



An-Najah National University
Faculty of Graduate Studies

**THE IMPACT OF CORPORATE GOVERNANCE
ON FINANCIAL REPORTING RELIABILITY:
EMPIRICAL STUDY OF BANKS LISTED ON
PALESTINE SECURITIES EXCHANGE AND
AMMAN STOCK EXCHANGE**

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**This Thesis is Submitted in Partial Fulfillment of the Requirements for the Degree
of Master of Accounting, in the Faculty of Graduate Studies, An-Najah National
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Acknowledgment

بسم الله الرحمن الرحيم

ليس بعد تمام العمل من شيء أجمل ولا أحلى من الحمد، فالحمد لله والشكر له كما ينبغي لجلال وجهه وعظيم سلطانه وكما ينبغي لجزيل فضله وعظيم إحسانه.

بعد أن من الله عليّ بإنهاء رسالتي هذه فإنه ليتلج صدري ويسعدني أن أتقدم بجزيل الشكر والعرفان والامتنان إلى الدكتور غسان دعاس والدكتور سائد الكوني اللذان تكرما مشكوران بالإشراف على هذه الرسالة، و لم يتواناً يوماً في تقديم المعلومة والنصيحة لي، وكانا دائماً حريصان على إحاطتي بتوجيهاتهما وملاحظاتهم أصالة منهما في خلقهما وتأدية للأمانة التي على عاتقهما.

كما أشكر أعضاء لجنة المناقشة الكرام الدكتور ساهر عقل مناقشاً خارجياً، والدكتور عبد الناصر نور مناقشاً داخلياً، كما وأشكر كل من الدكتور غسان دعاس المشرف الرئيسي والدكتور سائد الكوني المشرف الثاني واللذان تابعا مجريات اعداد الرسالة خلال الفترة السابقة بشكل مستمر، أشكرهم جميعاً على مناقشة هذه الرسالة وتحمل عناء قراءتها ووضع الملاحظات التحسينية الخاصة بها.

كما وأشكر الهيئة التدريسية في جامعة النجاح الوطنية، وأفراد عينة الدراسة الذين قاموا بتزويدي بالبيانات اللازمة من خلال تعبئة الاستبانات وإلى كل من ساهم في إنجاز هذا العمل .

لكم جميعاً أقدم هذا الجهد المتواضع

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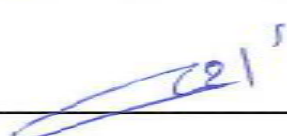
Declaration

I, the undersigned, declare that I submitted the thesis entitled:

THE IMPACT OF CORPORATE GOVERNANCE ON FINANCIAL REPORTING RELIABILITY: EMPIRICAL STUDY OF BANKS LISTED ON PALESTINE SECURITIES EXCHANGE AND AMMAN STOCK EXCHANGE

I declare that the work provided in this thesis, unless otherwise referenced, is the researcher's own work, and has not been submitted elsewhere for any other degree or qualification.

Student's Name أحمد خالد الكوايلة

Signature 

Date 2022 / 10 / 23

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Abstract

This current study aimed to find out the impact of corporate governance on financial reporting reliability of banks listed on Palestine Securities Exchange and Amman Stock Exchange. To that end, the researcher administered a questionnaire to sample of 350 employees in senior management levels in banks listed on Palestine Securities Exchange and Amman Stock Exchange. To test the hypothesis, the study used SPSS software package and the most appropriate statistical methods such as regression models.

The governance was measured by four variables: the board of directors, audit committee, disclosure and transparency and stakeholder right. The reliability of financial reports were measured by completeness of the data, impartiality of the reports and accuracy and error free.

After data analysis, it was found that the level of applying corporate governance standards in banks, listed on Palestine Securities Exchange and Amman Stock Exchange was high. Besides, the level of reliability of financial reports in banks was also high. The results also showed a statistically significant impact of board of directors on the reliability of financial reports of the listed banks. There was also a statistically significant impact of audit committee on the reliability of financial reports of banks. Moreover, there was a statistically significant impact of disclosure and transparency and shareholders' rights on the reliability of financial reports in banks. However, there were no statistically significant differences between banks listed on the Palestine Securities Exchange and banks listed on the Amman Stock Exchange which could be attributed to

corporate governance. Furthermore, there were no statistically significant differences between the banks listed on Palestine Securities Exchange and the banks listed on the Amman Stock Exchange which could be due to reliability of the financial reports.

Keywords: reporting reliability, corporate governance, agency theory, financial reporting.

Chapter One

General Framework of the Study

1.1 Introduction

Banking activity is considered one of the most risk-prone activities, as these risks have varied and their nature has changed in light of the challenges of globalization and developments in banking work, the global economy has recently been exposed to many financial crises, as a result, international financial institutions such as the World Bank, the International Monetary Fund, and the Bank for International Settlements, the Basel Committee on Banking Supervision and others studied the causes and consequences of those crises. It turned out that the fundamental reason behind its occurrence lies in the increasing and diversification of risks facing banking activity in general at the present time and the inability to manage them well and reduce them (Danisman and Demirel, 2019).

As the banking units practice their activities in an environment characterized by a high degree of risk in light of local and global changes, so there is a need for the existence of banking governance mechanisms that improve the reliability of financial reports and achieve disclosure and limitation of banking risks, as the disclosure of banking risks in the financial statements is one of the main indicators to judge the soundness of banks' financial positions and their ability to continue and compete (Osadchy et al, 2018).

The primary purpose of reliability is to ensure that users have confidence in the financial information presented in financial reports, as reliability requires to ensure that the financial reports is consistent with occurrence and actual transactions, so accounting standards require attention to the work of the substance in the form and to occur in accordance with its essence and its economic reality, not in accordance with its legal form (Al-Hiyari, 2017).

The interest in the concept of governance has grown in different advanced and emerging countries during the last few decades, especially in the wake of the economic collapses and financial crises that many East Asian countries, Latin America and Russia

witnessed in the 1990s, as well as what the American economy witnessed from the repercussions of financial collapses and banking for a number of global American corporate magnates, leading to the stifling crisis that Europe is witnessing, threatening its economic and financial union (Gannarelli, 2020).

Governance is one of the most important elements for a safe and effective banking system. Several studies provided evidence on the relationship between good governance practices and profitability, it is proven that there is a clear inverse relationship between the governance quality and the incidence of bank failures (Hasan et al, 2013).

The application of corporate governance increased for regional and international organizations, at the head of these institutions was the World Bank and the Organization for Economic Cooperation and Development (Principles) in 1999 global follow-up. Concern about financial, administrative and accounting corruption has increased in many companies, so regional and international institutions and organizations have realized that good corporate governance not only helps to avoid financial and administrative problems for the company, but can also provide other positives such as: contributing to achieving social development and promoting economic welfare (Kovermann and Velte, 2019).

It should be noted the importance of adhering to the standards of good governance to enhance and maintain public confidence in the banking sector, protect the rights of depositors and shareholders, develop investment and encourage its flow, and maintain financial and economic stability. In general, as well as being a prerequisite for the application of international standards and agreements (Palestine Monetary Authority, 2009).

The Basel Committee on Banking Supervision defined bank governance as the ways in which the banks are managed by its board of directors and the executive management, which affect bank way to set institutional goals, manages the bank's regular work, and fulfills the duty of accountability to shareholders, taking into account the interests of other relevant parties, such as regulatory authorities and governments, and

reconciliation of institutional activity and behavior, assuming that banks will work in a safe and comprehensive manner and according to applicable laws and regulations, and protect the interests of stakeholders (Basel Committee on Banking Supervision, 2015).

The issue of the causes of financial collapses of major companies resulting from weak decision mechanism based on the gap in the accounting information brought from the financial statements, has attracted the attention of many researchers and specialists because of its effects on the decline in investor confidence. There was also a desire for financial reports that are considered have quality in disclosure, transparency and reliability to evaluate the financial position for the bank, determine the results of operations and manipulation, and apply the principles and rules of governance and its mechanisms for corporate management (Ayshour, 2017).

Companies are keen to prepare their financial reports in a way that achieves their reliability and credibility in front of all parties and thus achieve a high degree of confidence in their operational environment, which will give them a competitive advantage and enable them to achieve their goals. Achieving harmony and stability between the interests of different groups in the organization, whether inside or outside it (Al-Qarala, 2011).

When looking at governance through its mechanisms in defining the powers and responsibilities of an executive director, and in providing an element of independence for the audit committee, the internal and the external auditor, and in designing a risk management system, and its methods for enhancing disclosure and transparency in available financial reports, and the implications of applying these methods on users of financial reports in taking decisions, all of this contributes to strengthening the relationship between the application of corporate governance principles and the reliability of financial reports (Tontiset and Kaiwinit, 2018). So, the researcher will try in this study to determine the impact of applying corporate governance principles in improving the financial reports credibility.

Looking at governance through its mechanisms in defining the powers and responsibilities of an executive director, in providing an element of independence for the audit committee, the internal auditor and the external auditor, and in designing a risk management system, and its mechanisms for enhancing disclosure and transparency in published financial reports, and the implications of applying these mechanisms on users of financial reports in taking decisions, all of this leads to strength the relationship between the application of corporate governance principles and the reliability of financial reports, as the researcher will try in this study to determine the impact of applying corporate governance principles in improving the reliability of financial reports.

1.2 Problem statement

Successive financial crises, including the recent financial crisis that occurred in the year (2008), have led to a low confidence level placed by stakeholders and shareholders in financial reports. Therefore, corporate governance has become an important pillar of enhancing this confidence, due to its inspiring role in the areas of combating financial and administrative corruption in these companies, and being one of the risk management tools and enhancing transparency and disclosure of financial information in its published financial reports which are reflected positively on its reputation and then on the market prices of its shares.

The banking governance influences the financial report and disclosure and transparency. (Hasan, et al., 2013) study that explored effect of corporate governance on financial reporting disclosures, reported a correlation between corporate governance and the extent of financial reporting disclosures, where adequate financial disclosure and corporate governance practices decrease bank liquidity risk to maintain a steady image in the minds of stockholders and withstand huge regulatory pressure (Sarker & Bhowmik, 2021). Furthermore, governance mechanisms according to (Hassan, 2011) affected strongly the quality of financial information in Nigerian banks.

The research outcomes, although contradict, it at the same time assert the effect that governance elements have on the financial statements issued by banks and firms.

Assuming that the quality of the financial statement should, by consequence, lead to credible financial report, the current study is investigating the influence of corporate governance on the reliability of the financial statements published by the working banks listed in Palestine and Amman stock exchanges.

1.3 Research Importance

The importance of the study comes from the main role of corporate governance in improving the reliability of financial reports, and this study will help legislators, the Palestinian Capital Market Authority and the Amman Stock Exchange by clarifying the status and limitations of the current corporate governance law, paving the way for finding solutions to these problems, and minimizing the risks that may endanger their work, which leads to a serious threat to the entire economic operations.

The application of the governance principles in the banks may be improving the performance of these banks, influencing shareholder choices in a positive manner, and thus motivating the economic as a whole. Moreover, it would donate to the corporate governance standards and laws development in Palestine and Jordan.

Additionally, the study outcomes will provide guides of the nature and quality of the financial information encompassed in the financial statements that effects the direction of long-standing investment decisions in Palestine and Jordan, allowing regulators to supervise and form the disclosure process and enhance transparency.

It is also gaining importance in that it comes at a stage in which the phenomenon of financial and administrative corruption is escalating, which negatively affects not only banks on the interests of shareholders and stakeholders, but on society in general, thus losing the reports a large part of their reliability and credibility among users of financial information issued by those reports. The companies that are included in those reports.

Besides, the importance of the study stems from emphasizing the necessity of applying the concept of bank governance and benefiting from it in developing accounting practices and thus obtaining accounting information with quality and integrity, which will positively affect investors' decisions, encourage local and foreign investment,

protect the rights of shareholders and stakeholders in banks, and maintain the continuity of the success of these banks and their economic reputation.

The study also based on the growing research focusing on the effect of banks governance on financial reporting credibility and encouraging other researchers to focus on the reliability of the financial statements released by the Palestinian and Jordanian banks.

1.4 Research objectives

The study is seeking to realize the following objectives:

Main objectives: Identify the impact of corporate governance on financial reporting reliability: empirical study on banks listed in Palestine and Amman Stock Exchange.

Specific objectives

1. Identify the level of applying the corporate governance standards in banks listed on the Palestine and Amman Stock Exchange
2. Identify the level of reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange
3. Disclose the relationship between the application of governance standards and the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange
4. Disclose of the impact of corporate governance standards with its dimensions in the study, which are: (board of directors, audit committee, disclosure and transparency, shareholders rights) on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.

1.5 Research questions:

This study aims to answer the next main questions:

First Question: What is the level of applying the corporate governance standards in banks listed on the Palestine and Amman Stock Exchange?

Second Question: What is the level of reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange?

Third Question: Is there a statistically significant relationship between the application of governance standards and the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange?

Fourth Question: Is there a statistically significant impact of corporate governance standards with its dimensions in the study, which are: (board of directors, audit committee, disclosure and transparency, shareholders rights) on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange?

Fifth Question: Is there a statistically significant differences between the banks listed in the Palestine Stock Exchange and the banks listed in the Amman Stock Exchange according to the reliability of the financial reports?

Sixth Question: Is there a statistically significant differences between the banks listed in the Palestine Stock Exchange and the banks listed in the Amman Stock Exchange according to the corporate governance?

Chapter Two

Theoretical Framework and Literature Review

2.1 Theoretical Framework

Researchers have drawn connections between changes in corporate governance and the reliability of financial reporting using four theories. These include the theories of agency, stewardship, resource dependence, and stakeholder interaction.

2.1.1 Agency Theory

The split between ownership and management is the main factor for the emergence of the agency theory. The great expansion experienced by economic institutions, especially in light of globalization and the increasing global economic growth, required their management to be entrusted to professional managers, and this is what resulted in agency relations between the contracting parties in the corporate (Haq et al, 2018).

This theory is based on the separation between the principal (shareholders) parties (the chiefs), who are the shareholders of a firm, and the executive group, also known as (agents). According to this view, the managers are appointed by the key shareholders to administer the company on behalf of the shareholders. (Naz et al, 2022).

According to this theory, the board of directors tends to exercise strict control and follow-up to safeguard the interests of the "main party" or the manager, this shows that the board of directors is active, participates in all decisions, oversees the execution of operations, and is responsible to the shareholders. The main feature of agency theory was the separation between ownership and control (Esmaili Kia et al, 2019).

The governance of banks is closely related to the theory of agency in banks and the separation of ownership from management, and thus the need for the bank's owners from the shareholders to impose more control over the management's performance and reduce the agency problem and its costs to a minimum.

Through its conception of the bank as a collection of voluntary contracts between various parties, the agency theory was an attempt to establish the framework of the

problem of conflict of interest between shareholders and management. The relationship between the principle and the agent, which is governed by a contract, and where the agent has a duty to represent and look out for the interests of the principal, is the foundation of the agency theory.

As a result, the bank can be viewed as a coalition of a number of agency relationships, such as management's relationship with the owners and the company's board of directors, management's relationship with employees and auditors, shareholders' relationships with the external auditor, and other relationships. Thus, the agency relationship is similar to a contract in which one or more people (the principal) hires another person or people (the agent) to perform certain tasks for his benefit, including delegating some decision-making authority to him.

2.1.2 Stewardship Theory

According to this view, the company's directors serve as the owner's patrons or supervisors, and both sets of participants are working toward the same objectives (Shen, 2003). Additionally, according to this theory, the company's success would help to preserve and boost the shareholders' wealth. Here, the shareholders' employees, the executives or directors, keep and increase their profits (Crisman, 2019). The board of directors shouldn't be an observer in this situation as much as agency theory recommends. This means that the board of directors should support executives in their roles, enabling them to do so and presenting the possibility of increased performance (Subramanian, 2018).

2.1.3 Resource – Dependence Theory

According to this notion, the board serves as a source of resources for the management that the company needs. In an effort to help them in a way that will help the organization reach its objectives (Hilliman et al, 2009). This theory also states that board members play a significant role in supplying the company with essential resources through their connections to and knowledge of, and access to, external

audiences like customers and suppliers, public policymakers, and governmental entities (Zona et al, 2018).

Additionally, supplying resources helps businesses perform better and survive. This theory permits board of director interventions while also giving leaders substantial, indivisible financial and emotional support. This theory promoted the idea that specialist board of director members might use their expertise and follow-up with executive managers to improve organizational performance. In accordance with this notion, board members use their personal networks of communication to offer the assistance required to draw the proper resources to the organization (Assenga et al, 2018).

2.1.4 Stakeholder Theory

This theory presupposes that there are other stakeholders in a company than shareholders. Customers or consumers have an interest in the company and are impacted by its success or failure, hence this theory is founded on that idea (Freeman, 2004). Therefore, managers have a specific responsibility to make sure that all stakeholders, not just shareholders, profit fairly from their interactions with the company. Investors, employees, the local community, political organizations, clients, suppliers, the government, and companies engaged in trade are a few examples of stakeholders (Donaldson and Preston, 1995). On the other hand, this view deems it necessary to utilize ethical practices even if doing so results in a short-term decline in the organization's earnings since it recognizes the social duty of organizations. This view contends that the board of directors has a duty to safeguard the advantages of all participants and to confirm the organization's procedures (Almagtome et al, 2020).

Different theories were reviewed and have been used by researchers to understand corporate governance. But the Corporate Governance and the Credibility of Financial Reporting, the value of maintaining high quality financial reporting in Corporate governance mechanisms stem from agency theory which is better fit for this study.

2.2 Literature Review

Many researchers have investigated the impact of governance on the reliability of financial reports in order to improve bank financial performance and the reliability of published financial reports.

In order to be able to develop hypotheses, we need to read many previous studies on this topic. Several studies have found that there is an impact of governance on the reliability of financial reports such as: (Ortega, 2021), (Al-Asmari, 2020), (Cooray et al., 2020), (Lai, et al., 2020), (Ruhani & Islam, 2018), (Tonye & James, 2017), (Ebele & Sunday, 2016), (Hamdallah, 2012).

2.2.1 Corporate Governance

The theory of governance spread widely towards development projects and managing the economy in the country in an efficient and effective manner (Nag, 2018). In the late twentieth century, the spread of governance theory increased in international economic and financial organizations such as: the International Monetary Fund, the United Nations Development Program and international development assistance and the World Bank (Qaddoumi et al, 2017), where these international organizations were entrusted with the task of creating conditions for peace in the world within the framework of achieving the goals of economic policy for progress and well-being of the general public in developing countries in light of the evolution of the scope of development and prosperity around the world (Nag, 2018).

It is important to note that the phrase "corporate governance" has recently gained wider acceptance from a variety of viewpoints, including those of academics, regulators, and professional organisations. Due to growing worries about corporate fraud and fraud in financial reporting, the idea has gained popularity in both industrialized and developing nations to this day. Researchers and students categorize corporate governance definitions as either narrow or broad, and there is a strong dispute concerning the definition of corporate governance in terms of the numerous definitions. We advocate specific definitions that are compatible with shareholder interests. Broad definitions,

however, go beyond earlier definitions and are backed by stakeholder interests (Kovermann and Velte, 2019).

Corporate governance is defined by the Institute of Internal Auditors (IIA) (2002) as the procedures followed by stakeholders' representatives in order to provide oversight on risk management, control over corporate risks, and ensure the adequacy of controls to accomplish goals and maintain the value of the company through the performance of governance in the company.

The Organization for Economic Cooperation and Development (OECD) defines governance as the system that directs and controls the business of companies by outlining and defining the rights and obligations between the various parties in companies, including "the board of directors - shareholders - clients - employees," setting the rules and procedures necessary for making management-related decisions, and establishing goals and available procedures to achieve the company's goals (Al-Ghamdi and Rhodes, 2015).

Ibrahim et al. (2019) defined governance as the practices used to guide and regulate entities in order to enhance performance and long-term shareholder value; these practices are concerned with the efficiency of the management structure, the efficacy of risk management systems, and the sufficiency and dependability of corporate reporting.

According to Al-Hayari (2017), financial report reliability is one of the International Accounting Standards Board's criteria for recognizing and measuring these statements. Reliability has been defined as the processes that must be followed in order to produce information that stakeholders and decision-makers can trust. Reliability is linked to information integrity and reflects proper financial data measurement methods. According to the researcher, governance is a set of contractual relationships that link the management of companies, their shareholders, and stakeholders, by Creating procedures and structures that are used to manage the company's affairs, directing its work to: Ensure enhanced performance, disclosure, transparency, and accountability, as well as

maximizing the long-term benefit of shareholders and taking into account the interests of the various parties.

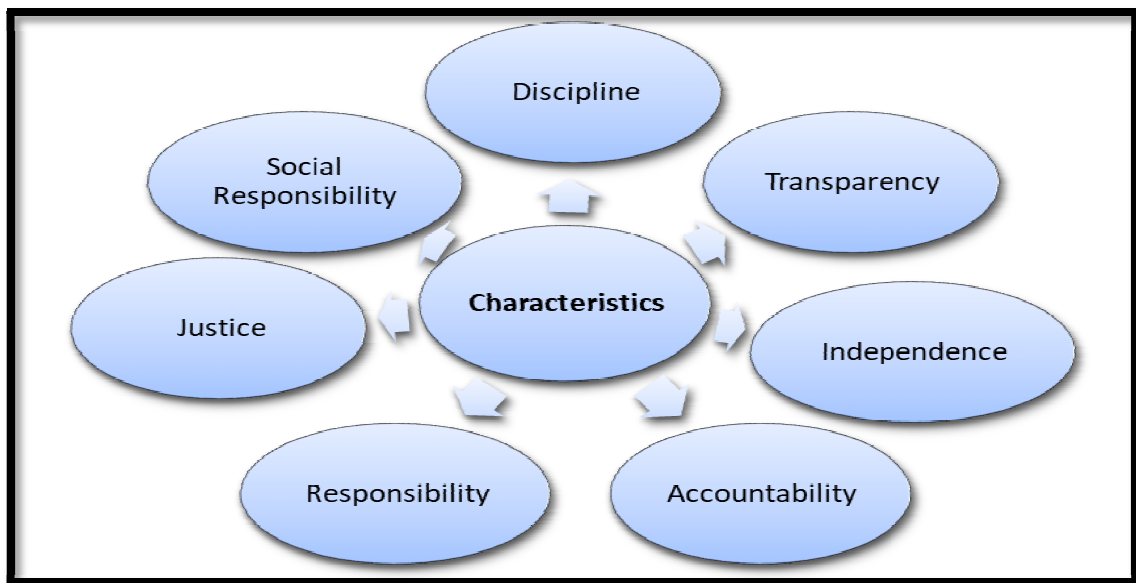
Al-Zwyalif (2015) pointed out the four basic characteristics of corporate governance, which are as follows:

- **Accountability:** the members of the board of directors who are responsible for taking decisions and actions must be held accountable for their decisions and actions before stakeholders, which requires the development of specific mechanisms to ensure accountability.
- **Fairness:** management and board members must treat all stakeholders equally and impartially. Therefore, the rights of the various parties must be recognized and evaluated.
- **Responsibility:** board members are required to carry out their duties with integrity and honesty, so management will, when needed, put in place what the situation calls for to ensure that the organization is on the right track.
- **Transparency:** measures how well management provides and presents the necessary information in an accurate, open and timely manner.

While (Elmagrhi et al, 2018) added other characteristics that companies must rely on to activate the concept of governance in their work, and the following figure shows that.

Figure 1

Governance Characteristics



According to Chen and Lee (2012), good corporate governance confirms that the work environment is fair and clear, and that companies can be held accountable for their actions. Poor corporate governance, on the other hand, leads to waste, corruption, and mismanagement. It should be noted that, while corporate governance has emerged as a method of managing modern joint stock companies, it is also important in state-owned enterprises, cooperatives, and family businesses. Regardless of the project type, only good governance can deliver good and sustainable business performance.

Furthermore, Babu (2012) pointed out that there are several corporate governance benefits that would improve companies in a hyper-competitive market: Good governance of banks brings success and economic growth, strong corporate governance enhances investor confidence, allowing them to raise capital efficiently and effectively. Moreover, reducing capital costs, governance is reflected positively on the share price. It also represents the suitable motivate for owners and managers to reach the objectives that serve the interests of the bank's shareholders. Governance minimize waste, corruption, risk and mismanagement, allows the formation and development of the brand and governance ensures the adoption of administrative methods that are compatible with the interests of all.

Thus, governance is considered as the cornerstone of any fruitful work, as through governance it is possible to improve the performance of the institution to be able to reach its objectives, in addition to maintaining its legal and ethical position in the eyes of shareholders, stakeholders and the local community, as corporate governance is what ensures the stability and growth of the institution efficiently and effectively (Melouney, 2017).

The researcher believes that governance increases economic efficiency by establishing the foundations for the relationship between the company's managers, board of directors, and shareholders. It works on establishing the organizational framework within which the company's goals and methods for achieving them can be determined by providing appropriate incentives for members of the board of directors and executive management to work on achieving the company's goals while keeping shareholders' interests in mind.

Kovermann and Velte (2019) divide the governance mechanisms into internal mechanisms and external mechanisms, as follows:

1. Internal mechanisms: represented by the set of activities and variables present in the internal environment of the company, which directly or indirectly affect its performance, and thus the achievement of its objectives.
2. External mechanisms: represented by the control exercised by external stakeholders over the company, and the pressures exerted by the relevant international organizations, in order to implement the rules of governance, including: competition in the market for products or services, the administrative labor market, mergers and acquisitions, external audits, legislation and laws.

In this study, the level of governance will be measured through four dimensions:

- The Board of Directors: The company's board of directors acts as an agent for it, thus is fully responsible for the company's operational activities, and the size of the board represents the number of board members and is directly proportional to the

organization's size and complexity (Baysinger and Butler, 2019). The board includes two categories of members, independent members (outside the executive management), and members within the executive management. Members who are outside the executive management represent one of the government's mechanisms, and effective supervision is achieved according to the degree of the council's independence from management, which is determined by the member's number outside the executive management (Naciti, 2019).

- **Audit Committee:** Despite the modernity of this concept, it has attracted great attention with regard to the economic aspect, as it is one of the main pillars for the success of governance. Because the role of audit committees is no less important than the role of internal or external audit, it is complementary to them (Drogalas et al, 2016). Through its effective supervisory, promotional and confirmatory roles, the validity and credibility of the computer information included in the audited financial reports by the external and internal auditor and its disclosure to shareholders (Al-Baidhani, 2014). In order to activate its role, the committee must meet in private with the internal and external auditors and with the management periodically and regularly (Velte, 2017).
- **Disclosure and Transparency:** The governance framework ensures the availability of disclosure of all important issues in the company in a timely manner and transparency, especially its financial position, performance, ownership rights and the extent of its application of governance (Beekes et al, 2016). Disclosure contributes to attracting capital, enhances the company's position and market value, and improves the market's understanding of its business, and thus maintains strong relations with all parties, and this in turn leads to the non-violation of the principle of equal treatment (Oino, 2019).
- **Shareholder Rights:** Governance provides protection for shareholders of all categories on an equal basis to enable them to exercise their rights while ensuring equitable treatment between shareholders, whether they are minorities or foreigners, as well as providing the opportunity for appropriate compensation for

the rights of all shareholders in the event of a violation (Magnier and Barban, 2018).

2.2.2 Financial Reporting Reliability

Financial report is a tool of interaction among the company and the external environment. Besides, it is a tool to exchange the information set by the company to the beneficiaries, including: the profits report, the statement of financial situation, the statement of cash flows, the statement of reserved earnings, the auditor's report, the board of directors' report, and the executive management's report (Choudhary et al, 2019).

Efimova et al (2019) divided the types of reports to: special reports prepared to answer to a particular request (planning, control, other) and general reports arranged in accordance with mostly accepted universal accounting and reporting standards, to be reviewed by everyone related to the company or interested in its affairs. Supplementary and financial statements are the final and basic outputs of the company's accounting system, and they result from a set of accounting treatments performed on data related to the company's events and activities for the purpose of presenting them to all parties in an aggregated and summarized manner that can be used in making various decisions.

According to Cascino et al. (2014), financial reports are important because they provide the necessary information for beneficiaries to evaluate the company's ability to generate cash flows that predict its continuity and achieve good results, as well as regular measurement of the company's income. In addition to providing information that assists in evaluating the company's ability to generate cash flow, as the company continues its activity and divides its life into periodic periods for preparing financial statements on an accrual basis, providing information on the sources of funds available to the company and how to use these funds, and finally providing information on cash flows, such as loans to and from the company and owners' investments.

As a result of the importance of financial reports, they must be characterized by many characteristics so that stakeholders can take appropriate decisions based on them.

Among the most important of these characteristics: the relevance, accuracy and quality of information, in addition to its reliability and credibility (Malo-Alain et al, 2019).

Ashraf et al (2020) indicated that reliability means that the information is reasonably free from errors and biases and honestly expresses its intended purpose, and that this characteristic is related to the integrity and reliability of the information without errors. Objectivity is the appropriate measure of the degree of reliability of information.

Tontiset and Kaiwinit (2018) clarified that the financial statement's reliability is one of the basic characteristics of the lists and is also one of the criteria for recognition and measurement of those lists as defined by the International Accounting Standards Committee.

The procedures to be followed to make information reliable by stakeholders in general and decision makers in particular convincing them of its efficacy were defined as reliability by Choudhary et al. (2019). They also stated that the characteristic of credibility is related to the integrity and reliability of information and that the degree of information reliability is a clear reflection of the objective evidence or reliable measurement methods on which that information is based.

According to (Al-Qarala, 2011), the financial reports are the main means to know the financial situation for the company and growth over the years. The published financial statements have a special importance to shareholder's rights because they provide information on the company's financial position in addition to know the total profit, and this indicates the need to work on enhancing the reliability of financial reports.

Tony & James, (2017) also asserts that the supervisory qualities can be used as procedures to improve the reliability of audit reports and financial statements, which indicates the need for professional accounting bodies to improve their supervisory role in reviewing the audit quality of audit firms for financial statements.

Al-Hiyari (2017) Argues that the financial report's reliability is meant to ensure that the users of these reports have full confidence in the financial information presented by the

reports, with the understanding that the data and information in the financial reports correspond to actual events and information. Therefore, the reliability of financial reports depends largely on accounting operations and their compatibility with events and on the efficiency of the audit committee and the efficiency of the board of directors' review of these reports from the financial and legal aspects.

In this study, the reliability of financial reports will be measured through three dimensions:

- **Completeness of information**

It refers to the comprehensiveness, that is, accounting information covering all aspects, and the absence of a lack of information provided to decision makers, taking into account not to increase the volume of information to the extent that it becomes uneconomic and unhelpful. In order for the information to be described as comprehensive so that it contains all the facts needed by the decision-maker, it must include information on all aspects of the subject, that is, the widening of the field of information to a degree that helps clarity of vision for decision-making (Ashraf et al, 2020).

In order for the financial reports to be characterized by credibility, the information in the financial reports must be complete, meaning that any omission in the information can make it false or misleading and thus become inaccurate and inappropriate, and the property of completeness is achieved in the financial reports if the disclosure in the financial reports includes information related to governance, and the external auditor issued an unqualified application report (Polishchuk et al, 2022).

- **Impartiality of the report**

This feature indicates that the accounting information, in order to be expressive of all operations and other events in the business establishment, must be objective and unbiased for the conflicting interests of its users, so that financial reports are not prepared and presented to serve a party or a certain party of the users of these reports at

the expense of other parties. Impartiality means that there is no modification or alteration of information to influence results in order to serve a particular interest (Nguyen, 2020).

On the other hand, the information presented in financial reports must be free from bias in order to be credible, and financial reports are not considered neutral if the method of selecting or presenting information emphasizes decision-making or judgment with the aim of achieving a predetermined result (Malo-Alain et al, 2021).

- **Accuracy and error free**

It includes that the accounting information contained in the financial reports must be expressive of the operations and events of the organization, and this will not happen unless these reports are free from serious errors and omissions, as well as the selection and application of the stages of production of that disclosed information without any errors or omissions (Mosteanu and Faccia, 2020).

The information presented in financial reports must be credible, which means that there are no errors or omissions in describing the phenomenon, and that the stages used to produce the disclosed information have been selected and applied without errors.

2.3 Corporate Governance and Financial Reporting Reliability

By examining the connection between the board of directors and the level of disclosure of international relations, Lai et al. (2020) believe that corporate governance has an impact on the sustainability of integrated reporting. They argue that strengthening international relations is a new disclosure technique that provides a thorough explanation of how an organization can create value over time.

Al-Hayari, (2017) argues that the reliability of financial reports is one of the criteria for recognition and measurement of these statements as defined by the International Accounting Standards Committee. Reliability has been defined as the procedures to be followed to make information reliable by stakeholders and decision-makers. Reliability

is linked to the integrity of information and reflects proper measurement methods for financial data.

According to Ebele and Sunday (2016), the use of corporate governance helps increase public trust in financial reporting because the researcher gathered pertinent data from the Central Bank of Nigeria, and data analysis showed a significant connection between the board of directors' structure, its duties, and the accuracy of financial reporting, where the committee plays a role. The trustworthiness of financial reports is greatly influenced by the ownership structure of the company and auditing, which both play vital roles in monitoring and enhancing their credibility.

Azzoz and Khamees (2016) looked into how aspects of corporate governance, such as the size of the board of directors, its composition, the CEO's dual appointment, and the audit committee, affect the quality of profits in Jordanian companies in addition to their impact on profit management. All of the financial institutions that are listed on the Amman Stock Exchange made up the study sample. Aspects of corporate governance include the audit committee's size, function, and composition. The total amount of the computed estimated benefits. A user can assess earnings quality and earnings management using the Jones average model. The study found a connection between profit and the size and activity of an audit committee.

Onuorah and Friday (2016) used the descriptive analytical method to analyze a sample of Nigerian companies to assess the association between corporate governance and the quality of financial reports. The research reveals a number of significant findings, such as the existence of a correlation between corporate governance indicators represented in (the size of the board of directors, the independence of the board of directors, the size of the audit committee, the quality of auditing, and the experience of the board of directors) and the quality of financial reports, as well as the positive impact of corporate governance indicators (Board size, Board experience, and audit quality) on financial reports.

Tore (2015) examined the effect of the corporate governance reforms in Turkish commercial law on Turkey's efforts to draw in more foreign equity investors to the Turkish capital market. For international investors, one of the key factors in making an investment decision is the availability of information, but there is a lack of information on the proportion of family control, as well as a lack of information availability and low transparency in the Turkish market.

AlRamahi et al. (2014) looked into how well public shareholding businesses listed on the Amman Stock Exchange's initial market adhere to corporate governance guidelines. The study came to the conclusion that the implementation of corporate governance had an impact on financial performance, profitability, and return on assets, and that the concept of disclosure and transparency had a bigger impact on financial performance than the other principles of governance did.

Htay et al. (2013) looked into how corporate governance affected the standard of disclosure. Twelve Malaysian banks participated in the pilot research. In order to learn the perspectives of accountants and financial analysts, the researchers developed a questionnaire. The study's findings demonstrated that separating the board of directors' organizational structures, increasing the number of independent and non-executive directors, expanding the board's size, decreasing the ownership of directors by institutions and shareholder bonds, and increasing the board's size all contributed to the best annual report disclosure.

By researching the opinions of shareholders in companies listed on the Amman Stock Exchange, Hamdallah (2012) investigated how to increase confidence in audit reports. The study demonstrates that the audit committee's independence is a valuable instrument for enhancing data and information accuracy, which helps to increase the trust of financial statements.

Hassan (2011) used a descriptive analytical technique to investigate how corporate governance practices affected the quality of financial reporting in Nigerian banks. The study discovered a number of significant findings, including the following: corporate

governance mechanisms (board size, board independence, and institutional ownership), as well as the variable regulating bank size, had a positive and significant impact on the quality of financial reports for Nigerian banks.

Despite the fact that the studies presented in the literature review included the impact of governance on financial reports in terms of quality and credibility in various industrial sectors, the banking sector, and others, we chose to focus on the banking sector in Jordan and Palestine because it is the engine of economic and social development.

According to the review of previous studies and the concepts of research variables, the following hypotheses were developed.

2.4 Research hypotheses

H1.1 There is a high level of applying the corporate governance standards in banks listed on the Palestine and Amman Stock Exchange.

H1.2 There is a high level of reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.

H1.3 There is a statistically significant relationship between the application of governance standards and the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.

H1.4 There is a statistically significant impact of Board of Directors on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.

H1.5 There is a statistically significant impact of Audit Committee on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.

H1.6 There is a statistically significant impact of Disclosure and Transparency on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.

H1.7 There is a statistically significant impact of Shareholders rights on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.

H1.8 There are statistically significant differences between banks listed on the Palestine Stock Exchange and banks listed on the Amman Stock Exchange according to corporate governance.

H1.9 There are statistically significant differences between banks listed on the Palestine Stock Exchange and banks listed on the Amman Stock Exchange according to the reliability of the financial reports.

Chapter Three

Research Methodology

In order to ensure the validity and reliability of the study tool represented by the questionnaire, the current chapter reviews the method and procedures used in this study, determining the type of study method, the study population, the study sample, and the exploratory (experimental) sample, and then presenting the justifications for choosing the parameter tests in the study without turning to the test of the normal distribution. Finally, the statistical techniques employed in the study using SPSS v26.

3.1 Data collection

The researcher looked at how to use secondary data to reveal the impact of corporate governance on financial reporting reliability with reference to various studies that were discussed in the literature review. After that, primary data were collected for statistical analysis using a questionnaire tool that will be applied to the employees at administrative levels in banks listed on the Palestine Exchange and Amman Stock Exchange.

3.2 Research population and sample

The study population includes banks listed on the Palestine Exchange and the Amman Stock Exchange in 2022, which are (20) banks where (14) banks in Jordan and (6) banks in Palestine as of date of collection data for this study. While the study community members are those working at the administrative levels in these banks, and the researcher used the comprehensive inventory method for all employees at the administrative levels. While the research sample consists of (350) employees at higher management levels in these banks.

3.3 Data Processing and Statistical Analysis

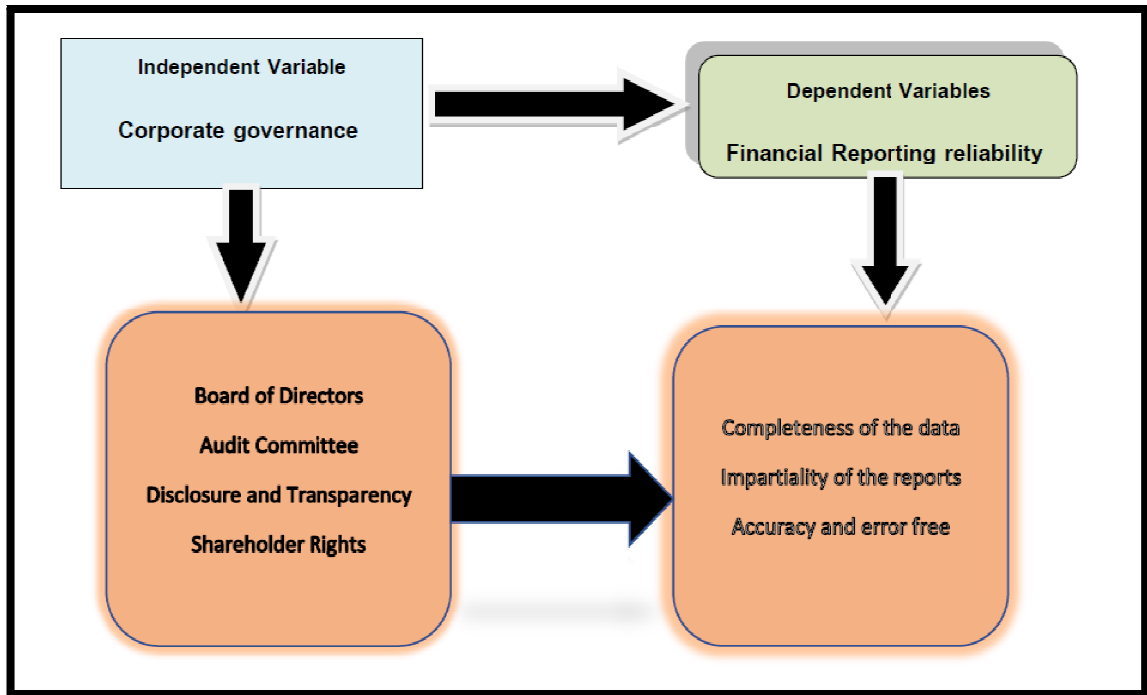
The SPSS software was utilized to test the study hypotheses by employing the best suitable statistical techniques, such as regression models.

3.4 Variables description

Variables' chart

Figure 2

Variables' chart



3.5 The Independent Variables Definition

Independent Variable: Corporate governance

By assuring adequate behavior control, credibility, and management of the company's activities, Gannarelli (2020) defines it as a collection of procedures put in place by the board of directors to manage and control the company's activities and achieve its goals. In this study, four factors will be used to measure the level of governance:

3.5.1 The Board of Directors

Considering that the board of directors is the one who oversees the audit committees' work and ensures the definition of roles and responsibilities, assessment of the bank's strategic plans, and integrity of the accounting and financial reports.

3.5.2 Audit Committee

The Audit Committee contributes to control the relationship between management and the external auditor and enhancing users' confidence in the financial statements data and its quality by supporting the internal control system and enhancing the financial reporting reliability

3.5.3 Disclosure and Transparency

Because disclosure and transparency contribute to achieve integrity, enhance trust between the Bank and stakeholders and enhance the ability to make sound decisions based on clearly published financial information, which increases the effectiveness of communication between all relevant parties, whether they are shareholders or community.

3.5.4 Shareholder Rights

The bank should adhere to the best ethical standards that regulate the relationship with stakeholders in order to protect them and serve their rights in accordance with the guiding principles that govern the relationship between the stakeholders and the bank.

3.6 The Dependent Variable Definition

The dependent variable: Financial reporting reliability

Al-Hiyari, (2017). Argues that the financial report's reliability is meant to ensure that the users of these reports have full confidence in the financial information presented by the reports, with the understanding that the data and information in the financial reports correspond to actual events and information. Therefore, the reliability of financial reports depends largely on accounting operations and their compatibility with events and on the efficiency of the audit committee and the efficiency of the board of directors' review of these reports from the financial and legal aspects.

3.6.1 Completeness of the data

Users need the financial reports to be included all information in an appropriate and clear manner, meaning that reports should express the phenomena and useful events

sufficiently to make sound decisions, as the quality of decisions is related to the quality and sufficiency of information, so the information contained in the financial reports must be completeness of the data.

3.6.2 Impartiality of the reports

In order for the information contained in the financial reports to be neutral, it must be free from bias, meaning that it must include a neutral description of financial events and transactions because the way the information is presented affects decision-making, which also affects reaching to the desired results.

3.6.3 Accuracy and error free

If there are any errors or deviations in the presentation of information in the financial reports, this detracts from the level of reliability of the financial reports. Therefore, the financial reports must contain fully accurate information, and it should depend on the accuracy of the accounting methods that are used in the financial reports.

3.7 Indicators of the study variables

The study's title, "The Impact of Applying Corporate Governance Principles on Enhancing the Reliability of Financial Reports Issued by Industrial Shareholding Companies Listed at Amman Stock Exchange," served as the basis for the indicators used to measure the study variables (Al-Hiyari, 2017).

The research conducted by (Al-Hiyari, 2017) focused at how corporate governance might improve the accuracy of financial reports for industrial public businesses listed on the Amman Capital Market.

The current study and the previous one both examined the idea of governance and how it affects the reliability of financial reports, but the previous one applied its findings to industrial public shareholding companies listed on the Amman Capital Market, whereas the current study seeks to apply its findings to (6) banks listed on the Palestine Stock Exchange and (14) banks listed on the Amman Stock Exchange. The study found that the four governance mechanisms individually and collectively have a statistically

significant impact on improving the accuracy of financial reports released by industrial companies to the public listed in the Amman financial market. However, there is a difference in the magnitude of this impact depending on the mechanism.

3.8 The nature of variables

After reviewing numerous earlier studies on governance and its effect on the accuracy of financial reports, as well as reports posted on the websites of the Palestine Exchange and the Amman Stock Exchange, the researcher came to the conclusion that it is impossible to measure governance indicators quantitatively because there is a lack of quantitative data on the dimensions of governance.

By creating a questionnaire tool and administering it to personnel at the administrative levels of (20) banks registered on the Palestine Stock Exchange and the Amman Stock Exchange, the researcher will assess the impact of governance on the reliability of financial reporting.

3.9 Study Tool

The primary instrument for a study is to gather the essential data on the study's variables. In the current study, the primary tool for the study was a questionnaire that was created using data from earlier studies. There were 51 items total in the questionnaire. The current survey was divided into the following three sections:

- Section One: This section is devoted to collect demographic data for respondents, which includes categorical variables for the question about gender, qualification, years of service, job level, professional certification and bank type.
- Section Two: This section included (30) paragraphs devoted to the question about the independent variable represented by governance. This variable is divided into four dimensions: the board of directors which is measured by nine paragraphs, audit committee which is measured by seven paragraphs, disclosure and transparency which is measured by seven paragraphs, stakeholder rights which is measured by seven paragraphs.

- Section Three: There are (21) paragraphs in this part that address the issue of the dependent variable, which is the reliability of financial reports.

The study tool used the five-point Likert scale in the questionnaire to give the study sample flexibility when choosing, as the scale values ranged between (1-5), which are: (1 = strongly disagree), (2 = disagree), (3 = neutral), (4 = agree), and (5 = strongly agree). It is possible to determine the weighted average by calculating the length of the category according to the following equation:

$$\text{Class Interval} = (\text{maximum} - \text{minimum}) / \text{number of degrees of importance}$$

$$\text{Class Interval} = (5-1) / 3 = 1.33,$$

So, the following table shows the classification has been approved to judge averages:

Table 1

Mean values and their interpretation

Range	Importance index
1-2.33	Low
2.34-3.67	Moderate
3.68 and more	High

Moreover, rank was given for each item representing the order of the statements in terms of the highest mean, where the upper statement has the mean number one and the following one ranked by number 2 and so on, reaching to the statement with the lowest mean value.

3.10 Validity and Reliability Analysis

Before beginning to distribute the questionnaires to the actual study population, the experimental sample (n=60) is used to ensure the accuracy of the questionnaire items. The structural validity and reliability of the questionnaire items will be examined using the equation of (Cronbach's alpha, Compound reliability), while taking into account that the experimental sample's size is a part of the study population and within it.

Validity test measures how much the questionnaire should be able to accomplish and measure what was set to achieve the study objectives and provide answers for its

questions and hypotheses. The study tool in its preliminary form shown in Appendix (A).

The questionnaire's ability to accomplish and measure the goals set to meet the study's objectives as well as to provide answers to its questions and hypotheses is measured by the validity test. The study tool is shown in Appendix in its preliminary form (1).

Moreover, factor analysis was applied as a statistical method to the collected data in order to ensure that the tool used is reliable to complete the statistical analysis procedures. According to the factorial analysis, the validity of the asymptotic tool is judged by using the values of the paragraphs saturations on their variables (Loadings) and the values of the extracted mean variance (AVE), in addition to the differential validity that is measured by comparing the values of the extracted average variance of the structure with the maximum value of the common variance (MSV).

For the same structure, this kind of validity also necessitates a comparison of the correlation coefficients among the other structures and the square root of the extracted mean of variance (AVE). The internal consistency, as determined by Cronbach's alpha, and the composite reliability, as determined by McDonald's Omega coefficient, were used to confirm the tool's reliability. The results of earlier tests on the study tool are displayed in table (2).

Table 2*The results of the validity and reliability test of the study tool*

Variables	Dimensions	Paragraphs	Saturations	AVE	MSV	AVE $\sqrt{}$	α	ω
Governance	The Board of Directors	P1	0.774	0.593	0.271	0.770	0.871	0.873
		P2	0.732					
		P3	0.766					
		P4	0.767					
		P5	0.762					
		P6	0.790					
		P7	0.786					
		P8	0.783					
		P9	0.710					
	Audit Committee	P10	0.762	0.566	0.177	0.752	0.839	0.840
		P11	0.763					
		P12	0.753					
		P13	0.719					
		P14	0.779					
		P15	0.779					
	Disclosure and Transparency	P16	0.706	0.577	0.133	0.760	0.841	0.842
		P17	0.725					
		P18	0.702					
		P19	0.780					
		P20	0.782					
		P21	0.774					
	Stakeholder Rights	P22	0.818	0.531	0.294	0.729	0.833	0.836
		P23	0.732					
		P24	0.712					
		P25	0.743					
		P26	0.702					
		P27	0.722					
	The reliability of financial reports	P28	0.764	0.582	0.293	0.763	0.953	0.954
		P29	0.726					
		P30	0.729					
A1		0.738						
A2		0.773						
A3		0.752						
A4		0.766						
A5		0.770						
A6		0.725						
A7		0.785						
A8		0.776						
A9		0.789						
A10		0.762						
A11		0.719						
A12		0.709						
A13	0.794							
A14	0.755							
A15	0.767							
A16	0.743							
A17	0.782							
A18	0.737							
A19	0.734							
A20	0.844							
A21	0.784							

The results in Table (2) show that the values of saturation of the paragraphs on their latent structures ranged within the range (0.702-0.818), and this value is considered to be greater than 0.50, the minimum retention for the paragraphs (Haig, 2018). The extracted mean variance (AVE) values also show that they were within the range (0.531-0.593) and are therefore greater than the minimum threshold for this indicator represented by 0.50, so the study tool fulfills the conditions of convergent validity (Howard, 2018). Moreover, the results indicated that the extracted mean variance values for all study variables were greater than the maximum values of the common variance (MSV), as well as the tamer for the values of the root mean of the extracted variance (\sqrt{AVE}), which came with values higher than the values of the correlation coefficients among the rest of the variables. Therefore, these indicators indicate that the study tool fulfills the conditions of differential validity (Afthanorhan et al., 2021). According to reliability measures, the results indicate that the values of Cronbach's alpha coefficient (α) were greater than the minimum value of internal consistency of 0.70 (Vaske et al., 2017). In addition, McDonald's Omega (ω) values came within the range (0.836-0.912), which is higher than 0.70, the minimum value approved for this indicator (Padilla & Divers, 2016). Accordingly, the study instrument had appropriate levels of reliability.

3.11 Data collection procedures

To get the necessary data from the study sample, the researcher constructed the questionnaire, turned it into an electronic version using Google Forms, and then distributed it via social media. The collected surveys were then entered into the personal laptop using the Excel and SPSS programs after the necessary replies had been gathered.

3.12 Ethical Considerations

Al-Najah University granted the researcher permission to disseminate the questionnaire, and the first page of it had information on the goals and importance of the study, total freedom to take part in it, and the right to discontinue participation at any moment. The questions were encoded, no names or other forms of personal identification were included in the survey, and all the data was stored on a laptop that was only accessible

by the researcher and supervisor in order to ensure the confidentiality of the information gathered.

3.13 The statistical methods used in the research

The statistical analysis program "Statistical Package for the Social Sciences" (SPSS v26) was used by the researcher to analyze the data. The researcher used a number of statistical tests, such as the Pearson correlation coefficient and factor analysis, as well as the degree of saturation to measure honesty, internal, structural, and convergent consistency, Cronbach's alpha index, and compound stability to measure reliability. In addition to the descriptive measures, the variables of the study sample were measured and described using frequency and percentages: (arithmetic mean, standard deviation and relative weight). To ascertain the effect of governance aspects on the reliability of financial reports, multiple linear regression analysis and the financial reports reliability are used.

Chapter Four

Empirical results and Discussion

This chapter presents the study's findings, which were arrived at after data analysis and hypothesis testing utilizing the study tool's data collection tool (SPSS).

4.1 Descriptive analysis

On the collected data, descriptive analysis was performed. The demographics of the participants were described using frequency. Means, standard deviations, and ranks were also obtained in order to identify and characterize the attitudes of the study sample members toward the study variables.

4.1.1 Demographic Characteristics

This section is aimed to gather information from the study sample about gender, qualification, years of service, job level, professional certification and bank type. Table (3) presents the results of the frequencies and percentages used in the analysis of demographic variables for the study sample members (n= 350).

Table 3*The Sample Demographic Characteristics*

Variable	Category	Frequency	%
Gender	Male	232	66.3%
	Female	118	33.7%
	Total	350	100
Qualification	Diploma	0	0%
	Bachelor's	243	69.9%
	Postgraduate Studies (Master – PhD)	107	30.1%
	Total	350	100
Years of services	1 to less than 5 years	58	16.6%
	5- less than 10 years	93	26.6%
	10- less than 15 years	163	46.6%
	15 years or more	36	10.3%
	Total	350	100
Job level	Bank manager	12	3.4%
	Audit department manager	41	11.7%
	Financial manager	9	2.6%
	Risk management manager	44	12.6%
	Assistant bank branch manager	74	21.1%
	Board director	23	6.6%
	Compliance depart manager	22	6.3%
	ATM manager	18	5.1%
	Something Else	107	30.6%
Total	350	100	
Professional Certifications	CFA	42	12%
	CPA	46	13.1%
	CISA	57	16.3%
	CIA	63	18%
	CMA	45	12.9%
	Something Else	97	27.7%
Total	350	100	
Bank type	Jordanian Islamic Bank	85	24.3%
	Jordanian commercial Bank	84	24%
	Palestinian Islamic Bank	58	16.6%
	Palestinian commercial Bank	123	35.1%
	Total	350	100

From the previous table (3) the majority of the participants was male at rates of 66.3%, while the female was at rate 33.7%. In terms of qualification, it should be noted that most of the respondents were appointed as bachelor's with 69.9%, followed by the Postgraduate with 30.1% respectively. on the other hand, about (46.6%) of sample study services years was between 10- less than 15 years, followed by the (5 – less than 10 years), 1 to less 5 years and 15 years or more with rates 26.6%, 16.6% and 10.3% respectively.

About (30.6%) of sample have other job level, followed by assistant bank branch manage, risk management manager, audit department manager, board director, Compliance depart manager, ATM manager, bank manager and Financial manager with rates 21.1%, 12.5%, 11.7%, 6.5%, 6.2%, 5.1%, 3.4% and 2.6%. In addition to, about 27.7% of sample study have other certification, while (18%) of study sample have CIA, followed by CISA, CMA, CPA and CFA with rates 16.3%, 12.9%, 13.1% and 12%. Besides, about (35.1%) of sample study work at Palestinian commercial Bank, followed by employees who work in Jordanian Islamic Bank, Jordanian commercial Bank and Palestinian Islamic Bank with rates 24.3%, 24% and 16.6%.

4.1.2 Descriptive statistics of the variables

Descriptive analysis is used to introduce some data trends briefly. It will include mean and standard deviation (STD) central tendency measures for all variables.

Table 4

Descriptive Statistics of the Study Variables

	Variables	Mean	STD	Degree (according to table 2)
Independent Variables	The Board of Directors	3.86	0.583	High
	Audit Committee	3.96	0.545	High
	Disclosure and Transparency	4.08	0.514	High
	Stakeholder Rights	3.96	0.564	High
	Total	3.96	0.473	High
Dependent Variables	----	3.90	0.494	High

Table (4) revealed that the governance high level of respondents' agreements with mean 3.96. The governance dimensions (board of directors, audit committee, disclosure and transparency and stakeholder rights) captured a high level of respondents' agreements with means 3.86, 3.96, 4.08 and 3.96 respectively. The (disclosure and transparency) came first, followed by audit committee and stakeholder rights, while the board of directors was the last dimension. In addition to, the reliability of financial reporting captured a high level of respondents' agreements with mean (3.90).

4.2 Testing the Study Hypotheses

Before using linear regression to test the study hypotheses, a pre-regression test and skewness coefficient were used to ensure that there is no multicollinearity and no outliers in the study data.

Table 5

Multicollinearity and Normality Test

Independent Variable Dimensions	VIF	Tolerance	Skewness
The Board of Directors	2.190	.457	-0.886
Audit Committee	2.960	.338	-0.996
Disclosure and Transparency	2.594	.386	-0.716
Stakeholder Rights	2.441	.410	-0.831

This study used two techniques to detect the using the questionnaire survey data on maintenance planning, the correlation coefficients and the variance inflation factor (VIF). VIF is the reciprocal of tolerance; low VIF values indicate low correlation among variables under ideal conditions VIF3. However, if it is less than 10, it is acceptable (Miles, 2014).

The tolerance value need to be high, which indicates a negligible (i.e., the other independent variables do not collectively have any substantial amount of shared variance). A tolerance value of 0.10, or a VIF value of 10, is a typical cutoff threshold (Hair, 2013). In a regression model, the independent variables do not have a strong correlation with one another. The skewness was tested to make sure there isn't an outlier and the data are distributed normally. Skewness values outside of the range of -1 to +1 indicate a distribution that is significantly skewed (Hair, 2013). According to statisticians, a sample size of 30 is adequate for the majority of distributions; Table (4) shows these findings. The independent variables in this investigation met the requirements for linear regression. The next stage of the study is to test the hypotheses after evaluating the effectiveness of the study instrument and the applicability of the study variables for the statistical tests.

H1.1: There is a high level of applying the corporate governance standards in banks listed on the Palestine and Amman Stock Exchange.

To test the first hypothesis, T-test (one sample) adopted. Table (6) shows the corresponding results.

Table 6

T-Test (one sample)-result of first hypothesis

Independent Variable Dimensions	Mean	STD	T-value	Sig
The Board of Directors	3.86	0.583	6.171	.000
Audit Committee	3.96	0.545	9.925	.000
Disclosure and Transparency	4.08	0.514	15.074	.000
Stakeholder Rights	3.96	0.564	9.547	.000
Governance	3.96	0.473	11.429	.000

The results in the previous table shows that there is a high level of applying the corporate governance standards and its dimensions in banks listed on the Palestine and Amman Stock Exchange, according to T-value which are equal (6.171, 9.925, 15,074, 9.547, 11.429) which are significant at ($P \leq 0.05$). so, the alternative hypothesis accepted. Therefore, there is a high level of applying the corporate governance standards and its dimensions in banks listed on the Palestine and Amman Stock Exchange.

H1.2 There is a high level of reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.

To test the second hypothesis, T-test (one sample) adopted. Table (7) shows the corresponding results.

Table 7

T-Test (one sample)-result of second hypothesis

dependent Variable	Mean	STD	T-value	Sig
the reliability of financial reports	3.90	0.494	8.875	0.000

The results in the previous table shows that there is a high level of the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange. According to T-value which are equal (8.875) which are significant at ($P \leq 0.05$). so, the

alternative hypothesis accepted. Therefore, there is a high level of a high level of the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.

H1.3 There is a statistically significant relationship between the application of governance standards and the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.

The simple linear regression/enter method was used to test the first hypothesis. The comparable outcomes are shown in Table (8).

Table 8

Model Summary

Model	R	R²	Durbin-Watson	F	Sig.
Governance-the reliability	0.777	0.603	2.110	529.199	*0.000

* Statistically significant at the level of statistical significance ($\alpha \leq 0.05$)

Table (8) shows that there is a highly significant relationship between the two variables, with R equal to 0.777. The input of governance is a strong predictor of the reliability of financial reporting, with an R2 of 0.603 and a significant F of 529.199. The reliability of financial reports (dependent variable) may be predicted by this model to a level of accuracy of 60.3%, with the remaining percentage attributable to other factors. The use of governance standards and the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchanges are thus statistically related. According to Table (9)'s show, the value of Beta is equal to 0.874, indicating that the governance input (t= 23.004) is statistically significant at the 0.05 level of significance. These findings prompt us to construct the following interpretation equation:

$$\text{The reliability of financial reports} = 0.691 + 0.777 * (\text{governance inputs})$$

Table 9*The Governance-the reliability Model Coefficients*

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.691	.141		4.916	0.000*
Governance-the reliability	.812	.035	.777	23.004	0.000*

* Statistically significant at the level of statistical significance ($\alpha \leq 0.05$)

In banks listed on the Palestine and Amman Stock Exchanges, we found a statistically significant correlation between the use of governance standards and the reliability of financial reports. Strong corporate governance boosts investor confidence, enabling banks to raise capital effectively and efficiently. Additionally, governance lowers capital costs, which benefits the share price. It also serves as a suitable incentive for owners and managers to achieve objectives that benefit shareholders and the bank's interests. The adoption of administrative practices that are compatible with the interests of all are ensured by governance, which also lowers waste, corruption, risk, and mismanagement. Governance also enables the construction and growth of the brand.

According to research done in 2016 by Onuorah and Friday based on a review of the literature, corporate governance has a beneficial influence on the quality of financial reporting. The findings of this investigation confirm those of our own.

The impact of the governance dimensions (board of directors, audit committee, disclosure and transparency, and stakeholder rights) on the reliability of financial reports was examined using multiple regression analysis, which was used to determine whether there is a statistically significant impact of the governance dimensions on the reliability of financial reports at a statistically significant level (0.05). Data for the multiple linear regression analysis's assumptions were already verified in Table (9) above.

The correlation coefficient of the research variables in this model is shown in Table (10). The findings show a considerable, strong positive relationship between the board of directors, audit committee, disclosure, and stakeholder rights and the reliability of

financial reports (dependent variable). The board of directors also has a significant, strong relationship with this variable. While there is a moderate relationship between the trustworthiness of financial reporting and the audit committee, disclosure, transparency, and stakeholder rights. The corresponding coefficients were 0.732, 0.559, 0.511, and 0.581. These relationships outrank the other correlations that cross in the table.

Table 10

*Correlation of reliability of financial reports Model**

	Reliability	Board of directors	Audit committee	Disclosure & transparency	Stakeholder rights
Reliability	1.000				
Board of directors	.732**	1.000			
Audit committee	.559**	.673**	1.000		
Disclosure & transparency	.511**	.653**	.739**	1.000	
Stakeholder rights	.581**	.683**	.672**	.747**	1.000

*Dependent variable: reliability of financial reports

The fourth, fifth, sixth, and seventh hypotheses were tested via multiple linear regression. Table (11) in Appendix (B) shows a summary of the model. According to the study's findings, the regression model explained 63.5% of the variance in the data with an adjusted R square of 0.635 and R2 of 0.639. The Durbin-Watson $d = 2.148$ is in the middle of the two thresholds of 1.5 and 2.5. As a result, the data from this study's linear regression show no first order linear auto-correlation. The model can explain 63.5% of changes in the dependent variable (reliability of financial reports) based on its F value of 152.911 with a $sig.=0.000$, with the remaining variations being assigned to external variables.

The next table shows the model parameters, which includes intercept, t value, and its significance. Table (12) in Appendix (B) shows there are significant statistical impact of the independent variables (board of directors, audit committee, disclosure and transparency and stakeholder right) where t equals to 4.926, 2,630, 3,783, 2,393 and

8,978 on a significant level $\alpha \leq 0.05$. These findings prompt us to construct the following interpretation equation:

$$\text{Reliability of financial reports} = 0.676 + 0.126* \text{ board of directors} + 0.210* \text{ audit committee} + 0.125* \text{ disclosure and transparency} + 0.453* \text{ stakeholder rights}$$

Based on the previous table, the fourth, fifth, sixth and seventh alternative hypothesis are accepted. So:

1. There is a statistically significant impact of Board of Directors on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.
2. There is a statistically significant impact of Audit Committee on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.
3. There is a statistically significant impact of Disclosure and Transparency on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.
4. There is a statistically significant impact of Shareholders rights on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.

We noticed that the rights of stakeholders had an impact on the credibility of financial reports, because the banking sector cares about stakeholders because they constitute the main source of investment. Reliable financial reports contribute to encouraging more stakeholders to deal with the bank and invest in it. Therefore, the Bank is interested in regulating the relationship with stakeholders in order to protect them and serve their rights in accordance with the guiding principles that govern the relationship between stakeholders and the Bank.

According to research done in 2016 by Ebele and Sunday on a literature review, there is a significant connection between the board of directors' structure, its duties, and the reliability of financial reporting, where the committee plays a role. Monitoring and

improving the reliability of financial reports are critical tasks for auditors. This supports the results of our study.

H1.8 There are statistically significant differences between banks listed on the Palestine Stock Exchange and banks listed on the Amman Stock Exchange according to corporate governance.

In order to test this hypothesis, the presence of statistically significant differences between banks listed on the Palestine Stock Exchange and banks listed on the Amman Stock Exchange in terms of corporate governance was tested using a T-Evaluate for two independent samples. The results of the (T-Test) test to find statistically significant differences between banks listed on the Palestine Stock Exchange and banks listed on the Amman Stock Exchange in terms of corporate governance are shown in table (13) in Appendix (B).

The previous table demonstrates that there are no statistically significant differences between banks listed on the Palestine Stock Exchange and banks listed on the Amman Stock Exchange in all aspects of governance (board of directors, audit committee, disclosure and transparency, and stakeholder right), as well as the total, where the values of T were, respectively, 0.888, 0.020, 0.075, 0.680, and 0.151. This means that it is not statistically significant at the significance level. Therefore, we accepted the alternative hypothesis, according to which there are no statistically significant differences in governance between banks listed on the Palestine Stock Exchange and those listed on the Amman Stock Exchange.

H1.9 There are statistically significant differences between banks listed on the Palestine Stock Exchange and banks listed on the Amman Stock Exchange according to the reliability of the financial reports.

A T-Test was performed for two independent samples to test this hypothesis and show whether there are statistically significant differences between banks listed on the Palestine Stock Exchange and banks listed on the Amman Stock Exchange based on the reliability of the financial reporting. The results of the (T-Test) test to find statistically

significant differences between banks listed on the Palestine Stock Exchange and banks listed on the Amman Stock Exchange based on the reliability of the financial reports are displayed in table (14) in Appendix (B).

This table demonstrates that there are no statistically significant differences between banks listed on the Palestine Stock Exchange and banks listed on the Amman Stock Exchange according to the reliability of the financial reports, , where the value of T was (0.713). Consequently, it is not statistically significant at the 0.05 significance level. So, based on the accuracy of the financial reports, we accepted the alternative hypothesis, according to which there are no statistically significant differences between the banks listed on the Palestine Stock Exchange and the banks listed on the Amman Stock Exchange. The outcomes of the hypotheses tests are summarized in the following table 15 in Appendix (B).

Chapter Five

Conclusions and Recommendations

5.1 Conclusions

The current research aimed to provide insight into the influence of governance on the reliability of financial reports in Jordanian and Palestinian banks listed on the Amman Stock Exchange and the Palestine Stock Exchange, respectively. The board of directors, the audit committee, disclosure and transparency, and shareholders' rights were used as the four criteria for measuring governance. The accuracy and error-freeness of the report, the completeness of the data, and its impartiality were all used to assess the reliability of financial reports.

The results of single-sample t-test concluded that:

1. There is a high level of applying the corporate governance standards in banks listed on the Palestine and Amman Stock Exchange
2. There is a high level of reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange

There is a statistically significant relationship between the use of governance standards and the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchanges, according to a simple regression test that was also carried out.

In addition, a multiple linear regression test was conducted, the results of which indicated:

1. There is a statistically significant impact of Board of Directors on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange
2. There is a statistically significant impact of Audit Committee on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.

3. There is a statistically significant impact of Disclosure and Transparency on the reliability of financial reports in 1 banks listed on the Palestine and Amman Stock Exchange
4. There is a statistically significant impact of Shareholders rights on the reliability of financial reports in listed on the Palestine and Amman Stock Exchange

According to the researcher, governance has a positive impact on the reliability of financial reports. As a result, if banks want to improve the reliability of their financial reports, the first step is to strengthen governance policies, including the powers and size of the board of directors, as well as the audit committee's role. In addition to improving disclosure and transparency, shareholders should be empowered and given their rights.

This finding is consistent with the findings of (Al-Hiyari, 2017), which found that the four governance mechanisms, when combined and separately, have a statistically significant effect on financial report credibility.

On the other hand, t-test was conducted for two independent samples (banks listed on the Palestine Stock Exchange, and banks listed on the Amman Stock Exchange) and the results indicated:

1. There are no statistically significant differences between banks listed on the Palestine Stock Exchange and banks listed on the Amman Stock Exchange according to corporate governance.
2. There are no statistically significant differences between the banks listed in the Palestine Stock Exchange and the banks listed in the Amman Stock Exchange according to the reliability of the financial reports.

The researcher explained the result that governance practices are clear and have been defined in general, so they are unified in all countries. Also, the Jordanian and Palestinian banking sectors are striving seriously to enhance the reliability of their reports, so they seek to enhance all the variables that would enhance the reliability of financial reports, such as governance.

5.2 Recommendations:

The research recommends the necessity of paying attention to the rights of shareholders and providing each shareholder with adequate and correct information about the bank if there is no reason for the bank not to give this information, and not to be biased towards a certain class of shareholders by giving them information that was not given to others, regardless of the class of shares they own. Moreover, the researcher recommends that apply the principles of disclosure, transparency, accountability, resource management, enhance competitiveness, and raise efficiency and effectiveness. Beside, conducting a similar study, but studying each of the Palestinian banks listed on the Palestine Exchange alone, and the Jordanian banks listed on the Amman Stock Exchange separately.

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Appendices

Appendix A: questionnaire

Al-Najah National University

Faculty of Graduate Studies

Department of Accounting



A questionnaire of:

The Impact of Corporate Governance on Financial Reporting Reliability

Empirical study on banks listed in Palestine and Jordan Stock Exchange

أثر الحوكمة على موثوقية التقارير المالية

دراسة تطبيقية على البنوك التجارية المدرجة في بورصتي فلسطين والأردن

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Section One: Demographic Data

Please kindly choose the appropriate alternative for each of the following statements by ticking (X).

Sex:				
<input type="checkbox"/> Female		<input type="checkbox"/> Male		
Qualification:				
<input type="checkbox"/> Bachelor's		<input type="checkbox"/> Diploma		
<input type="checkbox"/> Postgraduate Studies (Master – PhD)				
Years of service:				
<input type="checkbox"/> 5 years to less than 10 years		<input type="checkbox"/> 1 to less than 5 years		
<input type="checkbox"/> 15 years and over		<input type="checkbox"/> 10 years to less than 15 years		
Job level:				
<input type="checkbox"/> Bank manager	<input type="checkbox"/> Audit department manager	<input type="checkbox"/> Financial manager	<input type="checkbox"/> Board director	<input type="checkbox"/> Some thing else?. Please, mention.....
<input type="checkbox"/> Risk management manager	<input type="checkbox"/> Assistant Bank Branch Manage	<input type="checkbox"/> compliance depart manager	<input type="checkbox"/> ATM manager	
Professional Certifications:				
<input type="checkbox"/> CFA	<input type="checkbox"/> CPA	CMA <input type="checkbox"/>		
<input type="checkbox"/> CISA	<input type="checkbox"/> CIA	<input type="checkbox"/> Some thing else?. Please, mention.....		
Bank type:				
<input type="checkbox"/> Jordanian Islamic Bank	<input type="checkbox"/> Jordanian Commercial Bank			
<input type="checkbox"/> Palestinian Islamic Bank	<input type="checkbox"/> Palestinian Commercial Bank			

Section One: Study Variables

The Independent Variable: Governance

N.	Paragraphs	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	first dimension: The Board of Directors					
1.	There is a specific system for the board of directors at all levels that includes a declared policy					
2.	There are approved criteria for selecting members of the Board of Directors					
3.	Availability of members with scientific backgrounds and practical experience in the field of education in the Board of Directors					
4.	Availability of advisory committees whose membership includes individuals from outside the university community					
5.	Performance standards are met for all tasks and responsibilities					
6.	Decisions are made with the participation of all stakeholders in the Board of Directors					
7.	Board members are elected according to their experience and competence					
8.	The Jordanian Central Bank or the Palestinian Monetary Authority determine the responsibilities of management and ensure the efficiency of the members of the Board of Directors and their full awareness of the concept of governance					
9.	The Jordanian Central Bank or the Palestinian Monetary Authority have defined corporate governance procedures in banks, including the separation between the responsibilities of the chairman of the board of directors and those of the general manager.					

N.	Paragraphs	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	Second dimension: Audit Committee					
1.	The committee makes recommendations that would enhance the financial and administrative controls in the internal control system.					
2.	The committee contributes to enhancing the independence of the internal auditor and supports his powers in exercising financial and administrative control.					
3.	Having members with financial and accounting expertise enhances its ability to review the financial reports issued by the company to ensure that they are accurate, reliable and timely.					
4.	It plays an important role in ensuring the compliance of the executive management with the relevant financial regulations and legal legislation.					
5.	Ensures that the company adheres to the Corporate Governance Manual and the compliance rules.					
6.	Recommend to the Board of Directors to nominate the external auditor and study matters related to determining the work plan of the external auditor.					
7.	The Jordanian Central Bank or the Palestinian Monetary Authority have a role in ensuring the effectiveness of the supervisors' role and their awareness of the importance of their supervisory role					
	Third dimension Disclosure and Transparency					
1.	The bank is obligated to keep organized financial records in accordance with generally accepted accounting norms and principles.					
2.	The bank is obligated to observe the rules and principles stipulated in international accounting standards in the field					

N.	Paragraphs	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	of recognition, measurement and disclosure when preparing its published financial reports.					
3.	The Bank is committed to providing the minimum disclosure stipulated in the International Financial Reporting Standards, which serves the purposes of shareholders and other stakeholders in the field of investment and financing financial decision-making.					
4.	The Bank is committed to appointing an independent external auditor to examine its final financial statements in accordance with international auditing standards.					
5.	The bank is obligated to disclose additional information that serves the purposes of shareholders and stakeholders, such as: the bank's ownership structure, the ownership percentages of board members, the remuneration they receive, and the loans granted to them.					
6.	The Bank is obligated to issue quarterly and semi-annual periodic reports in a timely manner and to be subject to the review process.					
7.	The Jordanian Central Bank or the Palestinian Monetary Authority ensure the availability of transparency and disclosure to remove the lack of clarity in all the work and activities of the bank and the administration					
	The fourth dimension Stakeholder Rights					
1.	The Bank is committed to apply the best ethical standards related to Basel committee in order to enhance the confidence of stakeholders in dealing with the Bank					
2.	The bank provides an additional disclosures that serve stakeholders, such as: percentages of board members,					

N.	Paragraphs	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	the rewards they receive, and the loans granted to them					
3.	The supervisory authority in the bank provides instructions explaining how to follow accounting standards in preparing financial reports according to the principles of the Basel Committee, which preserves the rights of stakeholders					
4.	The Bank is interested in obtaining feedback from stakeholders about its decisions and activities					
5.	The Bank has sufficient flexibility to respond to the choices of stakeholders in accordance with laws and legislative regulations					
6.	The Bank's Audit Committee works to ensure the integrity of financial statements in accordance to Basel principles, which contributes the dissemination of correct and sufficient information that serves the stakeholders rights.					
7.	The rules of governance by The Jordanian Central Bank or the Palestinian Monetary Authority focused on the rights of stakeholders and the need to treat them with fairness, transparency and disclosure in a way that enables them to assess the bank's position and financial performance					

The second variable

The reliability of financial reports

N.	Paragraphs	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Disclosure of the applied accounting policies leads to achieving clarity, transparency and completeness of information in financial reports					
2	The bank's financial reports faithfully reflect the bank's commercial activities and financial operations					
3	Financial reports comply with business requirements by containing both financial and non-financial information					
4	The information presented in financial reports is aligned with the needs of users of financial reports					
5	Financial reports provide adequate feedback about the bank's activities and business in a timely manner					
6	The financial reports impartially show the strengths and weaknesses of the bank's financial position					
7	The consistency of accounting policies contributes to enhance the objectivity and impartiality of reports					
8	The financial reports published by banks give their users the ability to assess the real situation of the bank					
9	Financial reports provide an honest representation in terms of the honesty and objectivity of the information, which enhancing the reliability of it in making decisions by stakeholders					

N.	Paragraphs	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
10	Information in financial reports is presented in a way that ensures a neutral description of financial events and transactions					
11	The Bank is committed to applying international accounting standards when preparing financial reports in accordance with financial legislation and laws					
12	Financial reports are reviewed impartially in all necessary financial respects					
13	The Bank is concerned with ensuring the accuracy and validity of data and financial statements, preparing accounts represented by records, and discovering errors that may exist in them					
14	The Bank's prudent policy affects the level of accuracy and integrity of financial reporting					
15	Accounting policies help in choosing the best accounting alternatives to suit the working conditions in the bank in a way that serves errors free and deviations when presenting information					
16	The published financial statements express the reality of the business results and the financial position of the bank at the end of the financial period in a sound accounting manner that guarantees error free					
17	Auditing standards are established to guide auditors and enable them to express a fair and unbiased opinion and to discover areas of error in the financial statements					

N.	Paragraphs	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
18	The auditor's liability standard regarding fraud and error is followed in the audit of financial statements in order to detect intentional and unintended errors and so strengthen the accountability system					
19	The Jordanian Central Bank or the Palestinian Monetary Authority evaluate the credibility and reliability of financial information, the extent of its reliability, and the methods used for its identification, measurement, classification and preparation.					
20	The Jordanian Central Bank or the Palestinian Monetary Authority monitor the information and technology associated with it in banks to evaluate it and discover deviations and violations that these banks may be exposed to.					
21	Each bank shall provide The Jordanian Central Bank or the Palestinian Monetary Authority with periodic statements (monthly, quarterly, and annually) that reflect the bank's various conditions and activities.					

Appendix B: Tables

Table 11

*Model Summary of reliability of financial reports ***

Model	R	R²	Adjusted R²	Durbin-Watson	F	Sig.
Board-audit-disclosure-stakeholder	0.800	0.639	0.635	2.148	152.911	0.000

* Statistically significant at the level of statistical significance ($\alpha \leq 0.05$)

** Dependent Variable: reliability of financial reports

Table (12)

The governance- reliability of financial reports Model Coefficients

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.676	.137		4.926	.000
board of directors	.107	.041	.126	2.630	.009
audit committee	.191	.050	.210	3.783	.000
disclosure & transparency	.120	.050	.125	2.393	.017
stakeholder rights	.397	.044	.453	8.978	.000

* Statistically significant at the level of statistical significance ($\alpha \leq 0.05$)

Table 13

T-Test Independent Samples

Dimensions	Bank type	No#	Mean	STD	T value	Sig
Board of Directors	Jordanian banks	169	3.89	0.587	0.888	0.375
	Palestine banks	181	3.84	0.579		
Audit Committee	Jordanian banks	169	3.96	0.537	0.020	0.984
	Palestine banks	181	3.96	0.554		
Disclosure & Transparency	Jordanian banks	169	4.09	0.530	0.075	0.940
	Palestine banks	181	4.08	0.500		
Stakeholder Rights	Jordanian banks	169	3.94	0.613	0.680	0.497
	Palestine banks	181	3.98	0.516		
Governance	Jordanian banks	169	3.96	0.485	0.151	0.880
	Palestine banks	181	3.96	0.463		

Table 14*T-Test Independent Samples*

Variable	Bank type	No#	Mean	STD	T value	Sig
the reliability of the financial reports	Jordanian banks	169	3.88	0.497	0.713	0.477
	Palestine banks	181	3.92	0.493		

Table 15*Summary of the study hypotheses test results*

Hypothesis code	Hypothesis formula	The result
H1.1	There is a high level of applying the corporate governance standards in banks listed on the Palestine and Amman Stock Exchange.	Accepted
H1.2	There is a high level of reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.	Accepted
H1.3	There is a statistically significant relationship between the application of governance standards and the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.	Accepted
H1.4	There is a statistically significant impact of Board of Directors on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.	Accepted
H1.5	There is a statistically significant impact of Audit Committee on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.	Accepted
H1.6	There is a statistically significant impact of Disclosure and Transparency on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.	Accepted
H1.7	There is a statistically significant impact of Shareholders rights on the reliability of financial reports in banks listed on the Palestine and Amman Stock Exchange.	Accepted
H1.8	There are statistically significant differences between banks listed on the Palestine Stock Exchange and banks listed on the Amman Stock Exchange according to corporate governance.	Accepted
H1.9	There are statistically significant differences between banks listed on the Palestine Stock Exchange and banks listed on the Amman Stock Exchange according to the reliability of the financial reports.	Accepted



جامعة النجاح الوطنية
كلية الدراسات العليا

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إعداد

أحمد طه خالد الكواملة

إشراف

د. غسان دعاس

د. سائد الكوني

قدمت هذه الرسالة استكمالاً لمتطلبات الحصول على درجة الماجستير في المحاسبة بكلية الدراسات العليا في جامعة النجاح الوطنية في نابلس، فلسطين.

2022م

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الملخص

تهدف هذه الدراسة إلى معرفة أثر حوكمة الشركات على موثوقية التقارير المالية: دراسة تطبيقية على البنوك المدرجة في بورصة فلسطين وعمان. تم جمع بيانات الدراسة عن طريق استبيان يوزع على عينة الدراسة عن طريق البريد الإلكتروني. تكونت عينة الدراسة من (350) موظف في المستوى الإداري العالي في البنوك المدرجة في بورصتي فلسطين وعمان. حزمة برامج SPSS استخدمت لاختبار فرضية الدراسة من خلال استخدام الأساليب الإحصائية الأكثر ملاءمة كنماذج الانحدار.

حول قياس المتغيرات، تم قياس الحوكمة من قبل (مجلس الإدارة، لجنة التدقيق، الإفصاح والشفافية وحق أصحاب المصلحة). بينما يتم قياس موثوقية التقارير المالية من خلال (اكتمال البيانات وحيادية التقرير ودقته وخلوه من الأخطاء).

كانت النتائج الرئيسية: كان مستوى تطبيق معايير حوكمة الشركات في البنوك المدرجة في بورصة فلسطين وعمان مرتفعاً. وارتفاع مستوى مصداقية التقارير المالية في البنوك المدرجة في بورصة فلسطين وعمان. ووجود أثر ذي دلالة إحصائية لمجلس الإدارة على مصداقية التقارير المالية في البنوك المدرجة في بورصتي فلسطين وعمان. وهناك تأثير ذي دلالة إحصائية للجنة التدقيق على مصداقية التقارير المالية في البنوك المدرجة في بورصتي فلسطين وعمان. ويوجد أثر ذو دلالة إحصائية للإفصاح والشفافية على مصداقية التقارير المالية في البنوك المدرجة في بورصتي فلسطين وعمان.

وهناك تأثير ذي دلالة إحصائية لحقوق المساهمين على مصداقية التقارير المالية المدرجة في بورصة فلسطين وعمان. ولا توجد فروق ذات دلالة إحصائية بين البنوك المدرجة في بورصة فلسطين والبنوك المدرجة في بورصة عمان حسب حوكمة الشركات. ولا توجد فروق ذات دلالة إحصائية بين البنوك المدرجة في بورصة فلسطين والبنوك المدرجة في بورصة عمان حسب مصداقية التقارير المالية.

الكلمات المفتاحية: مصداقية التقارير؛ حوكمة الشركات؛ نظرية الوكالة؛ التقارير المالية.