control variables contain; ROA = return on assets; ROE = return on equity; LIQ = liquidity; Lev = leverage; $Gear$ = gearing; $Size$ = firm size; MKT = market capitalization AT = Asset Tangibility ; OC = operating cycle; $EMFLEX$ = EM-flexibility. AEM is dignified by four models (Modified Jones-model (Dechow *et al.*, 1996), the Kasznik Model (1999), the enactment co-ordinated Das model (Kothari *et al.* 2005) and the Raman and Shahrur model (2008) .

The results show that the duplication of the CEO position is associated with a fundamental and direct relationship with the DA calculated from the Kasnik model at the level of 1%, which means that the duplication of this position is also not effective in mitigating profit manipulation. These results contradict Roodposhti and Chashmi, (2011), Solimon and Ragab (2013) who explained that the division of positions and roles in the company between the CEO and the Board of Directors reduces the management of entitlements, and this means that duplication can reduce the ability of the Board to develop the governance functions of the company. About studies in emerging countries such as the Middle East and North Africa Samaha e al., (2012) clarified the non-positive association among CEO duality and CG disclosure, whereas, Al-Shemary and Al-Soultan (2010) and Ezat and El-Masry (2008) found a correlation that is not significant in the first place

between the disclosure of corporate governance and the dual position of the CEO. Therefore, these results support the Egyptian Governance Law of 2011, which aims to enhance the effectiveness of the board of directors' control by separating the positions of the CEO and the chairman of the board of directors.

Despite this, the results revealed that the concept of double CEO is non-positively related to DAs based on a model Raman and Shahrur model at 1% and inconsequentially associated with DAs constructed on the improved Jones and Kothari models. Those findings agreed with existing published studies by Johari Saleh et al 2009) and Mohamad, et al (2012) reinforced the theory of supervision, which combined leadership, which allows for less confidential information transferred between the CEO and members of the Board of Directors, and thus leads to a lack of consistency of information. Where the united authority simplifies the creation of plans that lead to more adeptness, and thus diminishes the duplication of the cost of inconsistent decisions, the cost of sharing information, and any other additional costs, as well as conflicts of interest, and thus helps to reduce the opportunistic performance of the administration (Alessandro, 2013) .

The investigation of Donaldson and Davis (1994) relating a sample of US firms and Amer (2016) found that a non-positive association and substantial link among CEO duality and enactment in the Egyptian context. Furthermore, Boyd (1995) similarly exposed that firms with CEO Duality have a non-negative and substantial impact on enactment. Also, dependable with Gonzalez and Garci-Meca (2014) who scrutinized the link among CEO duality and discretionary accruals agreeing to the improved Jones model, the Jones model, the Jones cash flow model applied by Jeter and Shivakumar (1999) and the KS model recommended by Kang and Sivaramakrishnan (1995) and discovered an inconsequential relationship among CEO duality and Das across the four models. The non-paramount correlation is dependable with Abdul-Rahman and Ali (2006), Singhchawla et al. (2011) and Kao et al. (2019) who exposed an inappropriate link among CEO duality and EM. So, this main result approves partially hypothesis (H1) which recommends that there is a substantial and non-negative link among CEO duality and DAs. The dissimilarity in results is probably since the dissimilarity in the time scales utilized or the changed procedures of discretionary accruals.

Table 5: System Generalized method of Moment (SGMM) results

VARIABLES	Modified Jones	Kothari Model	kasznik Model	Raman and Shahrur Model
L. AEM	-0.051*** (0.0179)	-0.199*** (0.0164)	-0.0747*** (0.0228)	-0.172*** (0.0183)
CEO Duality	-0.00729 (0.00541)	-0.00482 (0.00397)	0.0169*** (0.00379)	-0.0118*** (0.00339)
ROA	-0.241 (0.235)	0.0121 (0.114)	-0.302 (0.229)	-0.0765 (0.158)
ROE	0.0956 (0.111)	0.00245 (0.0516)	0.208** (0.100)	0.0433 (0.0724)
Liq	0.00728** (0.00337)	0.00571*** (0.00186)	-0.00533** (0.00226)	0.00269 (0.00268)
Lev	-0.0947*** (0.0362)	-0.0338 (0.0261)	-0.0544** (0.0265)	-0.0164 (0.0218)
Gear	0.0171* (0.00985)	0.00486 (0.00676)	0.0161** (0.00802)	-0.00160 (0.00565)

Size	0.0108 (0.0118)	0.0547*** (0.00837)	-0.0409*** (0.0102)	0.0500*** (0.00743)
Asstang	0.190*** (0.0505)	0.0499*** (0.0132)	0.0986*** (0.0264)	0.0401** (0.0167)
OC	-0.00452 (0.0184)	-0.0322*** (0.00873)	-0.00684 (0.00874)	-0.0321*** (0.00621)
Emflex	0.0103 (0.0471)	0.0270 (0.0199)	-0.0308 (0.0255)	0.0143 (0.0211)
Constant	-0.104 (0.0899)	-0.168** (0.0683)	0.238*** (0.0759)	-0.137** (0.0606)
Observations	702	702	702	702
Number of firms	78	78	78	78
Hansen test (p-val)	0.995	0.996	0.998	0.994
AR (2) test (p-val)	0.813	0.320	0.140	0.586

This Table presents the results from System-GMM estimations for dynamic panel-data models. The dependent variable is the AEM proxies. Sample consists of 780 observations during period 2008–2017. Two-step results and Hansen J tests never reject the validity of the over-identifying restrictions. Second order autocorrelation (AR(2)) of residuals is always rejected. Standard errors are reported in parentheses. *,**,*** significance levels at the 10% , 5% and 1% levels respectively.

Table 6: Summary of SGMM regarding CEO duality and AEM

	Expected sign	Modified Jones Model	Kothari Model	Kasznik Model	Raman and Shahrur Model
CEO duality	+	Negative and non-sig	Negative and non-sig	Positive and Significant at 1%	Negative and Significant 1%

6.4. Robustness Check and Sensitivity Analysis

Using the generalized least squares method, the current study prepared the regressions (F-GLS), panel data Fixed/random (FE) Effects, and OLS with robust standard (SE) error as replacements for econometric performances. In most cases, the results from FGLS obtained remain constant and result in the same results, before testing the research hypotheses

For CEO Duality, FGLS results disclose dependable results with the leading test for excluding the importance level among CEO duality and Das (Raman and Shurar model). Analysis for Both (SYSTEM GMM and FGLS) exposed a non-negative and substantial relationship among CEO duality and DAs based on Kasznik model at 1% significant level. This inspires extrication among the CEO and chairperson roles to guarantee the efficiency of monitoring.

Table 7: Governance Indicators and AEM (Modified Jones Model): FGLS results

Correlation: common AR(1) coefficient for all panels (0.1052)

```

Estimated covariances      =      78      Number of obs      =      779
Estimated autocorrelations =      1      Number of groups   =      78
Estimated coefficients     =      97      Obs per group:
                                     min =      9
                                     avg =  9.987179
                                     max =      10
Wald chi2(96)             =      217.65
Prob > chi2               =      0.0000
    
```

Modifcfo	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
ceoduality	.005311	.0091818	0.58	0.563	-.012685	.0233069
roa	-.1119235	.1674888	-0.67	0.504	-.4401955	.2163485
roe	.1259804	.0901572	1.40	0.162	-.0507245	.3026853
liq	.0001219	.0045143	0.03	0.978	-.0087259	.0089697
lev	-.0156341	.0517848	-0.30	0.763	-.1171304	.0858622
gear	.0106668	.0156631	0.68	0.496	-.0200323	.0413659
firmsize	.0089099	.0193048	0.46	0.644	-.0289268	.0467466
asstan	.0430131	.0413188	1.04	0.298	-.0379703	.1239965
oc	.0111866	.0255384	0.44	0.661	-.0388677	.0612409
emflex	-.0241911	.0345846	-0.70	0.484	-.0919756	.0435934

Table 8: Governance Indicators and AEM (Kothari model): FGLS results

Coefficients: generalized least squares

Panels: heteroskedastic

Correlation: common AR(1) coefficient for all panels (0.0477)

Estimated covariances	=	78	Number of obs	=	779
Estimated autocorrelations	=	1	Number of groups	=	78
Estimated coefficients	=	97	Obs per group:		
			min	=	9
			avg	=	9.987179
			max	=	10
			Wald chi2(96)	=	226.19
			Prob > chi2	=	0.0000

	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
kotharie					
ceoduality	-.0008167	.0068209	-0.12	0.905	-.0141855 .012552
roa	-.2279844	.1193735	-1.91	0.056	-.4619522 .0059834
roe	.1341297	.0643219	2.09	0.037	.0080611 .2601983
liq	.005235	.0033608	1.56	0.119	-.001352 .011822
lev	-.0282619	.0323515	-0.87	0.382	-.0916697 .0351458
gear	.0132103	.0096857	1.36	0.173	-.0057733 .0321939
firmsize	.0269197	.0138065	1.95	0.051	-.0001406 .05398
asstan	.005836	.0320617	0.18	0.856	-.0570038 .0686757
oc	-.0077159	.0193692	-0.40	0.690	-.0456789 .0302471
emflex	.0202373	.0279776	0.72	0.469	-.0345979 .0750725

Table 9: Governance Indicators and AEM (Kaznik model): FGLS results

Correlation: common AR(1) coefficient for all panels (0.0462)

Estimated covariance's	=	78	Number of obs	=	779
Estimated autocorrelations	=	1	Number of groups	=	78
Estimated coefficients	=	97	Obs per group:		
			min	=	9
			avg	=	9.987179
			max	=	10
			Wald chi2(96)	=	199.78
			Prob > chi2	=	0.0000

Kazank	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
ceoduality	.0210315	.0061886	3.40	0.001	.0089022	.0331609
roa	-.1967637	.1088133	-1.81	0.071	-.4100339	.0165065
roe	.1059243	.0579482	1.83	0.068	-.007652	.2195007
liq	-.0055405	.0031517	-1.76	0.079	-.0117178	.0006368
lev	-.043417	.0323673	-1.34	0.180	-.1068557	.0200217
gear	.0165332	.0093185	1.77	0.076	-.0017307	.0347971
firmsize	-.0032066	.0126395	-0.25	0.800	-.0279796	.0215663
asstan	.0176622	.0277839	0.64	0.525	-.0367932	.0721175
oc	-.0033587	.0162911	-0.21	0.837	-.0352886	.0285712
emflex	-.025165	.0235314	-1.07	0.285	-.0712857	.0209556

Table 10: Governance Indicators and A-EM (Raman and Shaurer model): FGLS results

Correlation: common AR(1) coefficient for all panels (0.0385)

Estimated covariances	=	78	Number of obs	=	779
Estimated autocorrelations	=	1	Number of groups	=	78
Estimated coefficients	=	97	Obs per group:		
			min	=	9
			avg	=	9.987179
			max	=	10
			Wald chi2(96)	=	295.88
			Prob > chi2	=	0.0000

Raman and sh-r	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
ceoduality	-.0051574	.0068323	-0.75	0.450	-.0185484	.0082336
roa	-.11058	.1183565	-0.93	0.350	-.3425544	.1213944
roe	.0716303	.0647172	1.11	0.268	-.055213	.1984737
liq	-.0001664	.0030892	-0.05	0.957	-.0062211	.0058884
lev	-.019476	.0329336	-0.59	0.554	-.0840247	.0450728
gear	.0039808	.0102661	0.39	0.698	-.0161404	.024102
firmsize	.0432859	.0138017	3.14	0.002	.016235	.0703368
asstan	-.0318019	.0311667	-1.02	0.308	-.0928875	.0292837
oc	-.0203919	.0191147	-1.07	0.286	-.0578561	.0170723
emflex	.0038125	.0281487	0.14	0.892	-.0513579	.0589829

Table 11: Summary of FGLS CEO duality and AEM

	Expected sign	Modified Jones Model	Kothari Model	Kaszniak Model	Raman and Shahrur Model
CEO duality	+	Positive and non-sig	Negative and non-sig	Positive and Significant at 1%	Negative and non-Significant

7. Discussion and Conclusion

The study aims at examining the association among CEO duality and the eminence of financial reporting. This study is helpful for agency theory rather than stewardship theory for CEO duality in the Egyptian context. We aim to donate to the literature examining the influence of duality choice on earnings quality, with a focus on the specific Egyptian context. This study suggests that the separation of board leadership roles is found to have a substantial and positive influence on the creditability of financial reporting. The board with separate roles of CEO and chairperson has more tendency to develop the legitimacy of managerial decisions and to comply with CG practices. Non-duality can improve the board independence and enhance the chair's ability to effectively and independently oversees the executive's performance and protect shareholder's interests. Thus, there is a great imputes for the policymakers and regulators to enforce the application of CG practices that support the separation of roles of chairperson and CEO.

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