

Do Independent Board Directors Improve Anti-Corruption Disclosure? Evidence From The Two Tier Board Model

Maria Aluchna¹, Malgorzata Wrzosek²

¹ Ph.D., Professor, Department of Management Theory, Warsaw School of Economics, al. Niepodleglosci 162, suite 329M, 02–554 Warsaw, Poland,

¹ Ph.D., Assistant professor, Decision Analysis and Support Division, Warsaw School of Economics, al. Niepodleglosci 162, suite 329M, 02–554 Warsaw, Poland

Abstract

ESG disclosure remains the organizational reaction to stakeholder and regulatory pressures aimed at increasing company transparency, lowering information asymmetry and decreasing reputation and investment risks. While prior studies focus predominantly on social and environmental disclosure, the reporting on actions within governance area remains insufficiently explored. With the introduction of mandatory non-financial reporting legislation one of ESG dimensions that requires further analysis refers to anti-bribery and anti-corruption measures undertaken by companies.

The paper aims at the investigation on the scope of anti-corruption measures by companies subject to the EU Non-Financial Reporting Directive (NFRD; UE/2014/95). We link the anticorruption disclosure measured by reporting according to GRI standards to the board independence. Specifically, we investigate the role of the participation and percentage of independent non-executive directors on the supervisory board and the presence of independent board. We use a sample of companies listed on the main stock exchange indices (WIG20, mWIG40 and sWIG80) at the Warsaw Stock Exchange (Poland) over the period 2015-2019 that were subject to NFRD legislation. The analysis of 353 observations from 72 listed companies shows that the greater board independence is associated higher scope of anticorruption disclosure. Our paper contributes to the existing literature indicating the role of corporate governance, in particular the board independence, for the effective implementation of mandatory disclosure.

Keywords: non-financial reporting, anti-corruption disclosure, Non-Financial Reporting Directive, two tier board, independent directors