

# The Possibility Of Implementing Of The Corporate Governance To Increase The Transparency And Disclosure In The Financial Statements

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**Abstract:** The banking industry the power of economic life because of their role and influence effectively in the development and management of the helm of the economic process on the global and local levels and in various fields of development and investment, given the position enjoyed by the industry, especially at the local level, the financial community calls for deployment of more detailed data for various economic activities, so it was of interest by management in banks, and the financial community to reconsider as it is published in the financial statements, as it has been demanding external auditor of the financial statements include in its report all documents and data necessary to disclose it, and the growing importance of disclosure keen professional institutions in the world to include all the standards issued by the special rules setting out the terms of the disclosure of information that should be available in the published financial statements, in order to provide a kind of international acceptance (International Acceptance) to those statements. And to prove the Materiality of this study, the searchers take two samples, the 1st one from the banks population & the 2nd one from the Auditing Firms which working in Jordan, for each sample was distributed a separate questionnaire as primary method to collect data, and we used the LIKART scale to test these data. This study shows that the bank's managers Believe in the main branches of the need for a direct application of the principles of corporate governance, controls and rules to reduce the misinformation contained in the accounting numbers & the bank's employees in low-level management are not familiar enough. The searchers leave some recommendations which will worth the next studies in this area and will be more beneficiary if it taken in the practice implementing.

**Index Terms:** Governance, Disclosure, Transparency, Bank's Sector, Financial Statements, Governance principles, Auditing Firms.

## 1 INTRODUCTION

The banking industry the power of economic life because of their role and influence effectively in the development and management of the helm of the economic process on the global and local levels and in various fields of development and investment, given the position enjoyed by the industry, especially at the local level, the financial community calls for deployment of more detailed data for various economic activities, so it was of interest by management in banks, and the financial community to reconsider as it is published in the financial statements, as it has been demanding external auditor of the financial statements include in its report all documents and data necessary to disclose it, and the growing importance of disclosure keen professional institutions in the world to include all the standards issued by the special rules setting out the terms of the disclosure of information that should be available in the published financial statements, in order to provide a kind of international acceptance (International Acceptance) to those statements. There is no doubt that corporate governance has become occupies great importance to the world now, in light of what the world is witnessing today from switching to the economic capital, which plays in which private companies play a major and influential, including the consequent need to control this role and evaluation. Perhaps this is an increasingly important topic in Jordan, given the increasing role of the private sector companies, especially banks in the Jordanian economy, including representative from the need to monitor the performance of those companies, banks, and their performance access to the best possible level. Therefore, this study takes the significant financial statements as a tool for the disclosure of the necessary information for users of financial statements to the banks in Jordan, and methods of preparation, and the extent provided for disclosure requirements, as provided in the International Accounting, as these financial statements the benefit of many parties such as investors and existing customers and prospective

and government agencies and other parties, so this study seeks to identify the extent of compliance with the actual rules of disclosure as set as the standards of international accounting in the preparation and dissemination of final financial statements of banks of Jordan and the ability of governance to reduce distortions financial information included in numbers the financial statements through a commitment the principles of the rules of governance which is one of the most important objectives of achieving transparency and justice and the granting of the right to hold companies accountable and then to reach the optimum level or more fairness of the financial statements.

## 2 The Problem of Study

The importance of financial job is in the output (the basic financial statements and its related disclosures) which if it has care of it, it has been shown accuracy & transparency, it will represent a useful tool and influential business results expressed in these statements, and we have found out through the preliminary survey of the study population that Jordanian banks do not give sufficient attention to disclose the necessary information in the financial statements was accompanied with a weakness in the human potential and the low level of experience that they have, the study was to summarize the problem in the below major question: What is the ability of governance to achieve an optimal level of disclosure and transparency in the financial statements and remove possible distortions in the their numbers through a commitment by the principles of corporate governance and their controls that are agree with the principle of financial disclosure??

### 3 Hypotheses Study

The problem of the study above could be the formulation of hypotheses as follows:

**3.1** There is a direct relationship between the rules and principles of governance and the level of transparency and disclosure in the financial statements of banks, from the point of view of departments of mainstream banks

**3.2** There is a direct relationship between the external auditing profession and the governance rules in the light of the disclosure and transparency from the point of view of the external auditors.

### 4 The Objectives of Study

The study is aimed to several purposes as follows:

**4.1** Illustrate the extent of the significance of financial statements as a tool to give the necessary information for users of financial statements Jordanian banks.

**4.2** Determine the adequacy of the level of disclosure information in the financial statements of the Jordanian banks and whether it can win the confidence of users of these statements.

**4.3** To contribute to the understanding of how to improve the quality of financial statements, and access to the required level of disclosure of information dissemination due in Jordanian banks financial statements in accordance with international standards.

**4.4** Recognition of the extent of the governance capability to support the principle of financial disclosure and access to financial statements with the lowest possible distortions in accounting numbers.

### 5 The Importance of the Study

The importance of the study seeks from its goals, also we can derive importance from the domain that it takes it : the banking sector, this sector which is one of the most important economic sectors in Jordan, and therefore the importance of the study refer to shows the reality of disclose financial statements of the Jordanian banks, and how to develop it to leading service users of those statements, which in turn reflects positively on the development of the banking performance and increase the level of transparency in the output of the banking business, which supports confidence the various users

## 6 Study Methodologies

### 6.1 Sources data collection:

This study relied on each of the primary and secondary sources of data collection, primary sources were obtained through the design of questionnaire distributed to each of the departments of banks and group of audit firms that audited the financial statements of banks in this study. A secondary source has been obtained from previous studies in this area, and relying on books, magazines, publications and various reports and statistics.

### 6.2 Analysis methodology:

The researchers use descriptive analytic approach, which tries to describe and assess the extent of the significance of financial statements as a tool to give the necessary information for users of financial statements, and tries to approach descriptive analytic explains that compares and evaluates the hope of circulars of the meaning of the balance of the knowledge of the subject of the study.

### 6.3 Study tool:

The researchers used the criterion a five-dimension "LIKART" in the measurement of answers to the paragraphs of the resolution: (see Table 1)

**TABLE 1**  
THE LIKART MEASUREMENT OF FIVE DIMENSIONS

| The classification | Strongly Agree | Agree | Neutral | reject | refuse strongly |
|--------------------|----------------|-------|---------|--------|-----------------|
| points             | 5              | 4     | 3       | 2      | 1               |

Questionnaires were divided into several sections, there is a part of the users of financial statements as shareholders, and part of the Bank itself and part of the learning are for auditors, chartered accountants, to these banks.

### 6.4 The Study Population

#### 6.4.1 Community Banks

**6.4.2** The researchers selected study population consisted of all Jordanian commercial banks operating in the Kingdom and it have a certified license from the Central Bank and continued in the banking industry for ten years or more, and based upon the study population was composed of the following banks: (see Table 2):

**TABLE 2**  
LIST OF BANKS IN THE SAMPLE OF STUDY

| Clearing house No          | FAX     | Phone No | B.O.Box | The name of Bank                     |
|----------------------------|---------|----------|---------|--------------------------------------|
| Commercial Banks In Jordan |         |          |         |                                      |
| 10                         | 5600000 | 11195    | 950545  | The Arab Bank                        |
| 24                         | 5633500 | 11190    | 926691  | ABC Bank                             |
| 4                          | 5696277 | 11181    | 2140    | The Jordan Bank                      |
| 9                          | 5006000 | 11195    | 950661  | The Cairo Amman Bank                 |
| 42                         | 5100200 | 11194    | 941283  | The Capital Bank                     |
| 13                         | 5203000 | 11191    | 9989    | Jordan Commercial bank               |
| 2                          | 5688814 | 11191    | 9776    | Jordan -Kuwait Bank                  |
| 3                          | 5622282 | 11181    | 3103    | Jordan Ahli Bank                     |
| 6                          | 5005555 | 11118    | 7693    | The Housing Bank for Trade & Finance |
| 17                         | 5607126 | 11121    | 8797    | Arab Jordan Investment Bank          |
| 21                         | 5001500 | 11195    | 950601  | Jordan Investment and Finance bank   |
| 32                         | 5600300 | 11118    | 560     | Societe generale de banque Jordanian |
| 31                         | 5607011 | 11180    | 35104   | Bank al Etihad                       |

Based on the above table it is clear that the study population available for this research is to (13) banks, a Jordanian, and all of these banks have licenses to legal CBJ and working on the land of Jordan for more than ten years, as previously stated in the foundations of choice, and it should be noted that the researcher preferred choice fully disposable society and not a random sample from the fact that the community is relatively small and can be studied in full.

#### 6.4.3 Community Auditing Companies:

After reviewing the Companies Control Department \ Ministry of Industry and Trade \ Hashemite Kingdom of Jordan, which shows that there is (365) licensed accounting company specializes in auditing and reviewing the financial statements and tax consulting, financial and operating in Jordan. (1) Due to the large size of the study population is relatively - your accounting firms - The researchers selected a random sample (as it is in Supplement No. 3) among these companies after they had arranged to agree with the following principles:

## 7 Literature Review

### 7.1 Arabic Studies:

**7.1.1 Study (Dahmash, 2005):** Corporate Governance in the companies and their relationship to the profession of accounting and auditing. The study aimed to clarify the relationship between corporate governance and accounting

profession and auditing, and pointed to boil to manipulation and fraud that occurs in some companies adversely affect both investors and employees, banks, creditors and telecommunications technology, and the stock market, and will investors need a long time to restore confidence in those companies . Which requires a fundamental re-examination of the relations between the auditors and management of private companies Board of Directors? And that the solution lies in law enforcement, and improves ethics that apply these laws, whether they are members of the Corporate Governance or auditors and therefore there is an urgent need at the present time to reconsider the concept of corporate governance on the one hand, accounting standards and the conduct and ethics of the administration on the other. The study concluded:

1. That were not the main problem in the collapse of the two companies in question related to the existence of inadequate accounting standards, or auditing standards, but confined to the low professional ethics.
2. It was auditing firm Arthur Andersen double the number of a business company Enron, which make the process of breaking down fast, and this is a clear violation.
3. There has been shortened significantly by the financial market as a device for the control of listed companies.
4. Having great difficulty by the auditors of listed companies in the financial market for the application of corporate governance in the modern sense.

**7.1.2 Study (Fawzi al, 2003), entitled: establish the principles of corporate governance in the Arab Republic of Egypt.** This study aimed to evaluate the rules, laws and standards organization for corporate governance in Egypt, where she was to the concept of corporate governance and its importance, and controls that govern the performance of listed companies in the financial market and the legal framework and regulatory framework governing the securities market, and the requirements of registration and registration in the tables Stock Exchange, and the structure of ownership of securities then assess the evolution of the rules of governance in Egypt according to the five corporate governance standards set by the Organization for Economic Cooperation and Development, an equity, equal treatment of shareholders, role of stakeholders or parties related to the company, disclosure and transparency, and the responsibilities of the Board of Directors. The study concluded that the capital market in Egypt has witnessed a remarkable development in the field of establishing rules of corporate governance, resulting in a general improvement in the assessment overall standards of the five governance, although the degree of improvement may differ from standard to another. As explained in the paper also said that although improvement of the legal and institutional framework for corporate governance in Egypt, but the practices of companies are still largely far from the proper application of the principles set.

**7.1.3 study (Khalil, 2003) entitled "The Role of Management Accountants in the framework of corporate governance"** The study aimed to analyze and evaluate the impact of commitment to implement aspects of governance on the nature, scope and function of Management Accountants and place it in the staffing structure of the company in the business environment of Egypt, The study found a set of results that the nature and function of Management Accountants in the traditional status (non-compliance with corporate governance) concentrated mainly in providing administrative support in the field of decision-making by providing inside information, but in the situation of contemporary (commitment governance), the view extends to the provision of information to external parties, and pointed out that whenever there were many reports and shortened its fiscal year contained information more realistic and thus become more convenient to serve the goals of investors. The study found a number of results, including:

1. the growing interest in the application of corporate governance not only at the level of a lot of economic units, but also at the level of many countries, whether developed or developing, to achieve the application of governance of the advantages of a different challenge than a lot of the problems faced by these companies, especially financial problems, the most important loss of confidence in accounting information.
2. multidimensional accounting for the process of corporate governance, including accountability and oversight of accounting and the pursuit of development and application of accounting and auditing standards, and the growing role of both internal and external audit and audit committees and the achievement of disclosure and transparency, and reduce the negative effects of the process of earnings management as well as on the calendar effective and continuous performance of economic unity.
3. The presence of a link significantly between the application of corporate governance and achieve the quality of financial reporting, and that there is a correlation significant between achieving the quality of financial reporting and the revitalization of the movement of the stock market for the units of economic applying corporate governance, representing an increase movement of securities trading and rising stock prices of these units.

**7.1.4. study (Kabbajh, 2008) entitled: "The impact of the effectiveness of corporate governance on the financial performance of the companies listed on the PSE Securities"**: The study aimed to the statement following the effectiveness of corporate governance on the financial performance of listed companies in the market, the Palestine Securities Exchange, the study used a descriptive analytical method was chosen as the stratified random sample of 20 companies, representing 71.4% of the study population of 28 companies listed in the Palestine Securities Exchange Financial year 2005 Put the end of

2006, was used simple linear regression and multiple to determine the impact of the change in the quality of governance on the financial performance of them, representing the return on equity, return on investment, the stock price to profitability, and market value to book, and contrast the share price daily. The study found a set of results, most notably the existence of a direct correlation between the effectiveness of the application of the rules of corporate governance on the one hand and between the return on equity, return on investment, stock price, market value to book, on the other hand, the existence of an inverse relationship between the effectiveness of the application of the rules of governance and variation rate arrow daily. The study recommended that the possibility of the adoption of investors in the market, the Palestine Securities Exchange on the effective level of corporate governance in the rationalization of their investment decisions, and the need to adopt an index of corporate governance is in the light of the assessment of the level of effective governance and the level of performance in Palestine.

## 7.2 Foreign Studies

**7.2.1 study (Frank Yu, 2006) entitled: the impact of corporate governance mechanisms on earnings management "Corporate Governance and Earnings Management"** The study aimed to clarify the "mechanisms of the effect of corporate governance on earnings management", where they were testing the relationship between corporate governance and the management of profits, has concluded that companies that have corporate governance strong internal, such as a high concentration of ownership and the concentration of the Board of Directors in a few they are managing earnings more, whereas in the case of a strong external governance, the company manages a profit to a lesser extent, the study indicated that earnings management is not the main engine between the two sides of ownership and governance.

**7.2.2 Study (Core, et.al., 2005) titled: The relationship between weak governance and stock returns and examine the operating performance and investors' expectations "Does Weak Governance Cause Weak Stock Returns: an Examination Of Firm Operating Performance and Investors, Expectations.** The study aimed to show the relationship between governance and vulnerable yield stocks, where he was examined the operational performance of companies and the expectations of investors, which included the core sample to study all the companies that have evidence of governance, was used Pearson correlation coefficient to study the relationship between the Corporate Governance prepared and the characteristics of companies under study, and concluded that companies with weak shareholder rights leads to the weakness of its operational performance, while analysts' forecasts errors and the announcement of dividends do not give indication of the poor performance of the study also showed that the hypothesis of weak governance not be a cause in a few achieve returns on equity.

**7.2.3 Study Brown, Caylor, 2004)) entitled: The relationship between corporate governance and performance "Corporate Governance and Firm Performance"** The study aimed to measure the relationship between corporate governance and performance, and through the development of standards and extensive corporate governance that have been obtained from the Services shareholders institutional, and include these metrics outcome measure 51 workers include 8 categories of governance, audit, board of directors, internal law, director of education, CEO compensation, property rights, practices developed, and has been following the descriptive analytical method in the study where he was the link between categories of governance eight and performance measures six approved by the Institute of Joe's management, and has worked study on the link between the result of governance and between each variable key using the Pearson correlation coefficient and Spearman and was arranged results of governance from highest to lowest (from best to least Hokmaa) The study concluded that the companies that enjoy the level of better governance is relatively more profitable and more valuable and pay more money to shareholders, and the consulting fees paid to the external auditors less than the fees pay them and this is linked significantly weak performance of some companies.

## 8 Governance:

### 8.1 The definition of Governance:

**Longer term governance is a condensed translation spread of the term CORPORATE GOVERNANCE, the scientific translation of this term, which is agreed upon, they are: "Method practice of the authority's rational governance."** The varied definitions provided for this term, so that it shows all term point of view adopted by the author of this definition. Defines IFC's corporate governance as: "is the system through which corporate management and control in their work." (As defined by the Organization for Economic Cooperation and Development (OECD) as: (1) "a set of relations among the administrators of the company and the board of directors and shareholders and other shareholders." There are known as: "Total" rules of the game "which is used to manage the company from the inside, and the Governing Council oversees them to protect the interests and financial rights of shareholders" (2) In other words, the corporate governance means the system, any systems that govern relations between the principal parties that affect in performance, also includes elements of strengthening the long-term institution and determine who is responsible and accountable. The need arose for governance in many of the developed economies and emerging during the past few decades, especially in the wake of landslides economic and financial crises witnessed by the number of countries in East Asia and Latin America and Russia in the nineties of the twentieth century, as well as experienced by the U.S. economy recently collapses financial and accounting during 2002. The increased importance of corporate governance as a result of the direction of many countries of the world to switch to the capitalist economic systems which rely heavily on private companies to achieve high and sustained rates of economic growth. The resulting expansion of the size of those

projects to the separation of ownership from management, and these projects embarked on a search for sources of financing is less expensive than banking sources, appealed to the capital markets. And helped by what the world has witnessed the liberalization of financial markets, Wiczaidt transitions private capital across borders in an unprecedented way and pay breadth size of the companies and the separation of ownership from management to the weakness of the control mechanisms on the actions of managers, and to the occurrence of many companies in financial crises. Notably the Southeast Asian countries in the late nineties, and then rolled crises, and perhaps the most prominent of the crisis companies Enron and WorldCom in the United States in 2001. This prompted the world's attention to governance.

### 8.2 Governance principles:

Many professional organizations striving towards the development of the principles of corporate governance, and these Organizations:

- Institute of International Finance (IIF).
- Governance Center of the University (Kennesaw).
- Financial Reporting Council (FRC).
- Organization for Economic Cooperation and Development (OECD).

Despite this diversity, but the more these principles acceptance and attention are the principles of the Organization for Economic Cooperation and Development (OECD) in 1999, which was reformulated in 2004, and prepared the foundation that is being invoked in many countries of the world, because it contains those principles of substance global and great flexibility in the application under varying environmental conditions, these principles cover six key areas can be summarized as follows: (1)

1. The existence of an effective framework for governance: to be a general framework for governance to achieve transparency and disclosure of all information to all parties, while ensuring compliance with all laws and regulations, and the need to be characterized by supervisory authorities integrity and objectivity and to take all necessary action to achieve transparency and disclosure for all interested parties in a timely manner.
2. Protection of Shareholders 'Equity: likes to protect the framework of governance, shareholders' equity, including the right to transfer ownership of shares, the right to choose the members of the Governing Council, the right to vote in the general assembly, the right of access to financial statements and any significant information in a timely manner, and the right to return of profits and stock grants.
3. Equal treatment and fair between shareholders: You must ensure that the framework of governance to provide equality of all shareholders (minority shareholders and foreign shareholders ... and others), and to avoid prejudice against or with a class of shareholders for their legal rights and access to all

transactions with members of the Board of Directors and Managers executives.

4. Respect for the rights of stakeholders: includes respect for their legal rights and compensation for any violation of those rights, as well as mechanisms for their effective control over the company and are intended stakeholder, banks, employees, bondholders, suppliers and customers.
5. The responsibilities of boards of directors: the structure of the Board of Directors includes legal duties, and how to choose its members and its primary functions and its role in overseeing the executive management.
6. Disclosure and transparency: must include a governance framework to provide disclosures are adequate and appropriate and timely and accurate, reliable and comprehensive for all the important things about the company, especially relating to the establishment of the company and the statement of financial position, property, and the elements that affect the performance of the administrative and method of exercise of power.

## 9 Financial Statements and financial disclosure: (1)

### 9.1 Definition:

Financial statements are introduced financial regulator of the financial position of the project and the operations carried out, and the goal of this data is to display information about the financial position of the project and performance and its cash flows used by a broad spectrum of users when making economic decisions, it turns out the financial statements the results of the management of management of resources entrusted to them.

### 9.2 what the financial statements:

The financial statements are prepared in accordance with the statement will be subject to the approval of the Board of Directors and the requirements of international standards for financial reporting, to include: (2)

- Financial position Statement
- Income Statement
- Changes in Equity Statement
- cash flows Statement
- Notes consist of the statement of compliance with international standards of financial reporting and a summary of significant accounting policies and other explanatory information.

### 9.3 General considerations of the financial statements:

Must be submitted to the financial statements fairly the financial position and financial performance and cash flows of the project, and result from the appropriate application of international accounting standards, with the disclosure of additional where it counts, and in all cases the actual financial data check presentation fair. the entity that comply with the financial statements of standards international

accounting and disclosure of this fact and should not describe the data that they comply with the International Accounting Standards unless they comply with the requirements of all appropriate standards and all the appropriate interpretation of the Standing Interpretations Committee.

## 9.4 Other Disclosure Requirements:

### 9.4.1 Risk Management:

Are required to provide disclosures about the nature and extent of risks arising from financial instruments at the reporting date, as specified in Standard No. (7) Of international standards for financial reporting. Include the risks disclosed (though not limited to) credit risk, liquidity risk, and market risk. Should be in relation to each type of the above-mentioned types of risks that are risk and how they occur and management means and methods used to measure risks. Are also disclosure of quantitative data relating to each type of risk.

### 9.4.2 Estimates and Decisions:

Before issuing statements (data) of Finance, Department is working on the definition and disclosure of estimates and decisions areas or provisions adopted in the implementation of policies, or estimate the value of the amounts disclosed. In making this disclosure, the Department is to disclose assumptions concerning the future and sources of estimation uncertainty at the balance sheet of any of the items in which risk leading to modify a material impact on the amounts of assets (assets) and liabilities amount during the next financial year. Orphaned coverage of key assumptions and estimates and risks associated with the above disclosure within the note attached with the financial statements. Errors are corrected with a material impact on the financial statements retroactively. These errors include deletion, drafting, and calculation errors. The information is correction in the comparison by re amounts involved or re-opening balance for the previous period. And then disclose the nature and amount of such corrections.

### 9.4.3 The other Disclosures:

An entity shall disclose whether the following if not disclosed in any other place within the information that has been published with the financial statements: the home of the main project and the legal form and the country of its founding and the address of its registered office (or the main site of action if different from the registered office); statement of the nature of operations the facility and its main activities, the name of the project, mother and mother's final project for the group, and the proposed distribution of earnings per share them, any accumulated dividends for the outstanding shares which have not been recognized.

### 9.4.4 Accounting policies:

The accounting policies are the principles, foundations, customs, laws and practices applied by the specific project in the preparation and presentation of financial statements. Administration must choose and application of accounting policies for the project so that the financial statements

comply with all requirements of every international accounting standard appropriate to them.

## 10 Data Collection

Two questionnaires have been prepared to serve the purpose of data collection and on two main pillars:

1. Questionnaire distributed to users of financial statements: so that the questionnaire was distributed on the management of banks subject of the study (13 Main banks) being one of the most important users of financial statements and the most dependent on them.
  2. Questionnaire distributed to the external auditor's representative's for (30) accounting firm auditing exercise was talking about earlier.
- After the distribution of the questionnaire on the management of 13 banks a community studies your bank (see attachment No. (1)) The results of the data collection expressed by the media calculations for answers respondents search was taking the arithmetic mean for Answers 13 bank manager each paragraph individually as follows: (Table 3)

**TABLE 3**

| Optimal Arithmetic mean according to the LIKART scale | Arithmetic mean | Paragraph |
|---|-----------------|-----------|
| 3   | 2.5             | 1         |
| 3   | 2               | 2         |
| 3   | 4.1             | 3         |
| 3   | 4               | 4         |
| 3   | 3.1             | 5         |
| 3   | 2.5             | 6         |
| 3   | 3.2             | 7         |
| 3   | 2.4             | 8         |
| 3   | 2.6             | 9         |
| 3   | 4.1             | 10        |
| 3   | 4.1             | 11        |
| 3   | 4.2             | 12        |
| 3   | 4.5             | 13        |
| 3   | 4.3             | 14        |
| 3   | 4.6             | 15        |

- After the distribution of the questionnaire for audit firms operating in Jordan, expressed as a random sample of 30 companies (see Supplement No. 2) data collection results were expressed by the media for Answers computational sample of each paragraph individually. (Table 4)

**TABLE 4**

| Optimal Arithmetic mean according to the LIKART scale | Arithmetic mean | Paragraph |
|---|-----------------|-----------|
| 3   | 4.6             | 1         |
| 3   | 3.2             | 2         |
| 3   | 4.7             | 3         |
| 3   | 4.6             | 4         |
| 3   | 4.8             | 5         |
| 3   | 3.5             | 6         |
| 3   | 3.9             | 7         |
| 3   | 4.2             | 8         |
| 3   | 4.2             | 9         |
| 3   | 4.1             | 10        |
| 3   | 4.7             | 11        |
| 3   | 4.2             | 12        |
| 3   | 4.2             | 13        |
| 3   | 4.6             | 14        |
| 3   | 4.8             | 15        |

## 11 Testing hypotheses:

- First hypothesis: There is a direct relationship between the rules and principles of governance and the level of transparency and disclosure in the preparation of financial statements from the point of view of the main departments of banks. The following table, which shows the difference between the averages of each paragraph and computational arithmetic mean optimal according to the measure of the Lickart: (Table 5):

**TABLE 5**

| Comparison between the mathematical Means | Optimal Arithmetic mean according to the LIKART scale | Arithmetic mean | Paragraph |
|---|---|-----------------|-----------|
| lower than                                | 3   | 2.5             | 1         |
| lower than                                | 3   | 2               | 2         |
| Higher than                               | 3   | 4.1             | 3         |
| Higher than                               | 3   | 4               | 4         |
| Higher than                               | 3   | 3.1             | 5         |
| lower than                                | 3   | 2.5             | 6         |
| Higher than                               | 3   | 3.2             | 7         |
| lower than                                | 3   | 2.4             | 8         |
| lower than                                | 3   | 2.6             | 9         |
| Higher than                               | 3   | 4.1             | 10        |
| Higher than                               | 3   | 4.1             | 11        |
| Higher than                               | 3   | 4.2             | 12        |
| Higher than                               | 3   | 4.5             | 13        |
| Higher than                               | 3   | 4.3             | 14        |
| Higher than                               | 3   | 4.6             | 15        |

After checking the table above, we find that all the paragraphs contained in the questionnaire were identical to expectations except for the five paragraphs:

**The first paragraph:** where it is clear that there is weakness in the amount of disclosure by the authors of the reports and financial statements in the commercial banks in Jordan.

**The second paragraph:** bank managers not say for sure that there are no deviations and misleading results in reports and financial statements.

**The sixth paragraph:** clear answers bank managers that preparers of financial statements are not sufficiently aware of the types of disclosure necessary for users of financial statements.

**Eighth paragraph:** is also clear that preparers of financial statements are not familiar enough with the red banners at which they must stand in the preparation of financial statements and advocated by the auditors all internal and external.

**Ninth paragraph:** you do not know the result preparers of financial statements and controls generally accepted rules of governance, where it is clear that there is lacks of knowledge generally have lower management in banks, knowing the nature of governance and the basic rules and controls

#### Result I:

We can determine the first judgment on the hypothesis where we find by the results of the above data that can be accepted on the hypothesis that there is a direct relationship between the rules and principles of governance and the level of transparency and disclosure in the preparation of financial statements from the point of view of the main departments of banks.

- Second hypothesis: There is a direct relationship between the external audit profession and the rules of corporate governance in the light of the disclosure and transparency from the point of view of the external auditors. (Table 6).

**TABLE 6**  
RESULT OF COMPARAISONS

| Comparison between the mathematical Means | Optimal Arithmetic mean according to the LIKART scale | Arithmetic mean | Paragraph |
|---|---|-----------------|-----------|
| Higher than                               | 3   | 4.6             | 1         |
| Higher than                               | 3   | 3.2             | 2         |
| Higher than                               | 3   | 4.7             | 3         |
| Higher than                               | 3   | 4.6             | 4         |
| Higher than                               | 3   | 4.8             | 5         |
| Higher than                               | 3   | 3.5             | 6         |
| Higher than                               | 3   | 3.9             | 7         |
| Higher than                               | 3   | 4.2             | 8         |
| Higher than                               | 3   | 4.2             | 9         |
| Higher than                               | 3   | 4.1             | 10        |
| Higher than                               | 3   | 4.7             | 11        |
| Higher than                               | 3   | 4.2             | 12        |
| Higher than                               | 3   | 4.2             | 13        |
| Higher than                               | 3   | 4.6             | 14        |
| Higher than                               | 3   | 4.8             | 15        |

#### Result II:

The answers auditors working in accounting firms and workers auditors external to the lists of Jordanian commercial banks better than the expectations of managers towards governance, so that the Means in all paragraphs higher than the arithmetic mean optimal according to the LIKART scale, and based upon the researchers accepted hypothesis that there is a direct relationship between the audit profession external governance rules in the light of the disclosure and transparency from the point of view of the external auditors.

## 12 The Results of the study and Recommendations:

### 12.1. Results

- The bank's managers Believe in the main branches of the need for a direct application of the principles of corporate governance, controls and rules to reduce the misinformation contained in the accounting numbers.
- The bank's employees in low-level management are not familiar enough - from the standpoint of their managers - with corporate governance principles and rules.
- The answer bank's managers view that preparers of financial statements are not sufficiently aware of the types of disclosure for users of financial statements
- There is weakness in the amount of disclosure by preparers the reports and financial statements in the commercial banks in Jordan.
- Also illustrated that the preparers of financial statements are not familiar enough with the red flags

at which they must stand in the preparation of financial statements and advocated by the both auditors: internal and external.

- Auditors believe that there should be the principles of corporate governance in the preparation of financial statements to contain a minimum of distortions contained in the accounting numbers.
- External auditors believe in the need to commitment of the principles of corporate governance as provide them the protection of external audit process outputs.
- Almost for sure that the auditors that the implementing of governance to confer on the financial statements more honesty and consistency, accuracy and attract users of financial statements through it.

### 12.2. Recommendations:

After the previous results the researchers recommended the following:

- The necessity to support the work of CBA's rules and principles of governance to give on their business more honesty and transparency and disclosure.
- Find banks' internal mechanism for applying the principles of corporate governance during the preparation of the financial statements and other administrative functions.
- Create special courses at various administrative levels on the subject of corporate governance principles and how to abide by the completion of the work.
- Add a special section of the Supreme departments in banks and companies dealing with the control of the application of the principles of governance and perpetuate it.
- The necessity for various accounting firms care whether auditing or consulting the issue of corporate governance and financial staff training on auditing associated with the subject of governance.
- The importance to add a special course for practicing certificate audit meant to teach the principles of corporate governance for legal auditors and how to exercise and control it.

## 13 Appendices

The list of Auditing Firms in The Second Sample of study

| The Name Of Firms  | S. N | The Name Of Firms  | S. N |
|--|------|--|------|
| <u>Al-Deplomasyah</u> for audit, accounting and tax consulting | 16   | Jamal Masood Auditing & consulting                         | 1    |
| <u>Fareed Hejazi And Co.</u>                                   | 17   | <u>Ernest &amp; young Jordan</u>                           | 2    |
| Mahttkm training and consultancy tax                           | 18   | <u>Khattab</u> and his Co                                  | 3    |
| Rawafed of the tax and accounting services                     | 19   | <u>Altajammo</u> consulting and audit                      | 4    |
| The Age Consulting tax and accounting                          | 20   | The Brothers for Audit and Consulting                      | 5    |
| Vision and commitment to tax and accounting consulting         | 21   | <u>Al mear</u> for Audit and Consulting                    | 6    |
| Window Jordan Investment and Development                       | 22   | <u>Waleed altellawi</u> and co.                            | 7    |
| Deauville Investment   | 23   | <u>IADARA</u> of professional services and auditing        | 8    |
| Kerman for professional and Tax Consulting                     | 24   | <u>Gold Chain</u> of professional services and auditing    | 9    |
| Auoj For Audit   | 25   | <u>Ehab Adnan</u> for services and auditing                | 10   |
| Ajadh for Accounting and Tax Consulting                        | 26   | Outstanding performance audit and consulting               | 11   |
| Ziad Al-Otaibi and his partner                                 | 27   | House advisers in the audit, accounting and tax consulting | 12   |
| Talal Abu-Ghazaleh & Co. International                         | 28   | <u>AL-Qwasme</u> & co.                                     | 13   |
| Ghada Sharif and Abeer Salama                                  | 29   | <u>Abu Yousef Deeb</u> & co.                               | 14   |
| Strategic Project Management                                   | 30   | <u>AlQassas</u> & Yaghi & co.                              | 15   |

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