



The Management Report Usefulness in Lending Decision: Investigating Egyptian Credit Managers Perceptions

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Abstract

This study investigates Egyptian credit managers perceptions regarding the management report disclosures provided by firms to banks and how this represent a useful source of information for credit managers in rationalizing the lending decision. We surveyed credit managers in all banks listed by the Central bank of Egypt to determine whether disclosures are meeting the needs of this group of financial reports' users. The final sample consists of 160 credit managers and their credit officers who work in Egyptian private and governmental banks as well as foreign banks operating in Egypt. Through hypotheses testing the main findings reveal that credit managers perceive both mandatory and voluntary disclosures as useful. Moreover, there was significant difference in some of their perceptions, these differences were explained through psychological engagement (i.e. gender, experience, educational level, and background) throughout the analysis. Some voluntary disclosures are more useful than mandatory disclosures, which clarify the existence of a gap between regulators and users' perceptions. Moreover, the findings show that respondents consider information related to risk management, key performance indicators, and forward-looking more important than information on corporate governance and corporate social responsibility (CSR). The current study extends and enriches the ongoing academic and practical debate on the usefulness of narrative disclosures. Our findings suggest that regulators should seek more improvement to the current requirements as voluntary disclosures which were found to be more important. Our investigation touched a blind spot in the literature and provided evidence for the usefulness of MR disclosure in lending decision, as previous studies investigated the usefulness of management reports in investment decision.

Keywords: Disclosure, Usefulness, Emerging market, Credit managers, lending decision, Management report.

1. Introduction

This paper examines the usefulness of disclosures provided in management reports (hereafter MR) for the Egyptian credit managers' when making lending decisions. MRs are reported as important complementary document to the financial reports in several studies in the literature (Barron et al., 1999; Caplan & Dutta, 2016; Hübner, 2007; Mostafa et al., 2019), their value were more strengthen as the role of non-financial information became more integral after the financial crisis in 2008/2009 (Caplan & Dutta, 2016; Hübner, 2007; Metwally et al., 2019; Orens & Lybaert, 2007; Robb et al., 2001).

Most of the academic studies that concentrate on MR disclosure usefulness were western centered and were concerned with investment decision from different users perspectives (Anderson & Epstein, 1995; Barron et al., 1999; Clarkson et al., 1999; Hines, 1982; Hübner, 2007; Orens & Lybaert, 2007; Robb et al., 2001), except for Mostafa et al. (2019) which studied the usefulness of MR in the Egyptian context. Despite of studies scarcity, none of them concentrated on the usefulness of MR disclosure to credit managers in the lending decision. This plea for more investigation to this blind spot to extend and enrich the literature through concentrating on credit managers' perception about MR usefulness in less developed countries (LDCs).

The scarcity of studies surrounding MR usefulness in the Egyptian context, along with the lack of studies that concentrate on the usefulness of MR disclosure to credit managers in their lending decision, guided us to investigate the usefulness of the MR in the lending decision making. Reviewing the lending decision making literature revealed that there is no consensus between scholars regarding the objectivity of the lending

decision making processes. As many scholars support the idea that lending decision represent an objective process that have certain procedures, while others argue that it is subjective and entails emotion and intuition (Aifuwa et al., 2019; Andersson, 2004; Berns et al., 2020; Emeni, 2014; Lipshitz & Shulimovitz, 2007; Olokoyo, 2011; Ruggeri et al., 2018; Trönnberg & Hemlin, 2014; Trönnberg & Hemlin, 2012; Yeung, 2009). Having these conflicting opinions between scholars in relation to lending decision objectivity urge for more research to enhance our understanding about MR usefulness and the subjectivity of lending decisions. Having said this, our two central research questions can be formulated as follows: Do credit manager's personal characteristics and bank ownership type affect their perceptions regarding the usefulness of MR information? Do credit managers perceive all sections of MR to have the same usefulness in their lending decisions?

Hence, we surveyed Egyptian credit managers' perception about the usefulness of MR disclosures in lending decision and found that credit managers perceive both mandatory and voluntary disclosures in the MR as important for their decision-making process. Moreover, we found significant differences among those managers' perceptions regarding the usefulness of voluntary and compulsory sections. Most voluntary disclosures are perceived more important than mandatory disclosures. These differences were explained through the differences in the personal characteristics (i.e. experience, educational level, educational background, and gender) and bank ownership type of the correspondents.

The paper is organized as follows. Section 2 presents the literature related to MR disclosure usefulness, lending decision psychological understanding and develop the study hypothesis. Section 3 describes the

Egyptian context, laws and regulations related to MR. Section 4 explains the methodology and methods deployed in conducting the study. Section 5 presents results and discussion. Finally, section 6 presents the concluding remarks and research implication.

2. Literature Review

2.1 MR Disclosure usefulness in investment decision

Reviewing disclosure usefulness studies revealed the scarcity of studies that concentrated on the usefulness of MRs (Mostafa et al., 2019). Early research on MR usefulness contained contradictory results regarding the usefulness of MR for investment decisions. As some scholars concluded the irrelevancy or the low usefulness of MR for the investment decision (Anderson & Epstein, 1995; Hines, 1982). While, others reported and concluded that it represent an emerging useful source of information for investors (Clarkson et al., 1999), and that there is a negative relationship between the content of MR and errors in forecasting (Barron et al., 1999).

In the last two decades corporate disclosure has changed drastically to satisfy the needs of information users. That is, the traditional financial statements as main source of information had massively changed, and many disclosures are needed (i.e. nonfinancial narrative disclosures). In this regard, there is a growing body of literature that regard MRs as a proper apparatus for these disclosures (Hüfner, 2007; Mostafa et al., 2019). Hüfner (2007) suggested that MR become important in investment decisions as it complement the financial reports and resolve some of its inherent weakness. Mostafa et al. (2019) proposed that MR represent an integral piece of information in investment decisions for both financial

analysts and investors in the Egyptian context. In addition, other studies concentrated on the decline of the usefulness of financial information, while users have a growing interest in non-financial information (Orens & Lybaert, 2007; Robb et al., 2001).

Unlike, MR corporate disclosure usefulness has a well-established literature in both western and LDCs. Usefulness of the annual report represent a mainstream in these studies (Allini et al., 2018; Biswas & Bala, 2016; Dawd et al., 2018; Lee & Tweedie, 1975), while some studies concentrated on the usefulness of specific items within the annual report (Biswas & Bala, 2016; Cohen et al., 2010; Dawd et al., 2018; Graham et al., 2002; Hassan & Power, 2009; Johansen & Plenborg, 2013; Khaled & Khaled, 2010; Orens & Lybaert, 2007; Stainbank & Peebles, 2006). As annual reporting disclosure is out of the scope of this research, what is important how they mentioned MR in their studies.

In western studies, Lee and Tweedie (1975), argued that investors find MR to be one of the most useful sections in the annual report. Graham et al. (2002), added that MR is useful to financial analysts as they need information about other factors of the company operations. Orens and Lybaert (2007), clarified the importance of the narratives as they argued it will decrease the gap between financial analysts and managers. Cohen et al. (2010), added that users find Key Performance Indicators (KPIs), corporate governance, and CSR respectively represent the most useful information. Finally, Johansen and Plenborg (2013), reported that users are seeking information regarding forward-looking, KPIs, and risks, while corporate governance and CSR have a slight usefulness.

In LDCs, some studies confirmed the western studies results while other studies on the contrary see MR disclosure is slightly useful or not useful for users. Stainbank and Peebles (2006), assures that users value information relating to forward-looking. While, Dawd et al. (2018) reported the importance of liquidity, KPIs. Moreover, Alattar and Al-Khater (2007) concluded that MR represent a useful source of information for investors in Qatar. On the contrary, Biswas and Bala (2016) confirmed Johansen and Plenborg (2013) results on the slight importance of corporate governance and CSR disclosures. Moreover, some studies argued that MR had a slight or moderate usefulness for investors (Biswas & Bala, 2016; Dawd et al., 2018).

In Egypt, we found very little studies that discussed information usefulness (Hassan & Power, 2009; Khaled & Khaled, 2010; Mostafa et al., 2019). Khaled and Khaled (2010) and Hassan and Power (2009) concentrated on the usefulness of annual report while Mostafa et al. (2019) concentrated on the MR usefulness. Khaled and Khaled (2010) examined the differences in perceptions regarding the annual report sections, and they argued that MR has slight usefulness to the users. While Hassan and Power (2009) concluded on the contrary to the full literature that financial analysts concentrate on past and quantitative rather than forward looking and qualitative information. In addition, they are more interested in mandatory disclosures more than voluntary disclosures. Finally, Mostafa et al. (2019), studied the usefulness of MR information for both financial analysts and institutional investors in investment decisions. They concluded the importance of MR information and they added that voluntary sections were more important to users which reflect the need for strengthen the current Egyptian regulations.

It is apparent from the above review that there is a clear research gap in the MR studies. This gap is in the scarcity of studies that concentrate on MR studies in the Egyptian context. Moreover, the concentration in the literature was on the MR usefulness to investors, while there is ignorance to the usefulness of MRs' to credit managers and how their perceptions regarding MRs may differ due to their personal characteristics and the bank ownership. To fill this gap the current study, concentrate on studying MR usefulness to credit managers in lending decision. Next section will concentrate on lending decision making and develop the study hypothesis. Moreover, it clarifies how the lending decision represent a psychological process that includes both rational and irrational dimensions.

2.2 lending decision psychological impulsion

Decision making is a process done by individuals, who are cultural products. Accordingly, understanding their behavior entails anthropological, sociological, or/and psychological understanding. Recently, growing concerns related to the ability of neoclassical economics' (utility maximization and optimal solutions) ideas to explain the current problems that arise amidst decision making processes (Hopper & Powell, 1985; Scapens, 2006). This plea for a resurgence of both sociological and psychological studies that try to understand and explain human behavior (Diab & Metwally, 2019).

One of the leading scholars in understanding human actions in decision making process is Herbert Simon (Simon, 1955, 1979, 1987). His decision-making theory (Boundary rationality) was opposite to the utility maximization principles attached to traditional views of rationality. For him decision makers can be satisfied when reaching suboptimal decision through heuristics. Simon identified two rationalities: substantive rationality and procedural rationality. Substantive rationality relates to 'what to decide', while procedural rationality relates to 'how to decide' (Simon, 1979, p. 498).

Simon concentrated in most of his studies on decision making and how humans translate and react to information surrounding them. For him humans try to simplify the complex world surrounding them to reach a decision (Simon, 1955, 1979, 1987). Calabretta et al. (2017) clarified that strategic decision making is perceived as a rational process in most of the research circuits, while they argued that reaching optimal decision require intuition along with rationality. In this regard, Simon (1987) clarified the differences between intuition and rationality relies on the decision quickness, following the procedural step by step actions, and the logical reasoning process. Calabretta et al. (2017) added that decision making process always have tensions because of the existence of rationality versus intuition contestation.

Ruggeri et al. (2018) enriched intuition discussion by clarifying that organizational setting is very complex setting as it contains multiple realities for the decision makers. These realities change the perceptions and cognitions about many issues, like reading and understanding past information, facts, and then translating these into forward looking plans or decisions. While, Goll and Rasheed (2005) argued that top management decision making, and company performance are influenced by demographic characteristics of the management. For them demographic characteristics includes management composition in terms of basic attributes (e.g. gender, educational level, experience, and educational background).

Lending decision is seen as a process that includes both rational and irrational processes (e.g. emotions and intuition) by many scholars (c.f. Berns et al., 2020; Lipshitz & Shulimovitz, 2007). Granting loan approval to customers includes various risks (e.g. credit and interest rate). Risk assessment procedures relies on both quantitative and qualitative information. Trönberg and Hemlin (2012), clarified that personal characteristics of both the lender and the borrower affect this process in a significant way. In this regard, Andersson (2004) clarified credit manager experience affect the lending decision. He argued that senior credit managers do more rigorous analysis of the loan profile. However, Andersson argued that level of experience was negatively relating to the prediction of bankruptcy. Having said this, he concluded that personal characteristics have a massive role in granting the loan, as experienced credit managers have divergent decisions regarding some loan profiles when they screen and analysis (Beaulieu, 1994). Hence, one of the main results of this study is that lending decision faces a validity crisis. Moreover, Neef (2005), added that risk management in lending decision relies on both quantitative and qualitative information. Sufficiency of both is important for proper risk identification and actions. Olaiifa and Ajagbe (2015) clarified that in corporate lending additional information like board composition and CEO duality positively affects credit manager decision.

There is a growing body of literature that concentrated on the 5Cs in lending decision (i.e. character, capital, collateral, capacity, and conditions) and how the existence of these 5Cs entails that demographic factors (e.g. gender, experience, education level) affect the loan decision (Carter et al., 2007; Lipshitz & Shulimovitz, 2007; Trönberg & Hemlin,

2012; Yeung, 2009). Following this strand, many studies concentrated on the role of demographic factors, intuition, and bias in lending decision (Andersson, 2004; Calabretta et al., 2017; Carter et al., 2007; Erik & Michael, 2007; Lipshitz & Shulimovitz, 2007; Trönnberg & Hemlin, 2014; Trönnberg & Hemlin, 2012). These studies reached divergent results and conclusions relating to gender role in lending decision. Trönnberg and Hemlin (2012), concluded that neither the credit manager's gender nor the client's gender had any effect on lending decision. On the contrary, Carter et al. (2007), stressed on gender importance in lending decision, as credit managers evaluate loan application on their perceptions of men and women. They found that female credit managers were more insisting on meeting borrowers and ask questions relating to the applicant's marital status. For them it was a proxy for personal stability and financial responsibility which is a gender stereotyping. Conversely, male credit managers were more questioning the commitment of female borrowers. This was sufficient evidence for the researchers to conclude the bias related to gender in loan decision as gender stereotyping is found.

In relation to risk management, Schubert (2006) concluded that women more pessimistic towards gains than men and are superior in risk diversification and communication skills. This why the study suggested hiring men for risk analyses as they were much risk takers and hiring women for risk management jobs as they were more risk averse. In a similar vein, Webster and Ellis (1996) supported this conclusion by adding that men reported more self-confidence. Women are generally considered more risk averse than men. Watson and McNaughton (2007) added that women were more conservative in investment and long-term decision

(pension plans), this conclusion entails that women were more rational in their decisions. In line with these results, Olsen and Cox (2001) argued that hiring women in investment positions will lead to losses in returns due to being more conservative. On the contrary, Sonfield et al. (2001) concluded that there was no significant differences between men and women in both risk management and innovation.

Studying the role of gender in accounting has a well-established literature that concentrate on the role of gender in accounting practices, and understanding (Burrell, 1987; Hopwood, 1987). Hence, considering gender in lending decision and understanding credit managers perception helps to better understand practices in the accounting field (Burrell, 1987). In this regard, Mittelstaedt and Wiepcke (2014) clarified that women are less familiar with financial matters if compared to men. This is due to their increased level of anxiety when dealing with complex mathematical calculations (Hill et al., 2016; Malaquias & Zambra, 2019).

Credit manager's experience level was one of the most important variables in the literature (Andersson, 2004; Beaulieu, 1994; Danos et al., 1989; Trönnberg & Hemlin, 2014; Trönnberg & Hemlin, 2012). The results of these studies were clarified in detail in earlier sections. However, their results can be summarized on the level of relying on intuition, the level of complexity in analyzing the lending file, concentration on more qualitative information and finally the level of reliance on auditor report as an additional valuable information. Moreover, Erik and Michael (2007) added that middle level management decisions needs very quantitative thinking while top management decisions needs more intuition and heuristics this is why some managers when they become more senior they

fail to be good managers. Trönberg and Hemlin (2012) this positive relation between level of experience and reliance on intuition emanate from the increased level of both knowledge and self-confidence with increase in experience. Hence, considering level of experience in lending decision and understanding credit managers perception helps to better understand practices in the accounting field.

Both level of education and educational background represent important variables that affect credit managers perception and actions in lending decision. Because both variables affect the cognitive preferences of the person, innovation in resolving complex situations, and in return their decisions (Goll & Rasheed, 2005). Having said this, credit managers with different educational background are expected to have different perceptions relating MR disclosures as reported by Martins and Silva (2018) in their study of financial statement disclosure perceptions. Malaquias and Zambra (2019) added that the perception about accounting information complexity differs with the level of education. Salehi and Rostami (2011) argued that master students' awareness regarding accounting information usefulness was much higher than bachelor students, which entails that level of education positively related to the improvement of the perception of accounting information. Hence, considering level of education and educational background in lending decision and understanding credit managers perception helps to better understand practices in the accounting field.

Finally, we argue that in addition to these factors the bank ownership (i.e. governmental, private, and foreign) will have a direct effect on the credit manager's perception about MR in lending decision. As perceptions and reactions are a product of culture, and collective community identity (Diab

& Metwally, 2019). CSR perceptions, and employee creativity were found to be affected by the change in context, as Egyptian perceptions about CSR were totally different from western perceptions (Abdelmotaleb et al., 2018). Having said this, our argument is based on this psychological background. Psychology implies that the foreign banks' credit managers will be more conservative in issuing loans because it is an overseas loan for them. The perception of overseas loan will lead to more risk averse actions and perceptions. Moreover, this feeling of alienation and detachment from the surrounding culture may lead to more concentration on accounting information that reflect objective information which make this foreign investor (foreign bank) feel more secured.

To sum up, there is a debate between researchers regarding whether lending decision is an objective process that entails procedural steps, financial calculations, and objective benchmarks, or lending decision includes emotion and intuition counterpart which entails a subjective dimension in the lending decision. Moreover, most of these studies were western centered and none of them studied the Egyptian context. Our study will fill this gap by studying and questioning the above mentioned issues in the Egyptian context.

Based on the above discussion, the following hypothesis have been formulated:

H1 *“There are significant differences among credit manager’s perceptions regarding the usefulness of MR information due to Personal and Bank ownership type”.*

As the personal and functional characteristics include several factors, the main hypothesis can be divided into five sub-hypotheses as follows:

H1.1 “*There are significant differences among credit manager’s perceptions regarding the usefulness of MR information due to gender*”.

H1.2 “*There are significant differences among credit manager’s perceptions regarding the usefulness of MR information due to Educational level*”.

H1.3 “*There are significant differences among credit manager’s perceptions regarding the usefulness of MR information due to the Academic Background*”.

H1.4 “*There are significant differences among credit manager’s perceptions regarding the usefulness of MR information due to the experience*”

H1.5 “*There are significant differences among credit manager’s perceptions regarding the usefulness of MR information due to the Ownership Type*”.

3. Egyptian context

The Egyptian Capital Market (EGX) is one of the early markets in the MENA region. however, this long history it is like most of the developing countries markets still inefficient and needs improvements (Allini et al., 2018). These emerging markets, with its particularity, and political volatility need special interest and further research (Aboud & Diab, 2018). Since early 2000s, Egyptian authorities are making regulatory reforms and changes towards good governance. In 2014, new rules regarding the

necessity of including MRs were issued by regulators. The new listing rules required more disclosure to satisfy the usefulness of the MR for decision making (Mostafa et al., 2019). These changes were needed because the EGX regulations for listing companies includes many legislations and laws which are sometimes complementary and are sometimes contradictory. In the case of MR, 2014 regulations are not the first mundane that requires MR inclusion in the company's annual report. As the EGX contained two old regulations for this regard. First, the Companies' Act (159/1981) which is relating to the civil law system of licensing corporations, and, secondly, the 2002 listing rules in the EGX which is relating to the listing rules and the Capital Market Act (N.95/1992) (Hassan & Power, 2009). It was surprising that both acts are mandatory roles for listed companies. Egyptian companies were to make tradeoffs in picking and selecting from the requirements of both acts and prepare their MRs and if caught violating any of the two regulations there were many sanctions for violations.

4. Methodology

4.1 The sample composition and selection

According to the Central Bank of Egypt records, the number of banks registered and authorized to conduct banking activity till January 2019 is 37 banks (CBE, 2020). The records showed that banks are classified into governmental, private Egyptian and foreign banks. The study population includes all credit managers and their officers in the home office of these

banks, hence the number of the study population was 551. Krejcie and Morgan (1970) had set a table for determining the sample size depending on a given population, Consequently, the sample size was 226 items, A total of 226 questionnaires were distributed using electronic survey, and 176 questionnaires were retrieved, with a response rate of 77.5%, statistical analysis was conducted on 160 questionnaires after excluding incomplete ones. Table (1) below shows a descriptive statistic about the sample composition, and a low degree of convergence between the respondents' genders, as male participants represent 73.1% and the female ones represents 26.9% from the total of the sample size. Relating to educational level, the bachelor represents 63.8 % which forms the largest portion in the qualification category, while holders of Advanced Diploma, M.Sc., and Doctorate, represent together 36.2%. In addition, Accounting specialization represented 75.6%, as the research population is credit department of the banking system in Egypt. Relating to experience, more than 38% of the sample size have experience for more than 10 years. Finally, regarding the ownership type of the banks, the governmental banks which work under the direct authority of the central Bank of Egypt represent 70.6%, while private and foreign banks were represented the other 29.4% percentage of the sample size.

Table (1): Sample composition

Characteristics	Category	Number	%
Gender	Male	117	73.1
	Female	43	26.9
	<i>Total</i>	<i>160</i>	<i>100%</i>
Educational level	Bachelor	102	63.8
	Advanced Diploma	16	10
	Master Degree	37	23.1
	PhD	5	3.1
<i>Total</i>	<i>160</i>	<i>100%</i>	
Academic Background	Accounting	121	75.6
	Business Admin	23	14.4
	Other	16	10
<i>Total</i>	<i>160</i>	<i>100%</i>	
Years of Experience	Less than 10 Y	98	61.3
	10-20 Y	39	24.3
	20 Y and above	23	14.4
<i>Total</i>	<i>160</i>	<i>100%</i>	
Ownership Type	Governmental Banks	113	70.6
	Private Banks	27	16.9
	Foreign Banks	20	12.5
<i>Total</i>	<i>160</i>	<i>100%</i>	

4.2 Data collection and statistical analysis

We adopted the questionnaire that was developed by Mostafa et al. (2019) with some modifications to fit the study purpose, this questionnaire contains a list of possible MR disclosure items. This list was determined based on some criteria containing the Egyptian regulations enforced till 2016 to include all MR mandatory disclosure items. Furthermore, a review was carried out covering both the main literature on this issue, as well as the standards issued by the IASB and the FASB to include other MR disclosure for the voluntary items according to the Egyptian regulation (IASB, 2010). Number of Statistical analysis were used like descriptive statistics, T. test, Mann–Whitney, and Kruskal–Wallis test. Table (2) below shows various section of the MR, and the number of mandatory and voluntary items for every section, moreover, the results of reliability and validity test were included.

Table (2): MR's Mandatory and voluntary items and reliability analysis

No.	The sections	Items		Total	Alpha coefficient	validity coefficient
		M	V			
1	MR General Information			8	0.694	0.83
2	Corporate Governance (CG)					
2/1	Ownership Structure	3	2	5	0.775	0.88
2/2	Board Composition	2	2	4	0.643	0.80
2/3	Audit Committee	3	2	5	0.777	0.88
3	Risk Management and Internal Control	0	4	4	0.823	0.91
4	Key Performance Indicators (KPIs)	2	4	6	0.843	0.92
5	Changes in Fixed Assets	2	1	3	0.772	0.88
6	Forward-Looking Performance (FLP)	1	3	4	0.787	0.86
7	Corporate Social Responsibility (CSR)	4	4	8	0.826	0.90
Total		17	22	39	0.936	0.96

Table (2) above shows the number of the MR mandatory disclosure items (17) and the MR voluntary disclosure items (22). For every section of the MR., a five-point Likert-scale is adopted, graded from 1, strongly disagree to 5, strongly agree. Hence, to ensure the internal consistency and the reliability of the study tool a Cronbach's Alpha was employed, the results indicate that there is a good internal consistency for all sections and for the overall items of the questionnaire, as the lowest recorded value greater than 60% and the overall Alpha coefficient was 0.936. Relating to the validity, the result refers that the overall validity was 0.96. Hence, reached results indicate an appropriate degree of internal consistency among the used items, and consequently, the questionnaire, logically and statistically, is valid for collecting field study data.

5. Results and Discussions

5.1 Initial indicators

In this part of the study we will discuss credit managers perceptions about the usefulness of MR sections. Table 3 below shows the mean and standard deviation for the sample. And the significance of the differences between the overall means of the respondents' opinions about these items on one hand, and the default test value means on the other hand, which equal (3) as the middle of a five-points Likert scale itself equal this value.

Table (3): Credit managers' perceptions on the usefulness MR sections

<i>No.</i>	<i>General Information about The Management Report</i>	<i>Mean</i>	<i>STD.</i>	<i>The default means. (Test Value)</i>	<i>t. value</i>	<i>sig t.</i>
1	The new MR is more informative	3.97	0.648	3	18.9	0.000***
2	The new MR is easier to be understood.	3.95	0.612		19.6	0.000***
3	The MR provides useful information.	4.07	0.719		18.8	0.000***
4	You consider MR a complementary to the financial report.	4.03	0.702		18.4	0.000***
5	You usually compare the MR with the content of the financial reports.	4.03	0.677		19.3	0.000***
6	Some companies disclose very limited information without any attention to the users' needs.	3.76	0.957		10	0.000***
7	Using the tables and graphs in the management report make its information more understandable.	4.38	0.662		26.4	0.000***
8	The companies which do not make their director's reports available on their websites should be sanctioned by the Authorities	4.04	0.658		13.7	0.000***

***p<0.001

The above table contains the general information included in the MR. The current study wondered if the new MR, is prepared under the new regulation, provides more useful, and understandable information that is easy to use. T. test was used to verify if there were significant differences in the perception of credit managers and their followers about the importance of these eight items by measuring the significance of the differences between the overall means of the respondents' opinions about these elements and the default means test value which equal (3) as a middle of a five-points Likert scale.

The results included in table (3) show that there are significant differences in the perceptions of respondents for the importance of the general items included in the MR, as the means for all items ranged between (3.76) and (4.38), and all means are more than (3). Also, Sig. T indicates that all differences are significant at $P < 0.001$. Consequently, previous analysis ensure that the new regulation is enhancing the usefulness of MRs.

To complete the initial indicators, table (4) below presents the mean and standard deviation for the sample about MR sections and subsections and the T. test analysis.

Table (4): The credit managers' perceptions on the usefulness of the MR sections and subsections

<i>No</i>	<i>The MR Items</i>	<i>Mean</i>	<i>STD.</i>	<i>The default means. (Test Value)</i>	<i>t. value</i>	<i>sig t.</i>
1	Corporate Governance (CG)			3		
	1.1 Ownership structure	4.19	0.574		26.3	0.000***
	1.2 Board Composition	4.18	0.589		25.5	0.000***
	1.3 Audit Committee	4.19	0.604		25.1	0.000***
2	Risk Management and Internal Control	4.49	0.521		36.2	0.000***
3	Key Performance Indicators (KPIs)	4.41	0.489		36.5	0.000***
4	Changes in fixed assets	4.31	0.617		26.9	0.000***
5	Forward-Looking performance (FLP)	4.39	0.484		36.5	0.000***
6	CSR	3.67	0.451		18.9	0.000***
	Total Items					
	VOL	4.37	0.404		42.9	0.000***
	MAN	4.19	0.434		34.6	0.000***

*****p<0.001**

The above table contains various sections of MR. The current study wondered if these items are useful for credit managers. T. test was used to verify if there were significant differences in the perception of the respondents about the importance of these items by measuring the significance of the differences between the overall means of the respondents' opinions, and the default means test value which equal (3). In

addition, two factors were calculated, in terms of the voluntary (VOL) versus the mandatory (MAN) components for the mentioned items.

The results included in table (3) show that there are significant differences in the perceptions of respondents for the usefulness of the main sections and subsections included in the MR, as the means for all items ranged between (3.67) for CSR, and (4.38) for Risk Management and Internal Control, at the same times all means - including the mandatory (MAN) which scored (4.19) and the voluntary (VOL) ones which scored (4.37) - are more than (3). Also, sig. T. indicates that all differences are significant at level $P < 0.001$. Hence, previous analysis ensure that the mentioned sections and subsections are enhancing the usefulness of MRs.

5.2 Hypothesis test

In this part of the study, the results of the main hypothesis testing will be presented through sub hypothesis testing as per of the following details:

5.2.1 Sub - hypothesis 1:

The first sub-hypothesis states that “*There are significant differences among credit manager’s perceptions regarding the usefulness of MR information due to gender*”. Mann–Whitney (U. test) test was used to verify this hypothesis; table (5) below shows the results of this test. It presents descriptive statistics and results of U. Test on the six subsections of information included in the MR. The results reveal that there is a significant difference between males and females for the usefulness of Ownership Structure disclosures as a subsection of Corporate Governance (CG).

Furthermore, Risk Management and Internal Control section gets the top ranking from both groups with a mean equal (4.50) for males and (4.47) for females, thus it considered that this section is perceived to be very useful for them. The overall mean for Key Performance Indicators (KPIs) was (4.39) for males and (4.44) for females, which puts its rank as a second rank compared to other sections, Forward-Looking performance (FLP), results reveal that the overall means were (4.39) for males and (4.40) for females which puts its rank as a third with its Z-score mentioned that there is no significance differences between males and females about mentioned sections and subsections.

Table (5): The differences in MR usefulness due to gender

No.	The MR Items	Male		Female		Mann-Whitney test	
		Mean	STD.	Mean	STD.	Z. Value	Sig. z
1	Corporate Governance (CG)						
	1.1 Ownership structure	4.25	0.518	3.63	0.687	-1.924	0.049**
	1.2 Board Composition	4.18	0.568	4.20	0.649	-.498	0.618 NS
	1.3 Audit Committee	4.18	0.589	4.24	0.648	-.750	0.453 NS
2	Risk Management and Internal Control	4.50	0.528	4.47	0.508	-.709	0.479 NS
3	Key Performance Indicators (KPIs)	4.39	0.495	4.44	0.476	-.171	0.864 NS
4	Changes in fixed assets	4.30	0.655	4.34	0.508	-.507	0.612 NS
5	Forward-Looking performance (FLP)	4.39	0.500	4.40	0.443	-.558	0.577 NS
6	CSR	3.64	0.454	3.75	0.438	-1.304	0.192 NS
	Total Items						
	VOL	4.37	0.406	4.38	0.404	-.035	0.972 NS
	MAN	4.18	0.421	4.21	0.473	-.488	0.626 NS

****p<0.05 NS Means that the differences are not significant**

Relating to CSR section, the overall means was (3.64) for males and (3.75) for females with its Z-score mentioned that the difference between males and females is not significant, indicating that this section is the last rank compared to other sections and subsections. Finally, according to voluntary (VOL) and mandatory (MAN) components for the mentioned sections and subsections, the overall means were more than (4) with no significance differences between males and females, which indicate that both voluntary and mandatory items are important and useful for all. It worth mentioning that voluntary items were more useful than compulsory to both males and females.

For more details about the mandatory and voluntary items, an additional test was conducted that yielded a significant difference between males and females for the usefulness of disclosures on VOL and MAN items of Ownership structure as a subsection of Corporate Governance (CG), but level of significance for the differences about MAN items was at $p < 0.10$. Furthermore, there is a significant difference between males and females about the usefulness of disclosures on the VOL component of CSR at level of confidence 90%.

Relating to the remaining section of MR the overall means were more than (4) for males and females with no significance differences between them, which indicate that both voluntary and mandatory items are important and useful for them. *Hence, this sub- hypothesis can be accepted for the usefulness of Ownership Structure disclosures only as a subsection of Corporate Governance, but will be rejected for the remaining sections of MR.*

From reading the previous results, we can argue that there is partial consistency with the results of some studies in this regard. As they agrees with results reached by Schubert (2006) which concluded that women are

more pessimistic towards gains than men, and Webster and Ellis (1996) who supported this conclusion by adding that men reported more self-confidence compared to women whose are generally considered more risk averse than men. In this context, Watson and McNaughton (2007) added that women were more conservative in investment and long-term decision, similarly, Olsen and Cox (2001) argued that hiring women in investment positions will lead to losses in returns due to being more conservative. The results of this hypothesis test differed with Mittelstaedt and Wiepcke (2014) which indicates that women are less familiar with financial matters when compared to men.

5.2.2 The second sub-hypothesis:

The second sub-hypothesis states that *“There are significant differences among credit manager’s perceptions regarding the usefulness of MR information due to Educational level”*. Kruskal–Wallis test was used to verify this sub-hypothesis; the following table shows the results of this test.

Table 6 below shows a descriptive statistics and results of the Kruskal–Wallis Test on the six subsections of the MR information. Educational level was taken as a basis for this test. From the above table, it can be noted that there were significant differences in the usefulness of the disclosure on Key Performance Indicators (KPIs), and changes in the fixed assets between the four groups that represent the educational level. These results ensure the presence of usefulness of the disclosure on (KPIs); and this perception was greater for High Diploma compared to other groups, as the overall mean of this section was (4.58). Regarding the usefulness of the disclosure on change in the fixed assets between the four groups, the results indicate that this importance was greater for PhD holders compared to other groups, as the overall mean of this section was (4.73).

Unlike other sections of MR, the mean of CSR disclosure was less than (4), this section particularly shows the lower means at all sections, and the differences between the four groups were not significant.

Finally, according to the voluntary (VOL) and the mandatory (MAN) components the overall means were more than (4), which indicate that both voluntary and mandatory items are important and useful. Statistical evidence suggests that there is a significant difference between the four groups in the usefulness of the disclosures for the voluntary items, but this importance was greater for PhD holders compared to other groups as the overall mean was (4.55), also these results was significant at $P < 0.10$ with confidence equal 90%.

For more details about the mandatory and voluntary items, an additional test was conducted. This test showed significant differences in the usefulness of the disclosure on some MR voluntary and mandatory sides between the four groups which represent the educational level. These sides include the voluntary components of board composition and change in fixed assets the greater mean was (4.37), (4.60) for high diploma and PhD. group respectively, and the mandatory components of KPIs, and change of fixed assets, the greater mean was (4.36), (4.80) for high diploma and master's degree respectively.

Relating to the remaining section of MR the overall means were more than (4) for all groups, with no significance differences between them, which indicate that both voluntary and mandatory items are important and useful for them. *Hence, this sub-hypothesis can be accepted for the usefulness of key performance indicators (KPIs), change in the fixed assets and the voluntary items in MR sections, but will be rejected for the remaining sections of MR.*

From reading the mentioned results, we can argue that there is a partial consistency with the results of the previous studies in this regard. As Salehi and Rostami (2011) mentioned that master students' awareness regarding accounting information usefulness was much higher than bachelor students, which entails that level of education positively related to the improvement of the perception of accounting and its related information. In addition, Goll and Rasheed (2005), added that both level of education and educational background represent important variables that affect credit managers perception and actions in lending decision.

PhD holders were more concerned with the complex items in the report (e.g. Risk management, and changes in fixed assets) as their intellectual property and critical engagement are higher than other groups. In addition, master holders and High Diploma were more concentrating on calculative sections (e.g. forward looking and KPIs) when compared to Bachelor holders and reported more than PhD holders which reflect that PhD holders are more comprehensive and holistic in their perspective.

5.2.3 The third sub-hypothesis:

The third sub-hypothesis states that *“There are significant differences among credit manager’s perceptions regarding the usefulness of MR information due to the academic background”*. Kruskal–Wallis test was used to verify this hypothesis; the following table shows the results of this test.

Table (6): The differences of MR usefulness due to educational level

No.	The MR Items	Bachelor		High Diploma		Master		PhD		Kruskal–Wallis	
		Mean	STD.	Mean	STD.	Mean	STD.	Mean	STD.	Chi-Square	Sig.
1	Corporate Governance (CG)										
	1.1 Ownership structure	4.25	0.531	4.13	0.622	4.06	0.683	4.00	0.108	6.208	0.102 NS
	1.2 Board Composition	4.14	0.623	4.26	0.558	4.24	0.541	4.40	0.136	1.961	0.581 NS
	1.3 Audit Committee	4.14	0.655	4.26	0.530	4.29	0.502	4.48	0.268	2.451	0.484 NS
2	Risk Management and Internal Control	4.44	0.543	4.50	0.376	4.58	0.523	4.90	0.136	5.898	0.117 NS
3	Key Performance Indicators (KPIs)	4.33	0.502	4.58	0.344	4.55	0.449	4.33	0.623	8.099	0.044**
4	Changes in fixed assets	4.20	0.671	4.47	0.454	4.47	0.487	4.73	0.149	10.458	0.015**
5	Forward-Looking performance (FLP)	4.35	0.504	4.46	0.352	4.48	0.463	4.40	0.602	2.061	0.560 NS
6	CSR	3.62	0.469	3.78	0.290	3.75	0.432	3.87	0.572	3.779	0.286 NS
	Total Items										
	VOL	4.3168	0.412	4.4545	0.336	4.4742	0.400	4.5545	0.303	6.253	0.100 *
	MAN	4.1626	0.454	4.2684	0.456	4.2194	0.380	4.3059	0.393	1.134	0.769 NS

*p<0.10, **p<0.05, NS Means that the differences are not significant

Table 7 below shows a descriptive statistics and results of the Kruskal–Wallis Test on the six sections of the information included in the MR. The academic background was taken as a basis for this test, from reading the results, it can be extracted that there were significant differences in the usefulness of the disclosure for five of the six subsections which included in the MR. The only section which has non-significant differences was Risk Management section. However, this section particularly has the highest overall mean among all groups which formed based on the education background. These means were (4.47) for accounting field, (4.60) for business administration, and (4.51) for other qualifications. This result reflects the importance of this section for all groups without any differences among them regarding to qualifications.

Table (7): The differences of MR usefulness due to academic background

No.	The MR Items	Accounting		Business Admin		Other		Kruskal–Wallis	
		Mean	STD.	Mean	STD.	Mean	STD.	Chi-Square	Sig.
1	Corporate Governance (CG)								
	<i>1.1 Ownership structure</i>	4.2446	0.537	4.2000	0.463	3.8000	0.826	7.657	0.022**
	<i>1.2 Board Composition</i>	4.1612	0.570	4.5000	0.391	3.9531	0.796	7.803	0.020**
	<i>1.3 Audit Committee</i>	4.1620	0.553	4.5130	0.438	4.0250	0.971	7.464	0.024**
2	Risk Management and Internal Control	4.4711	0.510	4.6087	0.475	4.5156	0.667	2.304	0.316 NS
3	Key Performance Indicators (KPIs)	4.3774	0.472	4.6449	0.377	4.3333	0.666	6.628	0.036**
4	Changes in fixed assets	4.2865	0.640	4.5507	0.409	4.1875	0.643	4.708	0.095*
5	Forward-Looking performance (FLP)	4.3533	0.465	4.6739	0.364	4.3438	0.651	9.715	0.008**
6	CSR	3.6395	0.430	3.8587	0.471	3.6953	0.540	5.619	0.060*
	<i>Total Items</i>								
	VOL	4.3464	0.388	4.5870	0.326	4.2813	0.536	7.566	0.023**
	MAN	4.1716	0.422	4.3913	0.299	4.0478	0.597	5.255	0.062*

*p<0.10, **p<0.05, NS Means that the differences are not significant

Regarding the three subsections of Corporate Governance there were significant differences in the importance and the usefulness of the disclosure on ownership structure, board composition, and audit committee at level of significance $p < 0.05$. Accounting background credit managers perceive the importance of the disclosure for ownership structure more than the other groups. Unlike ownership structure, board composition the audit committee subsections, were perceived to be more useful by business administration background credit managers. Moreover, there were significant differences in the usefulness of Key Performance Indicators (KPIs), changes in fixed assets, Forward-Looking performance (FLP), and CSR disclosures at level of significance $p < 0.05$ for (KPIs) and (FLP), but the significance level was $p < 0.10$ for the other two sections. These results indicate that business administration background credit managers perceive the importance of these items more than the other groups, as the overall mean was (4.55), (4.67) and (3.58) respectively. Finally, voluntary (VOL) and mandatory (MAN) components were significantly different in the disclosure usefulness. For both MAN and VOL, the results indicate that who has business administration background perceive the importance of these items more than the other groups, as the overall mean was (4.58), (4.39) respectively.

For more details on the mandatory and voluntary items, an additional test was conducted. This test showed significant differences in the usefulness of the disclosure on some MR voluntary and mandatory items among the three groups. The voluntary components of ownership structure, the overall mean was (4.22) for accounting. The voluntary components board composition, audit committee, and forward-looking performance (FLP), the overall means were (4.67) (4.56) (4.69) respectively for business administration. The mandatory components of audit committee, forward-looking performance (FLP) the overall means were (4.47), (4.60) respectively for business administration. *Hence, this sub- hypothesis can be accepted for all sections of MR except Risk Management section.*

From reading the mentioned results, we can ensure that our findings agreed with the results of the previous studies in this regard. As Martins and Silva (2018) reported that credit managers with different educational background are expected to have different perceptions relating MR disclosures. In similar vein, Malaquias and Zambra (2019) added that the perception about accounting information complexity differs with the level and background of education.

From the above results, we recommend that banks when hiring credit managers take into consideration having a mixture of accounting and business administration backgrounds. As accounting background is more concentrating on numerical calculations, while business administration background was more concentrating on the MR sections.

5.2.4 The fourth sub-hypothesis:

The fourth sub-hypothesis states that *“There are significant differences among credit managers’ perceptions regarding the usefulness of MR information due to the experience”*. Kruskal–Wallis test was used to verify this hypothesis; the following table shows the results of this test.

Table 8 below shows the test on the six sections of the information included in MR. The experience was taken as a basis for this test. From the table below, it can be noted that there was a significant difference in the importance and the usefulness of the disclosure for the board composition as a subsection of corporate governance (CG). It worth mentioning that the experience category more than 20 years showed the most perception as the overall mean was (4.41), with level of significance $p < 0.10$. Results entail that the average perception of all items was high for all categories of experience as the overall means recorded values more than (4), with no significant differences between all groups. However, CSR usefulness showed an average of less than four for all groups.

Table (8): The differences in MR usefulness due to the experience.

No.	The MR Items	Less than 10 Y		10-20 Y		20 Y and above		Kruskal–Wallis	
		Mean	STD.	Mean	STD.	Mean	STD.	Chi-Square	Sig.
1	Corporate Governance (CG)								
	<i>1.1 Ownership structure</i>	4.1714	.570	4.2051	.670	4.2696	.402	.197	0.906 NS
	<i>1.2 Board Composition</i>	4.1097	.639	4.2564	.495	4.4130	.443	4.497	0.100 *
	<i>1.3 Audit Committee</i>	4.1612	.643	4.2872	.476	4.2087	.636	.989	0.610 NS
2	Risk Management and Internal Control	4.4490	.534	4.4936	.577	4.6957	.281	3.239	0.198 NS
3	Key Performance Indicators (KPIs)	4.3912	.515	4.4701	.477	4.3986	.398	.905	0.636 NS
4	Changes in fixed assets	4.3095	.520	4.4017	.502	4.1884	1.048	1.529	0.466 NS
5	Forward-Looking performance (FLP)	4.3469	.4995	4.4423	.467	4.5435	.424	3.044	0.218 NS
6	CSR	3.6722	0.422	3.6699	.446	3.7065	.583	1.246	0.536 NS
	<i>Total Items</i>								
	VOL	4.3455	.415	4.3811	.409	4.4862	.342	2.542	0.281 NS
	MAN	4.1561	.444	4.2700	.376	4.2046	.485	2.527	0.283 NS

*p<0.10, NS Means that the differences are not significant

The table above shows that there were no significant differences in the usefulness of voluntary (VOL) and mandatory (MAN) components. In additions, the experience category more than 20 years had the most perceptions about the usefulness of the disclosure for the voluntary (VOL) components of all sections, as the overall mean was (4.48). Regarding mandatory (MAN) components, we noted that the experience category from 10 to 20 years was the highest perceptions as the overall mean was (4.27) for the experience category is between 10 and 20 years.

For more details on the mandatory and voluntary items in the various sections of the MR, an additional test was conducted. This test revealed that there were significant differences in the usefulness of the disclosure on some MR mandatory items among the three groups for two sections, namely board composition, the overall mean was (4.43) for the experience category of 20 years and above, and the mandatory items of key performance indicators (KPIs), the overall mean was (4.30) for 10-20 years.

Finally, there was a significant difference among groups of experience on the voluntary items of CSR, as the grater mean was (4.52) for for the experience category of 20 years. *Hence, this sub-hypothesis can be accepted for the usefulness of Board Composition disclosures only as a subsection of corporate governance, but will be rejected for the remaining sections of MR.*

From reading the mentioned results, we can ensure that these results agreed with the results of the previous studies in this regard. As Trönberg and Hemlin (2012) reported that there is a positive relation between level of experience and reliance on intuition emanate from the increased level of both knowledge and self-confidence with increase in experience.

From the above results we can infer that more the experience of the credit manager makes the manager more sensitive to more complex issues (e.g. Risk management and forward-looking) and using more intuition as they were more sensitive than other groups to CSR disclosures. Based on this, we can suggest that HR department should retain those experienced members and to be cautious of losing them.

5.2.5The fifth sub-hypothesis:

The fifth sub-hypothesis states that “*There are significant differences among credit managers’ perceptions regarding the usefulness of MR information due to the Ownership Type*”. Kruskal–Wallis test was used to verify this hypothesis; the following table shows the results of this test.

Table (9): The differences in MR usefulness due to type of ownership

No.	The MR Items	Governmental Banks		Private Banks		Foreign Banks		Kruskal–Wallis	
		Mean	STD.	Mean	STD.	Mean	STD.	Chi-Square	Sig.
1	Corporate Governance (CG)								
	1.1 Ownership structure	4.1522	.58875	4.2963	.63092	4.2963	.63092	1.985	0.371 NS
	1.2 Board Composition	4.2102	.58111	4.1481	.65508	4.1250	.56487	.711	0.701 NS
	1.3 Audit Committee	4.1982	.61091	4.2074	.70924	4.1900	.41282	.479	0.787 NS
2	Risk Management and Internal Control	4.4580	.53858	4.5741	.53626	4.6000	.38389	1.903	0.386 NS
3	Key Performance Indicators (KPIs)	4.3245	.49594	4.5679	.41669	4.6917	.39096	14.308	0.001***
4	Changes in fixed assets	4.3097	.49143	4.2099	1.0587	4.4833	.43896	2.096	0.351 NS
5	Forward-Looking performance (FLP)	4.3584	.50762	4.4722	.38813	4.5250	.45088	2.243	0.326 NS
6	CSR	3.6692	.45345	3.6944	.51109	3.6938	.36831	.252	0.881 NS
	Total Items								
	VOL	4.3415	.41722	4.4428	.41518	4.4682	.29090	1.889	0.389 NS
	MAN	4.1718	.44279	4.2092	.53025	4.2735	.18133	.552	0.759 NS

*** $p < 0.001$, NS Means that the differences are not significant

Table 9 above shows a descriptive statistics and results of the Kruskal–Wallis Test on the six sections of the information included in the MR. The Ownership Type was taken as a basis for this test. The table results show that there was a significant difference in the usefulness of the disclosure

for the Key Performance Indicators (KPIs) at level of significance $p < 0.05$. In addition, private banks have the highest perception of the usefulness compared to the other types of ownership, as the overall mean was (4.56). Relating to other sections and subsections of the MR, the average perception of these sections was high for the all, as the overall means recorded values more than (4), but there were no significant differences between all groups of banks about these items which reflect the usefulness of these items for all banks regardless of ownership type. Except for CSR reported a mean less than four for all groups.

Finally, there were no significant differences in the usefulness of both voluntary (VOL) and mandatory (MAN) disclosures for all types of bank ownership. In additions, the foreign banks had the highest perceptions about the importance of disclosure for both voluntary (VOL) and mandatory (MAN) components, as the overall mean was (4.46) for (VOL) and (4.27) for (MAN).

For more details on the mandatory and voluntary items in the various sections of the MR, an additional test was conducted. This test revealed that there were significant differences in the usefulness of the disclosure on key performance indicators (KPIs) among the three groups, as the highest means were reported by foreign banks as shown in the table above. *Hence, this sub- hypothesis can be accepted for the usefulness of key performance indicators (KPIs) disclosures only as a separate section of MR but will be rejected for the remaining sections.*

From reading the mentioned results, we can indicate that these results agreed with the results of the previous studies in this regard. As perceptions and reactions are a product of culture, and collective community identity (Diab & Metwally, 2019). Moreover, these results confirms Abdelmotaleb et al. (2018) argument that CSR perceptions, and employee creativity were found to be affected by the change in context, as Egyptian perceptions about CSR were totally different from western perceptions.

From the above results we can argue that foreign banks were cautious about the Egyptian market as they shown more usefulness to the KPIs, risk management, forward-looking and changes in fixed assets. This implies that the Central Bank of Egypt should make extra training, and socialization to those banks staff. Moreover, the EGX should issue new regulations that enhance those areas of disclosures, which in return make those banks feel more secured.

6. Conclusion & Implications

The aim of this study was to investigate the usefulness of MR's disclosures for Egyptian credit managers in lending decision. Through surveying credit managers of all banks listed by the Central Bank of Egypt, hypothesises testing revealed that MR is perceived as a useful source of information, and that information on risk management, KPIs, forward-looking, changes in fixed assets, and corporate governance to be significantly useful in lending decision. While CSR disclosure was moderate in terms of usefulness. Moreover, most voluntary disclosures were perceived as more usefulness than mandatory disclosures, which plea for governmental reassessment and changes in the current regulations to satisfy those users' needs from the narrative disclosures.

From those results we can conclude that PhD holders were more concerned with the complex items in the report. In addition, master's students and high diploma were more concentrating on calculative sections when compared to bachelor students and reported more than PhD holders which reflect that PhD holders are more comprehensive and holistic in their perspective. We found that accounting background credit managers were more concentrating on numerical calculations, while business administration background was more concentrating on the MR sections, this implies the importance of Educational level and background in usefulness perceptions.

Moreover, experience was found to influence credit managers' perceptions as more experienced managers were more sensitive to more complex issues and using more intuition as they were more sensitive than other groups to CSR disclosures. Finally, foreign banks were found to be more conservative than other banks. This implies that the Central Bank of Egypt should make extra training, and socialization to those banks staff. Moreover, the EGX should issue new regulations that enhance those areas of disclosures, which in return make those banks feel more secured.

The current study contributes to the literature and practice in two main aspects. Firstly, our study adds a new insight to MR disclosure studies namely concentrating on credit managers perceptions and concentration on lending decision. Early research focused on the usefulness of MR from investors perspective in their investment decision only.(Bozkurt et al., 2013; Goicoechea et al., 2019; Hoffman & Hurst, 1990; Khaled & Khaled,

2010; Martins & Silva, 2018; Mbawuni, 2019; Mostafa et al., 2019; Salehi & Rostami, 2011). Secondly, our concentration on the psychological counterpart of lending decision bring a new dimension of understanding credit managers' perceptions as our results clarified how demographic factors represent an important variable in changing the perceptions regarding narrative disclosures (Abdel-Khalik, 1973; Aifuwa et al., 2019; Andersson, 2004; Berns et al., 2020; Berry & Robertson, 2006; Carter et al., 2007; Danos et al., 1989; Olokoyo, 2011; Ruggeri et al., 2018; Trönnberg & Hemlin, 2014; Trönnberg & Hemlin, 2012; Yeung, 2009).

In an attempt to enrich our understanding, the current study suggests some practical and theoretical implications. These implications relate to the need for a thorough review of the current Egyptian disclosure regulations to satisfy the users' needs. As our results suggests that credit managers perceive most of the voluntary disclosures more useful than mandatory disclosures. This entails that the current MR disclosure requirements are not sufficient to satisfy credit managers needs. Moreover, banks' HR managers should consider the educational background and level of education as important factors in their hiring process of credit managers as those factors were found to have a significant effect on the credit managers perceptions of the narrative information provided in the loan files. In addition, bank board of directors and HR departments should try to sustain experienced credit managers as our results suggest that they were more sensitive to perceive the complex information as more useful in the lending decision.

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**منفعة تقرير الإدارة في قرار الإقراض:
فحص ادراكات مديري الائتمان بالبنوك العاملة بمصر**

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ملخص البحث

تبحث هذه الدراسة مدى إدراك مديري الائتمان بالبنوك العاملة في مصر لمنفعة الإفصاح عن المعلومات الواردة بتقرير مجلس الإدارة، والذي تقدمه الشركات للبنوك كأحد المتطلبات الداعمة لطلب القرض. وقد تم استقصاء مديري الائتمان بجميع البنوك المدرجة بواسطة البنك المركزي المصري لتحديد ما إذا كان الإفصاح الوارد بتقرير مجلس الإدارة يفي باحتياجات هذه الفئة من مستخدمي التقارير المالية. وقد تمثلت عينة الدراسة في (١٦٠) مديراً للائتمان ومساعدتهم سواء كانت هذه البنوك حكومية أو خاصة أو أجنبية. ومن خلال اختبارات فروض الدراسة، أظهرت النتائج الرئيسية أن مديري الائتمان يدركون منفعة الإفصاح عن معلومات تقرير مجلس الإدارة سواء كانت هذه المعلومات الزامية أو اختيارية. كما أشارت النتائج إلى وجود اختلافات جوهرية حول إدراك مديري الائتمان لمنفعة بعض هذه المعلومات وتعزى هذه الاختلافات إلى بعض العوامل السيكولوجية والخصائص الفردية لمديري الائتمان مثل النوع أو الجنس، الخبرة، المستوى التعليمي، والخلفية الدراسية، وكذا إلى نوع ملكية البنك.

وقد أظهرت النتائج أيضاً أن بعض بنود الإفصاح الاختياري أكثر أهمية في صنع قرار الإقراض من بنود الإفصاح الإلزامي، مما يوضح وجود فجوة بين واضعي قواعد الإفصاح ومستخدمي المعلومات. وفيما يتعلق بنوعية المعلومات فقد أكدت الدراسة أن معلومات إدارة الخطر، ومؤشرات الأداء الرئيسية، والمعلومات المستقبلية التي تعكس تطلعات الإدارة أكثر أهمية من المعلومات المتعلقة بالحوكمة والمسئولية الاجتماعية للشركات، وقد نوقشت هذه النتائج وتم استجلاء دلالاتها النظرية والتطبيقية. وتسهم الدراسة الحالية في توسيع وإثراء البحوث الأكاديمية والتطبيقية في مجال منفعة الإفصاح السري. وقد تكون نتائج هذه الدراسة مفيدة لجميع أصحاب المصالح بما فيهم واضعي قواعد الإفصاح، والذي ينبغي أن تنصب اهتماماتهم علي تحسين متطلبات الإفصاح الاختياري لما له من أهمية طبقاً لنتائج الدراسة الحالية. حيث تعد هذه الدراسة هي الأولى في هذا الصدد.

الكلمات المفتاحية: الإفصاح، المنفعة، الأسواق الناشئة، مديرو الائتمان، قرار الإقراض، تقرير مجلس الإدارة.