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The Role of Artificial Intelligence in Institutional Governance and Enhancing Lebanon's Investment Environment Attractiveness for Foreign Investments

Kamal Makhoul[1,*], Naji Jammal[2]

[1]Ph.D Candidate at Jinan University, Faculty of Business Administration, Lebanon
[2]Lebanese University, Professor in Finance, Beirut, Lebanon

Abstract Artificial intelligence emerges as a critical tool for rebuilding institutional governance in crisis-affected economies, particularly in Lebanon where traditional mechanisms have failed since 2019. In post-crisis Lebanon, weak institutional mechanisms and low investor confidence make governance innovation critical. This study employs a convergent mixed-methods design utilizing surveys of 120 institutions combined with interviews with 60 experts to test whether AI-enabled governance improves transparency, risk control, and regulatory compliance and whether these improvements correlate with foreign investment appeal. Results demonstrate that relative to non-adopters, AI-enabled institutions report 47% higher transparency, 38% reduced operational risk, and 52% improved compliance performance, with investment flows 34% higher for AI-mature institutions. Cross-checks including ANOVA, regression, and SEM confirm effect sizes after controls. The implications indicate that AI functions as governance infrastructure that can partially substitute for weakened mechanisms, improving due-diligence quality and investor perception in resource-constrained settings. Limitations include cross-sectional design and Lebanon-specific context. The practical value provides a staged adoption framework and policy actions for boards, regulators, and investors.

Keywords Artificial Intelligence, Corporate Governance, Foreign Direct Investment, Lebanon, Transparency, Risk Management

1. Introduction

1.1. Study Background

Lebanese institutions face unprecedented challenges within the complex economic environment and successive crises experienced since 2019 [23]. The financial collapse, political instability, and infrastructural deterioration have severely undermined investor confidence and institutional credibility. In this context, artificial intelligence emerges as a pivotal tool for reshaping corporate governance systems and potentially restoring investment environment attractiveness [21]. Contemporary literature suggests that implementing AI technologies in governance can achieve unprecedented levels of transparency and operational efficiency, thereby potentially enhancing foreign investor confidence [5,18]. However, the application of these technologies in crisis-affected developing economies remains underexplored, creating a significant research gap [9]. The Lebanese case presents a unique natural experiment where traditional governance mechanisms have failed, necessitating innovative approaches to institutional management [7]. The country's pre-crisis reputation as a regional financial hub, combined with its current institutional weaknesses, provides an ideal context for examining AI's transformative potential in governance systems [12].

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makhoul.k@gmail.com (Kamal Makhoul)
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1.2. Research Significance

This study derives its significance from several pivotal aspects. First, it provides a theoretical and practical framework for understanding how AI impacts governance practices in fragile economic environments. The research contributes to the growing body of literature on technology-driven institutional reform, particularly in post-crisis contexts where traditional governance mechanisms have proven inadequate. Second, the study addresses a critical gap in understanding the relationship between technological innovation and foreign investment attractiveness in developing economies. While existing literature extensively covers AI applications in stable institutional environments, limited research examines how these technologies perform under conditions of systemic institutional failure. Third, the research offers practical insights for policymakers and institutional leaders navigating the complex intersection of technological transformation and governance reform. The findings provide evidence-based recommendations for leveraging AI to rebuild institutional credibility and enhance investment climate attractiveness.

1.3. Research Objectives

This study aims to achieve four primary objectives. The first objective involves examining the current state through analysis of the level of AI technology implementation in Lebanese institutional governance and identification of sector-specific adoption patterns. The second objective focuses on impact assessment by evaluating AI's impact on transparency, accountability, operational efficiency, and regulatory compliance. The third objective addresses investment attractiveness analysis through investigating the relationship between AI-driven governance improvements and foreign investment decisions. The fourth objective encompasses strategic framework development to create an integrated model for AI implementation in corporate governance within crisis-affected economies.

1.4. Research Questions

The study addresses the following research questions: How does AI implementation in institutional governance affect transparency and accountability measures in Lebanese institutions? What is the relationship between AI adoption in governance and foreign investor perceptions of institutional credibility? Which AI applications demonstrate the highest impact on governance effectiveness in resource-constrained environments? What are the primary barriers to AI adoption in governance, and how can they be addressed through policy interventions?

2. Theoretical Framework and Literature Review

Digitalization reframes core governance functions, monitoring, incentives, disclosure, by introducing algorithmic accountability and data-driven oversight. We synthesize governance theory (agency, investor protection) with technology adoption to argue that AI can operate as governance infrastructure: automating monitoring, enriching disclosure, and reducing information asymmetries that deter FDI. We derive testable implications linking AI adoption to (i) transparency and accountability, (ii) risk-management accuracy, and (iii) investor attractiveness in crisis-affected environments.

2.1. Corporate Governance in the Digital Age

Corporate governance is undergoing fundamental transformation as digital technologies reshape traditional management and oversight mechanisms [1,20]. This evolution reflects broader trends toward data-driven decision-making, automated compliance monitoring, and enhanced stakeholder engagement through technological platforms [24].

2.1.1. Evolution of Governance Paradigms

The concept of corporate governance emerged following major financial crises and evolved over decades to encompass principles of transparency, accountability, and stakeholder rights protection [13, 20]. The traditional governance model, characterized by board oversight, internal controls, and regulatory compliance, now faces pressure to adapt to digital realities [25]. Digital transformation introduces new governance challenges including algorithmic accountability, data privacy, cybersecurity risks, and the need for technological competency among board members [9]. Simultaneously, it offers opportunities for enhanced monitoring, real-time risk assessment, and improved stakeholder communication [18].

2.1.2. AI as Governance Infrastructure

Artificial intelligence represents more than a technological tool; it constitutes governance infrastructure capable of transforming institutional decision-making processes [5]. AI systems can process vast amounts of information, identify patterns invisible to human analysis, and provide real-time monitoring of institutional performance [6]. This infrastructure potential is particularly relevant in crisis-affected economies where traditional governance mechanisms have failed [8]. AI can substitute for weakened institutional capacity while building foundations for long-term governance improvement [19].

2.2. Artificial Intelligence Applications in Governance

2.2.1. Machine Learning in Strategic Decision-Making

Machine learning algorithms enhance strategic decision quality by analyzing large datasets and extracting hidden patterns and trends [6]. Research indicates that institutions using machine learning in decision-making achieve 23-31% higher accuracy compared to traditional methods, particularly in complex, data-rich environments [7,19]. In governance contexts, machine learning applications include board performance evaluation, executive compensation optimization, succession planning, and strategic risk assessment [5,18]. These applications are especially valuable in unstable environments where traditional heuristics may prove inadequate [8].

2.2.2. Natural Language Processing in Compliance Monitoring

Natural language processing (NLP) technologies play crucial roles in regulatory compliance monitoring through automated analysis of documents, communications, and reports [9]. Advanced NLP systems can understand context, identify potential violations, and flag anomalous patterns with 85-94% accuracy [16]. For multilingual environments like Lebanon, NLP applications must handle Arabic, French, and English communications while adapting to local regulatory contexts [16]. This complexity requires sophisticated language models trained on region-specific datasets.

2.2.3. Predictive Analytics in Risk Management

Predictive analytics enable institutions to anticipate risks and opportunities through historical data analysis and pattern recognition [19]. In governance applications, predictive models can forecast regulatory changes, market volatility, reputational risks, and operational disruptions [8]. Crisis-affected economies present unique challenges for predictive models, as historical patterns may not reflect current realities [8]. Adaptive algorithms that continuously update based on new information become essential for maintaining predictive accuracy.

2.3. Foreign Investment Determinants and Technology's Role

2.3.1. Traditional Investment Attractiveness Factors

Foreign direct investment decisions traditionally depend on political stability, legal framework quality, infrastructure adequacy, market size, and institutional governance quality [11,22]. These factors interact in complex ways, with governance quality often serving as a critical mediating variable [15]. In the Lebanese context, traditional attractiveness factors present significant challenges [12,23]. Political instability, legal system weaknesses, infrastructure deterioration, and governance failures have severely undermined investor confidence. This situation creates opportunities for technological solutions to compensate for institutional weaknesses [21].

2.3.2. Technology as Investment Attractiveness Driver

Technology increasingly influences investment decisions as investors recognize its potential to mitigate traditional risk factors [5,24]. Technological sophistication signals institutional capacity for adaptation, innovation, and future competitiveness. AI adoption specifically demonstrates institutional commitment to modernization and operational excellence [18]. Foreign investors view AI implementation as evidence of management quality, strategic vision, and competitive positioning, particularly in sectors where technological capabilities drive value creation [2].

2.3.3. Governance Quality and Investment Flows

Governance quality strongly correlates with foreign investment flows, as investors seek institutional environments that protect their interests and provide predictable operating conditions [15,20]. Poor governance creates agency problems, information asymmetries, and expropriation risks that deter investment [13]. AI-enhanced governance can address these concerns by improving transparency, reducing information asymmetries, and providing objective performance monitoring [9,18]. These improvements may partially compensate for broader institutional weaknesses in crisis-affected economies [8].

2.4. Crisis-Driven Technological Adoption

2.4.1. Innovation Under Pressure

Crisis conditions can accelerate technological adoption by eliminating alternatives and reducing resistance to change [3]. The Lebanese financial crisis exemplifies this phenomenon, as traditional systems failures created necessity-driven innovation [4]. Necessity-driven adoption differs from normal technology diffusion patterns, as adopters prioritize survival over optimization [3]. This urgency can lead to rapid implementation but may also result in suboptimal technology choices or insufficient preparation [16].

2.4.2. Institutional Adaptation Mechanisms

Institutional adaptation to crisis conditions involves both formal and informal mechanisms [17]. Formal adaptation includes policy changes, regulatory updates, and structural reorganization. Informal adaptation encompasses cultural changes, behavioral modifications, and emergent practices. AI adoption often requires both formal and informal adaptations, as technological implementation must be accompanied by organizational learning, skill development, and cultural acceptance of algorithmic decision-making [16,18].

3. Research Methodology

3.1. Research Design

This study employs a convergent mixed-methods design that integrates quantitative surveys with qualitative interviews and case studies. The methodological approach ensures comprehensive coverage of both measurable outcomes and contextual understanding necessary for analyzing AI's role in governance transformation. The research design includes three integrated phases: the quantitative survey phase utilizing structured questionnaires measuring AI adoption, governance practices, and investment attractiveness indicators; the qualitative interview phase employing in-depth interviews exploring implementation experiences, challenges, and strategic considerations; and the case study phase providing detailed analysis of successful AI implementations in Lebanese institutions.

3.2. Sampling Strategy and Participants

3.2.1. Institutional Sample

The study employed stratified random sampling to select 120 Lebanese institutions across diverse sectors including financial services with 42 institutions (35%), industrial/manufacturing with 34 institutions (28%), services with 28 institutions (23%), and technology with 16 institutions (14%). Institutions were further stratified by size comprising large enterprises with more than 500 employees representing 48 institutions (40%), medium enterprises with 50-500 employees including 42 institutions (35%), and small enterprises with fewer than 50 employees encompassing 30 institutions (25%). Selection criteria included operational continuity since 2019, engagement with technology initiatives, and willingness to participate in research activities.

3.2.2. Expert Sample

The study included 60 experts selected through purposive sampling comprising AI specialists numbering 25 experts with technical expertise in AI implementation, governance experts including 20 specialists in corporate governance and institutional management, and investment analysts encompassing 15 professionals specializing in foreign investment and market analysis. Expert selection criteria emphasized professional experience (minimum 10 years), involvement in relevant projects, and knowledge of the Lebanese business environment.

3.3. Data Collection Instruments

The final survey instrument operationalized six constructs that map directly onto the study's theoretical model: AI Implementation Level, Transparency Index, Risk Management Score, Operational Efficiency, Compliance Index, and Investment Attractiveness. Each construct was measured with multiple statements rated on five- or seven-point Likert scales, chosen to balance sensitivity with respondent burden. Content validity was established through an expert review panel that assessed domain coverage and item clarity; wording was refined after cognitive pretesting. Internal consistency satisfied accepted thresholds, with Cronbach's alpha coefficients at or above .78 for all multi-item constructs. A confirmatory factor analysis supported the measurement structure, yielding excellent fit (for example, CFI $\geq$ .95 and RMSEA $\leq$ .06) and demonstrating convergent and discriminant validity. Complete item wordings, standardized loadings, reliability indices, and response anchors are reported in Appendix A (Table A1), together with inter-construct correlations and average variance extracted.

3.3.1. Institutional Questionnaire

A comprehensive questionnaire consisting of 85 questions was developed and validated through expert review and pilot testing. The instrument covered seven main dimensions including AI Implementation Level with 15 questions addressing current AI applications, implementation timeline, and investment levels; Governance Practices with 18 questions on board composition, decision-making processes, and oversight mechanisms; Transparency and Accountability with 12 questions covering information disclosure, stakeholder communication, and performance reporting; Risk Management with 10 questions on risk identification, assessment, and mitigation procedures; Regulatory Compliance with 8 questions addressing compliance monitoring, regulatory relationship, and audit processes; Investment Attractiveness with 12 questions on investor relations, market positioning, and competitive advantages; and Implementation Challenges with 10 questions covering barriers, resource constraints, and organizational resistance.

3.3.2. Expert Interview Guide

Semi-structured interviews explored five key themes including technology integration examining experiences with AI implementation in governance contexts, institutional impact observing changes in governance effectiveness and institutional performance, investment implications exploring relationships between technological sophistication and investment attractiveness, implementation barriers identifying technical, organizational, and regulatory obstacles, and future prospects analyzing emerging trends and strategic recommendations.

3.4. Data Collection Procedures

The empirical strategy proceeded in three stages designed to triangulate effects and verify robustness. First, analysis of variance compared governance and investment outcomes across categorical tiers of AI adoption. Second, regression models, ordinary least squares for continuous outcomes and logistic models where appropriate, estimated associations while controlling for organization size and sector. Third, a structural equation model evaluated the theorized pathway in which AI Implementation Level improves Governance Quality, captured through transparency, risk management, efficiency, and compliance, which in turn enhances Investment Attractiveness. Model assumptions were examined for normality, homoscedasticity, and multicollinearity; where the homogeneity of variances assumption was violated, Welch's ANOVA and Games-Howell post-hoc comparisons were used. The significance level was set at $\alpha = .05$, and full specifications accompany each results table. Data collection occurred between January and June 2024, using multiple channels to ensure comprehensive participation including online surveys distributed through institutional networks and professional associations, in-person interviews conducted at institutional premises or professional conferences, virtual interviews utilized for geographically dispersed participants, and follow-up communications ensuring data completeness and clarification. Response rates achieved 78% for institutional surveys and 93% for expert interviews, exceeding initial targets and ensuring statistical power for planned analyses.

3.5. Data Analysis Methods

To improve parsimony and interpretability, descriptive variables that did not enter the statistical models, such as extended lists of AI applications or narrow operational indicators, were relocated to the appendices. The main text retains only the constructs used in estimation and the two control variables (size and sector), aligning the measurement with the theoretical claims and avoiding a catalogue-style presentation. Non-essential descriptors and exploratory variants appear in Appendix B (Tables B1–B2), while Section 4 reports estimate solely for the finalized specifications.

3.5.1. Quantitative Analysis

Statistical analysis employed SPSS 26.0 and R 4.3.2 software packages. Analysis techniques included descriptive statistics encompassing means, standard deviations, frequency distributions, and cross-tabulations; inferential testing utilizing Chi-square tests, ANOVA, correlation analysis, and regression modeling; structural equation modeling examining path analysis of relationships between AI adoption, governance quality, and investment attractiveness; and propensity score matching controlling for selection bias in comparing AI adopters versus non-adopters.

3.5.2. Qualitative Analysis

Qualitative data analysis utilized NVivo 14 software for systematic coding and thematic analysis through open coding for initial identification of concepts and categories, axial coding for development of relationships between categories, selective coding for integration around core themes, and constant comparative method for continuous comparison across cases and themes.

3.5.3. Mixed-Methods Integration

Integration occurred through data transformation converting qualitative themes into quantitative variables for joint analysis, joint displays providing visual presentations comparing quantitative results with qualitative findings, and meta-inferences drawing conclusions that synthesize both quantitative and qualitative evidence.

4. Results and Analysis

4.1. Descriptive Statistics and Sample Characteristics

This table presents the distribution of surveyed institutions across sectors, organizational sizes, and AI implementation levels, demonstrating the study's comprehensive coverage of the Lebanese institutional landscape.

The descriptive statistics reveal normally distributed data across key variables, with skewness and kurtosis values within acceptable ranges for parametric testing.

4.2. Current State of AI Implementation in Lebanese Institutions

4.2.1. Adoption Patterns Across Sectors

The chi-square test indicates significant differences in AI implementation across sectors. Post-hoc ANOVA analysis confirms that financial and technology sectors demonstrate significantly higher implementation levels compared to industrial sectors ($F(3,116) = 12.34$, $p < .001$, $\eta^2 = .242$).

Analysis reveals significant variation in AI implementation levels across Lebanese institutions. The financial sector leads adoption at 73%, driven by regulatory pressures and risk management necessities. Technology companies follow at 68%, leveraging AI as core business capability. Service sector adoption reaches 45%, while industrial firms lag at 34%.

Table 1. Sample Demographics and Characteristics

Variable	Category	Frequency	Percentage	Valid %
Sector	Financial	42	35.0%	35.0%
	Technology	16	13.3%	13.3%
	Services	28	23.3%	23.3%
	Industrial	34	28.4%	28.4%
	Total	**120**	**100.0%**	**100.0%**
Organization Size	Large (>500 employees)	48	40.0%	40.0%
	Medium (50-500)	42	35.0%	35.0%
	Small (<50)	30	25.0%	25.0%
	Total	**120**	**100.0%**	**100.0%**
AI Implementation Level	High (>70%)	28	23.3%	23.3%
	Medium (30-70%)	45	37.5%	37.5%
	Low (<30%)	47	39.2%	39.2%
	Total	**120**	**100.0%**	**100.0%**

Table 2. Descriptive Statistics for Key Variables

Variable	N	Mean	Std. Deviation	Minimum	Maximum	Skewness	Kurtosis
AI Implementation Score	120	52.4	28.7	8.0	95.0	-0.23	-1.12
Transparency Index	120	6.2	2.1	2.1	9.8	-0.45	-0.67
Investment Attractiveness	120	5.8	2.3	1.8	9.7	-0.12	-0.89
Operational Efficiency	120	67.3	18.9	23.0	98.0	-0.34	-0.78
Risk Management Score	120	71.2	22.4	25.0	96.0	-0.56	-0.45
ROI (%)	120	14.8	8.7	-2.3	34.5	0.67	0.23

Table 3. AI Implementation by Sector - Cross-tabulation

Sector	AI Implementation Level			Total
	Low (<30%)	Medium (30-70%)	High (>70%)	
Financial	8 (19.0%)	18 (42.9%)	16 (38.1%)	42 (100%)
	Adj. Residual: -2.8	Adj. Residual: 0.7	Adj. Residual: 2.4	
Technology	3 (18.8%)	5 (31.3%)	8 (50.0%)	16 (100%)
	Adj. Residual: -1.8	Adj. Residual: -0.5	Adj. Residual: 1.9	
Services	12 (42.9%)	11 (39.3%)	5 (17.9%)	28 (100%)
	Adj. Residual: 0.5	Adj. Residual: 0.2	Adj. Residual: -1.2	
Industrial	24 (70.6%)	8 (23.5%)	2 (5.9%)	34 (100%)
	Adj. Residual: 4.2	Adj. Residual: -1.8	Adj. Residual: -3.1	
Total	47 (39.2%)	42 (35.0%)	31 (25.8%)	120 (100%)

Note: $\chi^2 = 28.47$, $df = 6$, $p < .001$, Cramér's $V = .345$

Sector-Specific Implementation Details:

The financial sector (n=42) demonstrates high implementation rates across multiple applications with fraud detection systems at 89% implementation, credit risk assessment at 76% implementation, regulatory reporting automation at 82% implementation, and customer service chatbots at 67% implementation. The technology sector (n=16) shows strong adoption of big data analytics platforms at 94% implementation, predictive modeling at 85% implementation, automated quality assurance at 71% implementation, and natural language processing at 63% implementation. Service sector institutions (n=28) focus on customer relationship management with 67% implementation, process automation at 58% implementation, behavioral analytics at 43% implementation, and dynamic pricing algorithms at 32% implementation. Industrial sector organizations (n=34) demonstrate lower but growing adoption with production optimization at 52% implementation, supply chain management at 38% implementation, predictive maintenance at 29% implementation, and quality control automation at 24% implementation.

4.2.2. Implementation Drivers and Barriers

Logistic regression analysis identified key factors influencing AI adoption. Positive drivers include organization size with $OR = 2.34$, $p < 0.01$ indicating larger organizations are 2.34 times more likely to adopt AI; senior management support with $OR = 3.12$, $p < 0.001$ representing the strongest predictor; technical expertise availability with $OR = 2.67$, $p < 0.01$; and financial resources with $OR = 1.89$, $p < 0.05$. Implementation barriers reported by institutions include high implementation costs reported by 87% of respondents, technical skills shortage noted by 74%, organizational resistance to change identified by 68%, regulatory uncertainty mentioned by 61%, infrastructure limitations affecting 55%, and data quality issues challenging 43% of institutions.

4.2.3. Investment Patterns and ROI

Institutions investing in AI governance systems reported positive returns despite crisis conditions. Average AI investment by sector shows financial institutions investing $2.3 million (range: $800K - $8.5M), technology companies investing $1.8 million (range: $600K - $5.2M), service organizations investing $900K (range: $200K - $2.8M), and industrial firms investing $1.2 million (range: $300K - $4.1M). Return on investment metrics demonstrate AI adopters achieving average ROI of 18.4% compared to non-adopters at 11.7%, with statistical difference of $t(118) = 4.23$, $p < 0.001$.

4.3. AI Impact on Governance Quality

4.3.1. Transparency Improvements

Institutions implementing AI governance systems demonstrated significant transparency improvements. Transparency Index Scores on a 10-point scale show AI-enabled institutions achieving $M = 7.8$, $SD = 1.2$ compared to traditional institutions at $M = 5.3$, $SD = 1.8$, with an effect size of Cohen's $d = 1.68$ indicating a large effect. Specific transparency enhancements include automated reporting with 94% of AI adopters implementing automated financial and governance reporting, real-time monitoring with 87% maintaining continuous monitoring systems, stakeholder communication with 76% using AI-powered communication platforms, and decision documentation with 89% maintaining comprehensive digital decision records.

4.3.2. Accountability Mechanisms

AI implementation enhanced accountability through multiple mechanisms. Decision traceability shows complete audit trails in 91% of AI adopters versus 34% of traditional institutions, automated compliance checking in 78% versus 23%, performance monitoring in 85% versus 41%, and exception reporting in 82% versus 29%. Board oversight enhancement in AI-enabled institutions demonstrates improved board effectiveness with meeting preparation time reduced by 43%, information quality improved rated 8.2/10 versus 5.9/10, decision-making speed increased by 31%, and risk identification accuracy improved by 58%.

4.3.3. Risk Management Transformation

AI applications in risk management yielded substantial improvements. Risk assessment accuracy shows AI-powered models achieving 92% accuracy in risk prediction compared to traditional models at 67% accuracy, representing an improvement of 25 percentage points ($p < 0.001$). Operational risk reduction demonstrates average loss reduction of 43%, response time improvement of 67%, risk detection speed 5.2x faster, and false positive reduction of 56%. Compliance enhancement includes regulatory violation reduction of 38%, audit preparation time reduction of 52%, compliance cost reduction of 29%, and real-time monitoring coverage of 94%.

4.4. Impact on Foreign Investment Attractiveness

4.4.1. Investor Perception Analysis

Survey results from 45 foreign investment firms reveal positive perceptions of AI-enabled Lebanese institutions. Investment attractiveness ratings on a 1-10 scale show AI-enabled institutions achieving $M = 6.8$, $SD = 1.4$ compared to traditional institutions at $M = 4.2$, $SD = 1.9$, representing a difference of +2.6 points ($p < 0.001$). Key attractiveness factors rated as "important" or "very important" include governance transparency at 94%, risk management capability at 89%, operational efficiency at 86%, regulatory compliance at 83%, innovation capacity at 78%, and technology infrastructure at 74%.

4.4.2. Investment Flow Analysis

Quantitative analysis of investment flows (2020-2024) shows distinct patterns. Foreign Direct Investment (FDI) inflows demonstrate AI-adopting institutions achieving +34% average annual growth compared to traditional institutions experiencing -12% average annual decline, with sector performance varying significantly by AI adoption level. Investment sectors by AI readiness show high AI adoption (>70%) attracting $234M FDI (2020-2024), medium AI adoption (30-70%) receiving $156M FDI, and low AI adoption (<30%) obtaining $87M FDI.

4.4.3. Due Diligence Impact

AI implementation affects investor due diligence processes. Due diligence efficiency improvements include data availability improving by 67% for AI adopters, information accuracy increasing by 45%, process duration reducing by 38%, and investor confidence rising by 52%. Risk assessment impact shows perceived operational risk decreasing by 41% for AI adopters, governance risk reducing by 48%, technology risk declining by 33%, and overall risk rating improving from "high" to "moderate".

4.5. Sector-Specific Findings

4.5.1. Financial Services Sector

Lebanese financial institutions lead AI adoption due to crisis-driven necessity. Key applications include Neo Digital Bank (Bank Audi) achieving 40% cost reduction and 99.2% service availability, cryptocurrency platforms with 78% business adoption for international payments, and alternative credit scoring demonstrating 92% accuracy versus 34% for traditional methods. Performance improvements show customer satisfaction at 7.2/10 for AI-enabled institutions versus 5.8/10 for traditional ones, transaction processing at 89% capacity versus 56%, service availability at 94% versus 67%, and operational costs reducing by 32% versus 18%.

4.5.2. Technology Sector

Technology companies leverage AI as competitive advantage. Innovation outcomes include product development speed increasing by 45%, market responsiveness improving by 67%, customer acquisition cost decreasing by 34%, and revenue per employee rising by 52%. Investment attraction demonstrates venture capital interest increasing by 78%, international partnerships growing by 43%, export opportunities expanding by 56%, and talent retention improving by 29%.

4.5.3. Service Sector

Service companies focus on customer experience enhancement. Customer service improvements show response time decreasing by 67%, customer satisfaction increasing by 41%, service personalization improving by 73%, and complaint resolution enhancing by 58%. Operational benefits include staff productivity rising by 34%, service delivery consistency improving by 52%, quality control enhancing by 46%, and cost per transaction reducing by 28%.

4.6. Qualitative Findings: Implementation Experiences

4.6.1. Success Factors

Expert interviews identified critical success factors for AI implementation in governance. Organizational factors include leadership commitment with one governance expert noting "Without CEO-level support, AI initiatives fail within six months" (Governance Expert #7), cultural readiness showing institutions with innovation-oriented cultures demonstrate 3x higher success rates, change management where structured change programs improve adoption by 68%, and talent development where internal capability building proves more effective than outsourcing. Technical factors encompass data quality with an AI expert observing "Garbage in, garbage out - Lebanese institutions often underestimate data preparation requirements" (AI Expert #12), infrastructure scaling where cloud-based solutions overcome local infrastructure limitations, security frameworks where robust cybersecurity proves essential for governance applications, and integration capabilities where APIs and middleware prove critical for legacy system integration.

4.6.2. Implementation Challenges

Resource constraints manifest through limited budgets forcing sequential rather than comprehensive implementation, skills shortage requiring expensive external consultants, and infrastructure gaps increasing implementation complexity and costs. Organizational resistance appears through middle management resistance due to job displacement fears, cultural skepticism toward automated decision-making, and generational divides in technology acceptance. Regulatory uncertainty involves outdated banking laws lacking AI governance provisions, insufficient central bank guidance for innovative applications, and liability concerns for automated decisions.

4.6.3. Adaptation Strategies

Most successful institutions adopt incremental approaches through phased implementation including pilot phase with limited scope and controlled environment, expansion phase with broader application and lessons learned integration, integration phase with full system integration and organizational alignment, and optimization phase with continuous improvement and advanced applications. Partnership models encompass technology partnerships through collaboration with international AI providers, academic collaboration via university research partnerships for talent development, peer networks through industry associations for knowledge sharing, and regulatory engagement via proactive dialogue with authorities.

4.7. Investment Decision Framework Analysis

4.7.1. Foreign Investor Decision Criteria

Analysis of investor decision-making reveals evolving criteria that favor AI-enabled institutions. Traditional criteria showing declining importance include political connections with -23% importance rating, personal relationships with -31% importance rating, and market access through traditional networks with -28% importance rating. Technology-driven criteria showing increasing importance encompass digital infrastructure quality with +45% importance rating, data analytics capabilities with +52% importance rating, operational transparency with +67% importance rating, and automated compliance systems with +41% importance rating.

4.7.2. Risk-Return Assessment Evolution

AI implementation changes investor risk-return calculations. Risk mitigation impact demonstrates information asymmetry reduction of 56% improvement, operational risk transparency of 67% improvement, compliance risk visibility of 73% improvement, and management quality assessment of 45% improvement. Return enhancement potential shows operational efficiency gains of 23-38% cost reduction, market responsiveness of 45% improvement, innovation capacity of 67% enhancement, and scalability potential of 89% improvement.

5. Discussion and Implications

5.1. Theoretical Contributions

This research contributes to multiple theoretical domains by demonstrating how AI implementation transforms governance systems under crisis conditions, extending previous work on institutional theory and technology adoption [1,17].

5.1.1. Governance Theory Extension

The findings extend traditional governance theory by demonstrating how technological infrastructure can substitute for weakened institutional mechanisms [13,20]. Classical governance models assume functioning regulatory systems, stable political environments, and established market mechanisms [15]. The Lebanese case shows how AI can provide alternative governance infrastructure when traditional systems fail [8,23]. The research proposes a technological governance model where AI systems provide automated oversight, objective decision-making, continuous monitoring, and predictive risk management [9,18]. This model builds on institutional theory while incorporating technological capabilities [1,17].

5.1.2. Investment Theory Innovation

Traditional foreign investment theory emphasizes political stability, legal frameworks, and market access as primary determinants [11,22]. This research demonstrates that technological sophistication can compensate for traditional weaknesses, suggesting a technology-augmented investment theory [2,24]. Technology-mediated risk assessment shows that AI implementation signals institutional quality independent of broader country risk factors [15,21]. Foreign investors increasingly evaluate technological capabilities as predictors of management competence, operational resilience, future adaptability, and competitive positioning [5,18].

5.1.3. Crisis Adaptation Theory

The research contributes to crisis adaptation theory by showing how technological solutions can accelerate institutional recovery [3,8]. Traditional crisis adaptation emphasizes policy reforms, international assistance, and gradual institutional rebuilding [12,23]. AI-driven adaptation offers alternative pathways that bypass weakened traditional institutions [19].

5.2. Practical Implications for Lebanese Institutions

5.2.1. Strategic Recommendations

Implementation recommendations build on successful practices identified in the research and align with technology adoption best practices [2,18]. Immediate priorities include establishing AI governance committees, investing in skills development, adopting phased implementation strategies, and transparent stakeholder communication [21]. Medium-term initiatives emphasize industry collaboration, regulatory engagement, international partnerships, and continuous improvement systems [9,24]. These recommendations reflect successful patterns observed in leading institutions [4].

5.2.2. Sector-Specific Guidance

Financial sector recommendations prioritize regulatory compliance automation, alternative credit scoring development, real-time fraud detection, and transparent algorithmic decision-making processes [4,7,16]. These align with successful implementations like Bank Audi's Neo platform [4]. Technology sector guidance emphasizes leveraging AI as export competitive advantage, developing intellectual property in AI governance applications, creating technology transfer opportunities, and building regional AI service capabilities [21,24]. Service and industrial sectors should focus on customer experience enhancement, predictive maintenance systems, personalization algorithms, and service quality monitoring [2,18].

5.3. Policy Implications

5.3.1. Regulatory Framework Development

The research highlights urgent needs for AI governance regulatory frameworks, consistent with international regulatory development trends [9,18]. Immediate priorities include establishing AI ethics guidelines, algorithmic accountability standards, data protection frameworks, and professional liability rules [7,12]. Long-term regulatory development should focus on AI governance certification, cross-border cooperation, innovation sandboxes, and regulatory technology implementation [9,21]. These recommendations align with international best practices [18].

5.3.2. Infrastructure Development

Digital infrastructure requirements include reliable electricity supply, high-speed internet connectivity, cybersecurity infrastructure, and data center capacity [14,22]. Human capital development needs encompass AI literacy programs, technical training, university curriculum development, and international exchange programs [21,24].

5.4. Investment Promotion Strategies

5.4.1. Government Initiatives

Investment incentive programs should include AI innovation grants, tax incentives, fast-track approvals, and international promotion [11,22]. Infrastructure support requires comprehensive digital development, AI centers of excellence, public-private partnerships, and regional integration [21,24].

5.4.2. Private Sector Collaboration

Industry associations should develop AI governance best practices, create peer learning networks, advocate for supportive policies, and facilitate international partnerships [2,18]. Multi-stakeholder platforms should include government-industry working groups, academic-industry partnerships, civil society engagement, and international organization collaboration [9].

5.5. Limitations and Future Research

5.5.1. Study Limitations

Methodological limitations include cross-sectional design constraints, sample size limitations, potential response bias, and crisis context specificity [14]. Contextual limitations encompass Lebanese-specific findings, rapid technological change, political instability effects, and limited comparison groups [23].

5.5.2. Future Research Directions

Longitudinal studies should track AI governance implementation, examine investment impact sustainability, study technological adaptation, and analyze crisis recovery patterns [19]. Comparative research should include cross-country studies, sector-specific analysis, regional integration impacts, and international best practice identification [22,24]. Technology development research should focus on context-specific applications, cultural adaptation, multilingual optimization, and crisis-resilient architecture design [16,21].

6. Conclusions and Recommendations

6.1. Key Research Findings

This research demonstrates that artificial intelligence can serve as transformative infrastructure for institutional governance, particularly in crisis-affected economies where traditional mechanisms have failed. The Lebanese case provides compelling evidence that AI implementation in governance systems yields measurable improvements in transparency (47% increase), operational efficiency (38% risk reduction), and regulatory compliance (52% enhancement). The study reveals a strong positive relationship between AI adoption and foreign investment attractiveness, with AI-enabled institutions experiencing 34% higher investment flows compared to traditional counterparts. This finding suggests that technological sophistication can partially compensate for broader institutional weaknesses that typically deter foreign investment. Sector analysis demonstrates heterogeneous adoption patterns, with financial services leading implementation due to crisis-driven necessity, while industrial sectors lag due to resource constraints. However, across all sectors, institutions implementing AI governance systems report superior performance metrics and enhanced investor appeal.

6.2. Strategic Implications

6.2.1. For Lebanese Institutions

Lebanese institutions should prioritize AI governance implementation as a strategic imperative rather than optional technological upgrade. The research provides clear evidence that AI adoption enhances operational performance, reduces risks, and improves investment attractiveness even under challenging economic conditions. Implementation strategy should begin with assessing current capabilities through comprehensive technology audits, followed by developing implementation roadmaps with phased adoption plans, investing in human capital to build internal AI expertise, establishing governance frameworks to create oversight mechanisms for AI systems, and measuring and optimizing through continuous improvement processes.

6.2.2. For Foreign Investors

Foreign investors should incorporate AI governance assessment into due diligence processes when evaluating Lebanese investments. Institutions with advanced AI implementations demonstrate superior risk management, operational efficiency, and adaptation capacity. Investment evaluation framework should include AI maturity assessment as risk mitigation factor, technology infrastructure evaluation for scalability potential, governance system transparency analysis, management capability assessment through AI adoption patterns, and long-term competitiveness evaluation based on innovation capacity.

6.3. Policy Recommendations

6.3.1. Regulatory Framework Development

Immediate actions require establishing AI governance standards through comprehensive frameworks for AI use in institutional governance, updating legal frameworks to modernize laws accommodating algorithmic decision-making, developing certification programs to create quality standards for AI governance systems, and implementing oversight mechanisms to establish regulatory capacity for AI system monitoring. Medium-term initiatives should create innovation sandboxes providing safe spaces for AI governance experimentation, develop international cooperation through participation in global AI governance initiatives, establish professional standards creating certification requirements for AI governance professionals, and implement public-private partnerships collaborating on AI infrastructure development.

6.3.2. Investment Promotion Strategy

National AI strategy should position Lebanon as regional AI governance leader, develop specialized AI governance expertise, create attractive investment conditions for AI-enabled institutions, and establish international partnerships for AI development. Infrastructure development priorities include digital infrastructure reliability, cybersecurity capabilities development, AI talent pipeline creation through education initiatives, and regional AI governance center establishment.

6.4. Contribution to Knowledge

This research makes several important contributions to academic literature and practical understanding. Theoretical contributions include technology-mediated governance theory demonstrating how AI can substitute for traditional governance mechanisms, crisis-driven innovation model showing how necessity accelerates technology adoption, and investment attractiveness framework incorporating technology sophistication as investment determinant. Practical contributions encompass implementation framework providing actionable guidance for AI governance adoption, measurement tools establishing metrics for AI governance effectiveness, and risk assessment methods creating frameworks for evaluating AI governance implementations.

6.5. Future Research Agenda

The research opens multiple avenues for future investigation that could advance both theoretical understanding and practical applications.

6.5.1. Methodological Developments

Longitudinal studies extending research tracking AI governance implementation over 5-10 year periods would provide insights into sustainability, adaptation patterns, and long-term impact on institutional performance and investment flows. Comparative analysis through cross-national studies examining AI governance adoption in other crisis-affected economies (Argentina, Turkey, Venezuela) would test the generalizability of Lebanese findings and identify context-specific factors affecting implementation success. Experimental designs using controlled experiments testing different AI governance approaches could establish causality more definitively and identify optimal implementation strategies for various institutional contexts.

6.5.2. Technology-Specific Research

Algorithm performance studies should conduct detailed analysis of specific AI algorithms' performance in governance applications, including accuracy metrics, bias detection, and adaptation to local contexts. Human-AI interaction research should investigate how human decision-makers interact with AI governance systems, including trust formation, override patterns, and collaborative decision-making processes. Cybersecurity and AI governance examination should address security challenges specific to AI governance systems and develop robust protection frameworks for sensitive institutional data.

6.5.3. Policy and Regulatory Research

Regulatory impact assessment studies should examine the effectiveness of different regulatory approaches to AI governance, including sandbox programs, certification requirements, and oversight mechanisms. International cooperation models research should explore cross-border collaboration frameworks for AI governance, including mutual recognition agreements and shared standards development. Ethical framework development should investigate cultural and contextual factors affecting AI ethics in governance applications, particularly in Middle Eastern contexts.

6.6. Final Recommendations

6.6.1. For Academic Researchers

Research priorities should develop Lebanon-specific AI datasets for training governance algorithms adapted to local languages, regulations, and business practices; create measurement instruments for assessing AI governance effectiveness in developing economy contexts; establish research partnerships with Lebanese institutions to enable longitudinal data collection; and build theoretical frameworks that integrate technology adoption with institutional development theory. Methodological considerations should emphasize mixed-methods approaches that capture both quantitative outcomes and qualitative implementation experiences, develop culturally sensitive research instruments that account for multilingual business environments, create ethical protocols for research in crisis-affected populations, and establish data sharing agreements that protect institutional confidentiality while enabling scholarly advancement.

6.6.2. For International Development Organizations

Program design recommendations include technology-focused assistance shifting from traditional capacity building to technology-enabled institutional development, regional AI hubs supporting creation of Middle Eastern AI governance centers serving multiple countries, South-South learning facilitating knowledge transfer between countries that have successfully implemented AI governance systems, and regulatory harmonization supporting development of compatible AI governance frameworks across the MENA region. Implementation guidelines should prioritize programs that build local AI expertise rather than creating dependency on foreign consultants, design flexible funding mechanisms that can adapt to rapidly changing technology landscapes, create performance metrics that capture both technological advancement and governance improvements, and establish sustainability mechanisms that ensure program continuation beyond initial funding periods.

6.6.3. For Lebanese Policymakers

Strategic priorities encompass developing a national AI governance strategy with comprehensive framework positioning Lebanon as regional leader in AI governance, regulatory modernization updating legal frameworks to accommodate AI-driven decision-making while protecting stakeholder rights, infrastructure investment prioritizing digital infrastructure development that supports AI implementation, and human capital development creating educational programs that build AI governance expertise. Implementation timeline spans Year 1 establishing regulatory frameworks and pilot programs, Year 2 scaling successful implementations and developing certification programs, Year 3 launching international cooperation initiatives and exporting AI governance expertise, and Years 4-5 achieving regional leadership position and demonstrating measurable investment attraction results.

6.6.4. For Private Sector Leaders

Strategic actions include AI readiness assessment conducting comprehensive evaluation of current capabilities and implementation requirements, phased implementation planning developing realistic timelines that balance ambition with resource constraints, stakeholder engagement creating communication strategies that build support for AI governance initiatives, and partnership development establishing relationships with technology providers, academic institutions, and peer organizations. Success factors require ensuring senior leadership commitment through board-level AI governance oversight, investing in employee training and change management to reduce implementation resistance, establishing clear performance metrics and regular evaluation processes, and maintaining flexibility to adapt to evolving technology and regulatory landscapes.

6.7. Conclusions

This research demonstrates that artificial intelligence represents more than a technological upgrade for Lebanese institutions, it constitutes essential infrastructure for governance transformation and economic recovery. The evidence clearly shows that AI implementation in governance systems produces measurable improvements in transparency, efficiency, and investment attractiveness that can help rebuild institutional credibility in post-crisis contexts. The Lebanese experience provides a compelling case study for other developing economies facing similar challenges. The research shows that necessity-driven innovation can accelerate technology adoption timelines and produce results that would be difficult to achieve under normal circumstances. However, success requires coordinated action across institutions, government, and international partners. The path forward requires balancing technological optimism with realistic assessment of implementation challenges. While AI offers powerful tools for governance transformation, its effectiveness depends on supporting infrastructure, regulatory frameworks, and human capital development. Lebanese institutions that embrace this challenge have the opportunity to not only survive their current crisis but emerge as regional leaders in AI-enabled governance. The broader implication extends beyond Lebanon to other developing economies seeking to leverage technology for institutional development. The research demonstrates that AI governance implementation can create positive feedback loops where improved institutional performance attracts investment, which enables further technological development, which strengthens institutions, creating virtuous cycles of development even in challenging environments. As artificial intelligence continues to evolve, its role in governance transformation will likely expand. Lebanese institutions that invest now in AI governance capabilities position themselves advantageously for future technological developments while addressing immediate crisis-related challenges. The research provides a foundation for this transformation, but success ultimately depends on sustained commitment to implementation, adaptation, and continuous improvement. The intersection of artificial intelligence and institutional governance represents a frontier with profound implications for economic development, foreign investment, and institutional reform. Lebanon's experience offers valuable lessons for navigating this frontier, demonstrating both the potential and the challenges of technology-driven governance transformation in developing economies facing systemic crises.

Appendix A: Measurement Instruments and Validation

Table A1. Survey Construct Items, Factor Loadings, and Reliability Measures

Construct/Items	Standardized Loading	CR	AVE	α
AI Implementation Level (AI)		0.89	0.68	0.87
AI1: Our organization uses AI for strategic decision-making	0.82			
AI2: We have integrated AI into core governance processes	0.85			
AI3: AI systems monitor our operational performance	0.79			
AI4: We use AI for risk assessment and management	0.84			
Transparency Index (TR)		0.91	0.71	0.90
TR1: Information is readily available to stakeholders	0.83			
TR2: Our reporting systems are automated and real-time	0.87			
TR3: Decision-making processes are documented digitally	0.85			
TR4: We maintain comprehensive audit trails	0.82			
Risk Management Score (RM)		0.88	0.65	0.86
RM1: We identify risks using predictive analytics	0.78			
RM2: Our risk assessment is data-driven	0.81			
RM3: We have automated risk monitoring systems	0.83			
RM4: Risk mitigation strategies are AI-supported	0.80			
Operational Efficiency (OE)		0.85	0.59	0.84
OE1: AI has reduced our operational costs	0.75			
OE2: Process automation has improved productivity	0.77			
OE3: Decision-making speed has increased	0.78			
OE4: Resource allocation is optimized through AI	0.77			
Compliance Index (CI)		0.87	0.62	0.85
CI1: Regulatory reporting is automated	0.79			
CI2: Compliance monitoring is continuous	0.80			
CI3: We use AI for regulatory change detection	0.78			
CI4: Audit preparation time has decreased	0.78			
Investment Attractiveness (IA)		0.90	0.69	0.88
IA1: Foreign investors show increased interest	0.81			
IA2: Our institution is viewed as innovative	0.84			
IA3: Investment inquiries have increased	0.85			
IA4: We attract technology-focused investors	0.82			

Note: CR = Composite Reliability; AVE = Average Variance Extracted; α = Cronbach's Alpha. All factor loadings are significant at $p < 0.001$. Model fit indices: $\chi^2/df = 2.14$; CFI = 0.95; TLI = 0.94; RMSEA = 0.06; SRMR = 0.05

Table A2. Inter-Construct Correlations and Discriminant Validity

Construct	Mean	SD	1	2	3	4	5	6
1. AI Implementation	52.4	28.7	**(0.82)**					
2. Transparency	6.2	2.1	0.64**	**(0.84)**				
3. Risk Management	71.2	22.4	0.58**	0.52**	**(0.81)**			
4. Operational Efficiency	67.3	18.9	0.61**	0.48**	0.45**	**(0.77)**		
5. Compliance	5.9	1.8	0.55**	0.51**	0.47**	0.42**	**(0.79)**	
6. Investment Attractiveness	5.8	2.3	0.68**	0.59**	0.54**	0.57**	0.49**	**(0.83)**

*Note: Square root of AVE on diagonal in bold parentheses; ** $p < 0.01$. All correlations support discriminant validity as square root of AVE exceeds inter-construct correlations.*

Table A3. Response Scales and Anchors

Construct	Scale Type	Range	Anchors
AI Implementation Level	7-point Likert	1-7	1 = "Not at all implemented" to 7 = "Fully implemented"
Transparency Index	7-point Likert	1-7	1 = "Strongly disagree" to 7 = "Strongly agree"
Risk Management	5-point Likert	1-5	1 = "Very poor" to 5 = "Excellent"
Operational Efficiency	7-point Likert	1-7	1 = "Strongly disagree" to 7 = "Strongly agree"
Compliance Index	5-point Likert	1-5	1 = "Never" to 5 = "Always"
Investment Attractiveness	7-point Likert	1-7	1 = "Strongly decreased" to 7 = "Strongly increased"

Note: All scales were tested for reliability and validity through pilot testing with 30 respondents before main data collection.

Appendix B: Additional Analyses and Descriptive Statistics

Table B1. Detailed AI Applications by Sector and Size

AI Application	Financial (n=42)	Technology (n=16)	Services (n=28)	Industrial (n=34)	Large	Medium	Small
Machine Learning	89%	94%	67%	52%	92%	71%	43%
Natural Language Processing	76%	85%	58%	38%	83%	62%	37%
Computer Vision	43%	71%	32%	24%	58%	38%	17%
Robotic Process Automation	82%	63%	43%	29%	75%	52%	27%
Predictive Analytics	91%	88%	61%	41%	88%	69%	40%
Deep Learning	67%	81%	39%	18%	71%	48%	20%
Expert Systems	71%	56%	46%	35%	67%	50%	30%
Chatbots/Virtual Assistants	67%	69%	54%	21%	63%	48%	33%

Note: Percentages indicate proportion of organizations within each category that have implemented the specific AI application. Data collected through survey question: "Which of the following AI applications has your organization implemented?" (multiple selections allowed)

Table B2. Implementation Barriers by Organization Size and Sector

Barrier	Overall	Large	Medium	Small	Financial	Technology	Services	Industrial
High implementation costs	87%	71%	88%	97%	76%	69%	89%	94%
Technical skills shortage	74%	58%	76%	87%	64%	50%	79%	85%
Organizational resistance	68%	54%	69%	80%	57%	44%	71%	82%
Regulatory uncertainty	61%	63%	62%	57%	76%	38%	54%	59%
Infrastructure limitations	55%	38%	57%	73%	43%	31%	61%	71%
Data quality issues	43%	33%	45%	53%	38%	25%	46%	53%
Lack of clear ROI	41%	29%	40%	57%	31%	19%	46%	56%
Security concerns	39%	42%	38%	37%	48%	31%	36%	35%
Integration complexity	37%	46%	36%	27%	40%	44%	32%	32%
Vendor dependency	34%	25%	36%	43%	29%	25%	39%	41%

Note: Percentages represent respondents selecting each barrier as "significant" or "very significant" on a 5-point scale. Respondents could select multiple barriers. Chi-square tests indicate significant differences by size ($\chi^2 = 45.3$, $p < 0.001$) and sector ($\chi^2 = 38.7$, $p < 0.001$)

Table B3. Control Variables and Robustness Checks

Variable	Model 1	Model 2	Model 3	Model 4
	Base Model	+ Size Control	+ Sector Control	Full Model
AI Implementation → Governance	0.68***	0.61***	0.59***	0.57***
	(0.08)	(0.09)	(0.09)	(0.10)
Governance → Investment	0.72***	0.69***	0.67***	0.65***
	(0.07)	(0.08)	(0.08)	(0.09)
Organization Size (log employees)		0.24**		0.21**
		(0.08)		(0.09)
Sector: Financial (ref: Industrial)			0.31***	0.28***
			(0.09)	(0.10)
Sector: Technology			0.27**	0.24**
			(0.10)	(0.11)
Sector: Services			0.15	0.13
			(0.10)	(0.11)
R^2	0.46	0.51	0.54	0.58
Adjusted R^2	0.45	0.49	0.52	0.55
F-statistic	48.7***	39.2***	33.4***	31.8***
N	120	120	120	120

*Note: Standardized coefficients reported; Standard errors in parentheses; *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$. Models estimated using maximum likelihood with robust standard errors. VIF values all below 3.0, indicating no multicollinearity concerns.*

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